



MODIFICATION REPORT for Modification Proposal P183

Additional mechanisms for obtaining a valid change of Supplier read

Prepared by: ELEXON, on behalf of the BSC Panel

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This document has been distributed in accordance with Section F2.1.10¹ of the Balancing and Settlement Code.

RECOMMENDATIONS

Having considered and taken into due account the contents of the draft P183 Modification Report, the Balancing and Settlement Code Panel recommends:

- **that Proposed Modification P183 should be made;**
- **the P183 Implementation Date of 3 November 2005 if an Authority decision is received on or before 1 June 2005, or the 23 February 2006 if the Authority decision is received after 1 June 2005 but on or before 25 August 2005; 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 P183.

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 type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Transmission Company <input type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input checked="" type="checkbox"/>
Interconnector <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input 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		
Data Aggregators <input type="checkbox"/>	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Data Collectors <input checked="" type="checkbox"/>	I <input type="checkbox"/>	Core Industry Documents
Meter Operator Agents <input type="checkbox"/>	J <input type="checkbox"/>	Grid Code <input type="checkbox"/>
ECVNA <input type="checkbox"/>	K <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	L <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
BSC Agents		
SAA <input type="checkbox"/>	M <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
FAA <input type="checkbox"/>	N <input type="checkbox"/>	Data Transfer Services Aareement <input type="checkbox"/>
BMRA <input type="checkbox"/>	O <input type="checkbox"/>	British Grid Svstems Aareement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
CDCA <input type="checkbox"/>	Q <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
TAA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
CRA <input type="checkbox"/>	S <input checked="" type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
SVAA <input type="checkbox"/>	U <input type="checkbox"/>	BSCCo
BSC Auditor <input type="checkbox"/>	V <input type="checkbox"/>	Internal Workina Procedures <input type="checkbox"/>
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>	Other Documents
Certification Agent <input type="checkbox"/>	X <input type="checkbox"/>	Transmission Licence <input type="checkbox"/>
MIDP <input type="checkbox"/>		System Operator-Transmission Owner Code <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 183, 'Additional mechanisms for obtaining a valid change of Supplier read', (P183), was raised by Npower on 21 December 2004.

P183 is one of a package of suggested changes put forward by the Customer Transfer Programme (CTP) intended to improve the efficiency of the change of Supplier (CoS) process, not all of which affect the Code².

P183 itself seeks to improve the robustness of processes for obtaining a validated CoS read. It is contended that this could be addressed by:

- providing an additional mechanism for obtaining a validated CoS read in the event that existing processes do not provide one, through the provision of an old Supplier estimated read (OSER) to the new Non Half Hourly Data Collector (NHHDC) by the new Supplier; and
- removing an obligation on Suppliers to forward all SVA Customer provided consumption data to the NHHDC on CoS.

The Modification Proposal suggests that for Code purposes, this would be given effect by four key areas of change to Code and Code Subsidiary Document governance:

- an amendment to the definition of Metered Data contained within paragraph 4.2.1 of Annex S-2 of the Code so that it includes an estimated Meter reading calculated by the old Supplier for the purposes of a CoS read;
- the relaxation of an obligation on Suppliers to provide to the NHHDC any data in respect of the consumption of an SVA Metering System received directly from an SVA Customer on CoS. This obligation is currently contained within paragraph 2.3.3(b) of Section S of the Code;
- an addition to the precedence of Meter readings contained within Annex 4.4 of Balancing and Settlement Code Procedure 504, 'Non-Half Hourly Data Collection for SVA Metering Systems registered in SMRS' (BSCP504), to include a validated OSER (if available) at the bottom of this list of precedence; and
- amendments to Party Service Line 120, 'Non Half Hourly Data Collection' (PSL120), to incorporate an estimated Meter reading calculated by the old Supplier for the purposes of a CoS read.

The Proposer considers that P183 would better facilitate Applicable BSC Objective (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:

- improving the efficiency, accuracy and timeliness of the CoS process;
- improving the accuracy of CoS readings entering Settlement;
- improving the timeliness with which CoS Meter readings become available (and hence the accuracy of the Initial Settlement Run); and
- reducing the potential for discrepancies between Supplier billing and Settlement.

² For details of the full scope of the changes put forward by the CTP please refer to the Electricity Change Pack published on its website (reference 3).

1.2 Process followed

The P183 Initial Written Assessment (IWA, reference 2) was presented at the Panel Meeting held on 13 January 2005, where the Panel determined that it should be submitted to a two-month Assessment Procedure by a new Modification Group (the P183 Modification Group, hereafter simply referred to as the Group).

The Group convened for the first time on 18 January 2005 and agreed the content of a consultation document to be issued for industry views and impact assessment. The consultation document was issued on 1 February 2005, with the deadline for responses falling on 10 February 2005.

The Group met for the second and final time on 14 February 2005 to consider the industry feedback received and agree its recommendations to the Panel.

The Panel considered the Group's Assessment Report (reference 9) at its meeting on 10 March 2005 and provisionally concurred with the Group's recommendations.

The Panel considered the responses to the Report Phase consultation at its meeting on 14 April 2005: confirming its recommendation that P183 should be approved; confirming that the legal text correctly addressed the perceived defect; and agreeing Implementation Dates, the latter of which was brought forward by one week in response to market feedback set out in section 6.3 of this document.

1.3 Proposed Modification

The solution developed by the Group is consistent with that set forward in the initial Modification Proposal. This is that P183 would modify the Code such that the definition of what can constitute Non Half Hourly (NHH) Metered Data would include an estimate provided by the old Supplier to the new Supplier on CoS (i.e. the OSER). An OSER may then be used to create an Annualised Advance (AA). The Code would not prescribe the submission or use of such data, simply allow the submission of that data into Settlement³. BSCP504 would prescribe that an OSER could only be passed on to the new NHHDC by the new Supplier between Supply Start Date (SSD)+5 and SSD+8. The OSER would have to pass NHHDC validation to be acceptable, as with other types of data treated as actual Meter readings.

In addition, where a Supplier agreed read is determined following a disputed reading on CoS, this agreed reading would also be considered to constitute NHH Metered Data.

BSCP504, which contains rules for the precedence of which validated Meter readings may be candidates for use on a CoS would be updated to reflect that an OSER is a candidate read. The OSER would fall at the bottom of this order of precedence, only being used where none of the other candidate reads were available in the CoS window (SSD±5).

In addition, P183 would relax a current obligation in the Code for Suppliers to provide all SVA Customer provided consumption data to the relevant NHHDC such that a Supplier would not need to do so if such data was manifestly erroneous. This relaxation would only be allowed in relation to CoS events.

1.4 Context of agreed estimates in the Code

Section 4 of Annex S-2 of the Code dictates responsibilities and obligations with regard to Non Half Hourly Data Collection and Aggregation. The key clause within this section for the purposes of P183 is 4.2.1, which sets out what constitutes Metered Data in this context:

³ It should be noted that the separately progressed MRA changes intend to prescribe the provision of OSERs for domestic customers.

4.2.1 In this paragraph 4 "Metered Data" shall mean only Metered Data in respect of:

- (a) metered Metering Systems collected by:
 - (i) automatic/remote means;
 - (ii) site meter reading; or
 - (iii) customer reading;
 and which are not subject to half hourly metering; and
- (b) Unmetered Supplies not subject to Equivalent Metering.

This definition would not currently allow for an OSER to enter Settlement as Metered Data.

It should be noted that BSCP504 currently provides that a Supplier agreed read resulting from the resolution of a disputed reading on CoS⁴ may be entered into Settlement. This Supplier agreed read does not fall within the definition of Metered Data contained within Annex S-2 4.2.1 either.

Suppliers may currently be using Supplier agreed reads when disputing a CoS read. This practise may be flagged as an Audit issue until the deadline for disputing Settlement Days prior to the P183 Implementation Date has lapsed (were P183 to be approved).

1.5 Issues raised by the Proposed Modification

The following issues were considered during the Assessment of Proposed Modification P183:

- Circumstances where a CoS read generated from an estimate by the old Supplier would be acceptable;
- Circumstances where a SVA Customer own read should be used;
- The basis of any estimated Meter read submitted by the old Supplier;
- Use of SVA Customer data⁵;
- Impact on Settlement Data quality;
- Whether the solution developed should be prescribed through the Code, or Code Subsidiary Documents;
- Consideration of P176, 'Clarification of the requirements for estimation/deeming of Meter readings/advances in certain circumstances to facilitate the correction of anomalies in Settlement consumption' (P176)⁶; and
- Implementation Dates.

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

1.6 Assessment against the Applicable BSC Objectives

The Applicable BSC Objectives are detailed in Annex 6 of this document. The Panel is in agreement with the view of the Group that P183 would better facilitate the Applicable BSC Objectives. This opinion is framed against objective (c), 'promoting effective competition in the generation and supply of

⁴ Generated in accordance with MRA Agreed Procedure 08, 'The procedure for resolution of disputed readings on change of supplier' (MAP08).

⁵ In the context of obligations under Section S, paragraph 2.3.3(b) of the Code.

⁶ In so far as directly relevant to the perceived defect.

electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity’.

It is believed that P183 will make the CoS process more robust and will lower exception costs relating to disputed deemed Meter readings, by reducing the number of occasions where deemed Meter readings are used. Given the low profit margins associated with domestic supply, any reduction in costs associated with CoS is considered to facilitate increased competition between Suppliers.

Competition is also better facilitated through improving the customer experience of CoS circumstances, therefore increasing incentives for an SVA Customer to undergo CoS.

The Group expressed a strong opinion that allowing OSERs would therefore be in the best interests of both Suppliers and SVA Customers.

In addition, it is believed that allowing OSERs would align Settlement data more clearly with Supplier billing, with consequent improvements to the integrity of Settlement.

It is agreed that Suppliers should not be obligated to submit SVA Customer provided consumption data to the NHHDC in CoS circumstances where it believes on reasonable grounds and in good faith that it is not valid. The Panel believes that removing this obligation would reduce unnecessary costs on Suppliers and NHHDCs around the CoS event, further bolstering the case that P183 would foster Supplier competition (i.e. facilitate objective (c)). It is noted that the Group only had remit to address this perceived defect in relation to CoS circumstances given the scope of P183, and that inefficiencies resulting from this obligation may not be restricted to CoS events.

1.7 Modification Group’s Cost Benefit Analysis of Proposed Modification

The Group considered that costs of implementing P183 are restricted to updating the Code and Code Subsidiary Documents in line with those changes identified in Section 5 of this document.

The Group considered that failings in the CoS process are the source of significant costs to industry, which in turn has a damaging effect on Supplier competition. P183 would reduce these costs, especially through driving a reduction in disputed deemed Meter readings. The Group was very confident that cost reduction benefits resulting from P183 would significantly outweigh any costs associated with its implementation.

It should be noted that the implementation of MRA Change Proposals to address CoS issues will have associated costs to industry. These are outside the scope of P183 and will need to be considered under the MRA change procedures.

The Panel noted the cost/benefit analysis put forward by the Group, and whilst expressing confidence that the Group was correct in considering that benefits would outweigh costs, characterised it as qualitative rather than quantitative. The Panel noted advice from ELEXON that the Group had felt that an extensive quantitative analysis of benefits would be both difficult and unnecessary under the Code. From a Code perspective, P183 is a purely documentary change affecting the Code and Code Subsidiary Documents, with little consequent implementation costs. The Group believed such costs were trivial and represented a very low hurdle for any cost/benefit analysis to pass. Consequently it was not minded to develop a model to forecast such benefits as it felt these to be clearly demonstrable from a purely qualitative assessment. A further consideration was that P183 itself is a facilitative Modification Proposal that legitimises the introduction of OSERs into Settlement rather than mandating it. The Group considered that the majority of costs and benefits associated with the use of OSERs would result from the MRA changes and should be assessed under its governance structures, rather than the Code.

1.8 Alternative Modification

The Group did not identify any Alternative Modification that would, as compared to the Proposed Modification, better facilitate achievement of the Applicable BSC Objectives.

1.9 Governance and Regulatory Framework Assessment

No impact on the statutory, regulatory and contractual framework within which the Code sits was identified by the Group.

2 COSTS⁷

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£ 1,000
Legal/expert Cost	£ 0
Impact Assessment Cost	£ 0
ELEXON Resource	35 Man days £ 8,280

IMPLEMENTATION COSTS

	Stand Alone Cost	P183 Incremental Cost	Tolerance
Total Demand Led Implementation Cost	£ 0	£ 0	+/- 0%
ELEXON Implementation Resource Cost	38 Man days £ 8,360	11 Man days £ 2,420	+/- 10%
Total Implementation Cost	£ 8,360	£ 2,420	+/- 10%

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P183 Incremental Cost	Tolerance
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⁷ Clarification of the meanings of the cost terms in this section can be found in annex 4 of this report

Service Provider Operation Cost	£ 0 per annum	£ 0 per annum	+/- 0%
Service Provider Maintenance Cost	£ 0 per annum	£ 0 per annum	+/- 0%
ELEXON Operational Cost	£ 0 per annum	£ 0 per annum	+/- 0%

3 RATIONALE FOR PANEL'S RECOMMENDATIONS

The Panel believes that P183 would improve the robustness of the CoS process; improve the SVA Customer experience of the CoS process; reduce exception costs and increase Supplier competition. These benefits would better facilitate Applicable BSC Objective (c) for the reasons given in section 1.6 of this document, and the Panel therefore recommend that P183 be approved.

The Panel believes that it would be beneficial to see P183 implemented at the same time as P176 (were both to be approved), given that both would require changes to the same Code Subsidiary Documents, and same areas of the Code. It also favours the incorporation of P183 into a scheduled release in order to reduce costs, by ensuring that implementation costs would be restricted to incremental increases to the scope of that release rather than requiring the separate development and deployment of P183, with the commensurate overheads that would be required for a standalone project. The proposed Implementation Dates initially put forward for P183 were therefore the same as those put forward for P176, and correspond with those originally put forward for the November 2005 and February 2006⁸ scheduled SVA releases. ELEXON proposed a minor change to the latter Implementation Date from that which was consulted on in the draft Modification Report – please see section 6.3 of this document for further details. The Panel affirmed this change.

The Panel believes that the legal text contained in Annex 1 of this document correctly addresses the perceived defect and should be used were the Authority to approve the Proposed Modification.

4 IMPACT ON BSC SYSTEMS AND PARTIES

An assessment has been undertaken in respect of BSC Systems and Parties and the following have been identified as potentially being impacted by the Proposed Modification and any Alternative Modification.

4.1 BSCCo

No post-implementation impact has been identified on the BSCCo, were P183 to be approved.

4.2 BSC Systems

No impact has been identified on any of the BSC Agents or central BSC systems and processes, were P183 to be approved.

4.3 Parties and Party Agents

Party and Party Agent impact assessments received in response to the consultation document are appended to the Assessment Report (Annex 3 of this document).

A number of respondents identified the requirement for system, process and software changes and have given implementation lead times commensurate with the need to make such changes. The

⁸ These two releases are due to be implemented on 3 November 2005 and 23 February 2006 respectively.

majority of these respondents were from companies who had provided members for the Group, and the Group categorises these impacts as indicative of overall lead times to deliver the suite of CTP changes rather than those specific to P183, noting that P183 does not prescribe the use of OSERs. Two respondents who had requested at least six months lead time and who were not represented on the Group, were individually contacted to ascertain if their lead time estimates represented P183 or MRA change lead time. Both indicated the latter, whilst expressing a preference that P183 and MRA changes be implemented simultaneously if possible to avoid any potential for market confusion.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

The legal text for P183 is appended to this document as Annex 1, and should be referred to for definitive changes put forward by the Group and agreed by the Panel.

In summary:

- Paragraph 4.2.1 of Annex S-2 of the Code would be modified to include a new category of Metered Data. This would be a Meter reading on CoS that is estimated by the old Supplier and is agreed by the new Supplier in accordance with BSCP 504. It should be noted that this definition would allow both OSERs and Supplier agreed reads, with BSCP 504 prescribing the circumstances in which each type of Meter reading can be used.
- Paragraph 2.3.3(b) of Section S of the Code would be modified to relax the current obligation on a Supplier to provide any SVA Customer provided consumption data to the NHHDC. This relaxation would only relate to SVA Customer provided consumption data on CoS, and would only be applied where the Supplier believes on reasonable grounds and in good faith that such data is not valid.

5.2 Code Subsidiary Documents

BSCP504 would require amendment to update the order of precedence for Meter readings contained in Appendix 4.4. This would need to include an OSER at the bottom of this order of precedence, only being used where none of the other types of valid Meter reading were available.

The table below gives an indication of what the changed Appendix 4.4 may look like:

4.4 Precedence of Meter Readings - Change of Supplier.

1. All valid actual (Remote, MOA, NHHDC, and Customer Own) readings are potential candidates for the CoS reading, provided they are read within SSD ± 5 days.
2. If the first reading after SSD is a Final read then this read must be used, irrespective of any other reads available.
3. The reading closest to (ignoring sign) or on SSD is used to generate the SSD reading. If there are multiple reads on the same day then the precedence (if systems can cope), is Remote, (1st choice), MOA Final, NHHDC, Customer Own reading (last choice).
4. If two reads fall equally either side of SSD, then the +SSD read is used.
5. If no valid Remote, MOA Final, NHHDC or Customer Own reading is available within SSD ± 5 days, then a valid Old Supplier Estimated reading (if received) will constitute a potential

candidate for the CoS reading and must be used.

BSCP504 will also require changes to preclude the submission of OSERs to the new NHHDC prior to SSD+5.

PSL120 may require minor changes to bring it in line with the Code and BSCP504 and acknowledge the introduction and use of OSERs.

5.3 BSCCo Memorandum and Articles of Association

Neither the BSCCo Memorandum nor its Articles of Association would be impacted by P183.

5.4 Impact on Core Industry Documents and Supporting Arrangements

No other Core Industry Documents or supporting arrangements would be impacted by P183⁹.

6 SUMMARY OF CONSULTATIONS

The draft Modification Report was issued for industry consultation on 11 March 2005. The deadline for responses was 29 March 2005. 7 responses were received, representing 48 Parties and 1 non-Party.

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you agree with the Panel's views on P183 and the provisional recommendation to the Authority contained in the draft Modification Report that P183 should be made?	6 (48 + 0)	1 (0 + 1)	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?	7 (48 + 1)	0	0
Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P183?	5 (39 + 0)	1 (9 + 0)	1 (0 + 1)

6.1 Panel's Provisional Recommendation

The majority of respondents, and all of those from BSC Parties, expressed support for the Panel's provisional recommendation that P183 should be made.

This support was framed against BSC Objective (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*'. The reasons given in support of this objective mirrored those identified during the Assessment Procedure: improving the quality of Meter Readings and therefore Settlement accuracy; aligning Settlements more closely with Supplier billing; and improving the timeliness, efficiency and robustness of CoS processes.

One Party Agent did not support the approval of P183, referring to their Assessment Procedure response for an explanation of its reasons why. That response had expressed scepticism as to whether OSERs would be more accurate than deemed Meter readings; argued that legitimising OSERs may lead to more disputes and conflict between Suppliers and NHHDCs where an OSER is not used as a CoS

⁹ It should be noted that the changes to MRA requirements put forward by the Customer Transfer Programme are being progressed separately under MRA change procedures and would not be implemented as part of P183.

reading by the NHHDC; and suggested that P183 might disincentivise Suppliers to ask for actual Meter readings on CoS.

6.2 Draft Legal Text

Respondents unanimously supported the legal text although comments were raised in two areas: the interpretation of proposed new clause S2.3.5; and whether P183 provisions should differentiate between domestic and non-domestic NHH premises.

Suppliers are currently under an obligation to provide any SVA Customer provided consumption data to the relevant NHHDC pursuant to S2.3.3(b). This provision has no exclusions, and remains binding even if the consumption data is inaccurate. Proposed new clause S2.3.5 seeks to relax this obligation in relation to CoS Meter readings such that a Supplier would not need to submit data that it *'believes on reasonable grounds and in good faith is not valid'*.

A respondent asked for clarification as to what would constitute 'reasonable grounds'. ELEXON does not believe that the central provision of guidelines on reasonable grounds would be appropriate. This is because this clause is a subjective rather than an objective test, and any centrally provided guidance would not therefore be binding. Each Supplier would need to reach its own interpretation of what could be adequately considered 'reasonable grounds' in 'good faith'.

The same respondent noted that in a specific scenario, where a Supplier has an OSER and a SVA Customer own read that are mutually inconsistent, it may be more appropriate for the Supplier to submit both for NHHDC validation than to reject the SVA Customer own read and only submit the OSER – when the SVA Customer own read may in fact be accurate. Under P183 provisions it should be noted that either approach could arise in principle: a Supplier could choose to provide a mutually inconsistent OSER and SVA Customer own read to the NHHDC for it to validate and choose between in accordance with the order of precedence in BSCP504; or the Supplier could choose to only submit the OSER if it considered in good faith that it had reasonable grounds to believe the SVA Customer own read was not valid. A third possible approach would be the submission of only the SVA Customer own read and not the OSER – as the submission of the latter would not be mandated under the Code.

The other legal issue was raised by a respondent in the context of the question seeking 'any further comments', but is addressed in this section as its subject matter relates to the legal provisions. It was contended that either the legal text or Code Subsidiary Documents (preferably the former) should include the principle that provision of OSERs should be compulsory for the domestic NHH market, and allowable where bilateral agreement exists between the Suppliers for the non-domestic NHH market.

ELEXON advised that the suite of CTP changes intends to make this differentiation in the MRA but that it did not believe that distinguishing between domestic and non-domestic premises would be within the scope of the Proposed Modification. This is because the implications of such an addition have not been assessed under the Code: the Modification Proposal put forward by the Proposer made no reference to a differentiation between domestic and non-domestic customers; no rationale for any such distinction was put forward during the Modification Group meetings; industry was not consulted on its views on such a distinction within the Code during the Assessment Procedure; and the Group agreed that the appropriate places for rules on when an OSER should be supplied should be in the MRA not the Code.

This should not be taken to be indicative of any ELEXON view as to whether such a distinction would be beneficial or detrimental within the Code or a Code Subsidiary Document, it simply reflects that any positive or negative impact has not been assessed under P183. It would be open to any Party to raise a Modification seeking to introduce such a distinction into the Code if it so wishes.

6.3 Recommended Implementation Date

The majority of respondents agreed with the Panel's provisional recommendations on the P183 Implementation Date: of 3 November 2005 if an Authority decision is received on or before 1 June 2005; or the 2 March 2006 if the Authority decision is received after 1 June 2005 but on or before 1 September 2005.

Two respondents queried the alignment of the latter proposed Implementation Date (2 March 2006) with the timing of the MRA release scheduled for 23 February 2006. These respondents expressed a view that these dates should be aligned in order to minimise any confusion or potential for problems for Parties resulting from changes in processes being in place in the MRA before complementary changes in principles are enshrined in the Code. One of these respondents did not comment on whether P183 should be brought forward or the MRA release pushed back, with the other suggesting that the Implementation Date for P183 should be brought forward to 23 February 2006 to match the MRA release date.

This disparity arose in good faith because of a difference in the interpretation of the SVA release strategy between ELEXON and MRASCo. ELEXON proposed to remove this disparity and respond to participant wishes by moving the date of its SVA release forward to match the MRA release. In light of this, ELEXON proposed to the Panel that the fallback Implementation Date and its associated decision cut-off date be brought forward one week: to 23 February 2006, if the Authority decision is received after 1 June 2005 but on or before 25 August 2005.

The Panel had the right to amend the Implementation Date previously consulted on for P183 in accordance with F2.7.5 of the Code, and chose to exercise this right accordingly.

6.4 Further Comments

One respondent considered that there are potential implications for the scope of BSC Audit and Performance Assurance monitoring requirements to ensure that there is not inappropriate or excessive use of OSERs, were P183 to be approved.

ELEXON clarified that current Performance Assurance Reporting and Monitoring System (PARMS) Serials and Standards do not contain any performance measures relating to the D0086, 'Notification of Change of Supplier readings', data flow. In terms of new assurance methods, a specific consultation question was asked during the Assessment Procedure seeking market feedback on whether NHHDC validation and MAP08 disputes processes had sufficient assurance to cater for the introduction of OSERs or whether new measures or techniques were required. The responses received were overwhelmingly in favour of the status quo, and this viewpoint was taken forward by the Modification Group. It should be noted that this does not preclude the future introduction of new PARMS techniques to monitor use of OSERs: these could be introduced by either a Modification Proposal or a Change Proposal dependent on the scope of the change.

6.5 Comments and Views of the Panel

The Panel noted the views of several consultation respondents that the fallback Implementation Date of P183 should be aligned with the scheduled MRA February 2006 release on 23 February 2006 rather than the 2 March 2006 date that had been consulted on. The Panel had remit under F2.7 of the Code to direct a change to the fallback Implementation Date during the Report Phase, and determined that it would be prudent to do so.

A Panel member noted ELEXON advice that changes to MRA provisions governing the submission of OSERs were not due to be implemented until February 2006, and queried whether this would cause any problems should P183 be approved in time for the earlier of its two stipulated Implementation Dates on 3 November 2005. ELEXON advised the Panel that P183 legitimises rather than mandates the

use of OSERs and that this meant there would be no problems were it to be implemented in advance of the MRA changes. In such a scenario, P183 provisions relating to OSERs would simply remain dormant until the MRA changes were introduced.

The Panel noted the clarifications and changes sought to the legal text and concurred with ELEXON's advice that neither the provision of central guidance on the interpretation of proposed new clause S2.3.5, nor amendments to the legal text to introduce a distinction between domestic and non-domestic sites in the provision of OSERs, would be appropriate for the reasons given in section 6.2 of this document.

A Panel member requested clarification on the assurance that could be given that any separately developed MRA changes would be compatible with the P183 solution. ELEXON advised that the BSCCo and the MRASCo are obliged to ensure that changes to each Code's governance are mutually compatible. MRA change proposals are considered by the MRA Development Board (MDB), on which ELEXON is represented with the right to veto incompatible or inappropriate changes. ELEXON has monitored the development of the MRA change proposals and understands them to be compatible with P183. The Panel noted this advice.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

The Transmission Company does not believe its ability to discharge its obligations under the Transmission Licence would be affected by P183.

It has neither identified any implementation or ongoing operational impacts or costs, nor any consequential changes to Core Industry Documents or the System Operator Transmission Owner Code that would result from the Proposed Modification.

It is supportive of the view of the Group that the Proposed Modification better facilitates Applicable BSC Objective (c), stating that the provision of a further category of CoS read will ease the CoS process and bring greater clarity to the transfer of data between old and new Suppliers.

A full transcript of the Transmission Company analysis can be found in the Assessment Report (Annex 3).

7.2 Comments and Views of the Panel

The Panel noted the Transmission Company's analysis of P183, and had no comment on its content.

8 SUMMARY OF EXTERNAL ADVICE

The Group did not procure any external consultancy advice in reaching its recommendations.

9 IMPLEMENTATION APPROACH

P183 would be implemented on a Settlement Day basis (i.e. prospectively), with the implementation carried out by the Change Delivery function within BSCCo.

BSCCo implementation effort is estimated at 8 man days for making changes to the Code and Code Subsidiary Documents; plus either 3 or 30 man days release costs, dependent on whether P183 were incorporated into a pre-existing scheduled release or implemented on a standalone basis. The Panel has provisionally proposed that P183 be incorporated into either the November 2005 or February 2006 scheduled SVA release.

It should be noted that BSCP504 currently provides that a Supplier agreed read resulting from the resolution of a disputed reading on CoS may be entered into Settlement. This Supplier agreed read does not fall within the definition of Metered Data contained within Annex S-2 4.2.1.

This practise may be flagged as an Audit issue until the deadline for disputing CoS reads for Settlement Days prior to the P183 Implementation Date has lapsed, were P183 to be approved.

10 DOCUMENT CONTROL

10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	10/03/05	Change Delivery	Sarah Parsons	BSCCo technical / QA review
0.2	11/03/05	Change Delivery	Industry	Consultation
0.3	04/04/05	Change Delivery	Sarah Parsons	Pre-Panel technical review
0.4	05/04/05	Change Delivery	Martin Thompson	Pre-Panel QA review
0.5	14/04/05	Change Delivery	Panel	Panel decision
1.0	14/04/05	Change Delivery	Authority	Authority decision

10.2 References

Ref.	Document Title	Owner	Issue Date	Version
1	Modification Proposal P183: http://www.elexon.co.uk/documents/modifications/183/P183.pdf	BSCCo	20/12/04	N/A
2	Initial Written Assessment for Modification Proposal P183: http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2005_-_088_-_Papers/88_011a.pdf	BSCCo	07/01/05	1.0
3	Electricity Change Pack: http://www.energy-retail.org.uk/ctp_docs/CTP_Electricity_Change_Pack_Dec04.zip	CTP	20/12/04	1.0
4	Balancing and Settlement Code Procedure 504, 'Non-Half Hourly Data Collection for SVA Metering Systems registered in SMRS': http://www.elexon.co.uk/documents/BSC_and_Related_Documents/BSC_-_BSCPs/BSCP504.pdf	BSCCo	04/11/04	11.0
5	MRA Agreed Procedure 8, 'The procedure for resolution of disputed readings on change of supplier': http://www.mrasco.com/common/eonicweb/download.asp?docId=290	MRASCo	02/08/04	2.1
6	Party Service Line PSL120, 'Non Half Hourly Data Collection': http://www.elexon.co.uk/documents/BSC_and_Related_Documents/BSC_-_Service_Lines_-_PSLs/PSL120_v13.pdf	Poolit Limited	04/11/04	13.0
7	Modification Proposal P176: http://www.elexon.co.uk/changeimplementation/ModificationProcess/ModificationDocumentation/modProposalView.aspx?propID=190	BSCCo	04/10/04	N/A
8	P183 Consultation Document: http://www.elexon.co.uk/documents/Consultations/P183_Assessment_Consultation/P183AC10.pdf	BSCCo	31/01/05	1.0
9	P183 Assessment Report: http://www.elexon.co.uk/changeimplementation/ModificationProcess/ModificationDocumentation/modProposalView.aspx?propID=201	BSCCo	04/03/05	1.0

ANNEX 1 LEGAL TEXT

Attachment 1 contains the legal text for Proposed Modification P183.

ANNEX 2 MODIFICATION GROUP DETAILS

The Group met twice to discuss P183: on 18 January 2004; and on 14 February 2004. The following tables identify the Modification Group members and the other attendees for these meetings.

Member	Organisation	18/01/2005	14/02/2005
Dena Harris	ELEXON (Chairman)	✓	✓
Richard Hall	ELEXON (Lead Analyst)	✓	✓
Jason Brogden	CTP (Proposer's representative)	✓	✓
Phil Russell	Independent Consultant	X	X
Claire Walsh	Centrica	✓	✓
Jill Ashby	Gemserv	✓	✓
Bob Brown	Independent Consultant	✓	✓
Sandy Crump	E.ON UK	✓	✓
Martin Brandt	Scottish & Southern	✓	X
Louisa Stuart-Smith	Npower	✓	✓
Tim Roberts	Scottish power	✓	✓

Attendee	Organisation	18/01/2005	14/02/2005
Ian Anthony	Ofgem	✓	✓
Lisa Deverick	ELEXON (Lawyer)	✓	✓
Jon Spence	ELEXON (Technical expert)	✓	X
Richard Harrison	Npower	✓	X
Bill Gunshon	Npower	X	✓
John Sykes	Scottish & Southern	X	✓
Adrian Heesom	CTP (Proposer's representative)	✓	X
Sharon Johnson	CTP (Proposer's representative)	X	✓

The Terms of Reference for the Group were:

Assessment Procedure:

The Modification Group will carry out an Assessment Procedure in respect of Modification Proposal P183 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 10 March 2005.

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

- Circumstances where a CoS read generated from an estimate by the old Supplier would be acceptable;
- Circumstances where a SVA Customer own read should be used;
- The basis of any estimated Meter read submitted by the old Supplier;
- Use of SVA Customer data [in context of Section S, paragraph 2.3.3(b) obligations];

- Impact on Settlement Data quality;
- Whether solution developed should be prescribed through the Code, or Code Subsidiary Documents; and
- Consideration of P176 [in so far as directly relevant to the perceived defect].

ANNEX 3 ASSESSMENT REPORT

The Assessment Report for P183, plus associated attachments, is appended to this document in a zip folder (Attachment 2). Please note that the draft legal text from the Assessment Report has not been included in order to ensure that there is no potential for confusion as to which text is being put forward for Authority consideration.

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.

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 RESPONSES

Attachment 3 contains the consultation responses received on the draft Modification Report for P183.

ANNEX 6 APPLICABLE BSC OBJECTIVES

For reference the Applicable BSC Objectives for the transitional period between BETTA go-active and BETTA go-live, as contained in the Transmission Licence, are;

- (a) The efficient discharge by the licensee of the obligations imposed upon it by this licence and, during the transition period, shall include the efficient discharge by the licensee of those obligations which it is known (or reasonably anticipated) during the transition period are to be imposed on the licensee by this licence after the expiry of the transition period;
 - (b) The efficient, economic and co-ordinated operation of the licensee's transmission system and the efficient, economic and co-ordinated operation of the GB transmission system;
 - (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;
 - (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements;
 - (e) Without prejudice to the foregoing objectives and subject to paragraph 3A, the undertaking of work by BSCCo (as defined in the BSC) which is:
 - (i) necessary for the timely and effective implementation of BETTA; and
 - (ii) relevant to the proposed GB wide balancing and settlement code;and does not prevent BSCCo performing its other functions under the BSC in accordance with its objectives;
- 3A For the purpose of, and without prejudice to, paragraph 5(a), in order to better achieve the objective referred to in 3(e), any modification to the BSC providing for the undertaking of work by the BSCCo pursuant to paragraph 3(e) must include express provision that:
- (i) such work is proposed by BSCCo and approved by the Authority prior to its commencement; and
 - (ii) the costs of such work as may be carried out by BSCCo shall be identified and recorded separately by BSCCo.