

Initial Written Assessment



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

P343 'Increase to the number of Supplier IDs that can be held by a Supplier'

Suppliers currently may hold no more than three Supplier IDs where they are the first holder of that Supplier ID. This Modification proposes that this limit should be reviewed, with a view to increasing the number of Supplier IDs that a Supplier may hold.



ELEXON recommends P343 is progressed to the Assessment Procedure for an assessment by a Workgroup

This Modification is not expected to impact any participants

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About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 9 June 2016. The Panel will consider the recommendations and agree how to progress P343.

There are two parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress, including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the P343 Proposal Form v2.0¹.



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¹ After the Modification was raised the Proposer noted the reference to Applicable BSC Objective (d) was incorrect. Therefore we have attached v2.0 of the Proposal Form and uploaded this version on the ELEXON website.

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1 Why Change?

How many Supplier IDs can a single Supplier hold?

Approved Modification [P106 'Amendment to the BSC to allow multiple Supplier Ids'](#) allows Parties to have more than one Market Participant Identifier (MPID) (also referred as Supplier IDs) per Party. Before P106, the Code did not explicitly forbid multiple Supplier IDs, but could have been interpreted as implying a single Supplier ID per Party. With P106, the number of Supplier IDs which a single Supplier may hold was increased under [Balancing Settlement Code \(BSC\) Section S1.3.5](#), but restricted to no more than three Supplier IDs where the Supplier is the first holder of such Supplier ID.

The key constraint identified at the time, by the Volume Allocation Standing Modification Group (VASM), was that the Supplier Volume Allocation Agent (SVAA) system had a design limit of 200 Supplier IDs. However, the SVAA system was designed in 1996/97 and the Proposer believes that with improvements in hardware since that time, this limit may no longer apply. Software that was designed to support 200 MPIDs in 1996 could be capable of supporting many more when running on modern hardware.

What are the Licence Lite arrangements?

Licence Lite is an option available to new Suppliers entering the electricity market. Under these arrangements, the Supplier is exempt from becoming a direct party to the following Codes:

- the Master Registration Agreement (MRA);
- the Distribution Connection and Use of System Agreement (DCUSA);
- the Connection and Use of System Code (CUSC); and
- the BSC.

This can be useful to small Suppliers, due to the potential high costs incurred in complying with these industry codes.

However, the new Supplier must instead make a commercial arrangement with a third party licensed Supplier (TPLS) before Ofgem can grant it a Licence Lite direction. The TPLS will wholly accept the delivery responsibilities, obligations and liabilities associated with the relevant industry codes, and will meet the regulatory and code compliance requirements on behalf of the Licence Lite Supplier.

What is the issue?

The use of multiple Supplier IDs has long been adopted as an efficient way for Suppliers to manage their internal business requirements, e.g. where a Supplier wishes to separate half-hourly and non half-hourly volumes. Suppliers also may wish to hold additional Supplier IDs as an efficient way of managing volumes for a particular group of customers. In particular, in the case of customers supplied by a Licence Lite Supplier, it will be important that the relevant TPLS is able to uniquely identify such separate volumes in all relevant systems. This is best achieved by registering a separate Supplier ID for each Licence Lite Supplier associated with the TPLS. The electricity supply licence allows a TPLS to work with as many Licence Lite Suppliers as it wishes. However, the BSC currently limits the TPLS to only three separate Supplier IDs.



What is the difference between MPID and Party IDs?

A BSC Party ID is an alphanumeric identifier (up to eight characters long) and is linked directly to the company which signed the BSC Accession Agreement BSC Parties that operate within the Supplier Volume Allocation (SVA) arrangements (Suppliers & Licenced Distribution System Operators) will also have an MPID. This is a four alpha character ID and is registered within Market Domain Data (MDD) which maintains key information essential to the operation of the SVA arrangements.



Further information on Licence Lite

Further information on the Licence Lite arrangements can be found on the [Licence Lite](#) page of Ofgem's website.

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Proposed solution

P343 'Increase to the number of Supplier IDs that can be held by a Supplier' was raised by RWE Npower Group on 26 May 2016. It proposes to review the restriction, formalised under P106, that a Supplier may hold no more than three Supplier IDs when the Supplier is the first holder of such Supplier ID. The Proposer believes that this number should be increased.

Applicable BSC Objectives

The Proposer believes that P343 would better facilitate **Applicable BSC Objective (c)** as this change would promote customer choice by removing barriers to future innovation and products, in particular the take-up of the Licence Lite provisions².



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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² After the Modification was raised the Proposer noted the reference to Applicable BSC Objective (d) was incorrect. Therefore we have attached v2.0 of the Proposal Form and uploaded this version on the ELEXON website.

3 Areas to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment of P343. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

Should there still be a limit?

The Proposer believes that the current limit on the number of Supplier IDs a Supplier may hold should be reviewed, with a view that this limit should increase. However, the Proposer hasn't provided a firm view on what any change in the limit should be. The Workgroup will need to discuss whether this number should continue to be limited at all. If the Workgroup believes a limit is still required, it will need to consider what this new limit should be.

Could there be any unintended consequences?

We believe that the Workgroup should consider whether there may be any unintended impacts or consequences following an increase in the number of Supplier IDs per Supplier.

Should P343 be progressed as a Self-Governance Modification?

We consider that P343 would have no material impacts on BSC Parties, consumers or competition, as it seeks only to increase the number of Supplier IDs which a single Supplier may hold. We therefore consider that P343 would meet the Self-Governance Criteria and so should be progressed as a Self-Governance Modification. We believe the Workgroup should provide its views to assist the Panel in making a decision on this when it considers the Assessment Report.

Areas to consider

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of P343:

Areas to Consider
Should there still be a limit on the number of Supplier IDs which a single Supplier may hold, and if so then what should this limit be?
Could there be any unintended consequences in an increase in the number of Supplier IDs per Supplier?
Should P343 be progressed as a Self-Governance Modification?
What changes are needed to BSC documents, systems and processes to support P343 and what are the related costs and lead times?
Are there any Alternative Modifications?
Does P343 better facilitate the Applicable BSC Objectives than the current baseline?



What are 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.

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4 Proposed Progression

Next steps

We believe that P343 should go into an Assessment Procedure so that a Workgroup can consider the areas set out in Section 3.

Workgroup membership

We recommend that assessment of P343 should be undertaken by experts in the SVA and the Licence Lite arrangements along with any other relevant experts and interested parties.

Timetable

We recommend that P343 undergoes a three month Assessment Procedure, with the Assessment Report being presented to the Panel at its meeting on 8 September 2016. This will allow time for the Workgroup to discuss the areas in Section 3 and develop the solution before issuing its 15 Working Day industry consultation.

Proposed Progression Timetable for P343	
Event	Date
Present Initial Written Assessment to Panel	09 Jun 16
Workgroup Meeting	W/B 13 Jun 16
Assessment Procedure Consultation	01 Jul 16 – 22 Jul 16
Workgroup Meeting	W/B 22 Jul 16
Present Assessment Report to Panel	08 Sep 16
Report Phase Consultation	09 Sep 16 – 30 Sep 16
Present Draft Modification Report to Panel	13 Oct 16
Issue Final Modification Report to Authority (if not Self-Governance)	14 Oct 16

5 Likely Impacts

Impact on BSC Parties and Party Agents

None anticipated in implementing this Modification. However, Suppliers would be able to register more than three Supplier IDs following implementation.

Impact on Transmission Company

None anticipated

Impact on BSCCo

None anticipated

Impact on BSC Systems and processes

None anticipated

Impact on Code

Code Section	Potential Impact
Section S	Changes will be required to implement this Modification

6 Recommendations

We invite the Panel to:

- **AGREE** that P343 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the P343 Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

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Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BSC	Balancing and Settlement Code (<i>industry code</i>)
CUSC	Connection and Use of System Code
DCUSA	Distribution Connection and Use of System Agreement
IWA	Initial Written Assessment
MDD	Market Domain Data
MPID	Market Participant Identifier
MRA	Master Registration Agreement
SVA	Supplier volume Allocation
SVAA	Supplier Volume Allocation Agent (<i>BSC Agent</i>)
TPLS	Third Party Licensed Supplier
VASMG	Volume Allocation Standing Modification Group

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
3	P106 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p106-amendments-to-the-bsc-to-allow-multiple-supplier-ids/
3	BSC Sections page on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/
3	Licence Lite page on the Ofgem website	https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-lite
4	P343 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p343/

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