

October 2002

MODIFICATION REPORT
MODIFICATION PROPOSAL P63 –
Change Of Contract Management of
MPAN's For Data Collector, Data
Aggregator And Meter Operator

Prepared by ELEXON on behalf of the Balancing
and Settlement Code Panel

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c References

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1	Modification Proposal P63 - Change Of Contract Management of MPAN's For Data Collector, Data Aggregator And Meter Operator	British Gas	-	6 January 2002
2	Initial Written Assessment for P63	ELEXON	1.0	11 January 2002
3	P63 Definition Consultation	ELEXON	1.0	20 February 2002
4	Definition Report for P63	VAMG	1.0	5 March 2002
5	P63 Interim Report to BSC Panel (44/009)	ELEXON	-	10 May 2002
6	P63 Assessment Report	VAMG	1.0	
7	P63: New BSCP513 'Bulk Change Of NHH Party Agent' and Impact on other Code Subsidiary Documents (SVG/20/250)	ELEXON		3 September 2002
8	Responses to Modification Circular MC00011	ELEXON	-	
9	MRA Change Proposal MRA CP 111	ELEXON	1.0	2 September 2002
10	SVG Paper SVG/21/256	ELEXON	1.0	8 October 2002
11	Draft Modification Report for P63	ELEXON	0.3	11 October 2002

d Intellectual Property Rights and Copyright

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Procedure, and the resultant findings of this report, the Balancing and Settlement Code Panel ('the Panel') recommends that:

Proposed Modification P63 should be made with an Implementation Date of 20 Working Days after the Authority decision.

1.2 Background

Modification Proposal P63 (Reference 1) 'Change Of Contract Management of MPAN's For Data Collector, Data Aggregator And Meter Operator' (P63) seeks to amend the Code to provide support to Parties (referring to 'Suppliers' unless otherwise stated) who wish to undertake changes to non-half hourly (NHH) Party Agent (i.e. Meter Operator Agent, Data Collector, Data Aggregator) appointments in respect of large numbers of Metering Systems in a more efficient and timely manner than that currently adopted by the industry.

P63 suggests that under the present arrangements, if a Party wished to change, say 2 million Party Agent appointments, the elapsed time to submit the requests for the transfer of Party Agent appointments would be in excess of six months¹. Furthermore P63 suggests that this restricts Parties' ability to choose more efficient and cost effective providers of Party Agent services and thereby restricts competition in the Supply of electricity.

Therefore P63 sought to introduce an alternative method that would facilitate a change of Party Agent in respect of such large numbers of NHH Metering Systems (referred to as 'bulk change of agent' or 'bulk CoA') in a more efficient manner without the need for such a drawn out process.

1.3 Rationale for Recommendations

The Panel agreed with the Volume Allocation Modification Group (VAMG) that implementation of Proposed Modification P63, will allow Parties to transfer Party Agent appointments in respect of large numbers of Metering Systems, from one Party Agent to another in a more efficient and cost effective manner. The Panel agreed that ensuring that Parties, Party Agents and Supplier Meter Registration Agents (SMRAs) have plans and resources in place, will allow more cost effective commercial arrangements to be established that do not pose such a risk to the quality of data entering Settlement. This process will in turn allow greater competition in the Supply of electricity. The Panel believed that it was appropriate to mitigate against the risk of Party Agent failure by introducing an obligation for Parties to retain sufficient information to enable them to invoke a Change of Party Agent in the case of Party Agent failure.

¹ Based on a perceived industry limit of 20,000 Change of Agent dataflows being submitted by all Parties in each Working Day and assumes that the Party concerned is able to submit this volume of Party Agent Appointments.

The Panel therefore concluded that P63 would better facilitate the achievement of the Applicable BSC Objective set out in paragraph 3 of Condition C3 of the Transmission Licence as follows:

‘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’

At their meeting on 17 October 2002, the Panel also discussed the value of the threshold level to be set in accordance with proposed paragraph J4.2.5 of the attached legal text. The Panel concurred with the VAMG view that the level should be sufficiently high so as not to interfere with current successful market operations. The Panel therefore concluded that an initial threshold level of 20,000 Metering Systems should be set per SMRA and that no aggregate level should be set and that following implementation they would subsequently review the threshold level as required.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Panel, in accordance with the terms of the Balancing and Settlement Code (‘the Code’). The Code is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the Code.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority (‘the Authority’) and none of the facts, opinions or statements contained herein may be relied upon by any other person.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk.

3 HISTORY OF PROPOSED MODIFICATION

P63 was raised by British Gas Trading on 6 January 2002.

An Initial Written Assessment (IWA) (Reference 2) was prepared and presented to the Panel at its meeting on 17 January 2002, whereby the Panel determined that further definition of the issues identified was required. The Panel therefore submitted P63 to the Definition Procedure² and determined that the Definition Procedure should be undertaken by the VAMG and that a Definition Report should be prepared and submitted to the Panel meeting of 14 March 2002 outlining the issues raised by the Modification Proposal.

During the Definition Procedure, the VAMG met twice, on 24 January 2002 and 5 March 2002, to discuss Modification Proposal P63. In line with the Panel’s desire to make the Modification Group encompass and understand the interests of those parties affected by P63, representatives from Party Agents, the MRA Service Company and Distribution Businesses were invited to attend all VAMG meetings. A Definition Procedure consultation document (Reference 3) was produced by the VAMG. The aim of the consultation was to elicit views on the issues identified by both the IWA as well as the meetings of the VAMG.

² Pursuant to Section F2.5 of the Balancing and Settlement Code.

The Definition Procedure consultation was issued on 20 February 2002 with responses due back by close of business on 27 February 2002. The responses from the consultation are presented in Annex 1 of the Definition Report (Reference 4) with a summary also included within Section 7.1 of that report.

At their second meeting during the Definition Procedure, the VAMG met to review and discuss the P63 Definition Consultation responses and to finalise the Definition Report for P63.

On the basis of the analysis, consultation and assessment undertaken in respect of this P63 during the Definition Procedure, and the resultant findings of the Definition Report (Reference 4), the VAMG recommended that the Panel should submit P63 to the Assessment Procedure. The recommendation within the Definition Report (Reference 4) suggested that an Assessment Report be submitted to the Panel meeting of 13 June 2002 with an interim report presented to the Panel meeting on 16 May 2002. The purpose of the interim report (Reference 5) was to highlight the progress made to date in assessing P63. Recognising that the assessment of P63 may require the development of the detailed processes underlying P63, the interim report would be used as the vehicle to request any extension to the Assessment Procedure.

During the course of the Assessment Procedure for P63, the VAMG met eight times, issued three consultation documents and three impact assessments. The timings of these events and primary purpose of each and decisions of each meeting / consultation / impact assessment is shown in the table below. Each key event is described in more detail within the Assessment Report for P63 (Reference 6).

Date	Purpose of meeting / Main Discussion Points / Matters arising
26 March 2002	<u>VAMG Meeting</u> Explanation of revised Panel Terms of Reference (Annex 1); Narrow down solution options from Definition Procedure; Understand constraints within existing systems and processes.
28 March 2002	<u>Issue P63 Assessment Consultation 1</u> Identify constraints within existing system – responses due 10 April 2002.
16 April 2002	<u>VAMG Meeting</u> Assess results of P63 Consultation 1- Agreed that based on consultation responses, significant constraints existed within systems and processes.
2 May 2002	Reviewed High Level Requirements Specification for P63 (Reference 11).
16 May 2002	<u>Panel Meeting: Interim Report</u> Request for extension of Assessment Procedure Timetable, Paper Number: 44/009 – Request granted.
20 May 2002	<u>Issue P63 Assessment Consultation 2</u> Responses due 31 May 2002. Consultation included High Level Requirements Specification for P63.
5 June 2002	<u>VAMG Meeting</u> Review results of Consultation on High Level Requirements Specification for P63 (Reference 11).
12 June 2002	<u>Change Proposal Circular (CPC) CPC190</u> Issued and requested information relating to whether Parties would use a bulk CoA process were it to be included within the Code
9 July 2002	<u>VAMG Meeting</u> Discussion of Detailed Level Processes developed by ELEXON

Date	Purpose of meeting / Main Discussion Points / Matters arising
	(Reference 10). Conclusion that much of the processing described within the detailed processes could already be undertaken if suitable commercial arrangements were put in place.
22 July 2002	<u>VAMG Meeting</u> Discussion on principles for any Code changes. Discussion on principles for any MRA changes. (Both documents included within P63 Assessment Consultation 3)
30 July 2002	<u>Issue P63 Assessment Consultation 3</u>
30 July 2002	<u>MC00007</u> DLIA request issued to establish impact and lead timescales as well as comments on MRA principles.
14 August 2002	<u>VAMG Meeting</u> Review P63 Consultation 3 responses. Confirmation of the P63 recommendations.
3 September 2002	<u>VAMG Meeting</u> Approve draft Assessment Report, confirm legal text is appropriate and review MRA CP111. At this meeting the VAMG changed the requirement for a Supplier to retain data from two valid meter readings to retain meter readings for up to four years.
4 September 2002	<u>Modification Circular MC00011. Impact Assessment of affected Balancing and Settlement Code Procedures.</u>
12 September 2002	<u>Panel Meeting</u> Presentation of P63 Assessment Report to Panel.

Key Events During P63 Assessment Procedure

▪

During the Assessment Procedure for P63 the VAMG discussed a threshold of 20,000 Metering Systems. The VAMG sought views on the appropriate value for the threshold level via a consultation. The responses to the consultation suggested a variety of levels ranging from 500 up to 25,000 if set at an SMRA level and if an aggregate level were to be chosen, responses varied from 500 up to 75,000. The VAMG did not reach a conclusion on the appropriate value at which the threshold should initially be set. The VAMG did however conclude that it was appropriate for this value to be sufficiently high so as not to affect the current levels of changes of Party Agent being undertaken by BSC Parties at the moment. It was anticipated by the VAMG therefore that the threshold would be set at no less than 20,000 Metering Systems per SMRA.

Other Activities

In addition to the above activities carried out under the governance arrangement of the Code, a parallel change to incorporate the principles within the Master Registration Agreement (MRA) were presented for consideration to the MRA Development Board (MDB) at their meeting on 26 September 2002. A number of refinements were agreed to the MRA Change Proposal 111 (Reference 9) at the meeting and consequently MRA CP 111 was approved for implementation 20 Working Days after the Authority approval of P63. No appeals were raised subsequent to the MDB decision.

4 DESCRIPTION OF PROPOSED MODIFICATION

This Section of the Modification Report describes the extent of the changes to be introduced by P63 from both the perspective of the changes required to the Code to accommodate P63 and from a plain English description of the processes and obligations introduced by P63.

The process by which Party Agent appointments are made in relation to NHH Supplier Volume Allocation (SVA) Metering Systems are currently described within Section J4 of the Code and in the relevant Code Subsidiary Documents. P63 was raised to ensure that a bulk CoA could be undertaken in a more efficient manner than currently available. The VAMG discussed several solutions to address the defect identified by the Modification Proposal. Following these discussions the VAMG concluded that extensive changes to the Code, Code Subsidiary Documents or the process undertaken by Parties would not be necessary to facilitate such a change. This is because the VAMG believed that the information transfer elements of P63 could be achieved under the existing provisions within the Code and Code Subsidiary Documents with the addition of a contractual arrangement between the relevant Party, Party Agents and SMRAs. The VAMG were however concerned that were the process of transferring significant numbers of Party Agent appointments to be initiated by a Supplier, it could introduce a risk to Settlement if careful consideration were not given to how this should be undertaken. The VAMG believed that, if initiated without careful planning and agreement, there could be a disruption to the normal daily processing (such as Change of Supplier dataflows) undertaken by Party Agents and SMRAs.

The Proposed Modification therefore, seeks to reduce the risk to Settlement of a bulk CoA process being undertaken in an unplanned manner by the introduction of a new application process (i.e. if the process were not rigorously planned then there is a risk that the quality of data entering Settlement would deteriorate). This application process would apply to all transfers of Party Agent appointments above a certain threshold (defined in numbers of affected Metering Systems and revised from time to time, by the Panel). The application process will be undertaken in accordance with BSCP513 (References 7 and 10).

The Proposed Modification has the following key features:

- The Panel shall from time to time set a threshold level, either in aggregate or in any SMRS, above which, a Party wishing to transfer Party Agent appointments will need to go through the application process identified within BSCP513. This threshold will be published on the BSC Website.
- The initiating Party shall prior to undertaking the bulk CoA submit to the Panel, an application to undertake a bulk CoA. The application will include:
 - A proposed timetable and methodology for undertaking the bulk CoA;
 - Confirmation from the Party Agents and each affected SMRA as to their abilities to undertake the bulk CoA without adversely affecting their normal processes³; and
 - Further details as may be requested by the Panel.
- The Party shall discuss with the Panel, the contents of the application, methodology and timetable to be adopted when the Party wishes to undertake the bulk CoA process;

³ Therefore Party Agents and SMRAs cannot be forced to use this process.

- The Panel shall consider the application and accompanying data, together with any other information requested by Panel and determine whether or not to approve the application;
- If the Panel approves such application and the Party decides to proceed with the bulk CoA, BSCCo shall place a statement on the BSC Website to indicate that such a bulk CoA is to be carried out; and
- Following completion of the bulk CoA, the Supplier shall notify the Panel (this includes identification of any issues and actions to resolve such issues).

The VAMG concluded that it was not appropriate to develop an Alternative Modification that dealt solely with the failure of a Party Agent. Instead the VAMG concluded that the Proposed Modification could be enhanced to mitigate against some of the risk to Settlement of the failure of a Party Agent. This was verified by ELEXON's legal advisors and it was confirmed that the intent of the Modification Proposal was not changed by this approach.

This part of the Proposed Modification sought to place additional obligations on all Parties to hold the following data in respect of each NHH Metering System for which they are acting as a Party:

- The Meter Technical Details (applies to Half Hourly and Non Half Hourly Metering Systems);
- The maximum of 4 years valid meter readings together with the associated EAC/AAs (applies to NHH Metering Systems only).

In the event that a Party wishes to replace a failing Party Agent, then they would have sufficient details which could be passed to any replacement Party Agent to enable that Party Agent to undertake their obligations under the relevant Code Subsidiary Documents. It should be noted that no additional processes to cater for Party Agent failure have been added to the relevant Code Subsidiary Documents.

During the discussions on P63 by the VAMG, it was envisaged that the Performance Assurance Board would undertake the necessary setting of the thresholds and adjudication in respect of the applications to undertake a bulk CoA. At the discussions of the Panel on 12 September 2002 (see section 5) it was agreed that the legal text would be amended to reference the Panel rather than the Performance Assurance Board. This power may then be delegated to the Performance Assurance Board by the Panel at the discretion of the Panel.

It should be noted that P63 related to the England and Wales market only.

5 RATIONALE FOR PANEL RECOMMENDATIONS AND SUMMARY OF PANEL DISCUSSION IN RESPECT TO P63

At their meeting on 12 September 2002, the Panel discussed the contents of the Assessment Report in respect to P63. The Panel expressed support for the aims of P63. One Panel member observed that the legal text for P63, indicated that the Performance Assurance Board would set the threshold level to be used when determining whether the bulk CoA application process needed to be invoked. The same Panel member noted that it was important to align the detail contained within the BSCPs to that of the Code and that responsibility for establishing the threshold levels and approving the applications for bulk CoA should lie with the Panel. Such powers could be delegated to the Performance Assurance Board at the Panel's discretion. ELEXON agreed to make such alterations to reflect this. Subsequently BSCP513 and other

Code Subsidiary Documents were conditionally approved by the Supplier Volume Allocation Group at their meeting on 8 October 2002 (Reference 10).

A Panel member asked how the thresholds would be set following any Authority Determination in favour of P63. The ELEXON representative confirmed that a paper would be written to the Panel suggesting the way forward based on the views previously expressed by the VAMG.

Another Panel member observed the difference between the Implementation Date specified within the P63 Assessment Report (20 Working Days after the Authority Decision) and that the majority of responses to the consultation and impact assessments favoured a Quarter 2, 2003 Implementation Date. The ELEXON representative outlined that whilst the proposal contained within the final consultation during the Assessment Procedure, had required Parties to retain only the latest two valid meter readings and associated Annualised Advance and Estimated Annual Consumption, the requirement outlined in the Proposed Modification was extended to retain the valid meter readings and associated Annualised Advance and Estimated Annual Consumption for up to 4 years. This requirement was therefore reflected within the legal text provided within both the Assessment Report and the draft Modification Report although no formal consultation had taken place in respect of this change. The ELEXON representative highlighted that the view of the VAMG, was that it was important to protect Settlement by the introduction of the bulk CoA application process, at the earliest opportunity.

The ELEXON representative informed the Panel that the VAMG had considered the Implementation Date preferred by the majority of respondents to the P63 final Assessment Consultation. The VAMG concluded that the preferred Implementation Date was chosen by Parties to enable them to have a comprehensive development of systems and processes to deliver the requisite data to new Party Agents as a result of Party Agent failure. The VAMG believed that Parties would be able to meet the 20 Working Day Implementation Date because the obligation in the Code was to retain the information that Parties are already provided with. This obligation meant that the Parties needed to retain all valid Metered Data obtained for the previous 48 months such that it could be retrieved. This did not imply that the Party needed to develop a comprehensive system solution to its retrieval. The Panel asked that this point be made within the draft Modification Report such that Parties who felt it appropriate to comment on the Implementation Date for P63 could do so.

In order to further protect Settlement the Panel were advised that changes to the MRA to ensure that SMRAs who choose to process the bulk CoA do so without adversely affecting their normal daily operations were being progressed.

The Panel agreed with the VAMG that implementation of Proposed Modification P63, as described by the legal drafting contained in Attachment 1, will allow Party's to transfer Party Agent appointments in respect of large numbers of Metering Systems, from one Party Agent to another in a more efficient and cost effective manner. The Panel unanimously supported that Parties should be able to transfer large numbers of Party Agent appointments, in respect of Metering Systems, from one Party Agent to another. The Panel agreed that ensuring that Parties, Party Agents and SMRAs have plans and resources in place, will allow more cost effective commercial arrangements to be established that do not pose such a risk to the quality of data entering Settlement. This process will in turn allow greater competition in the Supply of electricity. The Panel believed that it was appropriate to mitigate against the risk of Party Agent failure by introducing an obligation for Parties to retain sufficient information to enable them to invoke a Change of Party Agent in the case of Party Agent failure.

The Panel also noted the VAMG view that no new cost recovery mechanism was being recommended for P63's central costs of £2,800.

At their meeting on 17 October 2002, the Panel discussed the contents of the draft Modification Report (Reference 11). In particular the Panel noted that the majority of respondents to the consultation on the draft Modification Report supported the Proposed Modification. A Panel member queried whether the Proposed Modification was aimed at addressing the issues that surround a bulk change of Party Agent coincident with a Change of Supplier. The ELEXON representative confirmed that this was not the intent of the Proposed Modification which excluded the option of a coincident bulk change of Party Agent Change of Supplier activity.

Another Panel member queried the duration of the Modification Procedure in relation to P63. In addressing this query, attention was drawn to the commentary in Section 3 of this report.

6 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

6.1 Conformed Version

The legal text to give effect to the Proposed Modification, P63 is provided within Attachment 1.

7 SUMMARY OF REPRESENTATIONS

A summary and copies of the original representations received and considered by the VAMG under the initial consultations on this Modification Proposal can be found in the Assessment Report (Reference 6) for P63. This Modification Report should be read in conjunction with that Assessment Report.

This Section contains a summary of the representations made in respect of the draft Modification Report that was issued for consultation on 20 September 2002.

In total **11** responses (**48** Parties) were received to the consultation on the draft Modification Report. Of these **6** respondents (**31** Parties) expressed support for the Proposed Modification, whilst **3** respondents (**14** Parties) expressed concern or opposed the implementation of the Proposed Modification. A further **2** respondents (**3** Parties) provided a 'no comment' response.

Arguments in favour of the Proposed Modification

With respect to those arguments in favour of the Proposed Modification, support centred on the improvements that would be achieved in the competition of Supply of Electricity and thereby better facilitate the achievement of applicable BSC Objective (c).

One respondent expressed the view that it was "important to protect Settlements".

One respondent made suggestions as to the value of the threshold levels.

One respondent also identified their belief that there would be "improvements in the implementation and administration of the balancing and settlement arrangements".

One respondent, who supported the Modification Proposal, expressed a preference for a shorter data retention period for data that was to be held by Suppliers to help mitigate against the risk of Party Agent failure. This issue had been discussed by the VAMG and the legal text includes the VAMG approach.

Arguments against the Proposed Modification

Of the arguments expressed against the provisional recommendation, two respondents suggested that there should be no mandatory requirement on Suppliers to apply to the Panel/Performance Assurance Board prior to initiating a bulk CoA. These views were in line with those expressed by the relevant Parties during the Assessment Procedure and these respondents provided no new arguments. Both of these respondents suggested that Party Agent failure should be considered separately to the bulk CoA issues. One of these respondents further suggested that a process was required to cater for the situation where a Party is unable to reach agreement with its old agents or affected SMRAs. The scope of P63 had been discussed by the VAMG, during both the Definition and the Assessment Procedures. It was felt that such matters should be left to commercial agreements between the Supplier and his Agents and that it was not appropriate to put such obligations within the Code.

A further respondent felt that the Modification Proposal failed to address the “apparent flaws in the existing Change of Agent process”. The respondent also felt that the Panel should consider the risks in operating the existing process at high volumes when applying the process described within P63. The VAMG had also considered whether it was appropriate to radically alter the Change of Agent processes during the Definition Procedure for P63 and concluded that this was not appropriate on the basis that the process was the same as the existing processes apart from the initial application stage. The VAMG also concluded that it was therefore inappropriate to allow Parties to undertake bulk CoA processing without first having undergone the application process described by P63.

Implementation Date

Two respondents commented on the proposed Implementation Date, one of these agreed with the proposed Implementation Date of 20 Working Days after any Authority Determination. The other respondent who expressed a preference on Implementation Date suggested that a six month lead time may be more appropriate. During the Assessment Procedure consultation, this respondent had stated they were “Unable to give any preferred implementation date as the changes in current proposals are too far reaching”.

Other comments

One respondent, who supported the Modification Proposal, noted that changes had been introduced during the evolution of the legal text. These changes involved the requirement for a Party to retain valid Metered Data for up to 48 months in order to mitigate against the risk of Party Agent Failure. Such changes had been undertaken by the VAMG at their final meeting, following the receipt of responses to the final P63 Assessment Procedure consultation and prior to the completion of the Assessment Report. This respondent requested that as a matter of principle any changes that occur between different consultations occurring in different phases within the Modification Procedures is specifically brought to the attention of respondents. Additional text has been added to the draft Modification Report to clarify this change of requirement.

ANNEX 1 – REPRESENTATIONS

Responses from P63 Draft Report Consultation

Consultation issued 20 September 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	Powergen Retail Ltd	P63_MR_001	1
2.	Electricity Direct	P63_MR_002	1
3.	Aquila Networks	P63_MR_003	1
4.	YEDL/NEDL	P63_MR_004	2
5.	Npower	P63_MR_005	9
6.	SEEBOARD	P63_MR_006	1
7.	Scottish and Southern	P63_MR_007	4
8.	LE Group	P63_MR_008	1
9.	Scottish Power	P63_MR_009	6
10.	British Gas Trading Ltd.	P63_MR_010	1
11.	TXU Europe Energy Trading Ltd, on behalf of all TXU Europe companies	P63_MR_011	21

P63_DR_001 – Powegen Retail Ltd

Powergen Retail Ltd. notes with concern that Suppliers would be required to apply to the BSC Panel should the threshold exceed the number set by the Panel to trigger the bulk change of agent (CoA) process. Powergen believes that there should be no mandatory requirement on Suppliers to apply to the Panel or to follow the proposed bulk transfer of agents process. Suppliers should have the flexibility to decide which process to follow and this could be the normal agent transfer process or the bulk agent transfer process.

We also note that the bulk CoA process seems to be addressing both agent failure as well as competitive change of agent. These should be considered separately.

AFROZE MIAH
Powergen Retail Ltd.

P63_DR_002 – Electricity Direct

P63 Consultation on draft Modification Report

Dear Sirs

Firstly let me thank you for allowing Electricity Direct to respond to this consultation. We are in support of the proposed modification and believe that it will allow parties to bulk change of agents in the most proficient and efficient way thereby allowing active competition in the Supply of Electricity.

Yours Sincerely

Gareth Swales

P63_DR_003 – Aquila Networks

Please find that Aquila Networks Plc response to P63 Consultation on draft Modification Report is 'No Comment'.

regards
Rachael Gardener

Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS

P63_DR_004 – YEDL/NEDL

Both NEDL & YEDL have no comments with regards to this Report.

Cheers,
Dave Young
Registration Services Manager - NEDL & YEDL

P63_DR_005 – Npower

Please see below for our comments on behalf of Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply.

We note the apparent desire to press ahead with this Modification Proposal and support the introduction of controls to ensure that those involved are properly prepared. However, we would observe that the neither the Proposer nor the Modification Group has come up with a solution to overcome the apparent flaws in the existing Change of Agent process, which may have contributed significantly to ongoing problems with Large EACs/AAs and Invalid Hubs; they have simply provided a mechanism for the same (arguably flawed) process to operate at increased volumes. Whilst it can to some

extent be argued that this Modification Proposal promotes effective competition in electricity supply, if as a consequence of its introduction incoming Suppliers pick up customers that have previously gone through a Change of Agent process in increasing numbers, and continue to suffer from associated problems, this is arguably contrary to the BSC objective, as well as a risk to the Settlement process. It is vital that the Panel and/or the Performance Assurance Board take due account of these risks in applying the process and criteria defined by this Modification, if it is approved, pending addressing of the fundamental issues.

Regards,

Ros Parsons
npower

P63_DR_006 – SEEBOARD

With reference to draft modification report on P63 (Change Of Contract Management of MPANs For Data Collector, Data Aggregator And Meter Operator) dated 20th September 2002. We have considered details of VAMG and BSC Panel discussions in section 5 with respect to implementation date. We agree that it is important to protect Settlements and as such agree with implementation date suggested within section 1.1 of this report.

Dave Morton
SEEBOARD Energy Limited

P63_DR_007 – Scottish and Southern

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the Report Consultation on Modification Proposal P63 contained in your note of 20th September 2002, we have some comments to make in respect of Section 4 of the Draft Modification Report, relating to the description of the proposed modification.

In particular, we continue to have concerns with the way the Modification Proposal is currently drafted and would like to see account taken of the following changes before we could support a recommendation from the Panel to the Authority recommending its implementation:-

1. We see the requirement to seek PAB approval above a certain threshold, before being able to do a Bulk Change of Agent, as bureaucratic and unnecessary. We have gone through all entry and certification requirements to trade in the competitive electricity supply market. In any discussions with our agents and affected SMRAs we would expect them to take into account their obligations to maintain their normal processes when agreeing a daily transfer figure. It might be appropriate to put some safeguards for agents and SMRAs should a supplier exceed an agreed daily rate. Indeed it is worth point out that it is in our own interest to ensure that data is handled correctly as we will be left to deal with the consequences.
2. A process needs to be defined where a Party is unable to agree a daily figure with its old agents and/or affected SMRAs.
3. Whilst we do not agree with the setting of a threshold level, if it is still considered necessary by the Panel to have one, we consider it inappropriate that "the Panel from time to time set a threshold level". We feel there is a need

for a robust industry consultation process to be followed prior to the Panel setting any threshold level.

4. We disagree with the conclusion of VAMG that it is appropriate to include agent failure within this Modification Proposal. The whole emphasis of the Bulk Change of Agent proposals has been to work within the existing industry design. This part of the Modification Proposal places additional responsibilities on all parties which are not supported by the existing national design e.g. there are no flows to support the passing of the data proposed for agent failure. VAMG noted this requirement explained why the majority of responses wanted a six month implementation and to us serves to emphasis that this should be looked at under separate cover. If the requirement remains we require 6 months notice from whenever the detailed solution for passing data was agreed. Furthermore this would need to go through the MRA change process in its own right.

Regards

Garth Graham
Scottish & Southern Energy plc

P63_DR_008 – LE Group

With regard to your consultation on BSC modification P63 "Change of Contract Management of MPAN's for Data Collector, Data Aggregator and Meter Operator", LE Group support the proposed recommendation to Ofgem for implementation of changes to the BSC.

However, we noticed that in the assessment consultation a requirement to hold the last two valid meter reads and EAC/AA history was stated, but the legal text attached to the draft modification report has 48 months (4 years worth) of valid meter read history. The 48 month period has not been consulted on and imposes a more onerous requirement for Suppliers not only to retain data but also in managing the process. As we felt that the last two valid meter reads was sufficient we would prefer the legal text to be returned to this level. As a matter of principle, we believe such changes to proposals between consultations should be highlighted to ensure they have been picked up by participants.

Regards,

Alec Thompson

on behalf of Liz Anderson, Energy Strategy and Regulation Manager, LE Group.

P63_DR_009 – Scottish Power

I thank you for the opportunity to comment on the above. In response to this consultation, I would refer you to our previous comments, made during the joint BSC and MRA Detailed Level Impact Assessment.

While, we agree with these proposals in principle, we are concerned that the figure mentioned in the footnote to page 4 might be construed as an accurate reflection of the current processing capabilities of all Supplier Meter Registration Agents. While, this is not identified as an indication of the likely threshold at which the Bulk Change of Agent process would be initiated, it is described as a "*perceived industry limit*".

While we accept that this figure might represent total daily processing for some Supplier Meter Registration Agents, we believe this would represent all flows from all suppliers and cannot be considered purely in the context of Change of Agent flows. The number of Change of Agent flows that any Supplier Meter Registration Agent can accommodate in their Total Daily Processing is dynamic and will depend on the number of Registration flows etc that it receives from that or any other Supplier in that particular day.

In our opinion the threshold should be two-fold: -

- 1) The total number of agent changes needed in any GSP Group planned over a certain period – this could be set to a higher level than 20,000 (perhaps in excess of 50,000 in 1 calendar month)
- 2) The volume of daily agent change processing proposed – we believe this should be set to 5,000 instructions per GSP Group

For example, is it the intention of the change to enforce a supplier to go through the Bulk Change of Agent process when the volume is say 100,000 but spread over a period in such a manner that these are absorbed into the normal daily processing levels?

Nonetheless, we are of the opinion that the responsibility for setting any such threshold more naturally rests within the MRA.

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Yours Sincerely,

James Nixon
SAIC Ltd.

For and on behalf of: - **ScottishPower UK Plc**
SP Energy Trading Ltd
SP Generation Ltd
Scottish Power Energy Retail Ltd
SP Manweb plc
SP Transmission Ltd

P63_DR_010 – British Gas Trading Ltd.

Thank you for the opportunity to respond to The Draft Modification Report on Modification Proposal P63. This response is on behalf of British Gas Trading Ltd.

British Gas is in full support of the Draft Modification Report. However we would like to emphasise some of the key areas out of the document that are fundamental to ensuring that Bulk Change Of Agent is made available to all parties.

Section 1.2 Para 2 highlights the deficiencies in The Code that would not allow BCoA to take place over a specific time, moreover it would be likely to take upto 6 months for large changes to happen. The existing arrangements would hinder companies entering the electricity market however the new arrangements under P63 would help both new and existing party members to change agent at the point a new contract is arranged.

Section 4 Para 3 highlights that P63, if implemented, would reduce the risk to settlement by introducing an application process enabling all participants to carry out BCoA efficiently.

Para 5. Although not considered when creating the modification P63 this method would, in the case of Agent failure enable parties to transfer data from the failing agent to the new agent.

Section 5 Para 5 It is essential that the MRA changes are simultaneously accepted. One of the key features of this Modification is that it goes some way to addressing the inadequacies of the MPAS systems to cope with BCoA through normal daily processing. P63 is designed to be used outside of normal working hours, preventing risk to daily processing or settlement.

Para 6 It is highlighted that the Panel unanimously supported the need for BCoA and we believe that Modification P63 is sound.

We would also like to confirm that we are supportive of the changes to the legal text and finally we believe that P63 would better facilitate the applicable BSC Objectives detailed below;

- (i) promote effective competition in the supply of electricity, and promote such competition in the sale and purchase of electricity,
- (ii) promote efficiency in the implementation and administration of the balancing and settlement arrangements.

Should you like to clarify any of the above points please feel free to give me a call.

Yours Faithfully
Andrew Latham

P63_DR_011 – TXU Energy Trading Ltd.

Apologies for the late response.

TXU Europe Energy Trading Ltd, on behalf of all TXU Europe companies (21 BSC Parties), would like to make the following comments on P063.

As far as the Modification addresses the original requirement, to enable Bulk Change of Agent, then TXU supports the proposal. However, we do not support, the imposition of obligations on the Supplier to hold meter technical details and meter reading history. It is an attempt to solve the "Agent of Last Resort" issue and which has been insufficiently debated. It should not be overlooked that finding a solution to the Supplier of Last Resort issue took up a considerable amount of the industry's time.

Regards

Nicola Roberts
Market Development Analyst
TXU Europe Energy Trading Ltd.