

Modification Proposal

MP No: 62
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Changes to Facilitate Competitive Supply On The Networks Of New Licensed Distributors

Submission Date (mandatory by proposer): 4 January 2002

Description of Proposed Modification (mandatory by proposer):

Currently the only licensed Distributors in England and Wales are the twelve Public Distribution System Operators (PDSO). The BSC facilitates competition in supply for the customers on their networks, by obliging PDSO to provide a Supplier Meter Registration Service (SMRS), and obliging Suppliers to register their imports and exports. However, the Utilities Act 2000 enables organisations other than PDSOs to become licensed Distributors. New Licensed Distributors will not be subject to the same BSC obligations as PDSOs, and this will hinder competition in supply for customers on their networks.

It is therefore proposed to amend the BSC to extend the benefits of competitive Supply to customers on the networks of all Licensed Distributors. (It should be noted that Licensed Distributors will be obliged to become Parties to the BSC by condition 10 of the standard licence.)

Discussion within the industry on how to facilitate competitive supply on the networks of licensed Distributors is already at a fairly advanced stage. The key settlement and registration issues were reported to the Panel in paper P/30/26, and these issues have since been progressed further by a New Distribution Business Focus Group (DBFG) set up by the MRA Executive Committee (MEC). This Modification Proposal is intended to provide a mechanism for amending the BSC in line with the results of these discussions.

Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by proposer):

Currently the BSC fails in a number of ways to facilitate competition in Supply for customers on the networks of Licensed Distributors other than PDSO:

- 1) It places no obligations on Distributors and Suppliers to ensure that all the entry and exit points are recorded on an SMRS.
- 2) It defines the terms 'Supplier Meter Registration Agent' and 'Supplier Meter Registration Service' in a way that precludes anyone other than a PDSO from fulfilling the role.
- 3) It does not allow anyone other than a PDSO to fulfill other key Distributor obligations e.g. maintaining inventories of Unmetered Supplies, and submitting Line Loss Factors to settlement.

The combined effect of these defects is that Suppliers will find it extremely difficult to provide competitive Supply to customers on these networks.

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Impact on Code *(optional by proposer):*

Further analysis is required to define in detail the required BSC changes. However, based on discussions at the Registration and Settlement Subgroup of the DBFG, it is anticipated that the changes required to the BSC are likely to include the following:

- 1) The commercial boundary of the BSC (i.e. the definition of 'Total System') should be extended to include the networks of all licensed Distributors. The intention of this is to ensure that all entry and exit points from licensed Distribution networks must be registered (in SMRS or CMRS).
- 2) The definitions of 'Supplier Meter Registration Agent' (SMRA) and 'Supplier Meter Registration Service' (SMRS) should be amended to allow any licensed Distributor to perform the role. (This is consistent with the recommendation of the DBFG that each licensed Distributor should be obliged to provide or procure an SMRS for its own networks).
- 3) Where appropriate, current PDSO obligations under the BSC should be extended to all licensed Distributors. Examples include the obligation in K1.7 to submit Line Loss Factor values in accordance with BSCP28 and/or BSCP528; the obligation in K3.1 to ensure that the SMRS satisfies an entry process in accordance with BSCP511; and the obligations in S8.2 relating to Unmetered Supply.
- 4) The entry process requirements in J5.1 are currently drafted in a way that assumes a single SMRA per GSP Group. These should be clarified to allow for the possibility of multiple SMRA per GSP Group.

Note that this Modification Proposal is only intended to cover the changes required to open the networks of licensed Distributors to competitive supply. The following additional changes have also been discussed at the DBFG, but are NOT intended to fall within the scope of this Modification Proposal:

- 1) Changes to the definition of GSP Group (to provide more freedom in the allocation of new networks to GSP Groups and/or facilitate competitive supply for networks directly connected to the transmission system). Such changes raise additional issues of principle, and are best treated as a separate issue.
- 2) Changes to allow Distributors to register within CMRS the boundary metering between two Distribution Systems in the same GSP Group. (Such metering is not required for the purposes of Supplier Volume Allocation, but may be desirable for other reasons e.g. ensuring that the allocation of DUoS charges between Suppliers is equitable.)

Impact on Core Industry Documents *(optional by proposer):*

This change will also impact a number of Core Industry Documents:

- The DBFG is planning to report back to MEC on changes required to the Master Registration Agreement.
- Similar issues arise in Scotland, and changes may therefore be required to the Settlement Agreement for Scotland.
- Changes may be required to the Data Transfer Service Agreement.

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by proposer):*

The functionality within the Supplier Volume Allocation Agent (SVAA) system that reports metered volumes to Distributors currently assumes that there can only be one Distributor per GSP Group. Enhancements to the SVAA system will be required to remove this constraint.

Similarly, some Supplier and Supplier Agent systems may assume that there is only one Distributor and one SMRA per GSP Group. Changes will also be required to these systems. This includes the Non Half Hourly Data Aggregation (NHHDA) software provided by ELEXON.

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Impact on other Configurable Items *(optional by proposer)*:

Changes are likely to be required to a number of BSC Procedures and other configurable items.

Justification for Proposed Modification with Reference to Applicable BSC Objectives *(mandatory by proposer)*:

This Modification Proposal is aimed at facilitating competition in the supply of electricity to customers connected to the networks of Licensed Distributors. It therefore facilitates the achievement of the Applicable BSC Objective in Condition C3(3)(c) of the Transmission Licence (i.e. "promoting effective competition in the generation and supply of electricity").

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Attachments: NO

If Yes, Title and No. of Pages of Each Attachment: