

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 to allow a Supplier to apply for a fourth or more Supplier IDs through an application form submitted to the Panel.

This Report Phase Consultation for P343 closes:

5pm on 31 October 2016

The Panel may not be able to consider late responses.



The BSC Panel initially recommends **approval** of P343.

- ELEXON

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About This Document

This is the P343 Draft Modification Report, which ELEXON is issuing for industry consultation on the BSC Panel's behalf. It contains the Panel's provisional recommendations on P343. The Panel will consider all consultation responses at its meeting on 10 November 2016, when it will agree a final recommendation to the Authority on whether or not the change should be made.

There are five 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 P343.
- Attachment B contains the draft redlined changes to impact Code Subsidiary Documents (CSDs) for P343.
- Attachment C contains the full responses received to the Workgroup's Assessment Procedure Consultation.
- Attachment D contains the specific questions on which the Panel seeks your views. Please use this form to provide your responses to these questions, and to record any further views/comments you wish the Panel to consider.



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P343
Report Phase Consultation

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Why Change?

Under [P106 'Amendment to the BSC to allow multiple Supplier Ids'](#) Parties are allowed to hold a maximum of three Supplier IDs when the Supplier is the first holder of those Supplier IDs. The Proposer believes this limit should be revised in order to promote competition and innovation in the market.

Solution

P343 will allow a Supplier to apply for a fourth or more Supplier IDs through an application form submitted to the Panel.

Impacts & Costs

P343 will have no impact on BSC Parties or Party Agents. The cost to implement P343 equates to £240 (one ELEXON man day) to make the required document changes.

Implementation

P343 is proposed for implementation on **23 February 2017** as part of the February 2017 BSC Systems Release.

Recommendation

By majority, the Panel initially believes that P343 would **better** facilitate Applicable BSC Objective (c) than the current baseline. Therefore, the Panel's initial majority recommendation is that P343 should be **approved**.



How many Supplier IDs can a single Supplier hold?

Approved Modification P106 acknowledged the concept of Suppliers having multiple Supplier IDs. 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 that a single Supplier may hold was increased under [Balancing Settlement Code \(BSC\) Section S1.3.5](#) but restricted to no more than three Market Participant Identifiers (MPIDs) where the Supplier is the first holder of such IDs. The key constraint identified at the time, by the Volume Allocation Standing Modification Group (VASMG), was that the Supplier Volume Allocation Agent (SVAA) system had a design limit of 200 Supplier IDs.

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 signatory 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.

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, which provides the exemption. 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 Proposer noted 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 (HH) and Non Half Hourly (NHH) 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.

In addition, the SVAA software was designed in 1996/97 to support no more than 200 MPIDs. The Proposer believed that after 20 years the SVAA system should now be capable of supporting many more when running on modern hardware.

What is the difference between MPIDs 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 & 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. A Supplier ID is an MPID, although not all MPIDs are Supplier IDs (e.g. Distribution Businesses also hold MPIDs).



Further information on Licence Lite

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

Proposed solution

P343 'Increase to the number of Supplier IDs that can be held by a Supplier' was raised by Npower Limited on 26 May 2016. This Modification proposes to allow a Supplier to apply to have four or more Supplier IDs by submitting an application to the BSC Panel.

Under the proposed solution the Supplier will be required to submit an application to ELEXON, who will then present it to the Panel. The Panel will then determine whether or not to approve the application and if approved it will agree how many additional IDs to grant should the Supplier have applied for more than one.

The existing provisions for requesting and registering a Supplier's first three Supplier IDs will remain unchanged under P343.

Legal text

The proposed changes to the BSC to deliver P343 can be found in Attachment A.

We have also prepared the required changes to impacted CSDs where possible. These can be found in Attachment B.

Self-Governance

By majority, the Panel believes that P343 meets the Self-Governance Criteria, as it does not have material impacts on participants or competition. **The Panel therefore has the view that P343 should be progressed as a Self-Governance Modification.**

Are there any alternative solutions?

The Workgroup does not believe there are any other solutions that will better facilitate the Applicable BSC Objectives than the proposed solution. It is therefore not considering any potential Alternative Modifications.

Estimated central implementation costs of P343

This Modification will be a document-only change to update one Section of the BSC. There are no BSC system impacts and no impact on BSC Agents.

The central implementation costs to implement P343 will be approximately £240 (one man day) in ELEXON effort to make the changes to BSC documentation.

Indicative industry costs of P343

Respondents to the Assessment Procedure Consultation highlighted that P343 will have minor additional process costs. These are in addition to the normal process for accommodating new Supplier IDs within Market Domain Data, which are then used within internal systems and processes. Increased numbers of Supplier IDs will increase the relatively minor effort involved in this.

P343 impacts

Impact on BSC Parties and Party Agents

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

Impact on Transmission Company

None anticipated

Impact on BSCCo

BSCCo will need to administer and validate any applications received for further Supplier IDs, and present these to the Panel for approval. We will also need to implement the changes proposed under P343.

Impact on BSC Systems and process

None anticipated

Impact on Code

Code Section	Impact
Section S	Changes will be required to implement this Modification. <i>You can find the proposed changes in Attachment A.</i>

Impact on Code Subsidiary Documents

CSD	Impact
BSCP65	Changes will be required to implement this Modification. <i>You can find the proposed changes in Attachment B.</i>

Recommended Implementation Date

The Workgroup recommends an Implementation Date for P343 of **23 February 2017** (February 2017 Release).

The February 2017 Release is the earliest viable Release that P343 can target based on the current progression timetable.

The Panel unanimously agree with the Workgroup's recommended Implementation Date.

What is the benefit of increasing the number of Supplier IDs per Party?

The Workgroup discussed the potential benefits of increasing the number of Supplier IDs which a Supplier may hold. The Workgroup considered why additional Supplier IDs are necessary for Licence Lite when a Supplier can already offer TPLS services and manage this internally (i.e. without requiring a separate Supplier ID for a Licence Lite Supplier).

The Proposer believes that registering an additional Supplier ID under Licence Lite arrangements give the TPLS better visibility of its portfolio and Licence Lite Suppliers registered. Under this approach, a TPLS will have distinct separation of the data for each Licence Lite Supplier that it services, except at the Energy Account or Party ID level (e.g. Energy Contracts, Credit and Trading Charges). The Workgroup agreed that the ability to identify and separate Licence Lite volume from the others will increase the availability of information and, as a consequence, facilitate the competition in the market.

Only one respondent to the Assessment Procedure Consultation noted that they have a current plan to apply for new Supplier IDs. All the other respondents noted that, at the moment, they have no immediate plans to apply for more than three Supplier IDs. However, these plans might change in the future.

What is the limit of the SVAA system?

The Workgroup discussed the capacity of the SVAA system. The Service Provider noted that the SVAA system is largely comprised of a flat-file database that is hierarchically organised. An increase in the number of Supplier IDs per Party will affect the size of the files that are submitted by Data Aggregators, and will increase the time necessary to assimilate these files. ELEXON noted that the Volume Allocation Run (VAR) needs around 15 minutes to complete, however the production of output reports to Suppliers and Distributors can take around eight hours. The Workgroup noted that the D0030 'Aggregated DUoS Report' data flow to Distributors in particular takes a lot of time to produce. The increase in Supplier IDs is expected to increase this production time further. The Workgroup discussed the impact of P343 on the SVA backup process, which currently takes around 10 hours. The Workgroup concluded that a growth in the number of Supplier IDs will greatly increase the time taken to generate the SVA backup.

Could there be any unintended consequences in an increase in the number of Supplier IDs per Supplier?

The Workgroup considered the possible cost of allowing many additional Supplier IDs and BM Units in the market. The Proposer noted that the main constraint in the increase of the number of Supplier IDs per Party is the limited SVAA System. The Service Provider confirmed that there is a SVAA design limit of 200 Supplier IDs. The Workgroup discussed if this limit is a technical limitation or prudent planning. The Service Provider acknowledged that there is not a technical limit of 200 Supplier IDs, rather an estimation of when performance of the system may suffer. Based on BM Units, currently there are around 130 Supplier IDs associated with around 110 Party IDs. This has increased from around 80 Supplier IDs and 60 Party ID four years ago.

The Workgroup noted that there is a risk not only of Parties applying to have more than three Supplier IDs but also of Parties registering up to three without requiring an application to the Panel. ELEXON has estimated that a further 210 Supplier IDs could be registered by around 110 Parties without requiring an application under the proposed process. This could result in a total far exceeding the 200 Supplier ID limit in SVAA.

ELEXON noted that it will be necessary to perform proper stress testing to define the technical limit of the SVAA system, however ELEXON may not be in a position to undertake this work for a year or so due to technical resources and upgrade plans.

How ELEXON is planning to address the issue on SVAA performance?

ELEXON is transitioning the SVAA system (along with the other BSC Central Systems) to a new hardware platform which should offer an improved level of performance. This transition is planned to be completed by April 2017; unfortunately it is not possible to give an accurate prediction of future performance trends until operational testing and parallel running activities take place early next year.

In order to help meet the immediate industry needs, ELEXON is working with the Service Provider to identify performance optimisations to specific SVAA functions, which may be rolled out on an opportune basis once solutions have been properly developed and tested.

In the longer term ELEXON is carrying out wider investigations into the future options for the BSC Central Systems, ensuring that operational risk is minimised while the systems continue to meet the needs of evolving settlement requirements.

What are the short and long term options?

The Workgroup agreed there is a long term issue related with the limitations with the SVAA System. In the short term, the Workgroup agreed to allow Parties to apply for additional Supplier IDs beyond their existing allowance of three through an application form submitted to the BSC Panel. The Panel would then decide whether to accept this request based on agreed criteria and look for a recommendation from ELEXON and its Service Provider to establish if the system would be able to cope with the additional MPIDs.

The Workgroup agreed that this would be an interim solution, which can be agreed and implemented. The Workgroup noted that this approach would allow Parties to apply for further Supplier IDs, while also introducing a check and balance to ensure the system was not flooded with Supplier IDs in the short term. Following further assessment by ELEXON, it will be possible to raise another Modification to further review the actual limitation of three Supplier IDs per Party established under P106 and put in place an enduring solution.

One respondent to the Assessment Procedure Consultation believed that we should not approve this Modification on the grounds that it is an interim solution. Conversely, the Workgroup unanimously agreed that although the Modification provides a temporary solution, P343 better facilitates market competition, in allowing Suppliers to apply for more than three Supplier IDs. Therefore, it should be approved even though it provides an interim solution.

BSC Panel criteria

The Workgroup discussed the criteria which the Panel should use to make a decision on whether or not to approve the request for additional Supplier IDs. The Workgroup agreed the criteria should include:

- evidence of what innovations and/or enhanced competition (as per the BSC Objective C) the additional MPIDs will be used for; and
- evidence of the SVAA System's capacity to support additional MPIDs.

One respondent of the Assessment Consultation thought that these criteria should be included in the BSC in order to avoid uncertainty. However, the respondents did not have visibility of the CSD draft redlined text which, indeed, illustrates these criteria in the process. The CSD redlined text was sent to the Workgroup before the second Workgroup meeting and the members agreed with the proposed changes. The Panel can consult upon this draft redlined text as part of the Report Phase Consultation.

Another respondent believed that the proposed criteria are just pieces of relevant information, not criteria. They added that this information might be of use in prioritising additional Supplier IDs, but applicants may be reluctant to reveal commercially confidential information. In addition, the relative merits of different applications may be rather subjective. The Workgroup noted that the BSC Panel protects confidential information provided by BSC Parties.

The respondent also assumed that the identified capacity limits could depend not only on the SVAA system but also on the ability of Half-Hourly Data Aggregators (HHDA) to support increased numbers and data flows. The Workgroup considered that HHDA is a competitive market and they are irrelevant to the issue within the SVAA system.



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

Does P343 better facilitate the Applicable BSC Objectives?

The Workgroup unanimously agrees with the Proposer that P343 will better facilitate Applicable BSC objective (c). Increasing the number of Supplier IDs would allow Parties to fully participate in the Licence Lite arrangements, as well as promoting opportunities to develop further initiatives and innovations.

Two respondents to the Assessment Consultation believed that P343 will have a negative impact on market competition. They noted that there is a discriminatory 'first-come-first-served' approach which can disadvantage new Market Entrants. The respondents highlighted that a scenario could arise, where the Panel will be unable to accept applications received later, due to the SVAA system constraints. This could have an adverse effect on new applications that present a greater justification and an innovative business model.

The Workgroup discussed this response and agreed that P343 will have a positive impact on competition. They believe that, because the SVAA system constraint is already in place, new Market Entrants are penalised even under the current process. The Workgroup agreed that this Modification will promote market innovation allowing new arrangements to be developed.

In addition, some respondents were concerned that allowing Suppliers to be able to obtain more than three Supplier IDs will have a significant impact on costs. However, the Workgroup noted that P343 does not directly impact the central system, therefore there are not significant costs related with the proposed solution

Panel's initial discussion on P343

The Panel discussed the possible implication of allowing Suppliers to apply to have four or more additional Supplier IDs.

One Panel member noted that this Modification could increase the rate of requests for additional Supplier IDs and therefore sooner reach the limit of 200 Supplier IDs that the SVAA system can process. They also queried whether the SVAA system transition is purely about processing power as opposed to specifically increasing capacity for Supplier IDs. ELEXON confirmed that the transition work, which is due to be completed next year, will involve moving the systems to a new hardware platform to improve resilience and performance. As part of this work, performance testing will be carried out in order to gauge the future capacity.

A Panel member noted that they would like to see the systems being able to cope with more than 200 Supplier IDs and that a risk monitoring and management process should be put in place to advise when the current limit is being approached.

Another member noted that ELEXON will need to manage the application process and take careful account of the agreed criteria in order to avoid a large amount of Supplier ID applications being submitted to the Panel.

A Panel member queried why P343 specifically refers to the Licence Lite arrangements when there are other initiatives that may come through. ELEXON noted P343 is not restricted to the Licence Lite. One of the rationales of the Proposal was to note that the BSC should not be a constraint in case Suppliers want to participate in other initiatives, such as the Licence Lite.

One Panel member asked why the P343 Workgroup did not assess the impact on consumers. Ofgem added that this assessment is useful to evaluate positive or negative impacts of this Modification on consumers. ELEXON noted that, as part of the Assessment of this Modification, the Workgroup did not consider the impact on consumers to be an issue.

ELEXON acknowledged the suggestion and confirmed the impact on consumers could be taken into account for future Modifications.

Considering the potential benefits of this Modification, the Panel concluded that P343 will better facilitate BSC Applicable objective (c) and that it should be approved.

Legal text changes

One Panel member asked to add a requirement on ELEXON to provide a process to decide on how the Panel can respond to the applications. ELEXON noted that this process is included in the redlined changes to BSCP65.

The Panel initially unanimously agree that the draft legal text changes to BSC Section S and the proposed changes to tBSCP65 deliver the intention of P343.

Full details of the proposed document changes can be found in Attachments A and B.

Panel's views on Self-Governance

The Panel agreed by majority that P343 should be progressed as Self-Governance Modification Proposal.

One Panel member disagreed due to the potential implications for competition. The Panel member believes that P343 will increase the rate of requests for additional Supplier IDs and therefore result in the industry reaching the 200 Supplier IDs system cap quicker.

Panel's views on the Implementation Date

One Panel member questioned if the 23 February 2017 is a suitable Implementation Date. They added that, due to the identified SVAA capacity limit, this date will not allow enough time to complete the SVAA system transition. ELEXON noted that this Modification does not require a system change. We advised that the Workgroup acknowledged P343 as a short term solution.

ELEXON clarified to the Panel that the SVAA system review should be completed by April 2017. BSC Parties can raise another Modification to amend the cap of three Supplier IDs per Party should any issues arise in the future.

Report Phase Consultation Questions

Do you agree with the Panel's initial view that the Proposed Modification better facilitates the Applicable BSC Objectives than the current baseline?

Please provide your rationale.

Do you agree with the Panel's initial view that the proposed redlining delivers the intention of the Proposed Modification?

Please provide your rationale with reference to the Applicable BSC Objectives.

Do you agree with the Panel's initial view that P343 should be treated as a Self-Governance Modification?

Please provide your rationale.

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

Please provide your rationale.

The Panel invites you to give your views using the response form in Attachment D

9 Recommendations

The BSC Panel initially recommends:

- That P343 should be treated as a Self-Governance Modification Proposal;
- That the P343 Proposed should be **approved**;
- An Implementation Date for the P343 Proposed Modification of 23 February 2017 as part of the February 2017 Release; and
- The draft BSC and CSD changes for P343.

Appendix 1: Workgroup Details

Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P343 Terms of Reference

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?

Assessment Procedure timetable

P343 Assessment Timetable

Event	Date
Panel submits P343 to Assessment Procedure	09 Jun 16
Workgroup Meeting 1	04 Aug 16
Assessment Procedure Consultation	31 Aug 16 – 16 Sep 16
Workgroup Meeting 2	20 Sep
Panel considers Workgroup's Assessment Report	13 Oct 16

Workgroup membership and attendance

P343 Workgroup Attendance			
Name	Organisation	04 Aug 16	20 Sep 16
Members			
David Kemp	ELEXON (<i>Chair</i>)	✓	✗
Royston Black	ELEXON (<i>Chair</i>)	✗	✓
Giulia Barranu	ELEXON (<i>Lead Analyst</i>)	✓	✓
Richard Vernon	Npower Limited (<i>Proposer</i>)	☎	☎
Andrew Colley	SSE	☎	☎
Chris Welby	Bristol Energy & Technology Services (Supply) Limited	✗	☎
Gregory MacKenzie	British Gas	☎	☎
Kristian Pilling	SSE	☎	☎
Phil Russell	Independent	☎	✓
Tim Newton	E.ON Energy Solutions Limited	✗	☎
Attendees			
Elliott Hall	ELEXON (<i>Design Authority</i>)	✓	✓
Steve Francis	ELEXON (<i>Design Authority</i>)	☎	✗
Nicholas Brown	ELEXON (<i>Lead Lawyer</i>)	✗	✗
Sarah Ross	ELEXON	✓	✗
Kevin Baillie	Ofgem	✓	✗
Andy Howden	CGI	☎	✗

Appendix 2: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BM	Balancing Mechanism
BSC	Balancing and Settlement Code (<i>industry Code</i>)
CUSC	Connection and Use of System Code (<i>industry Code</i>)
CSD	Code Subsidiary Document
DCUSA	Distribution Connection and Use of System Agreement (<i>industry Code</i>)
HHDA	Half-Hourly Data Aggregators
IWA	Initial Written Assessment
MDD	Market Domain Data
MPID	Market Participant Identifier
MRA	Master Registration Agreement (<i>industry Code</i>)
SVA	Supplier Volume Allocation
SVAA	Supplier Volume Allocation Agent (<i>BSC Agent</i>)
TPLS	Third Party Licensed Supplier
VAR	Volume Allocation Run
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/
4	BSC Sections page on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/
4	Licence Lite page on the Ofgem website	https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-lite
5	P343 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p343/