

# Assessment Procedure Consultation Responses

## P343 'Increase to the number of Supplier IDs that can be held by a Supplier'

This Assessment Procedure Consultation was issued on 31 August 2016, with responses invited by 16 September 2016.



### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

### Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
SSE Energy Supply Limited	1/0	Supplier
E.ON Energy Solutions	4/0	Supplier
Bristol Energy	1/1	Supplier, ECVNA
SmartestEnergy	1/0	Supplier
RWE npower	5/3	Supplier and Supplier Agent
EDF Energy	5/1	Generator, Supplier and Supplier Agent

P343  
Assessment Consultation  
Responses

16 September 2016

Version 1.0

Page 1 of 15

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Question 1: Do you agree with the Workgroup's initial unanimous view that P343 does better facilitate the Applicable BSC Objectives than the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
4	1	0	1

## Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	Yes	SSE supports the Workgroup view that P343 better facilitates Objective C) (competition) on account of potential improvements in the management of Licence Lite arrangements.
E.ON Energy Solutions	Yes	We agree with the work group view that the proposal provides industry with further flexibility, thus promoting effective competition per the BSC objective C.
Bristol Energy	Yes	We believe this better facilitates objective (c) as it will allow suppliers to better manage their portfolios with the advent of smart and associated technologies. The pragmatic approach until SVA systems are improved also reflects objective (d)
SmartestEnergy	No	<p>We believe that this modification has implications for competition and that all suppliers should have the right to the same number of MSIDs. A first-come-first-served approach is discriminatory and the Panel should not be put into a position whereby they are accepting some applications but later rejecting others which have a greater justification with an innovative business model. We can well imagine a situation whereby a small number of suppliers apply for a large number of MSIDs (which may or may not be actively used) and that other suppliers may at a later date find themselves restricted from applying for more than their standard 3.</p> <p>It is wrong to accept this modification on the grounds that it is an interim arrangement because no arrangements are in place to deal with the unfair scenario where some suppliers may ultimately have more MSIDs than others who are wanting to apply for more (but are restricted) when there are system constraints (which may or may not be satisfactorily resolved in a timely manner).</p>

Respondent	Response	Rationale
RWE npower	Yes	<p>The existing restriction of 3 supplier ID's per licence was implemented due to an arbitrary system restriction dating back to early market development. As the market has evolved this restriction could impede innovative new arrangements being developed. As such, we agree with the Workgroup that this modification better facilitates competition between suppliers.</p>
EDF Energy	Other	<p>We cannot be certain that the proposal would better meet Applicable BSC Objectives.</p> <p>The proposal could have positive and negative effects on achievement of BSC Objective (c) concerning competition. Facilitating support by fully Licensed Suppliers of "Licence-Lite" Suppliers who, it is hoped, will increase supply competition should be a positive effect, although the actual benefits are difficult to quantify. However, the proposal could also act against BSC Objective (c) by imposing costs on other Suppliers/BSC Parties and/or restricting the ability or timescale for other Suppliers to acquire Supplier IDs.</p> <p>The proposal might not better achieve BSC Objective (d) concerning implementation and administration of the BSC, because of the potential and unknown additional costs to support the proposal.</p> <p>The proposal appears neutral in relation to other BSC objectives.</p> <p>We are supportive in principle of allowing Suppliers to be able to create more than three original Supplier IDs but have concerns about the costs and practicality. The proposal uncovers a related issue that existing central systems capacity to support existing BSC provisions could be reached, even without this proposal.</p> <p>Until the central and data aggregator costs of accommodating more than 200 Supplier IDs has been established, or the criteria for allowing or disallowing further Supplier IDs are established, we cannot be certain that Applicable BSC Objectives would be met overall. We support the view that technology advances since the original system design some 20 years ago ought to allow additional capacity at low cost, but even relatively minor changes often have surprising costs. Impacts on Master Registration Agreement and Distribution Connection Use of System Agreement processes</p>

Respondent	Response	Rationale
		<p>should also be considered. We don't think there would be impacts on current Transmission charges.</p> <p>It would be preferable if the system's capacity could be increased at modest cost. This should support the existing allowance of 3 supplier IDs if more suppliers chose to use it, and avoid potential discrimination between suppliers seeking more, or even new suppliers, if the limit were reached. Otherwise rationing of existing allowed supplier IDs or additional allowed Supplier IDs may be required.</p> <p>BSCCo is obligated to support the existing limit of 3 original supplier IDs per Supplier, and is also obligated to support new Suppliers and migration of existing Supplier IDs between Suppliers. There is not a "first come, first served" approach to using a certain systems capacity. Supplier IDs cannot practically be taken back once allocated and in use. BSCCo would have to incur cost to expand central system capability if required. Suppliers using additional Supplier IDs under the proposal could create significant central costs by using systems capacity which could otherwise be allocated at no extra cost to other Suppliers requesting it by existing right at a later time. We think companies could be created and licensed specifically for the purpose of obtaining further Supplier IDs, even if the proposal does not proceed. Depending on the additional costs for supporting more Supplier IDs, an alternative proposal could seek more focussed recovery of the costs of supporting Supplier ID capacity. If material additional cost is required, it should be reflected in BSCCo specified charges. The Base BM Unit Monthly Charge is applied per Supplier ID and could be used for this. An alternative proposal would also make clear that additional capacity may take time to deliver, and individual applications may have to wait.</p> <p>Note that even if a supplier ceases ongoing activity, its Supplier IDs must remain active in systems for considerable time to support "run-off" of the volume allocation and settlement timetables and performance reporting.</p>

**Question 2: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P343?**

**Summary**

Yes	No	Neutral/No Comment	Other
3		2	1

**Responses**

Respondent	Response	Rationale
SSE Energy Supply Limited	Yes	
E.ON Energy Solutions	Yes	This is appropriate.
Bristol Energy	No comment	
SmartestEnergy	No comment	
RWE npower	Yes	The legal text is gratefully simple and provides the BSC Panel with power to grant suppliers, as a result of application, additional supplier ID's above the existing limit. A possible enhancement to this legal text could include the rationale that the Panel should apply to this decision i.e. benefit to BSC objectives (C) vs. system restrictions.
EDF Energy	Other	The proposed legal text gives power to the BSC Panel to grant or refuse initial creation of additional Supplier IDs beyond the 3 currently allowed. We think the principles or criteria which the BSC Panel would use to decide should be set out in the BSC to avoid uncertainty. For example, if the central and data aggregator costs of supporting additional Supplier IDs and the timescales necessary to increase system capacity are a consideration, this should be described. This could be quite difficult. See further comments in response to Question 9 on criteria.

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

### Summary

Yes	No	Neutral/No Comment	Other
4	2		

### Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	Yes	
E.ON Energy Solutions	Yes	This seems sensible.
Bristol Energy	Yes	It seems sensible to link it to a system release date
SmartestEnergy	No	
RWE npower	Yes	
EDF Energy	No	Implementation on 23rd February 2017 seems ambitious in the absence of confirmed cost and timescale for increased capacity of central and data aggregator systems. Unless the criteria for BSC Panel approval or rejection of additional Supplier IDs explicitly considers central system capacity to support them (noting current design capacity of 200), we recommend obtaining system cost and timescale estimates before setting an implementation date.

Question 4: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P343 which would better facilitate the Applicable BSC Objectives?

## Summary

Yes	No	Neutral/No Comment	Other
3	2	1	

## Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	Yes	
E.ON Energy Solutions	Yes	We are unaware of any alternative proposals.
Bristol Energy	No	The proposed solution means that a supplier could gain several additional supplier ids if they apply earlier, but another supplier could be denied an additional supplier id above the 3 allowed if applying later because of system constraints. This seems to contradict objective (c). A short term alternative would be to keep the cap at three, but allow suppliers to trade some of their supplier ids if they had no requirement for them with other suppliers.
SmartestEnergy	No comment	
RWE npower	Yes	Ideally npower would prefer to remove the restriction entirely, to make the application process for additional supplier ID's more efficient. However, the current BSC system restriction of 200 ID's across the market discount this as an option.
EDF Energy	No	<p>The modification workgroup should consider charges specifically for Supplier IDs, for example based on the central costs of supporting a particular number of them. These costs would be particularly apparent if increases in system capacity are procured. Base BM Unit Monthly Charges which are applied per Supplier ID are a possible simple approach.</p> <p>An alternative should also make clear that central systems capacity cannot necessarily be given instantaneously, and applicants for Supplier IDs may have to wait. An alternative could make clearer the criteria for a "pecking order" for such applications (which could be first-come, first-served with a waiting time, provided costs are allocated</p>

Respondent	Response	Rationale
		appropriately).



**Question 5: Do you believe that P343 would meet the Self-Governance Criteria and so should be progressed as a Self-Governance Modification?**

## Summary

Yes	No	Neutral/No Comment	Other
4	1	0	1

## Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	Yes	We agree on the basis that we do not believe it will have a material effect on existing arrangements, nor would it discriminate between different classes of parties.
E.ON Energy Solutions	Yes	We do not believe this proposal has a negative impact on any of the areas for consideration for determining self-governance criteria per BSCP 40.
Bristol Energy	Yes	This proposal does not change the current system, nor does it change the fundamental process of settlements.
SmartestEnergy	No	As explained above we believe that this modification has implications for competition.
RWE npower	Yes	Agreement that P343 meets self-governance criteria. On implementation it will not have a material effect on the part A of the self-governance criteria. Following implementation and over time the modification may have a positive effect on competition between suppliers. Additionally for part B of the criteria, it will not discriminate between different classes of Parties.
EDF Energy	Other	<p>Although the justification for the proposal is to support an expected material impact on competition, its impact is mainly on administration and relatively modest central costs. If the principles or criteria which the BSC Panel would use to approve or reject requests for Supplier IDs were set out, we think the proposal could be suitable for self-governance.</p> <p>If there are no principles, we cannot be sure of the costs affecting BSC parties and the competitive impacts between BSC parties, and the case for self-governance is less clear.</p>

## Question 6: Will P343 impact your organisation?

### Summary

Yes	No	Neutral/No Comment	Other
1	4	0	1

### Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	No	Though there is minor work to implement new Supplier IDs in our systems it is an existing Business As Usual activity. We do therefore not envisage any additional impacts associated with P343.
E.ON Energy Solutions	No	No direct impacts foreseen.
Bristol Energy	No	
SmartestEnergy	Other	Licence-lite is yet to take off. However, we may find ourselves in the situation where we are unable to apply for additional MSIDs due to system constraints when other suppliers already have more than us.
RWE npower	No	This modification should not require system development. This is an option for suppliers to do more with an existing process.
EDF Energy	Yes	We assume this refers entirely to P343, not P324.  There would be minor impact. Normal processes for accommodating new Supplier IDs within Market Domain Data used within internal systems and processes would be followed. Increased numbers of Supplier IDs would increase the relatively minor effort involved in this. We are not currently planning to use additional Supplier IDs ourselves in the near future.

## Question 7: Will your organisation incur any costs in implementing P343?

### Summary

Yes	No	Neutral/No Comment	Other
1	5		

### Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	No	In line with our response to Question 6, we would not envisage any additional costs as a result of this modification being implemented.
E.ON Energy Solutions	No	There would be no direct costs incurred.
Bristol Energy	No	
SmartestEnergy	No	
RWE npower	No	As above.
EDF Energy	Yes	Minor additional process costs in accommodating increased numbers of Supplier IDs within Market Domain Data into internal systems and processes.

## Question 8: Would you seek to apply for additional Supplier IDs if the P343 arrangements were put in place?

### Summary

Yes	No	Neutral/No Comment	Other
1			5

### Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	Other	We don't have any immediate plans to request additional Supplier IDs however we would welcome the facility being available to better support future market developments.
E.ON Energy Solutions	Yes	Yes, we periodically review our arrangements and this could result in an application for new supplier ID's.
Bristol Energy	Other	Not immediately as we have not yet used the additional id we are currently allowed. It is possible we would apply for additional ids in the future.
SmartestEnergy	Other	We have no current plans to do so.
RWE npower	Other	Possible. Alleviating this restriction now will allow suppliers who require additional suppliers ID's to progress without first undertaking a modification to the BSC. The timescales of which, may not be conducive to commercial arrangements.
EDF Energy	Other	We are not currently planning to use additional Supplier IDs ourselves, although plans can change.

## Question 9: Do you agree with the Workgroup's proposed criteria?

### Summary

Yes	No	Neutral/No Comment	Other
3	3		

### Responses

Respondent	Response	Rationale
SSE Energy Supply Limited	Yes	We agree with the criteria and would seek, for the avoidance of doubt, that if evidence of innovations was provided to BSC Panel it would be treated as confidential on account of the potential commercial sensitivity of the information.
E.ON Energy Solutions	Yes	<p>Yes this seems sensible.</p> <p>We note the comments in the consultation that the SVAA capacity limit is not a technical limit and instead an estimation as to when systems issues may be incurred should the perceived limit be breached.</p> <p>In light of this, it would seem sensible for the Panel to request and monitor the SVAA system capacity when assessing applications in the short term, until such time as changes can be made to improve the SVAA system capability.</p> <p>We urge ELEXON to push forward this systems review as soon as possible.</p>
Bristol Energy	No	The process is flawed as it works on the basis of first come first served and as a result could disadvantage new market entrants once the limit of additional supplier ids has been reached. For this to be acceptable, then a clear commitment to change the SVAA system to accommodate more ids by a certain date has to be agreed by the Panel.
SmartestEnergy	No	
RWE npower	Yes	Yes. We agree with the criteria and that this is an interim solution and would like to see the restriction further reduced as BSC system capability is increased. Until this point the BSC Panel should be able to make the decision based key factors i.e. benefit to BSC objectives (C) vs. system restrictions
EDF Energy	No	At page 11 of the consultation, proposed BSC Panel criteria are described:

Respondent	Response	Rationale
		<p><i>"evidence of what innovations and/or enhanced competition (as per the BSC objective C) the additional MPIDs will be used for; and</i></p> <p><i>evidence of the SVAA System's capacity to support additional MPIDs."</i></p> <p>These are pieces of relevant information, not criteria. The information might be of use in prioritising additional Supplier IDs, but applicants may be reluctant to reveal commercially confidential information, and the relative merits of different applications may be rather subjective.</p> <p>Capacity limits could depend not only on the SVAA System but also on the ability of HHDAs to support increased numbers and data flows.</p> <p>We note that the capacity limit could be reached by suppliers using their existing allowed number of Supplier IDs, and this could be an issue if the limit were reached.</p> <p>Given that there are currently a limited number of Supplier IDs available, and there are probable costs in increasing the limit, it is reasonable to try to ration the allocation of new Supplier IDs to parties who will make best use of them, but this could be subjective and could affect the existing allocation rights.</p>

## Question 10: Do you have any further comments on P343?

### Summary

Yes	No
1	5

### Responses

Respondent	Response	Comments
SSE Energy Supply Limited	No	
E.ON Energy Solutions	No	
Bristol Energy	Yes	For this proposed solution to work there needs to be a clear commitment from the Panel that the SVAA system will be changed in the near future to allow more supplier ids to be created, otherwise this stop gap will favour existing suppliers at the expense of new entrants.
SmartestEnergy	No	
RWE npower	No	
EDF Energy	No	