P318 'Change of Party ID/Company Number Through Enabling Assignment'

ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

This Report Phase Consultation was issued on 11 September 2015, with responses invited by 29 September 2015.

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Green Energy (UK) Plc	1/1	Supplier, MVRNA
TMA Data Management Ltd	0/1	Supplier Agent
ScottishPower	8/0	Generator, Distributor, Non Physical Trader, Transmission Company
RWE Npower plc	9/0	Generator, Supplier, Non Physical Trader
EDF Energy	9/0	Generator, Supplier, Non Physical Trader, ECVNA, MVRNA, Supplier Agent

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Question 1: Do you agree with the Panel's initial unanimous recommendation that P318 should be approved?

Summary

Yes	No
3	2

Responses

Respondent	Response	Rationale
Green Energy (UK) Plc	Yes	We agree with the panel that P318 should be approved. Currently if a BSC party wishes to change its company number for administrative purposes it has to undertake the laborious market exit and re-entry processes. This requires no small amount of resource and is therefore very costly. We feel that the parties most likely to be in this situation are new and emerging parties rather than the more established players. Therefore we feel that BSC objective C would be enhanced by approving P318. When a party goes through market exit and re-entry it also requires Elexon to undertake a large amount of work to support the party going through the processes. We therefore believe that P318 would cut down on needless wastes of Elexon's resource and therefore it is an improvement to the current situation in relation to BSC objective D.
TMA Data Management Ltd	Yes	-
ScottishPower	Yes	We agree with the panel's unanimous recommendation that P318 should be approved. Against objective (C), allowing Parties to transfer their rights and obligations under the BSC without going through the entire Market Entry and Market Exit Procedures will reduce barriers to entry. This will make the process more efficient and reduce the administration effort required from ELEXON as BSCCo. Against objective (D), the transfer process will be shorter and more efficient and will therefore reduce the cost to Parties and ELEXON as BSCCo. The proposal is neutral Against objectives A, B, E and F.
RWE Npower plc	No	Although npower believes that P318 does facilitate both BSC Objectives C and D, we still would like to see a more defined process and a clear definition of the

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Respondent	Response	Rationale
		instances where the BSC Panel are likely to consider a change as "simple administrative" prior to the modifications approval. This will assist the party looking to use this process in determining where a novation is and is not appropriate. This is required in order to determine when this process can or cannot be used by BSC Parties that seek to transfer its Party ID and/or change its Company Number. Clearly defined criteria need to be established to provide assurance to BSC Parties that there is strict governance and controls around this process when a Panel is seeking to approve or deny a party this method of reassigning its rights and obligations under the BSC. Transparency around both the process and well defined criteria will better facilitate BSC Objective C and D.
EDF Energy	No	As described in more detail in response to previous consultation, the proposal provides no protection to parties who have bilateral contracts with the outgoing party to the BSC novation, where those contracts are delivered under the BSC. It relies entirely on the novating party to fulfil its obligations under those contracts. This represents a cost and potential unmanageable risk for affected other parties, manifested through the BSC, and acts against competition. If electricity were a more conventional commodity, it would be as if delivery of the product is diverted to a different company than the one the provider has contracted with, without its knowledge. As a bare minimum there should be mandatory prior notice to all BSC Parties through publication of any novation application well in advance of its implementation, to allow due diligence and bilateral contract revision, novation, termination or legal action as required. A novation normally requires agreement of the outgoing party, the incoming party and the other party(s) to the agreement. The proposal is that the BSC Panel, PAB or Elexon effectively act on behalf of the other party(s) to agreements made outside but delivered through the BSC. However, as formulated none of these bodies are exposed to the bilateral cost or risk associated with the proposed novation. These risks would not exist if agreement of all affected parties was required. Where the incoming party, outgoing party and other party(s) to bilateral agreements delivered through the BSC are affiliated or explicitly agree, these concerns may not apply. An alternative in which agreement was obtained would be

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Respondent	Response	Rationale
		acceptable and desirable. The BSC determines the amount of electricity allocated to each party, and is the mechanism by which the energy associated with wholesale bilateral contracts between parties is delivered. Any uncontracted energy is subject to central imbalance price. Individual retail volume associated with contracts between suppliers and end-consumers is also delivered through the BSC by agents appointed by parties according to the BSC. Individual parties are subject to the consequences of default by their wholesale contractual counterparts, their agents, or their retail customers. Other codes do not have the same level of bilateral liability to other parties, other than regulated network companies: • Under the Connection & Use of System Code and Distribution Connection & Use of System Agreement, regulated network companies effectively stand bilaterally on the other side of all agreements made under it, and have liability in the first instance for any bilateral contract defaults (although ultimately sharing most liability with all parties, not individual parties). • Under the Master Registration Agreement, the consequence of individual errors or defaults materialise under the BSC, and genuine registration errors can be corrected. A worst case could be where a supplier transfers its good assets to a new supplier, leaving its bad assets with the original company, which defaults leaving its bilateral counterparts, who might know nothing of the transfer, exposed under the BSC. It could be argued this is a normal business risk, and could occur anyway by other means, but current BSC processes provide some protections.

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Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P318?

Summary

Yes	No
4	1

Responses

Respondent	Response	Rationale
Green Energy (UK) Plc	Yes	-
TMA Data Management Ltd	Yes	-
ScottishPower	Yes	-
RWE Npower plc	No	npower supports the redlined changes to the BSC, however we believe that the draft legal text in general does not deliver the intention of P318, as it does not restrict the circumstances where this process can be applied.
EDF Energy	Yes	BSC Section S1.3.5(a) says that a Supplier may hold "no more than three Supplier IDs in relation to which the Supplier is the first holder of such Supplier ID;". In the case of a proposed novation outgoing party holding more than three Supplier IDs (for whatever reason), the incoming party would probably not be the first holder of such Supplier IDs, and therefore a transfer would not be allowed (even though the party identifier in the registration systems would remain the same).

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Question 3: Do you agree with the Panel's recommended Implementation Date?

Summary

Yes	No
4	1

Responses

Respondent	Response	Rationale
Green Energy (UK) Plc	Yes	We feel that an implementation date of 25 Feb 2016 allows sufficient time for Elexon's systems to be prepared.
TMA Data Management Ltd	Yes	-
ScottishPower	Yes	-
RWE Npower plc	Yes	npower understands why the Workgroup agreed that an Implementation Date of 5 November 2015 was no longer feasible, as explained in the recent P318 assessment report. Therefore, we agree with the Workgroup's recommended implementation date provided that a more defined process and clear criteria can be established within this timescale to support parties in understanding when this modification to the code can be applied.
EDF Energy	No	We do not agree with implementation of the proposal in the form currently proposed, but the implementation date of 25 February 2016 is achievable.

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Question 4: Do you agree with the Panel's initial view that P318 should be treated as a Self-Governance Modification?

Summary

Yes	No
4	1

Responses

Respondent	Response	Rationale
Green Energy (UK) Plc	Yes	We agree with the panel that P318 meets the criteria for Self-Governance set out in annex X-1 of the BSC.
TMA Data Management Ltd	Yes	-
ScottishPower	Yes	We believe that P318 meets the criteria for Self-Governance.
RWE Npower plc	Yes	As previously, we agree with the workgroup's view that P318 should be treated as a Self-Governance Modification process, as it currently stands. However, npower believes that there should be a right of appeal to the Authority under this process should a party or third party disagree with a decision made by the Panel. If this right of appeal was to be included under this modification then this Self-Governance would not be appropriate.
EDF Energy	No	The proposal as currently formulated could have significant impact on other parties who have bilateral contracts with the novating party for energy or services delivered through the BSC. For example, bilateral wholesale contracts would also require novation, potentially involving revision to reflect differences between the incoming party and the outgoing party. These potentially material impacts mean this should not be a self-governance proposal.

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Question 5: Do you have any further comments on P318?

Summary

Yes	No
1	4

Responses

Respondent	Response	Rationale
Green Energy (UK) Plc	No	-
TMA Data Management Ltd	No	-
ScottishPower	No	-
RWE Npower plc	No	npower has no further comments.
EDF Energy	Yes	The workgroup have not properly considered our response to the previous consultation. Suggestions that novation is equivalent to accession of a new party do not acknowledge that existing parties have existing bilateral contracts with other BSC Parties and Agents. An acceding party must actively achieve agreement with those other parties. Permitting novation without agreement of those other parties is a very different situation. At worse, it could allow a failing outgoing party to transfer assets to an incoming party without reference to its existing bilateral counterparts. Note that the disputes on accession and entry assessment under the MRA may be referred to the Authority.

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