Consultation on Settlement and Registration Issues Associated with New Distribution Licensees

Summary

A Focus Group, consisting of representatives from MRASCo, ELEXON, SESL, Distributors and Suppliers, has been formed to produce an industry model for dealing with any new Distribution Licensees that may be created due to the remaining elements of the Utilities Act being introduced.

The Focus Group has formed three sub groups to look at Settlement and MPAS issues, MRA issues and Commercial issues. This consultation paper focuses on the settlement and registration issues. Commercial issues, including the provision of DUoS bills, will be covered elsewhere.

Initial analysis has recognised two main areas of concern. The first relates to the effect on the settlement process under the Balancing and Settlement Code (Code)/Settlement Agreement for Scotland (SAS), and the second relates to the registration of Metering Systems.

High level analysis of the different settlement and registration options has been undertaken to address the issues raised. Based on this analysis the Focus Group has come up with a number of recommendations:

- New Distribution Licensee's networks should be incorporated within the relevant GSP Group;
- A short term option is progressed whereby the new Distribution Licensee uses the Host PES MPAS and all flows are routed via the Host PES Distributor (option 1a).
- Detailed Level Impact Assessment is carried out on three possible enduring solutions. Firstly, to use the Host PES MPAS and route all flows via the Host PES Distributor (option 1a). Secondly, to use the Host PES MPAS but carry out system changes to allow relevant flows to be routed directly to the new Distribution Licensee (option 1). Thirdly, for each Distribution Licensee to use one MPAS for all of their networks. This could be their own MPAS, an existing MPAS, or a new MPAS (option 7).

Before carrying out a more detailed impact assessment this consultation paper is being issued to BSC Parties, BSC Party Agents and MRA Signatories to ensure that all of the issues have been addressed.

Responses should be returned by close of play on the 16th November 2001 and should be addressed to sarah.parsons@elexon.co.uk and jill.ashby@mrasco.co.uk

Background

Prior to 1st October, each Host Public Electricity Supplier (PES) was required to hold a PES Supply Licence which contained certain obligations relating to distribution, within a defined geographic area (the PES Authorised Area). On the 1st October the remaining elements of the Utilities Act were introduced, which included an obligation on Host PES Distributors to obtain a Distribution Licence. In addition to this, networks that contain, in aggregate, greater than 2.5MW domestic premises, are required to hold a Distribution Licence. Networks with less than 2.5MW domestic premises are licence exemptable, although the owners may choose to apply for a Distribution Licence.

A Focus Group, consisting of representatives from MRASCo, ELEXON, SESL, Distributors and Suppliers, has been formed to produce an industry model for dealing with new Distribution Licensees. Some key principles have been agreed which any prospective model should meet. These are based on ensuring the use of standard procedures and documentation, interoperability and cost effectiveness without damaging the integrity of settlements or accuracy of DUoS/TUoS billing.

The Focus Group has also agreed to form three sub groups to look at Settlement and MPAS issues, MRA issues and Commercial issues. This consultation paper focuses on the settlement and registration issues. Commercial issues, including the provision of DUoS bills, will be covered elsewhere.

Initial analysis has recognised two main areas of concern. The first relates to the effect on the settlement process under the Balancing and Settlement Code (Code)/Settlement Agreement for Scotland (SAS), and the second relates to the registration of Metering Systems. Please note that where the Code and/or Supplier Volume Allocation Agent (SVAA) are mentioned, this will also cover the Scottish equivalents. Any specific differences are identified in the paper (Scottish Settlements section).

Three principal settlement options were identified relating to the formation of GSP/BSP Groups:

a) Incorporate a new network within the existing relevant GSP Group (i.e. the existing agreed approach);

b) Create an additional GSP Group for one or more new networks;

c) Incorporate a new network within an existing GSP Group other than the relevant GSP Group.

Four registration options have also been identified relating to the provision of a Meter Point Administration Service (MPAS):

a) Use the MPAS operated by the Host PES Distribution Business, maintaining the current single MPAS per GSP Group relationship;

b) Operate an MPAS for each individual network;

c) Procure or operate a single MPAS for each Distribution Licensee;

d) Procure or operate one or many MPAS's for each Distribution Licensee.

These GSP Group and MPAS options can be combined to form a matrix of twelve possible solutions:

	Incorporate within relevant GSP Group	Create additional GSP Groups	Incorporate within non relevant GSP Group
Use Host PES MPAS	**Option 1**	Option 2	Option 3
Operate MPAS for each individual network	Option 4	Option 5	Option 6
Each Distribution Licensee procures or operates a single MPAS	**Option 7**	Option 8	Option 9
Each Distribution Licensee procures or operates one or many MPAS's	Option 10	Option 11	Option 12

High level analysis has been carried out on each of these options with the aim of reducing the number of alternatives which can be taken forward for industry wide consultation and impact assessment.

GSP Group Options

Incorporate new networks within the Host PES GSP Group

This option represents minimal change to the Central Systems in terms of settlements although further detailed impact assessment is required. One issue has been identified:

- The Supplier Volume Allocation Agent (SVAA) sends the D30 flow to Distribution Businesses, which contains Non Half Hourly data required for DUoS billing. The SVAA software uses the GSP Group to determine the relevant Distribution Business for the purposes of routing the flow. With more than one Distribution Business per GSP Group, changes to the SVAA software will be required to modify the way in which these flows are constructed and routed.

  In the short term it may be possible for the flows to be routed to the new Distribution Business via the Host PES Distribution Operator. However this introduces issues of confidentiality and the cost of this service to both new and Host PES Distribution Businesses.

Creation of new GSP Groups

There are a variety of sub options here:

- New GSP Groups could be created for each individual network.
- New GSP Groups could be created for a specific Distribution Business to incorporate all of their non – exempt networks within an individual Host PES Authorised Area.
- New GSP Groups could be created for each new Distribution Business to incorporate all of their non - exempt networks, regardless of location. (The issues documented under the GSP Group option of incorporating the new network as part of an existing GSP Group other than the Host PES GSP Group, are also relevant here)

A number of issues with the creation of new GSP Groups have been identified, mainly relating to the accuracy of settlement data within the new GSP Group and volumetric constraints within the central systems:

- For new GSP Groups which are embedded within a Host PES GSP Group, establishing the GSP Group Takes for both the relevant existing GSP Group and the new GSP Group is reliant on the metered flows at the Distribution System Connection Point (DSCP). This flow, adjusted for distribution line losses, will need to be accounted for in the relevant existing GSP Group, and will form the basis of the volume attributed in the new GSP Group. The total off-take of the new GSP Group is thus highly dependent on the accuracy of losses through to the DSCP.

  Whilst the current calculations do not adjust the distribution line losses (rather any errors are applied to the Non Half Hourly consumption), this capability is supported, but has never been applied, in the central systems and may need to be employed should the use of Half Hourly metering increase. In these circumstances the calculations for the Host PES and new GSP Group would have to be performed sequentially. This could impact the settlement timetable as well as precipitating significant changes to the central systems and processes.

  It should be noted that the network might be directly connected to the Transmission System. In this case the GSP Group Take will be determined in the same way as for existing GSP Groups. Therefore no extra inaccuracies will be incurred.

- It would potentially be disadvantageous for Suppliers to act within a small GSP Group, as there is likely to be increased volatility in the GSP Group Correction Factor to which Non Half Hourly demand is exposed. This, in turn, increases the Suppliers' exposure to imbalance charges.

- Profiling would also be impacted by the presence of small GSP Groups. Profiles are national, but are adjusted for each GSP Group on the basis of temperature, sunset time and a GSP Group Average EAC (one per GSP Group per Profile Class). Temperature and sunset time would probably be taken from the Host PES area, as there is unlikely to be a weather station in a small network. However, the number of Non Half Hourly customers within a Profile Class may be so small that profiles are totally inaccurate. Similarly the Average Fraction of Yearly Consumption is used in profiling. These values need to be derived over a large sample base or their validity is reduced.

- If a new network contains no Non Half Hourly Metering Systems, there would be nowhere for the GSP Group Correction Factor to be applied. Therefore the central systems would need to change to allow the GSP Group Correction Factor to be applied to Half Hourly meters. Provision was made for this when the systems were designed but its application has not been tested. Please note that the application of the GSP Group Correction Factor to Half Hourly meters would need to be implemented in all GSP Groups as the 'weighting factor' is not GSP Group specific.

- There are volumetric and technical constraints, which limit the number of possible GSP Groups. For instance the size of many of the Supplier reports produced by the SVAA system is directly related to the number of GSP Groups, and any increase in the number

of GSP Groups will significantly increase the volume of data sent across the Data Transfer Network (DTN).

Also, the two-character GSP Group Identifiers currently used within settlements consist of an underscore character followed by a letter. If more than 26 GSP Groups were required, this convention could no longer be followed. This would require changes to any BSC Party or Party Agent systems which have the current naming convention "hard coded" into them, and could therefore have cost and timescale implications.

- Each Supplier is obliged to have a Base BM Unit registered in each GSP Group regardless of whether they want to act within that GSP Group. Therefore the number of BM Units would increase by approximately 50, every time a new GSP Group is created which, in turn, would have cost implications.

- If new GSP Groups are created, there may need to be a facility to move individual Metering Systems to a new GSP Group. This needs to be done in the MPAS, Data Collector, and probably Meter Operator and Supplier systems. Whilst this functionality was included in the original framework, it was deliberately excluded from industry trials on the basis of not being required in the short term. There is no guarantee that parties have implemented this functionality as it is not included in Entry Processes.

Incorporate a new network within an existing GSP Group other than the Host PES GSP Group

A number of issues have also been identified with this settlement option, mainly relating to the integrity of settlements which is damaged when the geographical aspect of GSP Groups is removed:

- The allocation of losses and errors would be blurred. For example, it would be difficult for profiling to take into account the temperature and time of sunset at different geographical locations within the GSP Group and therefore the integrity of settlements would be severely compromised.

- Transmission Access and Pricing is based on introducing a charge to compensate for geographical variation in energy prices. It has been proposed that these charges would be based on the GSP Group for which the Metering System is registered. However if Metering Systems are registered as part of a GSP Group other than that of the Host PES these charges will need to be applied at a lower level.

- Establishing the GSP Group Takes for both the relevant existing GSP Group and the non relevant existing GSP Group is reliant on the metered flows at the boundary point for the network. This flow, adjusted for distribution line losses, will need to be accounted for in the relevant existing GSP Group, and will form the basis of the volume attributed in the non relevant GSP Group. The total off-take of the non-relevant GSP Group is thus highly dependent on the accuracy of losses through to the boundary point.

  It should be noted that the new network could be directly connected to the Transmission System. In this case the establishment of the GSP Group Takes for the existing GSP

Groups will be more accurate as they will be based on metered flows at connections to the Transmission System, therefore no distribution losses will be included.

Scottish Settlements

Whilst Scottish Settlements uses an Initial Allocation & Reconciliation process (IAR) very similar to that carried out by SVAA, the actual method of settlements is quite different. In Scotland, settlement is carried out in two separate areas, hence the IAR runs twice, once for each settlement area. The output of IAR feeds into the Generation Allocation (GA) system, which matches the IAR output with the generation coming onto the network. Again, GA is run twice, once for each area. The overall settlement is thus carried out for two areas as opposed to the one in England & Wales.

Furthermore, for each Settlement Area there is currently only one Bulk Supply Point Group (which is the Scottish equivalent of the England & Wales GSP Group). So at present in Scotland there is:

- Settlement Area 1: BSP Group _N which is SPOW and is linked to Distributor Id No 18; and

- Settlement Area 2: BSP Group _P which is HYDE and is linked to Distributor Id No 17.

The IAR currently doesn't need to recognise the Settlement Area that it is running, as it is run once per BSP Group. If additional BSP Groups were created then IAR may have to be modified accordingly. Modifications to the GA system would also be required.

It should also be noted that increasing the number of BSP Groups in Scotland could mean a move to a single settlement area due to both volume and settlement timetable issues. This would take at least 9 months to implement, at significant cost and have wider impact on the Industry structure in Scotland.

Summary of GSP Group Options

In summary the creation of new GSP Groups will introduce inaccuracies into the settlement process and could damage the integrity of settlements. It may also mean a significant change to the way in which settlements is carried out in Scotland.

It has been noted that new Distribution Businesses could use their own MPAS (or that of a party other than the Host PES) and still have their new network incorporated within the Host PES GSP Group. Therefore there appears to be no advantage to any market participant which would warrant the creation of new GSP Groups or incorporation of a new network in a GSP Group other than the Host PES GSP Group.

Recommendations

The Focus Group has agreed with the strong recommendation from ELEXON and SESL that the introduction of new GSP Groups or incorporation of a new network in a GSP Group other than the Host PES GSP Group are not accepted as feasible options.

Following on from this recommendation, the remainder of this consultation paper will focus on options 1, 4, 7 and 10 in the matrix.

Meter Point Administration Service (MPAS) Options

Option 1 – New Distribution Business uses the Host PES MPAS

Option 1 is where networks owned by a new Distribution Licensee are incorporated into the Host PES GSP Group and use the Host PES MPAS. The Distribution Licence places the obligation on the new Distribution Business to create MPANs for Metering Systems within their network. The new Distribution Business would then communicate directly with the Host PES MPAS in order to have these MPANs recorded on the Registration System.

This option maintains the current single MPAS per GSP Group relationship, which should minimise occurrence of duplicate registrations or the occurrence of Metering Systems that are not registered.

However issues have been identified relating to the visibility of the relevant Distribution Business to Suppliers and the Central Systems:

- In order to register an MPAN, the Supplier needs to know which MPAS they should send the registration request to. At present this information can be construed from the core MPAN, as there is currently a one to one mapping between the MPAS and the Distribution Id which forms the first two digits of the core MPAN. However, the new Distribution Business could be given a new Distributor Id and, under option 1, this would no longer identify the relevant MPAS.

  Currently, a Supplier may commence registration with only the core MPAN, and if this capability is to be maintained, the appropriate MPAS will need to be identified within the core MPAN. One suggestion is to use the first two digits of the core MPAN as an MPAS identifier and then identify the relevant Distribution Business elsewhere in the MPAN. For example this could be done within the random digits following the first two digits, or by using specific Line Loss Factor Classes (LLFCs) for networks registered within different MPAS systems.

  The Focus Group preferred the use of LLFCs rather than the random digits following the Distributor Id. Creating a new Id within these random digits will require changes to a large majority of current MPANs and also to the systems used to create new MPANs. LLFCs are the preferred option as these are already used to distinguish between different groups of customers. However it should be noted that these will not be visible to Suppliers or Agents who only have the core MPAN. Also the LLFC is not contained in all flows.

- Data flows from Data Aggregators, Data Collectors and SVAA or the Operating Agent, who performs the IAR in Scotland, relating to the new Distribution Business would also need to distinguish between the relevant Distribution Businesses.

  The Data Aggregator would have the full MPAN, therefore the examples mentioned above, whereby the Distribution Business is identified within the random digits in the core MPAN or as a specific LLFC, will resolve this issue as well.

  The Data Aggregator sends NHH data to SVAA, or the Operating Agent, broken down into separate LLFCs, therefore distinct LLFCs for each Distribution Business would allow SVAA, or the Operating Agent, to route flows to the relevant Distribution Business. Please note that additional LLFCs will lead to an increase in the size of the flow from the Data Aggregator, which may have cost implications.

  The Half-Hourly Data Collector is required to send the D26 or D275 flow to Suppliers and Distribution Businesses for billing purposes. Further analysis is required to determine how these flows could distinguish new Distribution Businesses.

- There is currently a one to one relationship between the MPAS and the Host PES Distribution Operator. MPAS flows for the Distribution Business (DB Flows) are routed internally, so there would need to be a mechanism for the MPAS System to recognise which Distribution Business requires the DB flows. Obligations exist in the Master Registration Agreement (MRA) setting out the events between the Distribution Business and the Service Provider, however communications between Distributor and MPAS are not presently defined within the MRA Product Set.

  Changes will potentially be required to each of the existing MPAS systems to allow for the acceptance of MPANs with a new Distributor Id into the Registration System.

- The relevant Distribution Business would be less visible to Suppliers if they are identified within the random section of the MPAN or as discrete LLFCs. Therefore Suppliers would require changes to their systems in order to identify the new Distribution Business for the purposes of providing emergency numbers on bills etc.

- An agreed solution for DUoS billing is required for all of the registration options. DUoS and registration are linked, for example, if the DUoS solution requires SVAA to send DUoS data to both the Host and new Distributor, then a registration solution would need to allow the SVAA to identify both Distributors.

  At present Host PES Distributors send invoices to the relevant Suppliers. One solution would be for both the Host PES and the new Distribution Business to invoice the Supplier. However Supplier's systems are not currently capable of accepting more than one DUoS invoice per Metering System, and duplicate invoicing would make reconciliation extremely difficult. Also the Host PES Distributor will not know who the Supplier is for each Metering System in order to send invoices.

  An alternative solution would be for the end Distributor to invoice the Supplier for the entire DUoS based on the metered data at the exit point. The Host PES Distributor would

then invoice the new Distributor based on metered data at the boundary point. It was noted that this would require the existence of boundary point metering. Boundary point Metering Systems could be registered by either Distribution Business, in which case, a mechanism for allowing the relevant Data Collectors to send the metered data to the Distributors and not Central Systems would be required. Alternatively, the boundary point Metering System could be registered by the Central Meter Registration Service (CMRS) but not used for the purposes of settlements. This issue will be progressed by the sub group dealing with commercial issues however initial views have been sought as part of this consultation.

- The network owner would be required to procure services from the Host PES, however there are currently no controls on charges for providing such a service and this will need to be addressed as part of solution for this option.

Option 1a

All of the registration options discussed will involve changes to the Central Systems. It will therefore not be possible to implement these solutions for at least 6 months. An interim solution has therefore been proposed where the new network is incorporated within the relevant GSP Group and the Host PES MPAS is used with all flows routed through the Host PES Distribution Operator. MPANs for Metering Systems within the new network will contain the Distributor Id of the Host PES and will have discrete LLFCs to enable the Host PES Distribution Operator, MPAS Service Provider and relevant Suppliers to identify MPANs that belong to the new Distribution Business. Please note that this option could also be implemented as an enduring solution.

Although this option would be easier to implement for the Central Services, there are still issues for Suppliers and relevant Distribution Businesses:

- The relevant Distribution Business would be less visible if they are identified as discrete LLFCs. Therefore Suppliers would require changes to their systems in order to identify the new Distribution Business for the purposes of providing emergency numbers on bills etc. In the short term it may be necessary to route all flows and telephone calls via the Host PES Distributor.

- Service Providers would need a mechanism to route the DB flows to the correct Distribution Business in order to meet the MRA obligation to inform Distributors of relevant changes to the registration details.

- The new network owner would be required to procure services from the Host PES, however there are currently no defined costs for these services, although they are determinable by Ofgem.

- There is an obligation within the Distribution Licence for Host PES Distribution Operators to provide a MPAS Registration Service for Metering Systems within their geographic area. However there is no obligation on them to provide any other services e.g. maintaining a record of the new Distributor's MPANs and providing an extract of the DUoS report for those MPANs.

- The data flows that are being routed through the Host PES system may contain confidential information that the new Distribution Business would not want to be visible to the Host PES Distribution Business.

Option 4 – Operate MPAS for each individual network

This option will make the relevant Distribution Business more visible to Suppliers therefore they would not be required to make changes to their systems in order to identify the new Distribution Business for the purposes of providing emergency numbers on bills etc. However there are several further issues:

- This approach is not in accordance with the assumption that at a given point in time, each GSP Group must have a single Supplier Meter Registration Agent (SMRA). This assumption is built into the design of the Stage 2 systems and processes.

  The Non Half Hourly Data Aggregator (NHHDA) software will therefore reject flows from any new MPAS if it is not associated with a new GSP Group. Changes will be required to the NHHDA software to allow communication with new MPAS systems. Also changes to Market Domain Data (MDD) may be required to allow current GSP Groups to be associated with more than one MPAS. Detailed impact assessment is required to derive the costs and timescales for the implementation of these system changes.

- At present data flows from Suppliers, Data Aggregators and SVAA are routed using the Distributor Id, which makes up the first two digits of the MPAN. It is possible for new Distribution Businesses to have their own Distributor Id. However the sender will not know which of the network's MPAS systems they should be sending the flow to.

  The other option is to have a separate Distributor Id for each network. However the number of Distributor Ids are currently limited to 90 (between 10 and 99 inclusive), therefore allocating a new Id to each network would only be a short-term solution. For example one prospective new Distribution Licensee has indicated that they will be setting up 15 to 20 new networks per annum.

- The new MPAS Registration Systems would be required to go through Accreditation under the MRA and the Code, before the Distribution Business could meet the requirement to provide a Registration Service. Suppliers and Supplier Agents would also need to carry out entry process testing under the Code before they could act within the network. Finally the entry processes themselves would need to change to allow Metering Systems to be moved to new GSP Groups. This would all take time and significantly increase entry costs.

- Currently, the Host PES Distribution Business, including where the registration of the Meter Point has been transferred to the CMRS, records all MPANs within its GSP Group. The introduction of new MPAS Registration Systems holding additional MPANs applicable to existing GSP Groups will remove this central record. Spreading MPANs over multiple MPAS Registration Systems may mean Distribution Businesses will need different mechanisms to meet their obligations to prevent duplicate MPANs and ensure Metering Systems are not excluded from settlements. This is an issue when there is more than

one MPAS per GSP Group, or Metering Systems located within more than one GSP Group are registered within one MPAS.

Option 7 – Each Distribution Licensee procures or operates a single MPAS

The Licence obligation on Host PES Distribution Businesses is only to provide an MPAS Registration Service for MPANs in their area but they may choose to offer an 'out of area' service. This option allows new or Host PES Distribution Businesses to do one of the following:

- Operate their own MPAS;
- Procure services from any of the 14 current MPAS providers;
- Procure services from a new MPAS provider.

The only limitation is that each Distribution Business must use the same MPAS for all of their networks.

This option is similar to option 4 with the extra benefits that each new Distribution Business can be given a new Distributor Id and this can be used for the routing of flows to the Distribution Business and the MPAS. If the Distributor does not operate their own MPAS, a link would be required so that flows for that Distribution Business are automatically routed to the correct MPAS, once the Distributor has declared which MPAS Operator is handling their MPANs. Also this option will enable Host PES Distribution Operators who own out of area non - exempt networks to use their existing MPAS without the cost of procuring services from other Distribution Businesses and new Distribution Businesses will be able to procure the most cost effective services from either existing or new MPAS providers.

The issues identified are the same as those detailed under option 4 except that the number of MPAS systems, and possibly Distributor Ids, will be less. Also if the Distributor chooses to use an existing MPAS, there will be no need for extra accreditation and entry process testing. Please note that the more MPAS's that exist, the further the divergence from the premise of MPAS as a definitive reference point for each GSP Group. It is therefore recommended that this option be progressed further, rather than option 4.

It was also noted that option 7 prevents a new Distribution Business from using the Host PES MPAS for each of their networks. As Host PES Distributors are only required to provide an MPAS Registration Service for MPANs in their area, this could be a disadvantage for new entrants. It should be considered whether new Distribution Licensee's will get a choice of option 1 or option 7 when they enter the market.

Option 10 – Each Distribution Licensee procures or operates one or many MPAS's

This option basically allows each Distribution Business to use whichever MPAS they prefer for each of their networks. The issues of visibility discussed above are also relevant here, however the suggestion of using the Distributor Id to represent the relevant MPAS may resolve these problems. The only new issues with this option are as follows:

- An issue with the migration of moving Metering Systems from one MPAS to another may arise. This isn't currently allowed for in the Stage 2 design and would raise new issues of

synchronisation. This may lead to logical disconnection, with new core MPANs generated in a new system and Suppliers re-registering these MPANs in a new MPAS.

- If MPAS Registration Systems are being used that are not related to the GSP Group, there may be a need to introduce a supplementary reconciliation mechanism to ensure that the obligation to prevent duplicate MPANs is being met and to meet any need Settlements may have to access a record of all the Metering Points in a GSP Group.

Summary of MPAS Options

- Option 1a is the only option to involve no change to the central systems. The Focus Group has therefore recommended that this solution be progressed in order to deal with new Distribution Businesses entering the market in the short term. It should be noted that this option could also be implemented as an enduring solution.

- Enduring options 1 and 7 will both involve changes to the Stage 2 software, MPAS systems and Supplier/Distributor systems, however they will not damage the integrity of settlements. The Focus Group has therefore recommended that the industry wide consultation and impact assessment should focus on these options to ensure that all potential issues are addressed. It should also be determined which of these options is preferable to the industry, or whether a combination of both should be introduced.

- Option 4 is similar to option 7, however it offers no further benefits to market participants and would mean increased volumetric problems for the Central Systems. Therefore the Focus Group has recommended that this option is not progressed further.

- The Focus Group also recommended that option 10 is rejected, as it adds significant complexity for little benefit. For example it will allow Distributors to move Metering Systems between MPAS systems. This would probably require each Metering System to have their MPAN terminated and a new number created whenever they are moved. It was noted that there are no benefits over option 7 that would warrant the addition costs and controls that would be required to implement option 10

- The current drafting of the MRA supports Options 1, 4, 7 and 10 without requiring change. However, detailed assessment of any or all of these options may result in supplementary changes to the MRA.

Recommendations

The Focus Group recommends that:

- **Detailed impact assessment is undertaken for option 1a, as this is the only option that could be implemented in the short term.**

- **Further analysis for an enduring solution should focus on options 1, 1a and 7.**

- **Options 4 and 10 should be rejected.**

Consultation Questions

The aim of this consultation is to ensure that the effect on all types of market participant are taken into account when agreeing an industry model for dealing with new Distribution Businesses. The industry model will be issued for a detailed impact assessment at a later date.

Focus Group Approach

	Question	Yes/No	Rationale
A	Do you support the Focus Group recommendation that the industry model should incorporate new Distribution Licensee's networks within the relevant GSP Group?		
B	Do you support the Focus Group recommendation that the only feasible solution for the short term is option 1a?		
C	Do you think that option 1a should also be considered as an enduring solution?		
D	Please note any issues with option 1a that have not been documented in the paper.	N/A	
E	Do you agree with the Focus Group recommendation that the detailed impact assessment should focus on options 1, 1a and 7?		
F	Is your preferred solution based on option 1, 1a or 7? Alternatively, do you prefer a combination of each of these options?	N/A	

Industry Impact Assessment

The analysis undertaken by the Focus Group has highlighted two issues that exist under the different registration options. Please could you provide your initial views on the best way to resolve these issues and also note any further issues that you believe have not been discussed in the attached consultation paper. Please note that we only require a high level assessment. A detailed level impact assessment will be issued at a later date.

	Question	Rationale
F	The Focus Group has noted an issue with identifying the relevant Distribution Business and MPAS. Do you believe that the first two digits of the core MPAN should primarily be a Distributor Id or MPAS Id? Please provide your views, referring to options 1, 1a and 7 if necessary.	
G	If you believe the first two digits of the core MPAN should represent an MPAS Id, do you agree that the LLFC should be used to identify the relevant Distributor?	
H	If you believe the first two digits of the core MPAN should represent a Distributor Id, how do you propose the relevant MPAS provider is identified?	
I	An agreed solution for DUoS billing is required for all registration options. Although the commercial sub group will investigate this in detail, your initial views would be welcomed.	
J	Please note any other relevant settlement or registration related issues that you believe have not yet been addressed.	

Please send your responses by close of business on the 16th November 2001 to the following e-mail address:

sarah.parsons@elexon.co.uk and jill.ashby@mrasco.co.uk

Please entitle your e-mail 'New Distribution Licensees Consultation Response'