

## CP1520 'Clarification to the Change of Ownership process in BSCP537'



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### About This Document

The purpose of this Change Proposal (CP) 1520 Consultation is to invite Balancing and Settlement Code (BSC) Parties, Party Agents and other interested parties to provide their views on the impacts and the merits of CP1520. The Imbalance Settlement Group (ISG), the Performance Assurance Board (PAB) and the Supplier Volume Allocation Group (SVG) will then consider the consultation responses before making a decision on whether or not to approve CP1520.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the ISG, PAB and SVG's initial views on the proposed changes.
- Attachment A contains the CP1520 Proposal Form.
- Attachment B contains the proposed redlined changes to Balancing and Settlement Code Procedure (BSCP)537 to deliver the CP1520 solution.
- Attachment C contains the specific questions on which we seek your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish to be considered.

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# 1 Why Change?

## Background

### Qualification

Qualification is a process by which Supplier Volume Allocation (SVA) Parties, SVA Party Agents and Central Volume Allocation (CVA) Meter Operator Agents (MOAs), are required to demonstrate their ability to fulfil their respective obligations under the BSC and its associated Code Subsidiary Documents (CSDs). It involves testing of systems and processes, with the testing facilitated by the Qualification Service Provider (QSP).

The SVA Parties, SVA Party Agents and CVA MOAs that are required to undergo Qualification under the BSC are:

- SVA MOAs;
- CVA MOAs;
- Data Collectors (DCs);
- Data Aggregators (DAs);
- Meter Administrators;
- Suppliers;
- Licensed Distribution System Operators (LDSOs) when acting in their capacity as Unmetered Supplies Operators (UMSOs) and Supplier Meter Registration Agents (SMRAs); and
- Virtual Lead Parties (VLPs).

The high level Qualification process under the Code is split into CVA Qualification and SVA Qualification. [BSCP70 'CVA Qualification Testing for Parties and Party Agents'](#) outlines the process for CVA Qualification.

[BSCP537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators'](#) outlines the process that SVA market participants must follow in order to become a Qualified person under the BSC. These processes include Qualification, the Removal of Qualification, Re-Qualification and the Change of Ownership process. This CP1520 focusses on SVA Qualification and hence only impacts BSCP537.

### Change of Ownership and re-Qualification

A Change of Ownership under the BSC means there is a change in the legal entity and/or transfer of assets to another legal entity that owns a company that has completed Qualification (a "Qualified Person"). BSCP537 Section 2.6 'Change of Ownership Process', provides guidance on the information required to be provided by the Qualified Person in order to complete the Change of Ownership process. This process does not apply to Qualified Persons who are Parties to the Code other than LDSOs when acting in their capacity as either an UMSO or an SMRA.

Where the Change of Ownership process results in a Material Change to the staff, processes or systems, any Qualified Person that is not a BSC Party must submit the appropriate application as described in the 'Re-Qualification Process' in BSCP537 Section 2.2 and Section J, 3.5. The [Material Change and Triggers for re-Qualification Guidance](#)



#### Qualification Service Provider (QSP)

A Qualification Service Provider is procured by BSCCo to provide a Qualification Testing environment and support market participants the testing requirements going through the Qualification process.

provides additional advice on what might constitute a Material Change and therefore trigger re-Qualification.

## What is the issue?

Section 2.6.1 of BSCP537, 'Change of Ownership Process', requires 'Applicants' to provide a signed Qualification Letter following a Change of Ownership. The Qualification letter states that 'they are applying to undergo the Qualification Requirements and Qualification Processes in accordance with BSC Section J'<sup>1</sup>.

However, as a participant undergoing the Change of Ownership process will already have completed Qualification, it is inappropriate to say that they are applying to further undergo the Qualification Requirements. As such, the Qualification Letter is not appropriate for this purpose.

In addition, the PAB is required to determine if a Party Agent is undergoing a Material Change under the Change of Ownership process. Where a participant has not been operational when the Change of Ownership occurs, the subsequent transition to being operational could be considered a Material Change, e.g. due to significant change in staff and processes. The Material Change and Triggers for re-Qualification Guidance will therefore also need to be updated.

The Change of Ownership process is not a requirement for a Qualified Person that is acting in its capacity as a Supplier or VLP.

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<sup>1</sup> [Section J: Party Agents and Qualification under the Code](#)

### Proposed solution

CP1520 proposes to introduce a new Change of Ownership letter template into BSCP537, which the Qualified Person will use to confirm that it will continue to fulfil its obligations, despite the Change of Ownership of the company.

In addition to the Change of Ownership letter, Qualified Persons (other than BSC Parties) will be required to provide a separate statement confirming whether a Material Change has been made as per BSCP537 section 2.6.1.

The solution to this CP will amend section 2.6 of BSCP537 to amend the process. This includes changing 'Applicant' to 'Qualified Person' and citing the Change of Ownership letter. Further, CP1520 proposes to allow PAB to make a decision on whether the Qualified Person, if it is not a BSC Party, needs to Re-Qualify.

CP1520 will also change the 'Material Change and Triggers to re-Qualification' guidance notes to ensure SVA Party Agents are aware of what constitutes as a Material Change to their staff, systems or processes.

### Proposer's rationale

The requirement to use the Qualification letter for the Change of Ownership process in BSCP537 is causing confusion for market participants. This change will provide clarity to all those who qualify for the Change of Ownership process by introducing a revised process with a dedicated Change of Ownership Letter.

#### CP Consultation Question

Do you agree with the CP1520 proposed solution?

*Please provide your rationale.*

We invite you to give your views using the response form in Attachment C

### Proposed redlining

Attachment B contains the proposed redlining to deliver the CP1520 solution.

#### CP Consultation Question

Do you agree that the draft redlining delivers the CP1520 proposed solution?

*If 'No', please provide your rationale.*

We invite you to give your views using the response form in Attachment C

### 3 Impacts and Costs

#### Central impacts and costs

##### Central impacts

The solution to this CP only requires changes to BSC documentation. There are no BSC Central System impacts.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none"><li>BSCP537</li><li>Material Change and Triggers for re-Qualification guidance note</li></ul>	<ul style="list-style-type: none"><li>None</li></ul>

##### Central costs

The central implementation costs to implement the document only changes for CP1520 will be approximately £840.

#### BSC Party & Party Agent impacts and costs

The following positive impacts will result from CP1520. We will clarify any market participant impacts through this CP consultation.

Anticipated BSC Party and Party Agent impacts are outlined in the table below:

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Parties/ Party Agents who use the Change of Ownership process	The processes that CP1520 will introduce will have a positive impact on BSC Party/Party Agents as the new steps will provide clarity, and reduce confusion.

#### CP Consultation Questions

Will CP1520 impact your organisation?

*If 'Yes', please provide a description of the impact(s) on your organisation and any activities which you will need to undertake between the approval of CP1520 and the CP1520 Implementation Date (including any necessary changes to your systems, documents and processes). Where applicable, please state which of the roles that you operate as will be impacted and any differences in the impacts between each role.*

Will your organisation incur any costs in implementing CP1520?

*If 'Yes', please provide details of these costs, how they arise and whether they are one-off or on-going costs.*

We invite you to give your views using the response form in Attachment C

## 4 Implementation Approach

### Recommended Implementation Date

CP1520 is proposed for implementation on 18 December 2019 as part of an ad-hoc December 2019 BSC Release.

This is the earliest opportunity this CP can be implemented to provide clarity for market participants going through the change of Ownership process.

#### CP Consultation Question

Do you agree with the proposed implementation approach for CP1520?

*Please provide your rationale.*

We invite you to give your views using the response form in Attachment C

### ISG, SVG and PAB's Initial views

CP1520 was presented to the ISG on 20 August, PAB on 29 August and SVG on 3 September 2019 respectively. All three committees noted that CP1520 had been raised and noted the proposed progression timetable.

An ISG member questioned the proposed Implementation Date, wishing to understand why CP1520 wasn't proposed for implementation as part of a scheduled BSC Release. ELEXON noted that SVG approval of CP1520 is due on for 5 November 2019, only two Working Days before the scheduled November 2019 BSC Release on 7 November 2019, which would not give adequate notice to market participants. ELEXON added there is already a BSC ad-hoc Release scheduled for 18 December 2019. Therefore, there is an opportunity to implement CP1520 earlier than February 2020, in order the benefits can be realised more promptly.

Both PAB and SVG members provided no further comments on CP1520, and agreed the change was needed to create clarity in the Change of Ownership process.

## Appendix 1: Glossary & References

### Acronyms

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

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
CP	Change Proposal
CPC	Change Proposal Circular
CSD	Code Subsidiary Document
CVA	Central Volume Allocation Agent
DA	Data Aggregator
DC	Data Collector
ISG	Imbalance Settlement Group
LDSO	Licensed Distribution System Operator
MOA	Meter Operator Agent
PAB	Performance Assurance Board
QSP	Qualification Service Provider
SAD	Self Assessment Document
SMRA	Supplier Meter Registration Agents
SVA	Supplier Volume Allocation
SVG	Supplier Volume Allocation agent
UMSO	Unmetered Supplies Operator
VLP	Virtual Lead Party

### 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
2	BSCP537	<a href="https://www.elexon.co.uk/csd/bscp537-qualification-process-for-sva-parties-sva-party-agents-and-cva-meter-operators/">https://www.elexon.co.uk/csd/bscp537-qualification-process-for-sva-parties-sva-party-agents-and-cva-meter-operators/</a>
2	Material Change and Triggers for re-Qualification	<a href="https://www.elexon.co.uk/guidance-note/material-change-triggers-re-qualification/">https://www.elexon.co.uk/guidance-note/material-change-triggers-re-qualification/</a>



## External Links

Page(s)	Description	URL
2	BSCP70	<a href="https://www.elexon.co.uk/csd/bscp70-cva-qualification-testing-for-parties-and-party-agents/">https://www.elexon.co.uk/csd/bscp70-cva-qualification-testing-for-parties-and-party-agents/</a>