

<b>Meeting name</b>	BSC Panel
<b>Date of meeting</b>	17 January 2008
<b>Paper title</b>	Issue 29 - The Profile Administrator (PrA) Model
<b>Purpose of paper</b>	For Decision
<b>Synopsis</b>	Issues with regards to dwindling sample sizes and the accuracy in the existing PrA Model were presented to the Panel in October 2007. The Panel agreed that an issue be raised (Issue 29: 'The PrA Model') and that it be considered by the VASMG. This paper presents the recommendations of the VASMG and the Panel is invited to note the VASMG recommendation that a Modification of the BSC should be raised to implement a new PrA Model.

## **1 Introduction**

- 1.1 Issues with regards to the PrA Service were presented to the Panel in December 2005. These issues were surrounding sample recruitment and problems with the data collection equipment. At that time, the Panel agreed that an issue (Issue 21) be raised and considered by the VASMG. The findings of the VASMG were presented to the Panel meeting in March 2006 (see Panel paper 112/06) which identified solutions to resolve the data collection and recruitment issues. These solutions have been implemented and include the installation of equipment with Automated Meter Reading (AMR) capabilities. However, further problems have arisen since this implementation which were unforeseen by the VASMG during their consideration of Issue 21.
- 1.2 ELEXON presented these current PrA service issues to the SVG in July 2007. These new issues affected both sample recruitment and the replacement of data collection equipment. The SVG considered these issues and recommended that an issue be raised to address them. The Panel agreed with the SVG recommendation at the Panel meeting in August 2007 (Panel 130/08), and a new issue (Issue 29) was raised and the VASMG was asked to consider a new 'Straw man' model of the PrA service to resolve these issues.
- 1.3 The VASMG have met twice to consider the detailed solution of this new PrA model and any associated issues. This paper presents the findings of the VASMG and its recommendation that a Modification to the Code be raised to implement the newly defined PrA Model.

## **2 Issue 29: Problems with Recruitment and Monitoring Equipment**

- 2.1 The PrA and ELEXON had identified two sets of new issues with the PrA service. These are related to the replacement of monitoring equipment and the recruitment of new customers. The first set of issues included problems where the new AMR equipment cannot be installed due to lack of space and where data cannot be collected due to there being no Global System for Mobile communications (GSM) signal.
- 2.2 Secondly, the approach to recruitment has led to problems with maintaining sufficient spread and diversity of customers for the PrA sample such that the profiles derived from these samples is sufficiently representative of the various Profile Classes and GSP Groups.

### 3 The Straw Man PrA Model

3.1 The new model is based on the following principles:

- The process would apply to any new Non Half-Hourly sites being added to the sample;
- ELEXON/PrA would specify the sample and recruitment targets per Supplier for inclusion in the PrA samples;
- Suppliers would provide the PrA with details of which customers (and Metering System Identifiers (MSIDs)) are suitable and, if they wish, appoint the PrA's nominated Meter Operator Agent (MOA), Non Half Hourly Data Collector and Aggregator (NHHDC and NHHDA) to those customers<sup>1</sup>;
- The customer's Settlement Meter<sup>2</sup> would be replaced with a meter with Half-Hourly reading capability;
- The PrA's nominated agents would submit normal non Half-Hourly data for that customer/MSID into Settlement;
- The PrA's NHHDC would collect the Half-Hourly data which will be used by the PrA for Profile production purposes; and
- The customer would not need to be formally involved in the profiling process as is the case in the existing model.

3.2 These principles and associated issues are described in more detail in the VASMG's deliberations in Appendix 1. This attachment also contains the detailed solution requirements and the suggested Modification to the BSC to implement a new PrA model ('Straw Man').

### 4 The VASMG's Discussions and Solution Requirements

4.1 The VASMG (the 'Group') met for the first time on 17 October 2007. The Group discussed the current PrA Issues and the new 'Straw Man' PrA model. The Group agreed that the issues with the existing Profile Administration processes (e.g. sample size, recruitment and data collection) needed addressing in order to maintain the integrity and accuracy of the profiling element of the Non Half-Hourly Settlement processes.

4.2 At its first meeting the Group agreed that in principle the PrA 'Straw Man' model proposed by ELEXON would address the majority of these issues, subject to a number of further minor clarifications and amendments to the detailed solution. Additionally the Group agreed that a Modification to the Code would be required to implement the new PrA model.

4.3 At its second meeting the VASMG further discussed the detailed solution of the PrA model and the outstanding issues from the first meeting and some additional issues around giving the Supplier the option to either use the PrA Agents for the MOA, NHHDC and NHHDA roles or to provide its own agents. This was driven by the fact that Ofgem might consider a Modification that restricts Supplier choice or competition as undesirable.

4.4 The Group then discussed and defined the main requirements of the proposed Modification to the BSC. The Group noted that the Panel has the ability to raise a Modification to the Code, under section F2.1.1(d)(i) on the recommendation of BSCCo (in accordance with and C3.3.8). This is where such a Modification would better facilitate Applicable BSC Objective (d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'. However on advice of BSCCo, the Group believes that the changes required to the code to implement new PrA model are wider than the justification under objective (d). This was

<sup>1</sup> The Supplier has the option to appoint its own agents, however will be obligated to install a HH capable meter and provide both NHH data as per the normal Settlement process and HH data to the PrA.

<sup>2</sup> If a customer has more than one Settlement Metering System at the premises then all systems will be monitored.

due to the new requirements on Suppliers to provide information to BSCCo/ PrA regarding customers for inclusion the profiling sample. Therefore, the Group agreed that a BSC Party would be required to raise such a modification to the Code.

- 4.5 The Group also recognised the potential long lead time for this new process to improve the sample size and accuracy. This is because, once implemented there would be at least a year needed to collect and process the Half-Hourly data before their use in constructing the next years profiles. Therefore, the Group noted the importance of a modification being raised as soon as possible.
- 4.6 The VASMG's detailed discussions and solution requirements for the new PrA model are set out in detail in Appendix 1. A draft Modification Proposal is also provided as Attachment A.

## 5 Recommendations

### 5.1 The Panel is invited to:

- a) **NOTE the discussions of the VASMG with regards to the new PrA model that seeks to address the concerns raised within Issue 29;**
- b) **NOTE the recommendation of the VASMG that a new model for the PrA Service is required;**
- c) **NOTE that a Modification of the Code is required to implement the new PrA model; and**
- d) **NOTE the recommendation of the VASMG that a Modification should be raised as soon as is possible by a Party.**

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### ***List of attachments***

Attachment A: Draft Modification Proposal 'Improvements to the Profile Administrator Service'

# 1 Appendix 1 – The VASMG’s Discussions and Modification Requirements

## 2 The VASMG’s Discussions

- 2.1 The VASMG met for the first time on 17 October. The Group discussed the PrA Issues and the ‘Straw Man’. The Group agreed that the current issues with the existing Profile Administration processes (e.g. sample size, recruitment and data collection) needed addressing in order to maintain the integrity and accuracy of the profiling element of the non half hourly settlement processes.
- 2.2 At its first meeting the Group agreed that, in principle, the PrA ‘Straw Man’ model proposed by ELEXON would address the majority of these issues, subject to a number of further minor clarifications and amendments. Additionally, The Group felt that a Modification of the Code would probably be required to implement the new PrA model.
- 2.3 The Group identified a number of issues and actions with the PrA Straw Man that required further consideration:
- The Group felt that PrA requests to Suppliers to provide Customers should be based on Supplier MPAN counts rather than Market Share of Energy;
  - It was considered that ideally a specific Market Participant Identifier (MPID) for PrA Agents (MO/DC/DA) should be set up in order to aid identification of MPAN/customers within the PrA Samples. This MPID should also be transferable on re-procurement of the PrA Service. There was some debate about ownership of such an MPID and whether it should be held by ELEXON or the PrA. Further discussion with ELEXON’s Legal department identified that ELEXON would not be able to own the MPID;
  - The Group felt that the PrA Agent appointment should be retrospective once a customer has successfully had PrA Metering successfully installed in order to avoid having to de-appoint and then re-appoint existing Agents;
  - There was some debate as to whether the customer could be identified as a PrA Sample participant in the Electricity Central Online Enquiry Service (ECOES). The feeling was that this would not necessarily be useful and may be costly to implement and that Suppliers’ billing systems would be best placed to source this information;
  - The Group considered that a generic contract for all Suppliers could be set up to handle the relationship with the PrA Agents. This contract could simply be managed through the obligations written into the BSC. ELEXON took an action to confirm this approach;
  - The Group identified a requirement for Service Level settings and Monitoring by ELEXON of the PrA and PrA Agents’ performance to ensure that PrA’s agents comply with standard Supplier Service Levels;
  - The Group noted there was further work to identify options for handling change of Supplier (CoS) and change of Tenancy (CoT) processes of PrA sample participants. This could involve action by the PrA to retain their agents on CoS or Supplier processes to handle such events. A possible yearly refresh of sample information could be used to identify CoTs;

- The interoperability of the new equipment with radio-teleswitches for Economy 7 (E7) customers (and other special metering arrangements that may exist) needs to be considered further;
- A Group member suggested that an alternative approach was to recruit customers through information provided by distribution businesses. However, the Group felt that suitable information for sample design and recruitment would not be available through this route;
- A Group member suggested an alternative would be to retain the existing Supplier Agent hub, but allow the PrA's DC to simply collect the HH data. This option was not favoured by the Group due to issues with the MOA regarding the installation and maintenance of the new equipment and issues around ownership of metering and potentially needing some agents to still be PrA agents, e.g. MOA;
- The Group felt that it may be useful to review the changes in the profiles overtime. However, it was noted that this would not give an insight into profile accuracy. It would also reflect changes in sample sizes and related errors rather than true profile movement;
- The Group endorsed the Funding Model as put forward in the Straw Man which retained the existing approach that PrA Costs being funded through BSCCo charges;
- It was acknowledged that customers would still be able to request their own Agents. This could be handled by retiring such customers from the samples;
- The Group identified that consideration of any changes should be taken in conjunction with the implementation timescales of such a modification to the BSC (if required) and the likely uptake of new technologies such as smart metering (additionally, any likely mandating of such metering by Parliament). The Group noted that it may take up to 2 years for these changes to be implemented once a Modification has been raised;
- It should also be considered if there are any ways to adopt the new model without mandating it via a Mod; and
- If adopted, the Sample should be transitioned on a rolling basis rather than wholesale move to new samples, i.e. the new PrA model to be used for recruiting new customers to the sample.

2.4 At its second meeting the VASMG discussed the outstanding issues and some additional issues around giving the Supplier the option to use the PrA Agent Service or to provide the data itself. This was driven by the fact that Ofgem might consider a Modification that restricts Supplier choice or competition as undesirable. The Group then discussed and defined the main requirement of any proposed Modification.

### **3 Requirements for a potential Modification to the Code**

3.1 The Group agreed the following requirements for any potential Modification to the Code (these would be considered further in a Modification Assessment Procedure):

- 1 Any Modification would apply only to the recruitment of new MSIDs/customers to the PrA samples. This means that existing PrA sample customers would not be transitioned to the new arrangements to avoid wholesale changes in the PrA Samples;

- 2 ELEXON would set the sample and recruitment targets in discussion with the PrA and that the PrA would assess the requirement for recruitment of new MSIDs/customers and notify ELEXON;
- 3 ELEXON would be responsible for calculating the recruitment requirement by Supplier and notify PrA. This step was necessary to avoid the need to share Market Share information with the PrA;
- 4 The PrA would be responsible for sending the data request to each Supplier. The Supplier provides details of each MSID/customer to the PrA and agrees for which MSIDs/customers<sup>2</sup> it will install metering and provide Half Hourly data to the PrA;
- 5 The PrA or Supplier would send details to its Agents and direct them to install new suitable Half-Hourly metering;
- 6 If the metering is successfully installed then the PrA would notify the Supplier of the PrA agents to be assigned for MO, DC and/or DA. The Supplier would then appoint the relevant PrA agents following successful installation (if they wished). This step is designed to prevent de-appointment and re-appointment of existing agents where the customer cannot be used for the PrA sample due to interoperability issues with the customers existing metering configuration (e.g. teleswitching);
- 7 The Supplier Agent or the PrA shall provide EAC/AA data as normal for the Suppliers customer;
- 8 The Supplier Agent or the PrA collects HH data for the PrA Samples;
- 9 If a customer wishes to appoint its own agents then the MSID/customer will be retired from the PrA Sample;
- 10 If there is a re-procurement of the PrA Service then PrA's agents will have a generic Market Participant ID (MPID) so that the MPID is transitioned to the new service provider. This should minimise the impact on Suppliers appointment of agents;
- 11 The Supplier will remain responsible for the performance of all its agents including where PrA's agents have been provided;
- 12 On Change of Supplier where the PrA Agents are appointed; The PrA will be responsible for identifying where its agents have been de-appointed and act accordingly to attempt to retain the customer in the PrA Sample;
- 13 On Change of Supplier, where the Supplier's Agents are appointed, the PrA will be responsible for identifying sample data is no longer being provided and act accordingly to attempt to retain the customer in the PrA Sample;
- 14 On Change of Tenant: The PrA will be responsible for identifying on an annual basis which sample customer properties have changed tenancy. They will review where the new customer sits within the sampling frame and review the sampling requirements accordingly.
- 15 The funding for equipment and PrA Agency services will be via the existing BSC Funding Shares approach; and

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<sup>2</sup> Supplier has the choice on whether to have its own agents install metering and provide half hourly data to the PrA or the PrA appoints its own agents (MO, DC and DA).

- 16 There should be a generic contract for all Suppliers with PrA agents for provision of MOA, DC and DA services (there is a question on the level of detail in the BSC and the need for a separate contract?).