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**Requirements Specification for
Modification P106 - 'Amendment to the
BSC to allow multiple Supplier Ids'**

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b Distribution

Name	Organisation
Each BSC Party	Various
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c Related Documents

Reference 1	Modification Proposal P106 'Amendment to the BSC to allow multiple Supplier Ids
Reference 2	Initial Written Assessment for Modification Proposal P106 'Amendment to the BSC to allow multiple Supplier Ids
Reference 3	BSC Procedure 40 'Change Management' version 2.0 (27 March 2001)

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1 INTRODUCTION

1.1 Background and Scope

This document, relating to Modification Proposal P106 'Amendment to the BSC to allow Multiple Supplier Ids' (P106) (Reference 1), forms the basis for the consultation and impact assessment of the implementation of P106. This document defines the requirements for implementation of the Modification Proposal without any evaluation or assessment of the Modification Proposal. The document also forms a vehicle to identify the issues associated with P106.

P106 was raised by British Gas Trading on 25 October 2002, and the Initial Written Assessment for P106 (Reference 2) was considered by the Balancing and Settlement Code Panel ('the Panel') at its meeting of 14 November 2002. The Panel agreed to submit P106 to the Assessment Procedure to be conducted by the Volume Allocation Standing Modification Group (VASMGM). The Panel agreed that an Assessment Report would be presented to them at their meeting on 13 February 2003.

Modification Proposal P106 proposes to amend the Balancing and Settlement Code ('the Code') to allow Parties to have more than one Supplier Id (and set of Base BM Units) for the purposes of mergers and Trade Sales as well as for Supplier internal business requirements. The Code currently does not explicitly forbid multiple Supplier Ids, but could be read as implying a single Supplier Id per Party. P106 seeks to acknowledge the concept of multiple Supplier Ids within the Code.

Following discussion of the Initial Written Assessment for P106, the VASMGM agreed that there were two broad categories of situation in which multiple Supplier Ids might be used:

- **Scenario (a)** is any sort of merger, take-over or asset sale that leads one Supplier to acquire the Supplier Id of another, hence acquiring multiple Supplier Ids¹. As described in section 2.2 of this document, this process is catered for within the Central Registration Agent (CRA) systems by a Change of BM Unit Ownership (COBO) that transfers ownership of Supplier BM Units from one BSC Party to another. It should be noted that the transfer takes effect from a given date in the future i.e. historical liabilities are not transferred.
- **Scenario (b)** is any use of multiple Supplier Ids to meet internal Supplier business requirements. This would typically be for the purposes of identifying customer groups (e.g. separate Supplier Ids for Half Hourly and non Half Hourly customers, or separate Supplier Ids for different brands managed by a single Supplier).

For the avoidance of doubt, it should be noted that the following are outside the scope of this Requirements Specification:

- It has been recognised that multiple Supplier Ids exist under the Failing Supplier Process as defined in Section K7 of the Code. The VASMGM agreed that these processes are robust and closely defined. This Requirements Specification therefore, does not seek to change these processes.

¹ A variant of this process suggested by one VASMGM member is that a BSC Party who had not previously been a Supplier (but had just acquired a Supply licence) might acquire the assets of an existing Supplier, including their Supplier Id, and would not therefore need a Supplier Id of their own. Although this does not involve multiple Supplier Ids, it is similar to scenario (a), in that it involves the transfer of a Supplier Id from one Party to another.

- Any process for retrospectively transferring liabilities from one Party to another (in order to support sale of assets including all historic liabilities).
- Transfer of a subset of the customers associated with a Supplier Id (e.g. a single BM Unit, or all Half Hourly customers, or all domestic customers) from one Party to another.

The VASMG met on 20 November 2002, during which time the requirements of the Modification were determined and agreed. This Requirements Specification represents the outcome of the VASMG meeting.

This Requirements Specification has been prepared by ELEXON Ltd, on behalf of VASMG, in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC 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 BSC.

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

1.2 Purpose and Structure of Document

The primary purpose of this document is to identify the requirements for P106 and allow respondents to the impact assessment to provide estimates of costs and timescales for its proposed implementation.

This Requirements Specification for Modification Proposal P106 'Amendment to the BSC to allow multiple Supplier Ids (Reference 1) forms the basis for an impact assessment of the implementation and associated issues, should this Modification be adopted. This Requirements Specification defines the requirements for implementation of the Modification without any evaluation or assessment of the Modification itself in accordance with F 2.6.6 of the Code.

1.3 Glossary

The following acronyms have been used throughout this document (excluding acronyms used in the Technical Glossary):

BMU	Balancing Mechanism Unit
BSC	Balancing and Settlement Code
COBO	Change Of BMU Ownership
CRA	Central Registration Agent
SAA	Supplier Allocation Agent
SVAA	Supplier Volume Allocation Agent
URS	User Requirements Specification
VASMG	Volume Allocation Standing Modification Group

2 REQUIREMENTS SPECIFICATION FOR MODIFICATION PROPOSAL P106

2.1 Requirements Specification Overview

Currently, the Code does not explicitly forbid multiple Supplier Ids, but could be read as implying a single Supplier Id per Party. However, it should be noted that multiple Supplier Ids currently exist for a number of BSC Parties and Modification Proposal P106 is proposing that the BSC be amended to reflect this current operational practice. P106 therefore, does not require any changes to systems or processes, and could be implemented without changing anything other than the text within the BSC. However, the VASMG has identified a number of possible enhancements to the processes associated with multiple Supplier Ids which it may be appropriate to implement in conjunction with P106. These are described in detail below under the following headings:

- Requirement 1: Possible Enhancements to the Registration Process in Support of Scenario a)
- Requirement 2: Possible Enhancements to the Registration Process in Support of Scenario b)
- Requirement 3: Possible Enhancements to BSC Agent Systems to Support Larger Numbers of Supplier Ids

2.2 Requirement 1: Possible Enhancements to the Registration Process in Support of Scenario a)

There are existing processes for allowing one BSC Party to acquire the Supplier Id of another (by performing a change of BM Unit ownership on all of the Supplier BM Units for that Supplier). It is therefore believed that no changes are required to systems and processes in order to support this aspect of P106. The CRA is requested to confirm this in their impact assessment.

2.3 Requirement 2: Possible Enhancements to the Registration Process in Support of Scenario b)

Scenario B raises an issue, in that the CRA system doesn't allow a Supplier Id (or its associated Base BM Units) to be created without also creating a BSC Party. The only way to implement this scenario using the current CRA system is therefore to create a 'dummy' BSC Party, and then transfer its Base BM Units to the Supplier requesting the additional Id. If this transfer process was not to be completed successfully, settlement liabilities could be attributed to this 'dummy' Party, resulting in a serious financial risk to all BSC Parties.

The VASMG noted this risk to Settlement and a new functionality in the CRA systems is required to create a new set of Base BM Units for an existing Party.

The requirement for a new Supplier Id would be communicated via the existing manual CRA-I001 interface (BSC Party Registration Details). Minor changes to the description of this interface may be appropriate.

2.4 Requirement 3: Possible Enhancements to BSC Agent Software to Support Larger Numbers of Supplier Ids

Modification Proposal P106 is proposing to bring the BSC into line with existing operational practice in terms of multiple Supplier Ids, which does not necessarily imply any increase in the number of Supplier Ids. Furthermore, even if it does lead to an increase, this does not necessarily lead to increased costs incurred by BSC Agents (and recovered by BSC Parties). However, the VASMG recognised that a significant increase in the number of Supplier Id could lead to increased costs. BSC Agents (including in particular SVAA, CRA and SAA) are therefore requested to provide an assessment of:

1. Any elements of the existing charges for their services which would increase as the number of Supplier Ids increased;
2. Any constraints in the design of the existing services that may limit the number of Supplier Ids; and
3. If such constraints do exist, then an indication of the costs that might be incurred for enhancements to remove them.

(Note: Requirements 1 and 2 are relevant to the CRA and requirement 3 is relevant to SAA,SVAA and CRA).

3 OTHER CHANGES REQUIRED

3.1 Party and Party Agent Systems

It is possible that P106 may impact on Supplier systems that wish to take advantage of multiple Supplier Ids. However, this will be further assessed during consultation under the Assessment Procedure of P106.

Because P106 is proposing to bring the BSC in line with current operational practice (which does allow multiple Supplier Ids), it is not anticipated that any changes will be required to Supplier Agent systems or processes.

3.2 Balancing and Settlement Code

The VASMG has not yet assessed in detail the changes that would be required to the BSC in order to implement P106. The following list of potential changes should therefore be regarded as provisional and subject to change, but is included here to facilitate understanding of the scope of P106:

- The BSC (particularly Section S and its Annexes) contain numerous references to the term 'Supplier'. The P106 legal drafting will need to clarify which of these refer to Supplier (as legal entity), and which to a Supplier Id. This may be done by adding an explanatory paragraph, or it may require clarifications to be made to the existing drafting. The principle followed throughout will be to bring the drafting in line with current practice i.e. it is not intended to change the existing processes followed by Supplier Agents.
- One particular example of the above is that Annex S-2 of the BSC includes a number of references to the "change of Supplier" process. For the avoidance of doubt, the VASMG intend that all the existing change of Supplier requirements should apply to any change of Supplier Id (even if the old Supplier Id and new Supplier Id are owned by the same BSC Party).
- Changes will also be required to the rules for registering and de-registering Supplier BM Units in Section K of the BSC. For example, Section K3.3.6 prevents a Supplier from withdrawing from the registration of a Base BM Unit while he remains a Supplier. This is likely to require change if a Supplier is allowed to have multiple sets of BM Units.

In addition, it should be noted that as part of the Assessment Procedure the VASMG will be consulting as to the method of cost recovery. Depending on the outcome there could be an impact on Section D of the BSC.

3.3 BSC Procedures

Minor changes are likely to be required to BSCP65 'Registration of Parties and Exit Procedures' which provides forms that are used by Parties for the purposes of Registration and De-registration.

There will also be an impact on BSCP15 ('BM Unit Registration'), in that the processes for registering and de-registering Base BM Units will need to cover the case where a Party has multiple Supplier Ids (and hence multiple sets of Base BM Units).

3.4 Other Configurable Items

Changes to the CRA URS may be required (requirement 2) to reflect amendments to CRA processes.