

MODIFICATION REPORT for Modification Proposal P190**Removal of the obligation on the CDCA to provide a witnessing and sealing service in respect of all Metering Equipment associated with CVA Metering Systems**

Prepared by: P190 Modification Group

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RECOMMENDATIONS

Having considered and taken into due account the contents of draft P190 Modification Report, the Balancing and Settlement Code Panel recommends:

- **that Proposed Modification P190 should be made;**
- **the P190 Implementation Date of 28 June 2006 if an Authority decision is received on or before 1 March 2006, or 8 November 2006 if the Authority decision is received after 1 March 2006 but on or before 12 July 2006; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

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¹ The current version of the Balancing and Settlement Code (the 'Code') can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being potentially impacted by Modification Proposal P190.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input checked="" type="checkbox"/>
Transmission Company <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>
Interconnector <input checked="" type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Non-Physical Traders <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents		
	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Core Industry Documents
Data Collectors <input type="checkbox"/>	J <input checked="" type="checkbox"/>	Grid Code <input type="checkbox"/>
Meter Operator Agents <input checked="" type="checkbox"/>	K <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
ECVNA <input type="checkbox"/>	L <input checked="" type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	M <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
BSC Agents		
SAA <input type="checkbox"/>	N <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
FAA <input type="checkbox"/>	O <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	Q <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
CDCA <input checked="" type="checkbox"/>	R <input checked="" type="checkbox"/>	Distribution Codes <input type="checkbox"/>
TAA <input checked="" type="checkbox"/>	S <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
CRA <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	U <input type="checkbox"/>	BSCCo
SVAA <input type="checkbox"/>	V <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
BSC Auditor <input type="checkbox"/>	W <input type="checkbox"/>	Other Documents
Profile Administrator <input type="checkbox"/>	X <input type="checkbox"/>	Transmission Licence <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
MIDP <input type="checkbox"/>		
Other Agents		
SMRA <input type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

X = Identified in Report for last Procedure
 N = Newly identified in this Report

1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Modification Proposal P190 'Removal of the obligation on the CDCA to provide a witnessing and sealing service in respect of all Metering Equipment associated with CVA Metering Systems' (Reference 1) was raised on 2 June 2005 by RWE npower (the 'Proposer').

Section R 6.1.2 of the Code states that 'Subject to section I 6.7.1 the CDCA shall provide a witnessing and sealing service in respect of all Metering Equipment associated with CVA Metering Systems pursuant to BSCP 06'.

BSCP 06 'Notification and Sealing of Metering Equipment' outlines the responsibilities of the Meter Operator Agent (MOA), Central Data Collection Agent (CDCA) and Registrant with regard to notification, authorisation and witnessing of the breaking of seals on Metering Equipment associated with Central Volume Allocation (CVA).

Currently, if a MOA wishes to carry out routine or fault rectification work on a Metering System they must first give notification to the CDCA of when and where the work is to be carried out in order to make the necessary arrangement for the CDCA to attend on site to provide the required witnessing and sealing services. The CDCA is also required to give approval for work to proceed. Where the CDCA approves, it is required to attend on site on the day of the work, take 'before' Meter readings, remotely interrogate the Outstation(s) and break any necessary Metering Equipment seals. After the MOA completes the work the CDCA must return to take 'after' Meter readings, remotely interrogate the Outstation(s) and then re-seal the Metering Equipment. The only exception to this is in the event of an operational emergency where the MOA may proceed without CDCA involvement. However, the CDCA must attend the site at the earliest opportunity to re-seal the Metering Equipment. A further requirement of the CDCA is in connection with a new Metering System where, the equipment must be sealed and readings taken by the CDCA before it can be used for Settlement purposes.

The Proposer's view is that the current arrangements necessitate significant travelling and expense by the CDCA simply to carry out a few minutes work and that there is also the time and expense incurred by both the MOA and CDCA in the logistics of organising a site visit, with the MOA often having to wait on site for the CDCA to arrive before work can begin. The Proposer also noted that under the 1998 trading arrangements Stage 2 (equivalent to Supplier Volume Allocation (SVA) under NETA (New Electricity Trading Arrangements)) MOAs had to be accredited and were given responsibility for sealing Metering Equipment. At NETA 'go-live', the accreditation of Party Agents and the certification of Party Agent systems were introduced for CVA MOAs. These were the same arrangements that existed for SVA MOAs; however, the requirement to seal Metering Equipment was placed on the CDCA. It is the Proposer's view that there is no reason why the CVA and SVA sealing arrangements should not be harmonised.

P190 proposes to remove the obligation to provide a witnessing and sealing service from the CDCA and replace this with an obligation on CVA MOAs to provide a sealing service in respect of all CVA Metering Equipment. It should be noted that there will be no requirement for the CVA MOAs to provide a witnessing service as they will be carrying out the work.

It should be noted that a Change Proposal (CP), CP0996, was initially raised in April 2004 in order to address the same issue raised by this Modification Proposal. The CP was withdrawn as subsequent analysis by ELEXON established that the obligation exists within the Code and not Code Subsidiary Documents, as was presumed by CP0996.

1.2 Process Followed

The P190 Initial Written Assessment (IWA) (Reference 2) was presented to the Panel at its meeting held on 14 July 2005 where the Panel determined that the Modification Proposal be submitted to a two-month Assessment Procedure conducted by the P190 Modification Group (the 'Group'). The Panel agreed that this Group should be comprised of members of the Settlement Standing Modification Group and metering experts. The areas for discussion raised by the Balancing and Settlements Code Company (BSCCo) and the Panel during the IWA formed the basis of the P190 Modification Group's Terms of Reference, and can be found in Annex 2 along with details of the Group's membership.

The Group convened for the first time on 20 July 2005. After discussing the issues raised by the IWA and the Panel the Group issued an industry consultation document (Reference 3) and commissioned impact assessments from BSC Agents, BSC Parties, the Transmission Company and the BSCCo. The responses to the consultation and impact assessments were discussed at the second meeting of the Group conducted on 17 August 2005.

The legal text for the Proposed Modification has been developed and is included as Annex 1. The P190 Modification Group has reviewed this text and agreed that it delivers the solution developed by the Group.

The P190 Assessment Report (Annex 3) was presented at the Panel Meeting held on 8 September 2005, where the Panel unanimously supported the Group's recommendation that P190 be approved. The Panel agreed that a draft Modification Report be written and consulted upon, and that the report and associated consultation responses should be presented at the Panel meeting on 13 October 2005. At the meeting on 13 October 2005, the Panel unanimously agreed that the Modification Report should be submitted to the Authority with the recommendation that P190 be approved.

1.3 Proposed Modification

The Proposed Modification considered by the Group suggests placing the obligation for the sealing of CVA Metering Equipment upon CVA MOAs. In order to implement this process the Group suggested that each CVA MOA maintain a register of sealing pliers' identifiers. The purpose of this register would be to keep track of individual sealing pliers by identifying to whom and when they have been issued. The Group acknowledged that CVA MOAs could use existing SVA metering sealing pliers as long as the equivalent SVA register was available for inspection for audit purposes. However, before using any sealing pliers on CVA Metering Equipment the MOAs would have to notify ELEXON of the company specific, three letter, identifier of their sealing pliers, so that an audit trail can be established and to eliminate the potential for duplicate sealing marks across MOAs. It is proposed that the sealing requirements be based upon those described in Appendix 8 of the Meter Operation Code of Practice Agreement (MOCO PA) (see Reference 5) which sets out the current arrangements for SVA Metering Equipment.

1.4 Issues Raised by the Proposed Modification

The following issues were considered during the Assessment of Proposed Modification P190:

- Risks to Settlements Process;
- End to End Process;
- Register of Sealing Pliers' Identifiers;
- Cost Benefit Analysis;
- Ofgem's Potential Consultation with the Health & Safety Executive; and
- Consideration of the St John's Wood Incident.

These issues are discussed in detail in the Assessment Report (Annex 3) and are not covered further in this Modification Report.

1.5 Assessment of how the Proposed Modification will Better Facilitate the Applicable BSC Objectives

The Modification Group and the Panel unanimously agreed that P190 would better facilitate the achievement of Applicable BSC Objectives (b), (c) and (d) for the following reasons:

(b) 'The efficient, economic and co-ordinated operation of the GB transmission system'.

For the majority of CVA metering work, National Grid engineers are utilised on a 3rd party basis. These operatives are also required to perform other work on the Transmission System. This limited resource when used for Settlement metering work will impact on the efficiency of the maintenance of the Transmission System. Additional site visits required by the CDCA for witnessing and sealing at unmanned sites will further draw on these limited resources.

(c) 'Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity'.

- By obligating MOAs to seal CVA Metering Systems instead of the CDCA, cost and time savings associated with less administrative work and no longer having to revisit sites with the CDCA can be passed on to Parties; and
- There would be no increased risk associated with allowing MOAs to carry out their own sealing and there would be a corresponding decrease in risk associated with Metering Systems being unsealed whilst waiting for the CDCA to return to site.

(d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

Since the CDCA does not add value over and above the service that MOAs currently provide, any reduction in central costs associated with removing the requirement for the CDCA to provide a witnessing and sealing service for CVA Metering Systems would improve the efficiency of the central arrangements.

1.6 Alternative Modification

No Alternative Modifications were considered.

1.7 Governance and Regulatory Framework Assessment

The Authority has indicated that P190 may have to be considered by the Health and Safety Executive before a determination can be made.

2 COSTS²

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£1,000
Legal/expert Cost	£0
Impact Assessment Cost	£3,000
ELEXON Resource	28 Man days £6,720

IMPLEMENTATION COSTS

		Stand Alone Cost	P190 Incremental Cost	Tolerance
Service Provider³ Cost	Change Specific Cost	£6,102	£6,102	0%
	Release Cost	£0	-	-
	Incremental Release Cost	£0	£0	-
	Total Service Provider Cost	£6,102	£6,102	0%
Implementation Cost	External Audit	£0	£0	-
	Design Clarifications	£500	£500	+/-100%
	Additional Resource Costs	£0	£0	-
	Additional Testing and Audit Support Costs	£0		-
Total Demand Led Implementation Cost	£6,602	£6,602	+/- 8%	

² Clarification of the meanings of the cost terms in this section can be found in Annex 4 of this report

³ BSC Agent and non-BSC Agent Service Provider and software Costs

ELEXON Implementation Resource Cost		155 Man days £34,100	105 Man days £23,100	+/- 5%
Total Implementation Cost		£40,702	£29,702	+/- 6%

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P190 Incremental Cost	Tolerance
Service Provider Operation Cost	£0 per annum	£0 per annum	-
Service Provider Maintenance Cost	£0 per annum	£0 per annum	-
ELEXON Operational Cost	£2k per annum	£2k per annum	+/-100%

Following the Panel meeting on 8 September 2005, further discussions have taken place between ELEXON and the BSC Agent. Based on the removal of the obligation for the CDCA to provide a witnessing and sealing service in relation to CVA Metering Systems, the estimated cost saving will be approximately £45k per annum.

3 RATIONALE FOR PANEL'S RECOMMENDATIONS

The Panel considered the P190 Assessment Report at its meeting of 8 September 2005. The Panel unanimously agreed with the Group's view regarding the Applicable BSC Objectives (see Section 1.5) and that P190 should proceed to the Report Phase with a provisional recommendation that the Proposed Modification should be made. The Panel also unanimously agreed the draft legal text proposed by the Modification Group, and the Group's recommendation that the Implementation Date for P190 should be:

- 28 June 2006, should an Authority decision be received on or before 1 March 2006; or
- 8 November 2006, should an Authority decision be received after 1 March 2006 but on or before 12 July 2006.

One Panel Member asked if the Modification Group had adequately addressed one respondent's concerns expressed during the assessment consultation regarding potential Meter abuse. BSCCo reassured the Panel that it was the Group's view that sealing of Metering Equipment does not fully prevent abuse as there are items of Metering Equipment in each Metering System which are not covered by seals. Also, having MOAs re-seal Metering Equipment immediately after completing works would make Metering Systems more secure and less likely to be tampered with than exists under the current process. BSCCo also noted that witnessing only relates to the breaking of seals as the CDCA is not required to witness all the work of the MOA and that Technical Assurance Agent site visits would continue as well as quarterly Meter Advance Reconciliations (MARs) by the CDCA (which includes a visual inspection of the Metering Equipment and, specifically, a check for authorised Settlement seals).

Another Panel Member queried whether BSCCo could maintain a central register for sealing pliers without a Code requirement to do so. BSCCo confirmed that BSCP531 will contain an obligation on CVA

MOAs to register sealing pliers' identifiers with BSCCo, and that this was sufficient. Further details of the Implementation Approach are detailed in Section 9 of this document.

Following the Panel meeting of 8 September the BSCCo carried out an internal review of the draft legal text and made some minor revisions to it. The changes to the draft legal text are detailed in section 5.1 and 6.2 of this document.

In addition, a meeting with the CDCA service provider yielded an estimate for the annual savings by removing the witnessing and sealing service from their contract of £45k per annum.

At its meeting of 13 October 2005 the Panel considered the draft Modification Report and the responses received to the Report Phase consultation (see Section 6). During the meeting BSCCo informed the Panel that the revised legal text was consulted on by the P190 Modification Group and no objections to the changes had been raised.

A Panel member sought clarification on one consultation respondent's comment about a requirement for lost or stolen pliers to be recorded for revenue protection purposes. BSCCo confirmed that the requirement to record such information would be included in BSCP06 and would be based on those requirements as specified in Appendix 8 of the MOCO PA.

The Panel unanimously agreed that P190 better facilitated the Applicable BSC Objectives for the reasons provided in Section 1.5. The Panel therefore agreed the final recommendation to the Authority that the Proposed Modification should be made. In addition, the Chairman confirmed that the revisions made to the legal text were not material. The Panel also unanimously agreed with the proposed Implementation Date.

4 IMPACT ON BSC SYSTEMS AND PARTIES

4.1 BSCCo

An assessment has been undertaken in respect of BSCCo and the following areas have been identified as being impacted by the Modification Proposal.

Area of Business	Potential Impact of Proposed Modification
BSCCo Procedures	<p>Implementation Impact</p> <p>The CVA Programme would be required to draft and implement changes to the Code Subsidiary Documents listed in section 5.2 of this document.</p> <p>Corporate Assurance provides project assurance to the CVA programme and will therefore be impacted.</p> <p>Customer Services Management (CSM) will have to remove a reference on an internal registration check list that the CDCA has completed its sealing obligations.</p> <p>Operational Impact</p> <p>The CSM team will be responsible for maintaining the central register of sealing pliers and agreeing new CVA MOA sealing pliers identifiers. CSM will also have to create new</p>

	Local Work Instructions so that up to date copies of the register are provided to the Technical Assurance Agents for their site visits.
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4.2 BSC Systems

A BSC Agent Impact Assessment of Proposed Modification P190 was commissioned by the Group. The full response can be found in the Assessment Report (Annex 3).

The CDCA currently performs a witnessing and sealing service for CVA Metering Systems and under the proposed new arrangements would need to make changes to the documents as listed in the Assessment Report (Annex 3). The projected cost for these changes is £6,102 and the estimated project duration is 4 weeks.

Following a recent meeting with the existing service provider an estimate of £45k per annum savings were envisaged as a result of the removal of the witnessing and sealing service.

4.3 Parties and Party Agents

Party and Party Agent Impact Assessments of Proposed Modification P190 were commissioned by the Group. The full responses can be found in the Assessment Report (Annex 3).

The majority of respondents agreed that the impact to their systems and processes would be minimal. Many respondents could implement the changes within 3 months (sufficient time to order sealing pliers); however, one respondent stated that they would not be able to implement the changes required until June 2006 as they had other work scheduled. The Group considered this when suggesting a target Implementation Date of June 2006.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

An assessment has been undertaken in respect of all Sections of the Code and the following Sections have been identified as being impacted by the Modification Proposal.

The legal text giving effect to P190 may be found in Annex 1 of this document.

Section	Potential Impact of Proposed Modification
R: Collection and Aggregation of Meter Data from CVA Metering Systems	<p>R 6.1</p> <p>The heading of paragraph 6.1 will be amended to remove 'and witnessing and sealing of Meters'.</p> <p>R 6.1.2</p> <p>The Modification Proposal requires the removal of this paragraph which states that the CDCA is responsible for witnessing and sealing CVA Metering Equipment.</p>
L: Metering	<p>L1.2.3</p> <p>This paragraph will be amended to add sealing as a principal function of the MOA.</p> <p>L 6.1.4</p> <p>This paragraph provides the CDCA with rights of access for reasons including witnessing and sealing. References to witnessing and sealing will be removed.</p>

J: Party Agents	J 1.2.2 Section J places an obligation on Parties who are Registrants of Metering Systems to use Party Agents to perform certain services on those systems. Additional wording will be added to this section to emphasise sealing as one of those services.
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5.2 Code Subsidiary Documents

An assessment has been undertaken in respect of all Code Subsidiary Documents and the following documents have been identified as being impacted by the Modification Proposal.

Item	Potential Impact of Proposed Modification
BSCP06	This BSCP contains the processes to be followed by CDCA in relation to witnessing and sealing of Metering Equipment and therefore will be impacted.
BSCP15	This BSCP relates to the registration of BM Units and states that the CDCA 'shall confirm that the Metering System shall be sealed in accordance with BSCP06'. It will therefore be impacted.
BSCP20	This BSCP relates to the Registration of Metering Systems for Central Volume Allocation (CVA) and states that the CDCA will take initial Meter readings and seal Metering Equipment. It will therefore be impacted.
BSCP25	This BSCP contains references to the CDCA confirming that Metering Equipment is sealed when registering Transmission System Boundary Points, Grid Supply Points, GSP Groups and Distribution System Connection Points and will be impacted.
BSCP27	This BSCP relates to the Technical Assurance of Half Hourly Systems for Settlements Purposes and will need to be amended to ensure that any updated copies of the BSCCo sealing pliers identifiers register is sent to the TAA.
BSCP38	This BSCP relates to Authorisations and defines the processes under which persons become authorised for the purpose of initiating Code activities by BSC Agents and/or BSCCo. The requirement in respect of P190 is that before requesting the CDCA to visit a site, for any reason, the requesting party must be authorised to request that activity. Authorisation category D requires the requesting party to be authorised before notifying the CDCA of 'Planned Work on Metering Systems & Breaking Seals'. P190 will remove the requirement for CDCA to break seals therefore authorisation level D needs to be amended to 'Planned Work on Metering Systems'.
BSCP68	This BSCP details the processes to be followed when a Metering System is transferred from or to Central Meter Registration Service (CMRS). Some of the processes include actions taken by the CDCA in relation to witnessing and sealing and therefore will be impacted.
BSCP531 and Appendix 1 - SACR	This BSCP relates to Accreditation which also applies to new MOAs. This procedure will need to be amended so that the processes for new MOA accreditation will initiate the allocation of suitable sealing pliers' identifiers.
CDCA SD	This Service Description contains the obligations to provide a witnessing and sealing service in relation to Metering Equipment registered by the Central Registration Agent (CRA) which will need to be removed.

5.3 Configurable Items

Item	Potential Impact of Proposed Modification
CDCA URS	This User Requirements Specification contains references to the witnessing and sealing process and will be impacted.
Logica IDD Part 1	This Interface Definition Document contains references to the CDCA capturing Meter readings during Meter sealing and unsealing and will therefore be impacted.

5.4 BSCCo Memorandum and Articles of Association

An assessment has been undertaken in respect of the BSCCo Memorandum and Articles of Association and no areas have been identified as being impacted by the Modification Proposal.

5.5 Impact on Core Industry Documents and Supporting Arrangements

An assessment has been undertaken in respect of Core Industry Documents and no areas have been identified as being impacted by the Modification Proposal.

6 SUMMARY OF CONSULTATIONS

A consultation on the draft Modification Report was issued to the industry on 15 September 2005 with responses due on 29 September 2005. Seven responses were received, representing 32 Parties and 2 Non-Parties. The full responses can be seen in Annex 5 of this document.

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you agree with the Panel's views on P190 and the provisional recommendation to the Authority contained in the draft Modification Report that P190 should be made?	6(27,2)	1(5,0)	0
Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	5(25,2)	2(7,0)	0
Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P190?	7(32,2)	0	0

6.1 Panel's Provisional Recommendation

The majority of respondents agreed with the Panel's views on P190 and the provisional recommendation to the Authority contained in the draft Modification Report that P190 should be made. One of these respondents did however suggest that the capability for the CDCA to provide a sealing service could be maintained for some operational emergencies (where only seals are broken with no interference of the Metering System) as they have an existing workforce in place around the country.

The respondent felt that individual Parties would be unwilling to bear the costs associated with sending a MOA out to reseal Metering Equipment in a remote (relative to the MOA's offices) power station where, albeit on rare occasions, an operational emergency only required Metering Equipment seals to be broken. The respondent therefore suggests that the CDCA could be utilised for this type of work with the costs being shared among Parties.

BSCCo's view of this proposal is that although this would benefit Parties whose MOAs are not based in local proximity to the sites they are responsible for, the suggestion would not be cost reflective of all Parties.

One respondent disagreed that P190 should be made and re-iterated their belief that the main defect identified by the proposal appears to be either a failure to deliver the service or an inadequately specified service description. This respondent also noted that the changes to the Code and its procedures would incur considerable costs which would be better spent improving the service.

Following receipt of information regarding the potential cost savings in removing the obligation on the CDCA to provide a witnessing and sealing service, this respondent maintains the view that the defect exists within the service provided, that there is still potential for Meter abuse to wipe out any BSC Agent savings and that Parties will end up paying more for MOA services as a result of the change anyway.

6.2 Draft Legal Text

The majority of respondents agreed with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal.

Two respondents disagreed with the draft legal text, both stating that 'witnessing' is no longer a relevant service if MOAs are doing their own work and sealing.

After the Panel meeting of 8 September 2005 an internal review of the draft legal text was carried out and the point mentioned above was identified. Since then the draft legal text has been revised to remove references to the MOA providing a 'witnessing' service. In addition paragraph R6.3 was removed as it was felt that the intention of the paragraph was adequately conveyed by the proposed amendments to paragraph J1.2.2 and L1.2.3.

6.3 Recommended Implementation Date

The respondents were unanimous in agreeing with the Panel's provisional recommendation concerning the Implementation Date for P190.

6.4 Further Comments

One respondent suggested using BSCP38, form 5.3, to register all sealing pliers as anyone proposing to work on metering equipment must use this BSC procedure to obtain authorisation to request a BSC Agent to carry out Code specific activities.

The respondent still believes that it makes more sense for the Central Registration Authority (CRA) to capture the sealing pliers' information via BSCP38, as they already hold details of the people who are authorised to make requests to carry out planned work on Metering Systems.

BSCCo's view is that this suggestion would incur far more implementation costs than the proposed solution of the BSCCo holding the central sealing pliers register and BSCCo already holds a copy of the authorisations register to which reference can easily be made.

Two respondents were concerned with the duplication aspect of having the BSCCo hold a central sealing pliers register for CVA Metering Systems, whilst the sealing pliers register for SVA Metering Systems is held by MOCO PA. One suggested that this should be considered when BSCP06 is reviewed, however, after having clarified the process with the respondent their concerns were alleviated. The other respondent noted the concerns raised by the Modification Group, that MOCO PA should not hold the sealing pliers register as that would oblige CVA MOAs to sign up to the agreement. It was suggested that CVA MOAs could become affiliate members rather than having to sign up to the whole agreement.

This option was considered by the Modification Group during the Assessment Procedure. The Group still agreed that the BSCCo should hold the register.

Another respondent re-stated their belief that the CDCA service should be reviewed and that the removal of independent witnessing and sealing would only be justified if assurance by means other than TAA visits were obtained.

6.5 Comments and Views of the Panel

The Panel noted and considered the responses received to the consultation on the draft Modification Report.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

The full response may be found in Annex 3 of this document. In the event of P190 being approved, the Transmission Company does not anticipate any impact on its ability to discharge its obligations efficiently under the Transmission Licence, or on its ability to operate an efficient, economical and co-ordinated Transmission System. Further, the Transmission Company does not anticipate any impact on its computer systems and processes or any costs as a result of implementing P190 and any consequential change to Core Industry Documents.

The Transmission Company supported the view of the Modification Group that the Proposed Modification would better facilitate the achievement of Applicable BSC Objectives (b), (c) and (d) and has confirmed the estimated figure of 50 man-days savings per year envisaged as a result of the Proposed Modification being accepted.

7.2 Comments and Views of the Panel

The Panel noted the lack of impact on the Transmission Company in the event of P190 being approved, and also the Transmission Company's support for the Proposed Modification.

8 SUMMARY OF EXTERNAL ADVICE

None commissioned.

9 IMPLEMENTATION APPROACH

If approved, P190 would be implemented as part of a scheduled CVA release.

The recommended Implementation Date for P190 is:

- 28 June 2006, should an Authority decision be received on or before 1 March 2006; or
- 8 November 2006, should an Authority decision be received after 1 March 2006 but on or before 12 July 2006.

If P190 is approved MOAs would be obliged to seal CVA Metering Equipment from the Implementation Date. There would be no requirement for the CVA MOAs to replace the CDCA seals immediately. This could be done when work on the Metering Equipment is required.

To ensure that MOAs are able to seal Metering Equipment from the Implementation Date, it will be necessary for the 3 letter sealing pliers' identifiers to be registered with BSCCo prior to the Implementation Date. This activity will be undertaken in parallel with the process and documentation

updates which will go through the industry review and approval process prior to the Implementation Date. After the Implementation Date, a formal process for informing or requesting sealing pliers identifiers will be included in BSCP531 'Accreditation' and the procedure for sealing CVA Metering Equipment will be detailed in BSCP06 'Notification and Sealing of Metering Equipment for Central Volume Allocation'.

10 DOCUMENT CONTROL

10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	13/09/05	Change Delivery	Sarah Jones	Peer Review
0.2	14/09/05	Change Delivery	Keith Campion	Technical Review
0.3	14/09/05	Change Delivery	Interested Parties	For Consultation
0.4	04/10/05	Change Delivery	Sarah Jones	For Review
0.5	06/10/05	Change Delivery	Martin Thompson	For Review
0.6	07/10/05	Change Delivery	BSC Panel	For Panel Approval
1.0	14/10/05	Change Delivery	Authority	For Authority Decision

10.2 References

Ref	Document	Owner	Issue date	Version
1	P190 Modification Proposal http://www.elexon.co.uk/documents/modifications/190/P190.pdf	BSCCo	02/06/05	1.0
2	P190 Initial Written Assessment http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2005_-_094_-_Papers/94_008.pdf	BSCCo	07/07/05	1.0
3	P190 Assessment Consultation http://www.elexon.co.uk/documents/Consultations/P190_Assessment_Consultation/P190AC1.0.pdf	BSCCo	02/08/05	1.0

ANNEX 1 LEGAL TEXT

Attachment 1 contains the legal text for Proposed Modification P190.

ANNEX 2 MODIFICATION GROUP DETAILS

Member	Organisation	20/07/05	17/08/05
Tom Bowcutt	ELEXON (Chairman)	✓	✓
Mike Smith	ELEXON (Lead Analyst)	✓	✓
Lorna Short	RWE (Proposer)	✓	✓
Man Kwong Liu	SAIC	✓	✓
David Lane	Clearenergy	✓	✓
Anthony Steele	Siemens	✓	
Martin Skinner	National Grid	✓	✓

Attendee	Organisation	20/07	17/08
Richard Hall	Ofgem	✓	✓
Melanie Henry	ELEXON (Lawyer)	✓	✓

P190 Modification Group Terms of Reference

Annex for Modification Proposal P190

Modification Proposal P190 will be considered by the P190 Modification Group in accordance with the SSMG Terms of Reference and the Annex attached.

P190 - 'Removal of the obligation on the CDCA to provide a witnessing and sealing service in respect of all Metering Equipment associated with CVA Metering Systems'

ASSESSMENT PROCEDURE

The Modification Group will carry out an Assessment Procedure in respect of Modification Proposal P190 pursuant to section F2.6 of the Balancing and Settlement Code.

The Modification Group will produce an Assessment Report for consideration at the BSC Panel Meeting on 8 September 2005.

The Modification Group shall consider and/or include in the Assessment Report as appropriate:

- Risks to the Settlements Process;
- Sealing Pliers Register;
- Cost Benefit Analysis;
- Ofgem's Potential Consultation with the Health & Safety Executive; and
- Consideration of the St John's Wood Incident.

ANNEX 3 ASSESSMENT REPORT

Attachment 3 contains the Assessment Report.

ANNEX 4 CLARIFICATION OF COSTS

There are several different types of costs relating to the implementation of Modification Proposals. ELEXON implements the majority of Approved Modifications under its CVA or SVA Release Programmes. These Programmes incur a base overhead which is broadly stable whatever the content of the Release. On top of this each Approved Modification incurs an incremental implementation cost. The table of estimated costs of implementing the Proposed/Alternative Modification given in section 2 of this report has three columns:

- **Stand Alone Cost** – the cost of delivering the Modification as a stand alone project outside of a CVA or SVA Release, or the cost of a CVA or SVA Release with no other changes included in the Release scope. This is the estimated maximum cost that could be attributed to any one Modification implementation.
- **Incremental Cost** - the cost of adding that Modification Proposal to the scope of an existing release. This cost would also represent the potential saving if the Modification Proposal was to be removed from the scope of a release before development had started.
- **Tolerance** – the predicted limits of how certain the cost estimates included in the template are. The tolerance will be dependent on the complexity and certainty of the solution and the time allowed for the provision of an impact assessment by the Service Provider(s).

The cost breakdowns are shown below:

PROGRESSING MODIFICATION PROPOSAL	
Meeting Cost	This is the cost associated with holding Modification Group meetings and is based on an estimate of the travel expenses claimed by Modification Group members.
Legal/expert Cost	This is the cost associated with obtaining external expert advice, usually legal advice.
Impact Assessment Cost	Service Provider Impact Assessments are covered by a pre-determined monthly contractual charge. Therefore the cost included in this report is an estimate based on the level of impact assessment that the modification is expected to require and may not reflect the actual cost attributed to the modification, which will be based on a percentage of the contractual impact assessment costs for each month that it is assessed.
ELEXON Resource	This is the ELEXON Resource requirement to progress the Modification Proposal through the Modification Procedures. This is estimated using a standard formula based on the length of the Modification Procedure.

SERVICE PROVIDER⁴ COSTS	
Change Specific Cost	Cost of the Service Provider(s) Systems development and other activities relating specifically to the Modification Proposal.
Release Cost	Fixed cost associated with the development of the Service Provider(s) Systems as part of a release. This cost encompasses all the activities that would be undertaken regardless of the number or complexity of changes in the scope of a release. These activities include Project Management, the production of testing and deployment specifications and reports and various other standard release activities.
Incremental Release Cost	Additional costs on top of base Release Costs for delivering the specific Modification Proposal. For instance, the production of a Test Strategy and Test Report requires a certain amount of effort regardless of the number of changes to be tested, but the addition of a specific Modification Proposal may increase the scope of the Test Strategy and Test Report and hence incur additional costs.

IMPLEMENTATION COSTS	
External Audit	<p>Allowance for the cost of external audit of the delivery of the Modification Proposal. For Modification Proposals, which impact CVA BSC Agent software, this is typically estimated as 8% of the total Service Provider Costs, with a tolerance of +/- 20%. ELEXON does, however, have internal audit capabilities and if the software change is low risk and low complexity it may be decided that it is more appropriate to utilise this internal resource. This would result in zero demand led audit costs offset by an increase in ELEXON Operational costs for that specific change.</p> <p>At present the SVA Programme does not use an external auditor, so there is no External Audit cost associated with an SVA BSC Systems Release.</p>
Design Clarifications	Allowance to cover the potential cost of making any amendments to the proposed solution to clarify any ambiguities identified during implementation. This is typically estimated as 2.5% of the total Service Provider Costs, with a tolerance of +/- 100%.
Additional Resource Costs	<p>Any short-term resource requirements in addition to the ELEXON resource available. For CVA BSC Systems Releases, this is typically only necessary if the proposed solution for a Modification Proposal would require more extensive testing than normal, procurements or 'in-house' development.</p> <p>For SVA BSC Systems Releases, this will include the management and operation of the Acceptance Testing and the associated testing environment.</p> <p>This cost relates solely to the short-term employment of contract staff to assist in the implementation of the release.</p>

⁴ A Service Provider can be a BSC Agent or a non-BSC Agent, which provides a service or software as part of the BSC and BSC Agent Systems. The Service Provider cost will be the sum of the costs for all Service Providers who are impacted by the release.

Additional Testing and Audit Support Costs	Allowance for external assistance from the Service Provider(s) with testing, test environment and audit activities. Includes such activities as the creation of test environments and the operation of the Participant Test Service (PTS). For CVA BSC Systems Releases involving NETA Central Service Agent software changes, this is typically estimated as £40k per release with at tolerance of +/-25%. For SVA BSC Systems Releases this is estimated on a Modification Proposal basis.
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TOTAL DEMAND LED IMPLEMENTATION COSTS

This is calculated as the sum of the total Service Provider(s) Cost and the total Implementation Cost. The tolerance associated with the Total Demand Led Implementation Cost is calculated as the weighted average of the individual Service Provider(s) Costs and Implementation Costs tolerances. This tolerance will be rounded to the nearest 5%.

ELEXON IMPLEMENTATION RESOURCE COSTS

Cost quoted in man days multiplied by project average daily rate, which represents the resources utilised by ELEXON in supporting the implementation of the release. This cost is typically funded from the "ELEXON Operational" budget using existing staff, but there may be instances where the total resources required to deliver a release exceeds the level of available ELEXON resources, in which case additional Demand Led Resources will be required.

The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.

ONGOING SUPPORT AND MAINTENANCE COSTS

ELEXON Operational Cost	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
Service Provider Operation Cost	Cost in £ per annum payable to the Service Provider(s) to cover staffing requirements, software or hardware licensing fees, communications charges or any hardware storage fees associated with the ongoing operation of the revised systems and processes.
Service Provider Maintenance Cost	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems. Note that from 1 January 2005, Service Provider Maintenance costs will be covered by a fixed contractual charge and so any Modification Proposals implemented after this date will not incur an ongoing Service Provider Maintenance cost.

ANNEX 5 CONSULTATION REPONSES

Attachment 2 contains the responses to the draft Modification Report consultation.