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**INITIAL ASSESSMENT OF
MODIFICATION PROPOSAL P106 -
Amendment to the BSC to allow
Multiple Supplier Ids**

Prepared by ELEXON Limited

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0.2	07/11/02	K Campion		Final Draft
1.0	07/11/02	K Campion		Final

Version	Date	Reviewer	Signature	Responsibility
1.0	07/11/02	J Andrews		

b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
Core Industry Document Owners	Various

c Intellectual Property Rights and Copyright

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II CONTENTS TABLE

I	Document Control.....	2
a	Authorities.....	2
b	Distribution.....	2
c	Intellectual Property Rights and Copyright.....	2
II	Contents Table	3
1.	SUMMARY	4
2.	INTRODUCTION.....	5
3.	Description of the Modification Proposal.....	5
4.	Impact on BSC Systems and Processes.....	5
5.	Impact on Other Systems and Processes Used by Parties.....	5
6.	Impact on Documentation.....	5
6.1.	Impact on Balancing and Settlement Code.....	5
6.2.	Impact on Code Subsidiary Documents.....	6
6.3.	Impact on Core Industry Documents.....	6
7.	Impact on Other Configurable Items.....	6
8.	Impact on ELEXON.....	6
9.	Impact on Financial Arrangements and Budget.....	6
10.	Impact on BSC Agent Contractual Arrangements.....	6
11.	Process and Timetable for Progressing the Proposal.....	6
12.	Issues.....	7
	Annex 1 – Modification Proposal.....	9

1. SUMMARY

Modification Proposal P106 'Amendment to the BSC to allow multiple Supplier Ids' (P106) was submitted on 25 October 2002 by British Gas Trading. The Balancing and Settlement Code ('the Code') 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. It is proposed that this will deal with situations where multiple Supplier Ids are necessary, for example, mergers and take-overs as well as meeting the needs of internal Supplier business requirements.

An initial assessment of Modification Proposal P106 has identified the following potential areas of impact and issues to be considered:

- P106 has an impact on Section S of the Code and may potentially impact on references to Supplier throughout the Code; and
- P106 may have an impact on NETA central service provider systems. Changes to Central Registration Agent (CRA) software and processes may be required.
- How additional Supplier Ids should be generated.
- Multiple Supplier Ids could increase costs for BSC Parties due to Volume related issues.
- Constraints, if any, on the number of Supplier Ids allowable.
- Potential for Suppliers to use additional Supplier Ids rather than additional BM Units.

The Panel is invited to:

- **NOTE the results of the Initial Written Assessment;**
- **DETERMINE that Modification Proposal P106 should be submitted to Assessment Procedure in accordance with section F2.6 of the Code;**
- **AGREE the Assessment Procedure timetable such that an Assessment report should be completed and submitted to the Panel for consideration at their meeting of 13 February 2003;**
- **DETERMINE that the Assessment Procedure should be undertaken by the Volume Allocation Standing Modification Group; and**
- **AGREE any refinement to the Modification Group Terms of Reference.**

2. INTRODUCTION

This Report has been prepared by ELEXON Ltd. on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('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.

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

3. Description of the Modification Proposal

P106 seeks to address perceived defects in the Code and Code Subsidiary Documents in relation to the use of multiple Supplier Ids. It is proposed that the use of multiple Supplier Ids will enable Suppliers to deal with mergers and take-overs in a more efficient manner than the current Change of Supplier processes. The proposal also seeks to provide a mechanism for Suppliers to manage their internal business requirements by the use of multiple Supplier Ids.

It should be noted that prior to NETA the Pooling and Settlement Agreement (PSA), like the Code, did not explicitly preclude the use of multiple Supplier Ids and this was considered to be an area of complexity. This issue was not therefore considered for resolution under the Code at the time leading to NETA Go-Live mainly due to constraints on time, but also that the Code followed the rationale of the PSA with regard to multiple Supplier Ids.

A copy of the Modification Proposal, as submitted by its Proposer, can be found at Annex 1 to this report.

4. Impact on BSC Systems and Processes

There is a possible impact on the following systems and processes in-order to cope with higher volumes of Supplier Ids:

Central Registration Agent (CRA), Supplier Volume Allocation Agent (SVAA) and Market Domain Data (MDD).

5. Impact on Other Systems and Processes Used by Parties

There is a possible impact on BSC Party systems to enable Parties to deal with multiple Supplier Ids.

6. Impact on Documentation

None identified at this stage.

6.1. Impact on Balancing and Settlement Code

There is a potential impact on Section S, Annex S-1 and Annex X-2 of the Code in-order to meet the requirements of P106. In addition, Section X of the Code may require change to include a definition of Supplier Id.

6.2. Impact on Code Subsidiary Documents

Depending on the implementation solution, there is a potential impact on Balancing and Settlement Code Procedure BSCP65 'Registration of Parties and Exit Procedure'.

No impact has been identified at this stage on the following Code Subsidiary Documents: Codes of Practice, BSC Service Lines, Party Service Lines, Data Catalogues, Communication Requirements Documents and Reporting Catalogue.

6.3. Impact on Core Industry Documents

There may be an impact on the Master Registration Agreement (MRA) or MRA related products.

No impact has been identified on the following core industry documents: Grid Code, MCUSA, Supplemental Agreements and Ancillary Services Agreements.

7. Impact on Other Configurable Items

No impact identified at this stage.

8. Impact on ELEXON

The following ELEXON systems and procedures will be potentially impacted:

The Finance system AGGRESSO, and Performance Assurance Reporting and Monitoring System (PARMS).

9. Impact on Financial Arrangements and Budget

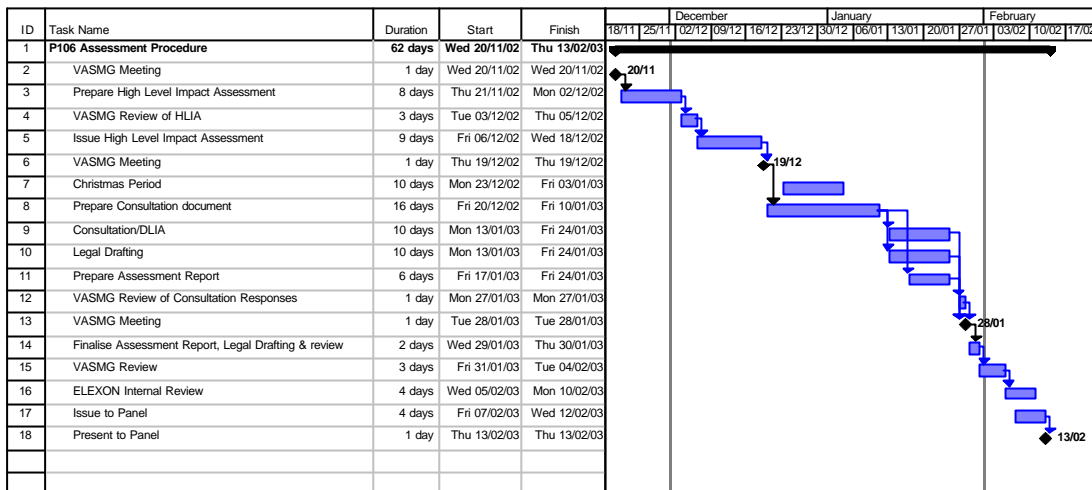
None identified at this stage.

10. Impact on BSC Agent Contractual Arrangements

There is a potential impact on the CRA and SVAA system.

11. Process and Timetable for Progressing the Proposal

The Modification Proposal is sufficiently well defined and the initial assessment indicates that further work is required to assess the amendments required. ELEXON therefore recommends that P106 should be submitted to the Assessment Procedure for 3 months under the guidance of the Volume Allocation Standing Modifications Group (VASMG). The Assessment Report should be presented to the Panel meeting on 13 February 2002. The provisional schedule is as follows:



It is estimated that the progression of this Modification Proposal through the assessment phase will incur third party costs of £21,000 funded from the demand led budget in addition to core team staff costs. This estimate is based on P106 being progressed through a three month Assessment Procedure.

The suggested schedule and the estimate costs are for planning purposes only and may be subject to change.

12. Issues

Initial assessment by ELEXON has identified a number of issues that will need to be addressed during the Assessment Procedure for P106.

In considering these issues, it should be noted that P106 identifies two different situations that may lead to a requirement for multiple Supplier Ids, and that the issues raised by these are not necessarily the same:

- Scenario A: One BSC Party takes over the Supplier Id of another (e.g. a merger or trade sale).
- Scenario B: A single BSC Party requests an additional Supplier Id, in order to simplify the management of their own internal business processes.

It should also be noted that Section K1.7 of the Code describes the process for allowing one BSC Party to take over the Supplier Id of another, but only in the specific cases of Supplier of Last Resort (SoLR) appointment or trade sale.

The following list of issues therefore identifies which scenario(s) each issue applies to:

1. The Modification Group will need to assess whether changes are required to the CRA software to support multiple Supplier Ids. It should be noted that workarounds are available that allow either scenario to be handled by the current CRA system. However, the workaround for Scenario B in particular is not robust, and poses significant risks to settlement:
 - Scenario A could be handled through a Change of BM Unit Ownership (COBO) for the Base BM Units of the Supplier Id to be taken over;
 - Scenario B raises an additional 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.

2. Each new Supplier Id registered in CRA increases the costs incurred by BSC Agents (e.g. an increase in the number of reports created by the SVAA, and hence an increase in data storage and transmission costs). In order to assess P106, the Modification Group will need to quantify these costs. (This issue applies primarily to scenario B, as scenario A does not increase the total number of Supplier Ids.)
3. Following on from issue 1, the Modification Group will need to consider cost recovery issues. For instance, is it appropriate for BSC Parties generally to fund the cost of an additional Supplier Id, if its purpose is to simplify the internal business processes of one individual BSC Party? (Like issue 1, this applies primarily to scenario B.)
4. The Modification Group will also need to assess whether there are constraints in BSC Agent systems (e.g. a limit on the number of BM Units) that could limit the total number of Supplier Ids. (Again this applies primarily to scenario B.) If such limits are identified, the Group will need to consider whether it is appropriate to:
 - Enhance the affected BSC Agent systems to remove or relax these constraints; and/or
 - Ration or control the use of multiple Supplier Ids in order to avoid breaching these limits.
5. Changing the BSC to permit Scenario B could also create incentives for Suppliers to use multiple Supplier Ids in place of Additional BM Units:
 - The Specified Charges for Base BM Units defined in Annex D-3 of the BSC are lower (at £100 per month per set of twelve) than the Specified Charges for Additional BM Units (at £100 per month per BM Unit).
 - Creating additional Base BM Units in this way might also simplify the process of assigning Metering Systems to the new BM Units (i.e. some Suppliers might find it easier to register Metering Systems to a new Supplier Id than to appoint metering systems to Additional BM Units).

The Modification Group will therefore need to consider whether this use of multiple Supplier Ids in place of Additional BM Units would be likely to happen; and if so whether it is appropriate.

ANNEX 1 – MODIFICATION PROPOSAL

Modification Proposal	MP No: 106 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Amendment to the BSC to allow Multiple Supplier Ids.	
Submission Date <i>(mandatory by proposer):</i> 25 October 2002	
Description of Proposed Modification <i>(mandatory by proposer):</i> Currently the Code and its subsidiary documents do not acknowledge the concept of multiple Supplier Ids although some Parties are currently registered with multiple Supplier Ids. Whilst the registration of multiple Supplier Ids is not precluded by the Code, it would be beneficial if the Code, in the interests of providing clear and accurate information to BSC Parties and to improve the efficiencies within the central administration, defined and referred to Supplier Ids where appropriate in the Code. It would also be beneficial if the criteria for registering multiple Supplier Ids were laid out in the Code and a clear process for registering multiple Supplier Ids was set up in Code Subsidiary Documents.	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> Whilst the Code is silent on the use of multiple Supplier Ids, this Modification is being proposed to provide more rigour to Section S of the Code by recognising their existence. There are currently Parties registered within the Central Registration System with more than one Supplier ID, however, the Code does not explicitly provide for multiple Supplier Ids nor does the registration procedure support the process of a Supplier registering more than one Supplier ID. The adoption of multiple IDs has been the most efficient method for implementing trade sales or mergers and the Supplier default process, rather than the more lengthy Change Of Supplier process. Thus, the use of multiple Supplier Ids provides the most efficient implementation of the Code arrangements in such cases and improves efficiency within the central administration service. The use of multiple Supplier Ids has also been adopted as an efficient way for Suppliers to manage their internal business requirements. For example where a Supplier wishes to separate half-hourly and non half-hourly volumes. The Modification will also address the defect in Annex S-2 of the Code, which is drafted on the basis of a single Supplier Id, especially in relation to the linkage between Suppliers and BM Units. However, the Supplier Volume Allocation Agent (SVAA) receives data from Data Aggregators aggregated to the Supplier Id level and not simply to the Supplier. An amendment to the Code is proposed in order to link the data aggregation accurately from BM Units to Supplier Ids. The issues of whether any restrictions should be placed on the circumstances Supplier Ids are registered under or the number of Supplier Ids per Party should be addressed at the Modification group.	
Impact on Code <i>(optional by proposer):</i> A thorough review of the Code will be necessary in order to assess each reference to Supplier and determine if Supplier Id should be referred to in its place. A definition of Supplier Id and multiple Supplier Ids will be necessary.	

Modification Proposal	MP No: 106 <i>(mandatory by BSCCo)</i>
Impact on Core Industry Documents <i>(optional by proposer):</i> BSCP 65, which is the current process used for the registration of new Supplier, should be updated to include the registration of multiple Supplier Ids. A more thorough impact assessment of the Core Industry Documents will be necessary.	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i> It would be beneficial if Logica systems were reviewed as part of the assessment for this Modification.	
Impact on other Configurable Items <i>(optional by proposer):</i>	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i> This Modification promotes efficiency in the implementation and administration of the Code arrangements as the adoption of multiple IDs has been the most efficient method of central administration when implementing trade sales or mergers and the Supplier default process. This Modification, by setting out the criteria for the registration of Multiple Supplier Ids, will add rigour to and improves the efficiency of Code arrangements. This is consistent with BSC Objective D.	
Details of Proposer: Name: Rob Cullender Organisation: British Gas Trading Telephone Number: 020 8734 9269 Email Address: rob.cullender@centrica.co.uk	
Details of Proposer's Representative: Name: Andrew Latham Organisation: British Gas Trading Telephone Number: 020 8734 9242 Email Address: andrew.latham@centrica.co.uk	
Details of Representative's Alternate: Name: Danielle Lane Organisation: Centrica Telephone Number: 01753 758156 Email Address: danielle.lane@centrica.co.uk	

Modification Proposal	MP No: 106 <i>(mandatory by BSCCo)</i>
Attachments: NO If Yes, Title and No. of Pages of Each Attachment:	