

Change Proposal – F40/01

CP No: 1007

Version No:

Title (*mandatory by originator*)

Revisions to Entry Process Requirements post P62 implementation

Description of Problem/Issue (*mandatory by originator*)

Background

P62 enables new Distributors to enter the market and allows existing Distributors to operate in any GSP Group. This Modification Proposal was raised to amend the BSC to facilitate competitive supply on the networks of new Licensed Distribution System Operators (LDSOs) as a result of the Utilities Act 2000.

Entry Process Changes

P62 was a major and fundamental change to the trading arrangements that required significant changes to SVA systems and processes. Additional simplified Entry Process Testing was introduced to protect the integrity of Settlement. In order for existing Agents and Suppliers to become P62 compliant a new 'TA Change Compliance' Script was introduced for P62 using a new 'assessment' based approach. This Script was specifically created to test the integrity of Settlement in a P62 scenario whilst minimising the impact of additional entry process testing on existing market participants. It is expected that this additional entry process testing should normally be completed in a 3-5 day visit.

All existing Suppliers and Supplier Agents are already obliged to be able to fully support the changes that were introduced by P62 on 1st August 2003.

BSCP512 'Entry Process – Supplier' was modified as a result of the new Entry Process testing requirements namely:

1. All New Suppliers and New Agents undergo full entry processes including P62 compliance.
2. All existing Suppliers and Supplier Agents are individually required to become P62 compliant
3. Suppliers if they wish to form new Supplier hubs need to ensure that they and their Agents within the proposed Supplier hub are all P62 compliant.

Changes to this BSCP followed the normal change management process including industry impact assessment and walkthroughs. The 'red lined' changes to BSCP512 were published in a dedicated P62 project section on the BSC Website.

Concerns raised

Concerns have been raised that the requirements to ensure that all new Supplier hubs are P62 compliant may inhibit Suppliers (in particular smaller Suppliers) from entering the market.

Under the revised requirements all Suppliers and Supplier Agents need to be P62 compliant before a Supplier hub can be approved. Existing Suppliers are able to continue to operate in the market and take on customers using their existing Supplier hub configurations.

It could be suggested that a new Supplier (particular smaller Suppliers) may be disadvantaged by these arrangements as the number of Agents who are currently P62 compliant is limited and new Supplier hubs can only be formed with Agents who have successfully completed P62 compliance testing. As long as existing Suppliers are not faced with the same pressures to become P62 compliant it could be argued that the market is not a level playing field amongst all Suppliers and that it is operating to the advantage of existing Suppliers.

In addition, as all new Supplier hubs are required to be P62 compliant, new Agents may find difficulty in entering the market if Suppliers or existing Agents within the new proposed Supplier hub are not P62

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compliant.

Proposed Solution(s) *(mandatory by originator)*

To alleviate this issue, whilst still providing assurance against the potential risk to Settlement it is proposed that BSCP512 is amended such that:

- All Suppliers and Agents within Supplier hubs are required to have successfully completed P62 compliance testing and approval by 01/08/2004

And

- Following PAB approval for a new LDSO to enter the market, or for an existing LDSO to operate in multiple GSP Groups, that any new Supplier hub formed utilising these LDSO's are fully P62 compliant.

For the avoidance of doubt, a Supplier hub already trading in a GSP Group where a new LDSO begins operation, will not be allowed to supply Metering Systems belonging to that LDSO until all Supplier hub members have passed the additional tests detailed in BSCP512. Nor will an existing Supplier hub be allowed to supply a Metering System for an LDSO operating in a different GSP Group until all Supplier hub members have passed the additional tests detailed in BSCP512.

This solution reduces the risk to Settlement that begins once an LDSO becomes P62 compliant and starts to expand outside of one GSP Group or is completely new. The risk to Settlement begins when any new Metering System Identifies are created for the P62 compliant LDSO to which Suppliers can inadvertently register in Supplier Meter Registration Service (SMRS) and attribute the consumption to an incorrect GSP Group.

In addition, BSCP512 has been amended to allow Supplier Agents to apply for their own P62 compliance.

Justification for Change *(mandatory by originator)*

This issue was discussed at the Panel (11/09/2003) and concerns were raised that new Suppliers will be disadvantaged by the Entry Process changes as a result of the implementation of P62.

The Authority have suggested that "*a small new supplier may be disadvantaged by these arrangements. They are not able to exert the same level of market power over agents to encourage them to become P62 compliant and may find it difficult to form compliant hubs*".

Configurable Items Potentially Affected by Proposed Solution(s) *(optional by Originator)*

See Proposed Solution.

Impact on Core Industry Documents *(optional by originator)*

None.

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Related Changes and/or Projects <i>(mandatory by BSSCo)</i>	
None.	
Requested Implementation Date <i>(mandatory by originator)</i>	
30/09/03	
Reason:	
To prevent new Suppliers, particularly smaller Suppliers, (following successful Entry Process testing completion) from being disadvantaged by these arrangements. It is proposed that this CP is implemented imminently to facilitate those already undergoing the P62 Entry Process testing and prior to the start of the October contract round.	
Agreed Release/Implementation Date <i>(mandatory by BSSCo)</i>	
Originator's Details:	
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Date	18/09/03.....
Attachments:	Yes, extracts of BSCP512 'Entry Process – Supplier'