

Change Proposal – BSCP40/02	<p>CP No: 1378</p> <p><i>Version No: v0.1</i> <i>(mandatory by BSCCo)</i></p>
<p>Title <i>(mandatory by originator)</i></p> <p>Alternative to CP1377 - Clarifying rules on Third Party Access on Licence Exempt Distribution Network</p>	
<p>Description of Problem/Issue <i>(mandatory by originator)</i></p> <p>This CP is identical to CP1377 except that it removes the requirement which states that Registrants have to appoint a common MOA and puts in a requirement that a customer may choose to appoint an MOA of their choice. CP1378 aims to demonstrate that a free choice of Meter Operator is important for competition and would not lead to any risks to Settlement.</p> <p>The Proposer identified that a free choice of Meter Operator is important for competition and would not lead to any risks to settlement. It was pointed out that I&C Customers are accustomed to signing portfolio wide Meter Operator agreements in order to obtain competitive pricing and would not be getting best value for money if they were forced to sign one-off MOP agreements for specific sites with Meter Operators with whom they do not have other agreements. Such choice is therefore in the interests of competition.</p> <p>The Proposer notes that it is the role of the DC (which is agreed should be the same company) in conjunction with the suppliers to ensure that they receive the correct information from Meter Operators and to send the correct data further down the line to DA and Settlement.</p> <p><u>Background</u></p> <p>The Electricity and Gas (Internal Market) Regulations 2011 came into force in November 2011, and implements in UK law the EU requirement for customers on private (i.e. licence exempt) networks to be able to purchase electricity from a third party Supplier. Schedule 2 of the Regulations describes the process for customers to choose their own gas and electricity Supplier, which can be summarised as follows:</p> <ul style="list-style-type: none"> • A customer who wants to choose their own Supplier must provide the private network operator with an expression of interest, including evidence that at least one Supplier would be willing to provide the supply; • Within 20 Working Days, the private network operator must specify the metering or contractual arrangements that would be required in order to allow competitive supply. <p>Department of Energy and Climate Change (DECC) has produced guidance on the steps that private network operators need to take in order to comply with the Regulations.</p> <p>A number of stakeholders have asked us for advice on the BSC arrangements that support this, and have suggested possible improvements to BSC processes. We recommended options to the SVG (SVG 136/02) in June 2012.</p>	

Note: SVG 136/02 originally proposed loosening the requirements on appointing a common MOA on the private network. This was subsequently discussed at the Third Party Access Working Group¹, whose majority view was that retaining the current BSCP requirement to appoint a common MOA on the private network is essential to maintain the complex site supplementary information. Change Proposal 1377 retains the requirement for a common MOA. However the raiser of this CP believes a free choice of Meter Operator is important for competition and would not lead to any risks to Settlement.

We recommended Difference Metering as a viable solution and while the arrangement is recognised in BSCP514 (8.4.3) & BSCP502 (4.9.3) we believe further clarification can be added to the BSCP to accurately reflect the process and arrangements.

Proposed Solution *(mandatory by originator)*

BSCP514, section 8.4.3 recognises a scenario where an embedded customer within a Private Network uses a Third Party Supplier. However this example only refers to one embedded MPAN. This change clarifies the example to the guides to complex sites to more closely reflect the arrangement of customers within Exempt Networks/Private Network seeking third party access and also recognises export scenarios.

This CP also makes it clear that you can choose an MOA.

The updated example will also be applicable to BSCP502 (section 4.9.3).

Justification for Change *(mandatory by originator)*

Although the current BCSP recognises this arrangement, further clarification is required to accurately reflect the process.

It should also be noted that this change is not placing additional obligations on parties or changing any existing requirements.

To which section of the Code does the CP relate, and does the CP facilitate the current provisions of the Code? *(mandatory by originator)*

Section L

¹ An Industry working group set up the Energy Networks Association (ENA) and attended by Distribution Network Operators (DNOs), Electricity Suppliers, private network operators, code administrators and Ofgem to evaluate solutions to issues relating to third party access.

Estimated Implementation Costs (mandatory by BSCCo)

One ELEXON man day of effort to implement the redlined changes. One ELEXON man day equates to £240.

Configurable Items Affected by Proposed Solution(s) (mandatory by originator)

BSCP514 – section 8.4.3
BSCP502 – section 4.9.3

Impact on Core Industry Documents or System Operator-Transmission Owner Code (mandatory by originator)

No impact identified.

Related Changes and/or Projects (mandatory by BSCCo)

Related to change CP1377 which is identical to this change apart from the requirement that Registrants have to appoint a common MOA rather than the option to appoint an MOA of their choice.

Requested Implementation Date (mandatory by originator)

Requested Implementation for November 2012 Release.

Reason: Customers on private network have had a legal right to third party supply since November 2011, and discussion at the Third Party Access Working Group indicates that a number of customers are currently in negotiation with Suppliers and private network operators to exercise this right. The current lack of clarity in BSC Procedures increases the risk of error in settlement as customers exercise their right to third party supply, and to avoid this it is desirable to change the BSC Procedures as soon as possible (i.e. in the next available release).

Version History (mandatory by BSCCo)

v1.0 of CP1378 was issued on 3 August 2012

Originator's Details:

BCA Name.....*Colin Prestwich*

Organisation.....*Smartest Energy*

Email Address..... *Colin-Prestwich@smartestenergy.com*

Date.....*3rd August 2012*

Attachments: Y/N

CP1378_BSCP514_redlined_v0.1 (5 pages)

CP1378_BSCP502_redlined_v0.1 (5 pages)

SVG136_02 Third Party Access – Settlement Considerations for Third Party Access to Private Networks (13 pages).