

INITIAL WRITTEN ASSESSMENT for Modification Proposal P141 Removal of Unintentional Effects of Approved Modification P106 on Supplier Charges

Prepared by: ELEXON¹ Limited

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RECOMMENDATIONS

On the basis of the initial assessment BSCCo recommends that the Panel:

- **DETERMINE that Modification Proposal P141 should be submitted to the Assessment Procedure;**
- **AGREE the Assessment Procedure timetable such that an Assessment Report should be completed and submitted to the Panel for consideration at their meeting of 9 October 2003;**
- **DETERMINE that the Assessment Procedure should be undertaken by the Volume Allocation Standing Modification Group (VASMG); and**
- **AGREE any refinement to the Modification Group Terms of Reference.**

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¹ ELEXON Ltd currently fulfils the role of the Balancing and Settlement Code Company ('BSCCo'), pursuant to Annex X-1 of the Balancing and Settlement Code (the 'Code').

² The current version of the Code can be found at www.elexon.co.uk/ta/bscrel_docs/bsc_code.html

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as BSCCo has been able to assess the following parties/documents have been initially identified as being potentially impacted by Modification Proposal P141.

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

Estimated cost for progressing P141 through Modification Procedures	£0 and 32 ELEXON man days
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1 DESCRIPTION OF PROPOSED MODIFICATION

1.1 Modification Proposal

Modification Proposal P141 "Removal of Unintentional Effects of Approved Modification P106 on Supplier Charges" (P141) was raised by EDF Energy on 28 August 2003. P141 seeks to ensure that the process by which Serials and Standards are reported and monitored, and Supplier Charges levied, remains on the basis of Supplier IDs rather than on a Supplier basis which has been brought about by an unintentional side effect of the implementation of P106 "Amendment to the BSC to allow multiple Supplier IDs" (P106).

A Supplier ID is a four character code that historically, uniquely identified a single Supplier within a number of IT Systems used under the Pooling and Settlement Arrangements (P&SA). The Supplier ID has continued to be used within IT Systems such as the Performance Assurance Reporting and Monitoring System (PARMS) under the governance of the Balancing and Settlement Code (the Code). As a result of various company acquisitions, some following Defaults by Suppliers, the Supplier ID was an asset that identified groups of customers that were transferred from one company to another. This mechanism of transferring customers was seen as the most efficient means by which such volumes of customers could be transferred without having to undergo a Change of Supplier Process.

P106 was implemented on 24 June 2003. P106 sought to formally introduce the term Supplier ID into the Code for the purposes of Settlement. The P106 legal text stated that all provisions in the Code apply with respect to Supplier unless they are referred to in Section S1.3.4 in which case they apply separately to each Supplier ID. Section S1.3.4 does not reference Serials or Supplier Charges, hence following the P106 Implementation Date the Code is unambiguous, that wherever the term Supplier is used it should not refer to Supplier IDs which are a subdivision of a Supplier's customer base. This means that the basis on which Serials and Standards were reported was inadvertently changed on the Implementation Date of P106.

This effect of P106 on Standards, Serials and Supplier Charges was unintentional and if unchanged would have several effects:

- Possible dilution of incentives on Suppliers;
- Changes would be required to PARMS (both the existing system and the new P99 system);
- Changes would be required to Supplier and Party Agent systems; and
- Suppliers would need to resubmit data from 24 June 2003 at a Supplier level

The Panel, at its meeting on 14 August 2003, suggested that a Party may wish to raise a Modification Proposal to correct this unforeseen side effect. In the mean time, the P99 development project³ will continue to develop a new PARMS to a specification that acquires and reports data at a Supplier ID level.

P141 proposes to amend the Code such that Serials and Supplier Charges are dealt with at a Supplier ID level and not at a Supplier level. In order to give full effect to P141, i.e. to remove completely the effect of P106 on Serials and Supplier Charges, it is necessary to backdate the implementation of the P141 to 24 June 2003. This will prevent systems having to be developed to cope with the P106 rules for a limited period. The Proposer believes that P141 will better facilitate the achievement of Applicable BSC Objective (d), efficiency in the implementation and administration of the balancing and settlement arrangements, by ensuring that provision and reporting of data is carried out in a consistent manner and hence avoid unintended changes and the associated costs.

³ P99 "Changes to Accreditation and the PARMS Serials and Standards resulting from the Performance Assurance Framework (PAF) Review (Phase1)" (P99) introduces new Serials and Standards and will be implemented on 1 May 2004. Part of the development programme for P99 will see the introduction of a new PARMS system.

1.2 Issues raised by the Modification Proposal

An initial assessment of P141 has identified the following potential areas of impact and issues which will need to be considered and addressed in progressing Modification Proposal P141:

- The need to consult Parties as to whether this was an expected outcome of P106 and whether they have taken steps to implement it;
- Whether P141 should be backdated to 24 June 2003 or whether an Alternative Modification purely prospective in nature should be adopted. In order to fully remove the effect of P106 on Serials and Supplier Charges, P141 implementation date would need to coincide with that for P106 i.e. be backdated to 24 June 2003. There is the potential for the development by the VASMG of an Alternative Modification which is purely prospective in nature. In this situation, there would then be an issue as to how to cope with Serials and Supplier Charges that fell in between the P106 and P141 Implementation Dates;
- Consequences of P141 not being implemented. If P141 is rejected then the inadvertent effects of P106 will require full implementation, namely the change in the process by which Serials and Standards are reported and monitored, and Supplier Charges levied, from being on the basis of Supplier IDs to being on a Supplier basis.
 - The existing PARMS is not robust enough to support the requirements of P106, therefore a new PARMS will be required to deal with data from 24 June 2003. How this is developed and the associated cost depends on several circumstances:
 - P99 also requires a new PARMS system be developed – this would require an increase in scope to include the Serials that existed pre-P99 for use between 24 June 2003 and 1 May 2004 (P99 implementation date). In the meantime the existing PARMS would be used for the period up to 24 June 2003.
 - If P143 is approved, there will not be a new PARMS system for P99 Serials. A new system will still be required for P106. The cost of this is likely to be of the order of the proposed P99 system.
 - If the VASMG, subsequent to their consideration of Supplier Charges, decide to simplify them, and a Modification raised to effect this subsequently approved, a new system will still be required for P106 to calculate charges from 24 June 2003 until the Implementation Date of the Modification arising from the VASMG discussions.

In all of these situations it is possible that a subsequent Modification would still be required to fully define how to apply the Supplier Charge cap as the implementation of P106 was part way through a BSC Reporting Month. In addition, until the new system is developed, no monitoring of Serials or validation of submitted data can occur. This may result in Serial 10⁴ charges being incurred by Parties. On top of that if a validation failure occurs Parties will not be aware of this for a considerable amount of time and may have to resubmit the correct data at a later date.

- BSC Agents may not know the Party ID that corresponds to the particular Supplier ID and thus may be unable to comply with the new rules. Ways of dealing with this could be developed, however no change is currently planned.

⁴ Serial 10 places an obligation on Suppliers to arrange the delivery of Routine Performance Monitoring Reports to the Performance Assurance Board, by not later than 20 Business Days after the end of each month.

2 INITIAL ASSESSMENT OF IMPACTS OF MODIFICATION PROPOSAL

2.1 Impact on BSC Systems and processes

An initial assessment has been undertaken in respect of the potential impact on BSC Systems and processes. Due to the fact that it is believed that the impact on Serials, Standards and Supplier Charges was an unintended outcome of P106 no changes to systems and processes related to these were made in support of P106.

2.2 Impact on other systems and processes used by Parties

An initial assessment has been undertaken in respect of the potential impact on systems and processes used by Parties. Assuming Parties have not changed any of their data provision or reporting systems to align with the P106 legal text with respect of Supplier Charges there should be no impact. As stated previously, were P141 to be rejected there would be significant impact on Supplier and Party Agent systems and processes – to report at a Supplier level rather than a Supplier ID level. BSC Agents may not know the Party ID that corresponds to the particular Supplier ID and thus may be unable to comply with the new rules. It should also be noted that failure to submit data in accordance with P106 could result in Suppliers incurring Supplier Charges under Serial 10.

2.3 Impact on documentation

2.3.1 Impact on Balancing and Settlement Code

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

Section	Potential Impact of Proposed Modification
S.1.3.4	Contains provisions that Supplier ID will apply to – Supplier Charges and Serials should be added to this list.

2.3.2 Impact on Code Subsidiary Documents

An initial assessment has been undertaken in respect of all the potential impacts on Code Subsidiary Documents. Due to the fact that the impact on Supplier Charges was an unintended outcome of P106, no changes to systems and processes have been made in support of P106. As stated previously, were P141 to be rejected there would be significant impact on Code Subsidiary Documents - BSCP533 and BSCP536 would need to be altered to reflect the change in the data provision and reporting rules.

2.4 Impact on Core Industry Documents

An initial assessment has been undertaken in respect of Core Industry Documents and no impact has been identified.

2.5 Impact on other configurable items

An initial assessment has been undertaken in respect of the potential impacts on other configurable items. Due to the fact that the impact on Supplier Charges was an unintended outcome of P106 no changes to systems and processes have been made in support of P106. As stated previously, were P141 to be rejected there would be an impact on other configurable items.

3 IMPACT ON BSCCO

An initial assessment has been undertaken in respect of the potential impacts on BSCCo. Due to the fact that the impact on Supplier Charges was an unintended outcome of P106 no changes to systems and processes have been made in support of P106. As stated previously, were P141 to be rejected there would be significant impact on BSCCo. The existing PARMS is fragile and cannot be amended therefore a new PARMS will be required to deal with data from 24 June 2003. How this is developed and the associated cost depends on several circumstances (see Section 1.2 above).

4 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

An initial assessment has been undertaken in respect of BSC Agent contractual arrangements and no impact was identified.

5 RATIONALE FOR BSCCO'S RECOMMENDATIONS TO THE PANEL

BSCCo recommend that P141 is submitted to a one month Assessment Procedure. This would allow sufficient time to assess whether:

- Parties are aware of the impact of P106 on their reporting requirements;
- Parties had taken steps to confirm the P106 rules; and
- Parties believe P141 better facilitates the achievement of the Applicable BSC Objectives.

Confining the Assessment Procedure to one month would cause the least disruption to the P99 development project, were P141 to be rejected and consequential changes made.

6 PROCESS, TIMETABLE AND COST FOR PROGRESSING THE MODIFICATION PROPOSAL

BSCCo recommends that P141 be submitted to the Volume Allocation Standing Modification Group (VASMG) for further assessment. The VASMG should be actioned to provide its report to the Panel by 9 October 2003. Two meetings of the VASMG will be required and one consultation undertaken.

Reference Gantt chart in annex 2.

7 DOCUMENT CONTROL

7.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	02/09/03	Dena Harris	Richard Clarke	P141IR01
0.2	04/09/03	Dena Harris	Richard Clarke	P141IR02

7.2 References

Ref	Document	Owner	Issue date	Version
P106MR10	P106 "Amendment to the BSC to allow multiple Supplier IDs" Modification Report	ELEXON	14/03/03	1.0

ANNEX 1 MODIFICATION PROPOSAL

Modification Proposal – F76/01	MP No: P141 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i>	
Removal of Unintentional Effects of Approved Modification P106 on Supplier Charges	
Submission Date <i>(mandatory by originator):</i>	
28 th August 2003	
Description of Proposed Modification <i>(mandatory by originator)</i>	
<p>An effect of Modification P106 was to require reporting on a Supplier basis, rather than at a Supplier ID level. This was unintentional and is inconsistent with other provisions within Section S of Balancing & Settlement Code. In order to remedy the situation, it is proposed to amend the BSC so that data which forms the basis of the Serials (associated with Supplier Charges) is both provided and reported on a Supplier ID basis.</p>	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i>	
<p>Approved Modification P106 was implemented on 24 June 2003 and introduced the term "Supplier ID". Whilst this term had not previously existed it had been used for a number of years within the industry to represent a partition of a Supplier's business. P106 sought to clarify, with respect to Settlement, the use of this term and provide an unambiguous statement on how it should be used.</p> <p>Legal text for P106 stated that where a Supplier holds more than one Supplier ID, provisions referred to in Section S paragraph 1.3.4 should apply separately to each Supplier ID. This paragraph does not reference Serials or Supplier Charges. The legal text also stated that all other provisions within the Balancing & Settlement Code apply in respect of a Supplier without regard to its Supplier ID. Therefore, although historically Supplier Charges had been applied in respect of each Supplier ID that a Supplier held, after the implementation of P106 on 24 June 2003, Supplier Charges will need to be applied at a Supplier level. This would seem to be an unintentional side effect of the drafting of P106 and may result in a dilution of the incentives on Suppliers to ensure their performance exceeds that expected within the standards for each relevant Serial specified.</p> <p>Additionally, data submissions, provided by Suppliers, have historically been made at a Supplier ID level. P106 requires that data is submitted and reported at a Supplier level, in respect of each Supplier Charge reporting month. It is believed that this change, were it to be made, would represent a significant cost to industry. The aim of this Proposal is to avoid this un-intended change with its associated cost.</p> <p>Furthermore, as a result of continuing submission of data at a Supplier ID level, Suppliers may need to resubmit data already submitted in respect of Settlement Days after 24 June 2003 at a Supplier level. Those Suppliers may also currently be liable to Serial 10 charges (for not submitting data in the correct form).</p>	
Impact on Code <i>(optional by Originator)</i>	

Modification Proposal – F76/01	MP No: P141 <i>(mandatory by BSCCo)</i>
Impact on Core Industry Documents <i>(optional by Originator)</i>	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i>	
Impact on other Configurable Items <i>(optional by originator)</i>	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i> Ensuring all reporting is carried out on a consistent basis should improve the efficient operation of the Balancing & Settlement Code and, therefore, better facilitate applicable objective (d).	
Details of Proposer: <i>Name.....Dave Morton.....</i> <i>Organisation.....EDF Energy.....</i> <i>Telephone Number.....0190 328 3465.....</i> <i>Email Address.....External.Change@EDFenergy.com.....</i>	
Details of Proposer’s Representative: <i>Name.....As above.....</i> <i>Organisation.....</i> <i>Telephone Number.....</i> <i>Email address.....</i>	

