

October 2001

**INITIAL ASSESSMENT OF
MODIFICATION PROPOSAL P41 -
Allocation of individual NHH MPANs
to different BM Units**

Prepared by ELEXON Limited

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Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	Energywatch
Core Industry Document Owners	Various

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1 SUMMARY

Modification Proposal P41 'Allocation of individual NHH MPANs to different BM Units' was submitted on 27th September 2001 by Utility Link Ltd.

The Modification Proposal seeks to modify the BSC to allow registered Suppliers to allocate individual NHH MPANs to a specific BM Unit, as currently supported for HH MPANs. Currently the BSC allows Suppliers to allocate only a specific PC/SSC group of NHH MPANs to a specific BM Unit, thus making it impossible to group specific NHH MPANs into a specific BM Unit for the purposes of allocating against a specific contract, or for reallocating to another BSC party.

An initial assessment of Modification Proposal P41 has identified the following potential areas of impact and issues to be considered and these are expanded further in sections 5 to 13:

Issues:

- Definition of the changes to the Party Agent processes and obligations
- Should NHHDA support for this requirement be mandatory, or optional
- Will this requirement replace, or supplement, the existing PC/SSC BM Unit allocation facility

Areas of Impact:

- Impact with existing BM Unit features supported by the BSC
- Impact with the BSC, BSCPs, and other related industry documentation
- Impact with existing systems that support the BSC

It is recommended that the Modification Proposal is progressed as follows:

- Modification Proposal P41 should be submitted to the Definition Procedure in accordance with Section F 2.5 of the Balancing and Settlement Code, in order to enable a Modification Group to consider and define further the Modification Proposal, and any Alternative Modification that might achieve the aims of the Modification more effectively and economically.
- The definition report for Modification Proposal P41 should be submitted to the BSC Panel for the meeting of the 13th December 2001.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd. on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 PURPOSE AND SCOPE OF THE REPORT

Section F of the BSC sets out the procedures for progressing proposals to amend the BSC (known as 'Modification Proposals'. These include procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications.

The BSC Panel is charged with supervising and implementing the modification procedures. ELEXON provides the secretariat and other advice, support and resource required by the Panel for this purpose. In addition, if a modification to the Code is approved or directed by the Authority, ELEXON is responsible for overseeing the implementation of that amendment (including any consequential changes to systems, procedures and documentation).

When a new proposal to modify the BSC is made, it is the responsibility of the Panel to determine how it should be progressed. Options include submitting the proposal to a Definition Procedure¹, submitting it to an Assessment Procedure², amalgamating the proposal with another proposal³, or proceeding directly to the Report Phase⁴. With a view to assisting the Panel in taking this decision, ELEXON prepares this initial written assessment of the implications of the Modification Proposal as soon as reasonably practicable after the proposal is made⁵. ELEXON endeavours to complete this initial assessment such that it can be reviewed by the Panel at the Panel meeting at which the relevant Modification Proposal is first to be considered.

This initial assessment provides a preliminary view on the following:

- the potential impact of the proposed modification on BSC systems and processes;
- the potential impact of the proposed modification on other systems and processes used by Parties;
- the potential impact of the proposed modification on the BSC, Code Subsidiary Documents and Core Industry Documents;
- the potential impact of the proposed modification on ELEXON;
- the potential impact of the proposed modification on BSC financial arrangements and budget;
- the potential impact of the proposed modification on BSC Agent contractual arrangements;
- The process and timetable that should be adopted for the progression of the Modification Proposal, in light of its complexity, importance and urgency; and
- Issues that will need to be considered and addressed in progressing the Modification Proposal (including the potential need for impact assessments, consultation and analyses).

It should be noted that, as this document only represents a preliminary assessment of the Modification Proposal, the information contained herein will, in most cases, be superseded by the subsequent analysis and reports produced by the Modification Group to which the Panel assigns the proposal for consideration.

¹ see BSC F2.5

² see BSC F2.6

³ see BSC F2.3

⁴ see BSC F2.7

⁵ see BSC F2.1.8

4 DESCRIPTION OF THE MODIFICATION PROPOSAL

The Modification Proposal P41 seeks to introduce the facility for Suppliers to allocate a specific NHH MPAN to a specific BM Unit. This feature exists for HH MPANs but Suppliers are currently restricted to only being able to allocate a PC/SSC group of NHH MPANs to an alternative Additional BM Unit. The Modification Proposal requires that both HH and NHH MPAN could be allocated to the same Additional BM Unit.

A copy of the Modification Proposal, as submitted by its proposer, can be found at Annex 1 to this report.

5 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC System / Process	Potential Impact of Proposed Modification
Registration	No impact identified at this time. (It is likely that the existing BM Unit/CRA registration design will be re-used.)
Contract Notification	No impact identified at this time
Credit Checking	No impact identified at this time
Balancing Mechanism Activities	No impact identified at this time
Collection and Aggregation of Metered Data	No impact identified at this time
Supplier Volume Allocation	<p>The NHHDA and SVAA systems will be impacted.</p> <p>It is likely that:-</p> <ul style="list-style-type: none"> • this Modification will require the NHHDA to receive approved BM Unit information from CRA/MDDA, and notification of NHH MPAN/BM Unit allocation information from the Supplier. • this Modification will require the NHHDA Supplier Purchase Matrix calculation process to be modified to support the extraction of SPM information for NHH MPANs belonging to Additional BM Units, and to transfer that information to SVAA. The existing SPM calculation for Base BM Units, must be modified to reflect the data extracted for specific Additional BM Unit's SPMs. • this Modification will require the SVAA BM Unit Supplier Take Energy Volume calculation to process Additional BM Unit's SPM information sent by the NHHDA.
Settlement	No impact identified at this time
Clearing, Invoicing and Payment	No impact identified at this time
Reporting	The existing NHHDA and SVAA reports will have to be reviewed, and some new reports may be required.

BSC System / Process	Potential Impact of Proposed Modification
Contingencies	No impact identified at this time
Dispute Resolution	No impact identified at this time

6 IMPACT ON OTHER SYSTEMS AND PROCESSES USED BY PARTIES

System / Process	Potential Impact of Proposed Modification
No impact identified at this time	

7 IMPACT ON DOCUMENTATION

7.1 Impact on Balancing and Settlement Code

BSC Section	Potential Impact of Proposed Modification
A: Parties and Participation	No impact identified at this time
B: The Panel	No impact identified at this time
C: BSCCo and its Subsidiaries	No impact identified at this time
D: BSC Cost Recovery and Participation Charges	No impact identified at this time
E: BSC Agents	No impact identified at this time
F: Modification Procedures	No impact identified at this time
G: Contingencies	No impact identified at this time
H: General	No impact identified at this time
I: Not Used	-
J: Party Agents	No impact identified at this time
K: Classification and Registration of Metering Systems and BM Units	The modification may require some amendment to the configuration and registration of BM Units section. However, at this time no changes have been identified.
L: Metering	No impact identified at this time
M: Credit Cover and Credit Default	No impact identified at this time
N: Clearing, Invoicing and Payment	No impact identified at this time
O: Communications	No impact identified at this time

BSC Section	Potential Impact of Proposed Modification
P: Energy Contract Volumes and Metered Volume Reallocations	No impact identified at this time
Q: Balancing Mechanism Activities	No impact identified at this time
R: Collection and Aggregation of Metered Data from CVA Metering Systems	No impact identified at this time
S: Supplier Volume Allocation	This modification will require some modifications to the Supplier BM Units section
S: ANNEX S-1 Performance Levels and Supplier Charges	No impact identified at this time
S: ANNEX S-2 Supplier Volume Allocation Rules	This modification and its requirement to support specific NHH MPAN BM Unit allocation, will require the Non Half Hourly Data Collection and Aggregation, Supplier Volume Allocation Data Input sections to be modified.
T: Settlement and Trading Charges	No impact identified at this time
U: Provisions Relating to Settlement	No impact identified at this time
V: Reporting	No impact identified at this time but SVAA Reporting may need to be reviewed
W: Trading Queries and Trading Disputes	No impact identified at this time
X: Definitions and Interpretation	No impact identified at this time
X: ANNEX X-1 General Glossary	No impact identified at this time
X: ANNEX X-2 Technical Glossary	No impact identified at this time

7.2 Impact on Code Subsidiary Documents

Code Subsidiary Document	Potential Impact of Proposed Modification
BSC Procedures	<p>BM Unit Registration procedure (BSCP 15): No impact identified at this time as the modification should be able to use the existing procedure.</p> <p>Changes to Market Domain Data (BSCP 509): No impact identified at this time as the modification should be able to use the existing procedure.</p> <p>Non Half Hourly Data Aggregation for SVA Metering Systems registered in SMRS (BSCP 505): This procedure will have to be revised to include support for the extraction of specific BM Unit SPM data files for sending to SVAA.</p> <p>Supplier Volume Allocation Standing Data Changes (BSCP 507): This procedure may have to be revised to clearly differentiate the existing NHH PC/SSC BM Unit allocation design from the proposed specific NHH MPAN BM Unit allocation.</p> <p>Supplier Volume Allocation Agent (BSCP 508): This procedure will have to be revised to support specific BM Unit SPM data files received from the NHHDA, and their effect on the Volume Allocation Runs.</p> <p>At this time, no other impacts have been identified in any other BSCP</p>
Codes of Practice	No impact identified at this time
BSC Service Descriptions	The SVAA Party Service Lines will be impacted
Party Service Lines	<p>The NHHDA Party Service Lines will be impacted</p> <p>At this time, no other impacts have been identified in any other Party Service Line.</p>
Data Catalogues	The SVA Data Catalogues will have to be amended to reflect any new data flows and revised routing of existing data flows required to support this modification.
Communication Requirements Documents	No impact identified at this time
Reporting Catalogue	No impact identified at this time

7.3 Impact on Core Industry Documents

Core Industry Document	Potential Impact of Proposed Modification
Grid Code	No impact identified at this time
MCUSA	No impact identified at this time
Supplemental Agreements	No impact identified at this time
Ancillary Services Agreements	No impact identified at this time
Master Registration Agreement	No impact identified at this time. However, depending upon the implementation option chosen by the Modification Group, then there could conceivably be an impact on SMRA, and hence on the MRA.
Data Transfer Services Agreement	No impact identified at this time
British Grid Systems Agreement	No impact identified at this time
Use of Interconnector Agreement	No impact identified at this time
Pooling and Settlement Agreement	No impact identified at this time
Settlement Agreement for Scotland	No impact identified at this time
Distribution Codes	No impact identified at this time
Distribution Use of System Agreements	No impact identified at this time
Distribution Connection Agreements	No impact identified at this time

8 IMPACT ON OTHER CONFIGURABLE ITEMS

Item	Potential Impact of Proposed Modification
No impact identified at this time	

9 IMPACT ON ELEXON

Area of Business	Potential Impact of Proposed Modification
ELEXON Systems	SVAA and NHHDA systems (both ELEXON owned and maintained software)
ELEXON Procedures	No impact identified at this time
ELEXON Contracts (Excluding BSC Agent Contracts)	No impact identified at this time
Other (e.g. costs, staffing, etc.)	No impact identified at this time

10 IMPACT ON FINANCIAL ARRANGEMENTS AND BUDGET

Not known at this time, but any modification of SVAA and NHHDA software will incur a cost to Elexon. This cost will include the specification of the required changes, the software changes themselves, user acceptance testing, and ELEXON project management costs.

11 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

BSC Agent Contract	Potential Impact of Proposed Modification
Logica (BMRA, CRA, CDCA, SAA, ECVAA, TAA(CVA))	This Modification may impact the CRA system. No impact on any other system identified at this time
EPFAL (FAA)	No impact identified at this time
ESIS (TAA(SVA))	No impact identified at this time
Cap Gemini (SVAA)	Operation of the SVAA system. Management of the MDDA system.
PwC (BSC Auditor, Certification Agent)	No impact identified at this time
EASL (Teleswitch Agent, Profile Administrator)	No impact identified at this time

12 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

ELEXON recommends that this Modification Proposal be submitted to the Volume Allocation Modification Group (VAMG) for Definition. The VAMG should be actioned to provide its report to the Panel by 13th December 2001.

The VAMG is a new group and it is proposed that it will be formed from the membership of the Panel's committee Supplier Volume Allocation Group (SVG). This will provide necessary expertise in the areas of BM Unit Registration and Approval processes, the current NHH BM Unit design and its support within the NHHDA and SVAA systems, and any other relevant areas as deemed necessary by the VAMG to undertake the definition of this Modification.

12.1 Outline Timetable

The recommendation to provide the Definition Report to the 13th December meeting of the BSC Panel is based on the following outline timetable. (This timetable has been prepared for planning purposes only. Meeting dates and other details are subject to confirmation by the Modification Group members).

25 th October	Modification Group meets to discuss content of consultation paper.
31 st October	ELEXON send consultation paper to Modification Group members for comment.
5 th November	ELEXON issue consultation paper.
19 th November	Deadline for consultation responses.
21 st November	Modification Group meets to discuss responses, and content of Definition Report.
28 th November	ELEXON send Definition Report to Modification Group members for comment.
4 th December	Final draft of Definition Report finalised.
7 th December	Definition Report issued to Panel.

12.2 Impact Assessment Costs

Progressing the Modification Proposal will require at least two meeting of the Modification Group and the commissioning of impact definitions from the Parties and the MRASCo. It is believed to be of medium complexity and a budget of £20K should be established to enable progress of the Modification Proposal through the impact definition stage.

13 ISSUES

The following issues will need to be considered and addressed in progressing the Modification Proposal.

13.1 Definition Issues

- The Modification Proposal does not define what Party Agent processes and obligations would be needed.
- The Modification Proposal does not define how the NHH MPAN Additional BM Units would be registered, and how NHH MPANs would be allocated to it, by the Supplier. One option would be to extend the present HH MPAN BM Unit allocation design philosophy to support specific NHH MPAN BM Unit allocation. Would this meet the requirements of the proposer for the Modification Proposal?
- Does the requirement for a single BM Unit to represent one, or more, customers clash with the existing restriction that a BM Unit must be confined to a single GSP Group.
- The Modification Proposal does not define whether NHHDA support for the allocation of NHH MPANs to registered Additional BM Units should be mandatory, or optional (currently it is optional for a HHDA to support multiple BM Unit Allocation).
- The Modification Proposal does not state whether it is adding a new facility for allocating specific NHH MPANs to specific BM Units, or it is intending to replace the existing NHH facility of allocating a PC/SSC group to a BM Unit.

13.2 Assessment Issues

- Given the Modification Proposal's requirement to allocate specific NHH MPAN consumption to a specific BM Unit, how will this be supported within the existing SVA design?
- The current restrictions on the allocation of NHH MPAN to Supplier BM Units were justified (by the NETA Programme) on the basis that Additional BM Units were intended to support the Balancing Mechanism. This Modification Proposal extends this use of Additional BM Units to other purposes, and the Modification Group will need to consider whether this better facilitates the applicable BSC objectives.
- The use of this feature, by Suppliers in the market as a whole, needs to be quantified such that the benefits to the Suppliers can be assessed against the likely cost to support the Modification Proposal.
- The effect of supporting the Modification Proposal, on the existing BSC software systems, needs to be assessed. Will this change lead to an increase in the number of Additional BM Units to be supported? Can the existing systems cope with the extra processing load required to support this Modification Proposal?
- It is currently assumed that this Modification Proposal will be met by modifying the existing ELEXON owned NHHDA application, rather than allowing NHHDAs to develop their own applications to support the Modification Proposal. Is this assumption correct?

- The order of precedence with regard NHH MPAN BM Unit allocation needs to be defined, i.e. Specific NHH MPAN BM Unit Allocation, PC/SSC allocated BM Unit allocation, Base BM Unit allocation.

ANNEX 1 – MODIFICATION PROPOSAL

Modification Proposal	MP No: P41 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Allocation Of individual NHH Mpans To different BM Units	
Submission Date <i>(mandatory by proposer):</i> 27 September 2001	
Description of Proposed Modification <i>(mandatory by proposer):</i> The Proposed Modification is to allow NHH MPANs to be allocated to specific BM units on a MPAN by MPAN basis as is the case with HH MPANs	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> Currently the BSC allows parties to allocate HH MPANs where they are the registered Supplier, to a BM unit other than their default BM unit in the appropriate GSP Group. However, in the NHH market it is only possible to allocate a PC/SSC combination to another BM unit, thus making it impossible to group specific MPANs into a specific BM unit for the purposes of allocating against a specific contract or for re-allocation to another BSC party.	
Impact on Code <i>(optional by proposer):</i> Section S 6.2	
Impact on Core Industry Documents <i>(optional by proposer):</i> Various	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i> NHHDA & SVAA software and processes	
Impact on other Configurable Items <i>(optional by proposer):</i>	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i> This modification will allow Suppliers to directly link specific groups of customers to specific contracts, and to recognise where imbalances occur. It will also improve the embedded generation market by allowing an embedded generator to be allocated into the same BM units as specific customers (e.g. regional) as is the case with HH MPANs. In addition it will also allow Suppliers to seek contracts which cover a single customer with a mixture of HH & NHH sites by allocating them to a single BM Unit and then seeking to reallocate that BM unit to a contracting party. Over all it will improve parties flexibility to more accurately allocate specific demand to specific contracts or generation. This will allow parties to improve their risk management and seek more cost effective contracts for particular multi-site customers and clearly identify the imbalances on those contracts.	

Modification Proposal	MP No: P41 <i>(mandatory by BSCCo)</i>
Details of Proposer: Name: Juliet Davenport Organisation: Utility Link Ltd Telephone Number: 01249 705567 Email Address: juliet.davenport@utility-link.com	
Details of Proposer's Representative: Name: Chris Welby Organisation: Utility Link Ltd Telephone Number: 01249 705559 Email Address: chris.welby@utility-link.com	
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	
Attachments: NO If Yes, Title and No. of Pages of Each Attachment:	