

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

P318 'Change of Party ID/Company Number Through Enabling Assignment'

P318 seeks to enable a BSC Party to transfer its Party ID and/or change its Company Number in order to reassign its rights and obligations under the BSC, without going through the full Market Exit and Market Entry procedures. The intention of this Modification is for this to apply when such a change is of an administrative nature only.

This Assessment Procedure Consultation for P318 closes:

5pm on Friday 31 July 2015

The Workgroup may not be able to consider late responses.



The Workgroup initially recommends **approval** of P318

This Modification is expected to impact:

- ELEXON

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About This Document

The purpose of this P318 Assessment Procedure Consultation is to invite BSC Parties and other interested parties to provide their views on the merits of P318. The P318 Workgroup will then discuss the consultation responses, before making a recommendation to the BSC Panel at its meeting on 10 September 2015 on whether or not to approve P318.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits, drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the draft redlined changes to the BSC for P318.
- Attachment B contains the specific questions on which the Workgroup seeks your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish the Workgroup to consider.

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Why Change?

There is currently no route for a BSC Party to transfer its Party ID or change its Company Number without going through the full Market Exit and Market Entry processes. The P318 Proposer contends that this restriction can be an issue for BSC Parties when a new company has been established and wants to have its electricity supply licence transferred to it (with the Authority's approval). The rationale for the transfer is a legitimate business reason that has met the tests applied by the regulator.

Solution

This Modification seeks to enable a Party to transfer its rights and obligations under the BSC to a new company (or Party) by:

- allowing a **transfer of Party ID** and/or a **change of Company Number** (and other company details) via a "Novation Agreement" on the following basis:
 - the company wishing to be admitted as a BSC Party under the Novation Agreement ("Novation Applicant") will be required to submit a completed application form to ELEXON as BSCCo as well as payment for the £500 application fee; and
 - Novation Agreements will be considered by the PAB (who will provide a recommendation to the Panel) and require BSC Panel approval.

Impacts & Costs

There are no impacts or costs to BSC Parties or Party Agents anticipated due to the implementation of P318. However, the Workgroup are seeking confirmation of this from the industry as part of the Assessment Consultation.

The total cost to deliver P318 is estimated at £240 (one ELEXON man day) for ELEXON to implement the necessary document changes should P318 be approved.

Implementation

The proposed Implementation Date for P318 is:

- **5 November 2015** (November 2015 Release)

Recommendation

The Workgroup initially unanimously agrees that P318 does better facilitate the Applicable BSC Objectives and should be **approved**.

2 Why Change?

Market Entry and Exit

Subject to completing the application forms, any person other than a Balancing and Settlement Code (BSC) Agent, may become a BSC Party by acceding (agreeing) to the BSC and qualifying through the [Market Entry](#) process. ELEXON executes the Accession Agreement and notifies the Panel, existing Parties, the Authority and BSC Agents of the new Party. Further information on the Accession process can be found in BSC [Section A 'Parties and Participation'](#).

When a Party accedes to the BSC, the Party ID and the Company Number of the acceding Party become linked. If a BSC Party wishes to change its Company Number or its Party ID it would usually apply through the Market Entry processes and, if necessary, withdraw the original company through the Market Exit process. It is possible for a company to change its name or address but the Company Number and Party ID will remain the same.

Qualification under the BSC

The BSC Qualification processes are designed to provide assurance that Suppliers and Supplier Agents entering the market develop their systems and processes to the right standard. Qualification applications are considered by the [Performance Assurance Board](#) (PAB). The PAB conducts and administers activities to provide assurance that Suppliers and Supplier Agents under the BSC arrangements are suitably qualified and that the relevant standards are maintained.

The Supplier Volume Allocation (SVA) Qualification process is documented in BSC Section J ['Party Agents and Qualification under the Code'](#) and in [BSC Procedure \(BSCP\) 537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators'](#).

Additionally, all new BSC Parties are subject to the Central Volume Allocation (CVA) Qualification process as defined in [BSCP70 'CVA Qualification Testing'](#).

What is the Issue?

There is currently no route for a BSC Party to make administrative changes to its Party ID or Company Number without going through the full Market Exit and Market Entry processes. The P318 Proposer contends that this restriction can be an issue for BSC Parties when a new company has been established and has its electricity supply licence transferred to it (with the Authority's approval). The rationale for the transfer is a legitimate business reason that has met the tests applied by the regulator. The new company has a different Company Number, and so from the perspective of the BSC, is a new entity.

The Proposer believes that the current requirements are both disproportionate and unnecessary if there have been no changes to a Party's ability to discharge its responsibilities under the BSC. The Proposer also considers that the current processes place unnecessary cost on BSC Parties and is a waste of BSC resource for what should be a purely administrative change. The Proposer therefore concludes that the BSC should contain provisions to make such administrative changes without the requirement for the full Market Entry process that applies to genuine new entrants.



What is a Party ID?

A BSC Party ID means an alphanumeric, unique identifier, assigned to a Party by BSCCo following accession.



What is a Company Registration Number?

A Company Registration Number (also referred to as Company Number) is a unique number that is issued to a limited company or Limited Liability Partnership (LLP) upon incorporation with [Companies House](#).



What is an Accession Agreement?

An Accession Agreement means an agreement in the form set out in BSC Section A Annex A-1, whereby a Party Applicant accedes to the Framework Agreement.

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Proposed solution

Green Energy raised [P318 'Change of Party ID/Company Number Through Enabling Assignment'](#) on 26 February 2015.

This Modification seeks to enable a Party to transfer its rights and obligations under the BSC to a new company (or Party) without going through the full Market Exit and Market Entry procedures. P318 proposes to do this by:

- allowing a **transfer of Party ID** and/or a **change of Company Number** (including a transfer of any authorisations and qualifications obtained under the Code which are associated with that Party ID) from one company to another company via a "Novation Agreement"
 - the company wishing to be admitted as a BSC Party under the Novation Agreement ("Novation Applicant") will be required to submit a completed application form to ELEXON as BSCCo as well as payment for the £500 application fee; and
 - Novation Agreements will be considered by the PAB (who will provide a recommendation to the Panel) and require BSC Panel approval.

The intention of this Modification is for the proposed solution to apply when such a change is of an administrative nature only (for example, due to a company re-branding or a company takeover). For the avoidance of doubt, P318 does not make wider changes to the Market Entry and Qualification processes for new or existing Parties.

Transfer of Party ID versus change of Party ID

The P318 Proposer originally looked to enable a 'change' of Party ID in order to facilitate the reassignment of rights and obligations from one Party to another.

Following consideration of the views put forward by Workgroup members, as well as costs associated with enabling a 'change' of Party ID in central systems, the Proposer amended the P318 proposed solution to instead enable a 'transfer' of Party ID.

Novation Agreement and application form

P318 originally proposed to introduce the use of an 'assignment agreement' by making a change to BSC Section H 9.1.

Following a legal review by ELEXON, the Proposer and the Workgroup agreed that introducing a 'Novation Agreement' into the BSC would be more appropriate. This is because it will allow for all benefits, rights, obligations, liabilities and debt etc. to be transferred, unlike an assignment agreement which permits only the transfer of benefits from one company to another.

Panel Approval

P318 will require the execution of all Novation Agreements by ELEXON to be approved (or rejected) by the BSC Panel. Panel Members will consider all relevant information from the



What is Novation?

Novation is where a continuing party signs an agreement with an incoming party and outgoing party, agreeing that at a fixed point in time, the incoming party will take over all of the outgoing party's debts, obligations, liabilities and benefits etc.

Party concerned, including clear evidence that there is no material change to the BSC Party. The Panel will then confirm on behalf of BSC Parties whether it is content to allow the assignment to take place.

Legal text changes

Changes will be required to BSC Section A, Section B 'The Panel', Section H 'General' and Section X Annex X-1 'General Glossary' in order to deliver the P318 proposed solution. Full details of the draft legal text changes can be found in Attachment A.

Assessment Consultation Question

Do you believe that the draft legal text in Attachment A delivers the intention of P318?

The Workgroup invites you to give your views using the response form in Attachment B.

Potential alternative solutions

The Workgroup have not identified a potential Alternative Modification(s) that will better facilitate the Applicable BSC Objectives and have unanimously agreed with the proposed solution. However, the Workgroup are seeking industry views on whether there are any potential alternatives that need to be considered that are within the scope of P318.

Assessment Consultation Question

Are there any potential Alternative Modifications within the scope of P318 which you believe would better facilitate the Applicable BSC Objectives?

The Workgroup invites you to give your views using the response form in Attachment B.

4 Impacts & Costs

Estimated central implementation costs of P318

The total costs to deliver P318 are estimated at £240 (one ELEXON man day) for ELEXON to implement the necessary document changes should P318 be approved.

Indicative industry costs of P318

There are no impacts or costs to BSC Parties or Party Agents anticipated due to the implementation of P318. However, the Workgroup are seeking confirmation of this from the industry as part of the Assessment Consultation.

Assessment Consultation Questions

Will the implementation of P318 impact your organisation?

Will your organisation incur and costs in implementing P318?

The Workgroup invites you to give your views using the response form in Attachment B.

P318 impacts

Impact on BSC Parties and Party Agents

We do not expect the implementation of this Modification to impact BSC Parties or Party Agents as the aim of P318 is to enable a Party to transfer its Party ID and/or change its Company Number without going through the full Market Entry/Exit processes. However, the full impacts of the proposed changes will be determined as part of the assessment of the Modification.

Impact on Transmission Company

We do not expect the implementation of this Modification to impact the Transmission Company.

Impact on BSCCo

ELEXON as BSCCo will be impacted through the implementation of the Modification should it be approved. This will include the implementation of corresponding document changes as well as ensuring that any business-as-usual processes are adapted accordingly.

Impact on BSC Systems and processes

There are no impacts to BSC Systems due to the implementation of P318. However, there will be some changes required to internal BSC processes.

Impact on Code	
Code Section	Potential Impact
Section A	Changes will be required to implement this Modification.
Section B	
Section H	
Section X Annex X-1	

5 Implementation

Recommended Implementation Date

The Workgroup recommends an Implementation Date for P318 of:

- **5 November 2015** as part of the November 2015 BSC Systems Release.

The Workgroup unanimously believe that an Implementation Date of 5 November 2015 is appropriate as there are no central system impacts associated with P318 and there are no impacts on BSC Parties or Party Agents anticipated.

Assessment Consultation Question

Do you agree with the Workgroup's recommended Implementation Date?

The Workgroup invites you to give your views using the response form in Attachment B.

Assignment versus Novation

ELEXON advised the Workgroup of the differences between facilitating assignment and facilitating novation:

- **Assignment** allows for a transfer of the benefit(s) of a contract from one party to another party; and
- **Novation** is where a continuing party signs an agreement with an incoming party and outgoing party, agreeing that at a fixed point in time, the incoming party will take over all of the outgoing party's debts, obligations, liabilities and benefits etc.

ELEXON advised the Workgroup that, in order to achieve the intention of the Modification Proposal (which is to facilitate a transfer of rights and obligations under the BSC from one Party or another) we will need to allow for novation under the BSC rather than assignment. The Proposer and the Workgroup agreed that this was the most appropriate way forward.

Enabling a change of Party ID and Company Number

ELEXON provided the Workgroup with its initial analysis for enabling a change of Party ID. It impact assessed two different routes for enabling this: firstly a system-only based solution and secondly, enabling this change through de-registration and re-registration.

ELEXON asked the Workgroup why a Party may want to change or transfer a Party ID. A Workgroup member noted that a parent company may want to move its subsidiary company over and avoid having to change the associated Market Participant Identifiers (MPIDs). The member highlighted that changing the associated MPIDs will result in a change of Supplier on all its accounts.

ELEXON advised the Workgroup that the system-based solution was only assessed at a high level as it quickly became apparent that there would be a significant impact on all of the BSC Central Systems and applications. These impacts would result in significant costs, ultimately to BSC Parties. ELEXON therefore recommended that a system-based solution to enable a change of Party ID should not be progressed. A Workgroup member, who also sits on the BSC Panel, advised that if the costs are high and are not outweighed by the benefits then it is likely that the Modification will be rejected. Two Workgroup members believed that, given the potentially significant costs and impacts to enable a change of Party ID in central systems, it is hard to see how the benefits will ever outweigh the costs.

The Proposer advised that they are not wedded to allowing a change of Party ID and that transferring a Party ID and changing the Company Number (and other company details) is the more important aspect. Based on the information provided and the Workgroup discussions, the Proposer agreed with allowing a transfer of Party ID (i.e. from one Party to another) rather than allowing a Party to change its Party ID.

ELEXON presented the Workgroup with its assessment of a change of Company Number (and other company details). It determined that facilitating a change of Company Number (and de-coupling the Company Number and Party ID) would not require changes to BSC Central Systems. It also noted that there would be impacts on ELEXON as changes will be required to internal process. However, there would be no impact on ELEXON's internal systems.

The Workgroup and the Proposer agreed that enabling a change of Company Number and a transfer of Party ID via a Novation Agreement is the most efficient and pragmatic approach for P318.

What issues may be associated with the implementation of P318?

ELEXON advised the Workgroup that there could be a straightforward administrative change of Company Number and transfer of Party ID. For example, where a Party is simply re-branding or being taken over by a parent company and all the employees and systems are staying the same. ELEXON noted that it is currently coming to the end of such a transfer process for Green Energy and that it is possible to enable these changes through the current Market Entry and Market Exit procedures. However, this can be quite a lengthy process.

In addition to this, the Party absorbing or taking over will have to be signed up to the BSC and the old Party will have to be held on the system for 14 months due to the Reconciliation processes. This means that the new Party will have to pay BSC charges for both Parties. A difficult stage in the process is getting Green Energy into a position where there can be a transfer of live customers. In the case of Green Energy there was a 'like for like' transfer of customers so it was relatively straightforward.

A Workgroup member believed that there is a real risk related to assurance. They were also concerned about allowing re-assignment or novation under the BSC. They noted that there must have been a good reason why this was not allowed before now. Therefore, we need to ensure we are not introducing liabilities and stranded debt.

What issues may be associated with off-the-shelf Suppliers?

The Workgroup discussed whether the implementation of P318 will exacerbate issues with off-the-shelf Suppliers and whether off-the-shelf Suppliers will create issues under P318.

ELEXON advised the Workgroup that there may be risks associated with liability and debt if a company is splitting or an off-the-shelf Supplier (who has not been through the qualification processes) absorbs a BSC Party that has been fully qualified. There are risks and liabilities associated with new systems, processes and people.

The Proposer believes that enabling a change of Company Number and a transfer of Party ID through a Novation Agreement, which will sit under Panel assurance, will mitigate any risk associated with off-the-shelf Suppliers being involved in the processes set out under P318. The Workgroup agreed that the implementation of P318 will not exacerbate the issues currently associated with off-the-shelf Suppliers. They also noted that P318 will not go towards fixing any of the issues either.

Will there be any impacts on the transfer of Party License processes?

The Workgroup asked the Ofgem representative if a change of Company Number or transfer of Party ID will impact the 'transfer of licence' processes. Ofgem advised that it could not see any impact on its current processes due to the implementation of this Modification.

How will the short timescales under P318 impact MRA interaction?

A Workgroup member asked whether the short timescales associated with the P318 proposed solution may be an issue where BSC processes interact with the Master Registration Agreement (MRA) processes. ELEXON advised that the PAB works closely with the MRA and takes some testing reliance from them so it is possible that they may have to make some changes to processes as well. We noted that the key point the MRA is interested in is that the MPID is functional and can send the required data.

The Workgroup requested that ELEXON contact the MRA and check the potential impacts with them. A member added that, should the MRA be unable to amend their processes, it may add to the length of the transfer processes under P318. The key benefit and intention of P318 is to allow a transfer of Party ID and change of Company Number without going through a lengthy process.

ELEXON are currently discussing the potential impacts of P318 with the MRA. It will update the Workgroup on the outcome of these discussions and include details of these impacts in the Assessment Report.

What impacts are there on ELEXON's internal processes?

The Workgroup queried how the implementation of P318 will impact ELEXON's internal processes. ELEXON clarified that there will be impacts on the Market Entry team and its processes. Work will need to be carried out on how it handles the Novation Agreement submissions, the different scenarios in which a Novation Agreement may be requested, and how best to provide the required information to the Panel for decision.

A Workgroup member asked whether there needs to be work carried out as part of the P318 Assessment Procedure on the difference scenarios in which a Novation Agreement may be requested. They noted that details of what scenarios are and are not considered acceptable may need to be added to a BSCP. Another Member disagreed commenting that there may be an endless number of scenarios and by specifying what is and is not acceptable may open the flood gates and inadvertently create loopholes. The member suggested that the view on what is and is not considered acceptable should sit with the Panel, who will ultimately make the final decision.

ELEXON advised the Workgroup that, should there be issues identified after the P318 solution has been used in anger, a Change Proposal (CP) can be raised to tighten up the requirements in the process. ELEXON recommended that the Market Entry team provide guidance to the industry on how it intends the process to be used (i.e. for administrative changes relating to rebranding or takeovers etc.) and then re-assess should issues arise. The Proposer and the Workgroup agreed with this view.

Novation Agreement, application form and submission fees

Should there be a Novation Agreement application form?

ELEXON recommend that an application form be introduced to ensure that all the required information is obtained from the applicant wishing to submit a Novation Agreement for Panel consideration. This will also make it clear to the applicant what information they need to provide. The Proposer and the Workgroup agreed that a Novation Agreement application form should be introduced as part of P318.

A member of the Workgroup queried whether there should be a standard Novation Agreement submitted with the application form. ELEXON advised that its intention is for

the Novation Agreement and application form to be sent out together. Another member questioned whether the Novation Agreement and application form should be managed as ELEXON documents. They noted that these could be updated by ELEXON as and when required, or sit within an appropriate Code Section or BSCP which will require a BSC Change to update. A member commented that they would be comfortable with the Novation Agreement and/or application form being managed by ELEXON.

ELEXON advised the Workgroup that the Accession Agreement is currently an annex in the BSC. It noted that it would seem appropriate to do the same with the Novation Agreement if required, and then have the application form managed by ELEXON. A member noted that the outgoing Party will need to complete the [BSCP65 'Registration of Parties and Exit Procedures'](#) tasks and it would make sense for the application form to sit in that BSCP.

The Workgroup are seeking industry views on whether the Novation Agreement and application form should be managed as an ELEXON document which could be updated by ELEXON as and when required, or sit within BSCP65 which will require a CP to update.

Assessment Consultation Question

Do you believe that the Novation Agreement application form should be managed as an ELEXON document or sit within BSCP65?

The Workgroup invites you to give your views using the response form in Attachment B.

Should there be a fee associated with the application form?

A Workgroup member queried whether or not it would be appropriate to incorporate an administration fee to be paid when a Novation Agreement application form is submitted. ELEXON advised that it currently charges an accession fee of £500 when an Accession Agreement is signed and submitted. It clarified that the administrative work associated with a Novation Agreement application should be the same as that associated with an Accession Agreement. ELEXON therefore believed that a fee of £500 for the Novation Agreement application form would be reasonable.

A Workgroup member asked whether or not both Parties involved in the Novation Agreement should be charged. Another member suggested that it should be the new Party who is trying to avoid the full Market Entry process that should pay the fee rather than the exiting Party. The Workgroup and the Proposer agreed with this view.

What information questions should be included in the application form?

In addition to the Company Number, Company Name and Address etc. ELEXON recommended to the Workgroup that the application form include the following questions:

- Please describe the reason you are applying for a Novation Agreement?
- Will there be any system changes?
- Will there be any staff changes?
- Will there be any immediate customer growth as a result of this change?
- When will the change happen?

One member asked whether a question was needed about off-the-shelf Suppliers. ELEXON advised that the Market Entry team will know straight away if a company is an off-the-shelf Supplier. Additionally, the answer to the question about staff changes will also allow an off-the-shelf Supplier to be picked up.

The Workgroup and the Proposer agreed with ELEXON's suggested application form questions and that one is not needed for off-the-shelf Suppliers.

Panel approval and criteria for consideration

The Workgroup discussed the areas that should be considered by the Panel when making a decision on whether to approve or reject a submitted Novation Agreement.

Credit Worthiness, liabilities and debt

In order to limit the risks associated with liabilities and stranded debt, the Workgroup agreed that the Party entering under a Novation Agreement must be able to meet the expected credit requirements as a new entrant.

The Workgroup queried whether ELEXON performs any credit checks as part of the Market Entry process. ELEXON confirmed that the only check the Market Entry team run is on whether or not the company is registered on [Companies House](#) and then it obtains the accession forms and fees. It does not perform a background credit check as part of the Market Entry process. It also noted that the new entrant starts paying the monthly BSC charges as soon as the Accession Agreement is signed. There have been a handful of instances where a Party stops paying their charges soon after acceding. ELEXON look to address this issue as soon as possible and therefore it is very rare for a new entrant to default.

A member of the Workgroup, who also sits on the BSC Panel, advised that the Panel will want to be cautious and make sure that all BSC Parties are protected. The member recommended that a provision be added to allow the Panel to request further information on a new Party's credit worthiness as well the size of its liabilities and debts. The Workgroup and the Proposer agreed with this view.

PAB Opinion

The PAB conducts and administers activities to provide assurance that all participants in the BSC arrangements are suitably qualified and that the relevant standards are maintained. ELEXON recommended to the Workgroup that that PAB's opinion on a Novation Agreement be obtained prior to taking a paper to the Panel for decision. A Workgroup member, who also sits on the Panel, agreed that it would be useful for the Panel to have the PAB's views on a Novation Agreement. These views will then help the Panel to make a fully informed decision on whether to approve or reject the agreement.

The Proposer and the Workgroup agreed that the PAB's views on a Novation Agreement should be obtained and included in the paper ELEXON presents to the Panel for decision on said agreement.

Should Parties involved in a Novation Agreement be able to appeal a decision made by the Panel?

A Workgroup member asked whether the Panel's decision to approve or reject a Novation Agreement should be able to be appealed by a Party involved. A member commented that they could not see why a Party entering into a Novation Agreement would want to appeal a decision, unless it was to reject it. They added that the Panel's decision should be final with no right to appeal. The Panel will make a decision on whether to approve or reject the Novation Agreement based on what is best for the industry and the Parties involved. A member of the Workgroup queried who a Party would appeal to. ELEXON advised that an appeal would need to be raised through the Competitions and Market Authority (CMA).

The Proposer and the Workgroup agreed that a decision made by the Panel on a Novation Agreement should be final and binding with no right of appeal.

Assessment Consultation Question

Do you agree with the areas for Panel consideration, for use when the Panel are making a decision on a Novation Agreement?

Are there any other areas you believe the Panel need to consider?

The Workgroup invites you to give your views using the response form in Attachment B.



What is the Self-Governance Criteria?

A Modification that, if implemented:

(a) is unlikely to have a material effect on:

- (i) existing or future electricity consumers; and
- (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
- (iii) the operation of the national electricity transmission system; and
- (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
- (v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

What current BSC processes could be used to facilitate the changes under P318?

ELEXON advised the Workgroup that if a Party wanted to re-brand or it was taken over by another company, the Party would need to go through the full Market Entry and Market Exit processes. It noted that the length of the process for a Supplier acceding to the BSC is approximately six to nine months.

A Workgroup member asked how quickly this process could be streamlined. ELEXON advised that the quickest this has ever been carried out was in three to four months. However, it highlighted that it is not possible to streamline the processes any further due to the PAB and Market Domain Data (MDD) timescales. If a Party is transferring everything over to a new Party, and has live customers, they have to register in MDD after PAB. Therefore it is the new MPID(s) and MDD that add time to the process.

The Workgroup agreed that there are no other BSC processes that could help to reduce the time it takes to complete the existing processes.

Self-Governance

The P318 Proposer believes that this Modification meets the Self-Governance Criteria as it will have no material impact on:

- existing or future consumers;
- competition;
- the operation of the Transmission System;
- wider market/network management issues or Code procedures; and
- does not discriminate between different classes of Parties.

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The Workgroup considered whether P318 should be treated as a Self-Governance Modification Proposal. The Ofgem Representative provided their initial view that, having listened to the Workgroup's discussions, they believed that P318 does meet the Self-Governance Criteria as there are no material impacts on consumers or the industry. They added that, although this Modification is giving a new decision-making ability to the Panel, a Party would still be able to achieve the same outcome through the current exit and entry procedures.

The Workgroup unanimously agreed that P318 does meet the Self-Governance criteria and should therefore be treated as a Self-Governance Modification Proposal.

Assessment Consultation Question

Do you agree with the Workgroup's view that P318 should be treated as a Self-Governance Modification Proposal?

The Workgroup invites you to give your views using the response form in Attachment B.



Initial views against the Applicable BSC Objectives

The Workgroup has provided its initial views against the Applicable BSC Objectives. The Workgroup and the Proposal initially unanimously believe that P318 better facilitates:

- **Applicable BSC Objective (c)** as allowing a Party to transfer its rights and obligations under the BSC without going through the entire Market Entry and Market Exit Procedures will reduce barriers to entry, make the process more efficient and reduce the administration effort required from ELEXON as BSCCo.

A minority of the Workgroup initially believes that P318 also better facilitates:

- **Applicable BSC Objective (d)** as the transfer process will be shorter and efficient and will therefore reduce the cost to Parties and ELEXON as BSCCo.

The Workgroup initially unanimously believe that P318 does better facilitate the Applicable BSC objectives compared to the current base like and initially recommend approval of P318.

Assessment Consultation Question

Do you agree with the Workgroup's initial unanimous view that P318 does better facilitate the Applicable BSC Objectives compared to the current baseline?

The Workgroup invites you to give your views using the response form in Attachment B.

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity 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 of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

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Appendix 1: Workgroup Details

Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P318 Terms of Reference

Whether the implementation of P318 will exacerbate the risks associated with off-the-shelf Suppliers? If so, how would these risks be mitigated?

What issues are associated with the transfer of liability and the responsibility of Reconciliation Runs?

What are the reasons for assignment facilities being introduced into other industry codes? Do these reasons also apply to the BSC?

What current BSC processes, if any, could be used to address the issue?

Are there any changes required to the Panel's terms of reference around the approval process for any requested Party ID and/or Company Number changes? If so, what changes need to be made with respect to criteria and procedure?

Under what circumstances would a Party be able to request a change to its Party ID and/or Company? How likely are Parties to request such a change?

Should P318 be treated as a Self-Governance Modification Proposal?

What changes are needed to BSC documents, systems and processes to support P318 and what are the related costs and lead times?

Are there any Alternative Modifications?

Does P318 better facilitate the Applicable BSC Objectives than the current baseline?

Assessment Procedure timetable

P318 Assessment Timetable

Event	Date
Panel submits P318 to Assessment Procedure	12 Mar 15
Workgroup Meeting 1	22 Apr 15
Workgroup Meeting 2	9 Jun 15
Assessment Procedure Consultation	10 – 31 Jul 15
Workgroup Meeting 4	6 Aug 15
Panel considers Workgroup's Assessment Report	10 Sep 15

Workgroup membership and attendance

P318 Workgroup Attendance			
Name	Organisation	22 Apr 15	9 Jun 15
Members			
Simon Fox-Mella	ELEXON (<i>Chair</i>)	✓	✗
Claire Kerr	ELEXON (<i>Chair</i>)	✗	✓
Talia Addy	ELEXON (<i>Lead Analyst</i>)	✓	✓
Doug Stewart	Green Energy (<i>Proposer</i>)	✗	✓
Andrew Colley	SSE	✓	✓
Azeem Khan	npower	✓	✓
Lyndsey Antrobus	Utilisoft	✗	✓
James Anderson	ScottishPower	✓	✓
Ryan Guttridge	Dong Energy	✗	✓
Attendees			
Ed Morris	ELEXON (<i>Design Authority</i>)	✓	✓
Geoff Norman	ELEXON (<i>Lead Lawyer</i>)	✓	✓
Rory P. Edwards	Ofgem	✓	✓
Adam Boorman	Cornwall Energy (<i>Proposer's Representative</i>)	✓	✗
Chris Greer	Cornwall Energy (<i>Representative's Alternate</i>)	✓	✗

Appendix 2: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
CMA	Competitions and Market Authority
CP	Change Proposal
CSD	Code Subsidiary Documents
CVA	Central Volume Allocation
DCUSA	Distribution and Connection Use of System Agreement
EFR	Error and Failure Resolution
IWA	Initial Written Assessment
MDD	Market Domain Data
MRA	Master Registration Agreement
OTS	Off-the-shelf
PAB	Performance Assurance Board
SVA	Supplier Volume Allocation

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
4	Performance Assurance webpage	https://www.elexon.co.uk/reference/market-compliance/performance-assurance/
4	Market Entry webpage	https://www.elexon.co.uk/reference/market-entry/
4	BSC Sections webpage	https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/
4	Performance Assurance Board	https://www.elexon.co.uk/group/performance-assurance-board-pab/
4	BSCPs webpage	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/
5	P318 webpage	https://www.elexon.co.uk/mod-proposal/p318/

External Links		
Page(s)	Description	URL
5	Companies House webpage	https://www.gov.uk/government/organisations/companies-house
-	PAB155 webpage	https://www.elexon.co.uk/meeting/pab-155/
-	Panel220 webpage	https://www.elexon.co.uk/meeting/bsc-panel-220/