

BSC Auditor's Issue Document for the Supplier Market as at 31 March 2011

Issue Title: Suppliers are failing to submit valid standing data relationships	Issue number: 1149	BU: N/A	BSC Report Reference: N/A	First raised: March 2003	Status: Observation Open Closed Rectified in Period	Impact Rating: N/A	Confirmation of Issue Status: Agreed Not Agreed
Old associated Issue: N/A							
BSC Requirement: Balancing and Settlement Code Procedure 508 ('BSCP 508') 'Supplier Volume Allocation Standing Data Changes' section 3.2.2 states that by Settlement Day ('SD') + 14, the Non Half Hourly Data Aggregator ('NHHDA') Agent is to send Supplier Purchase Matrix ('SPM') data for all MSIDs to which the NHHDA Agent is appointed in the Supplier Meter Registration Service system ('SMRS'). Also, Balancing and Settlement Code Procedure 507 ('BSCP507') 'Supplier Volume Allocated Standing Data Changes' section 3.1.1 requires details of Supplier/Supplier Agent changes to be notified by the Supplier to the Supplier Volume Allocation Agent ('SVAA') on a Form BSCP507/01 Part A via Fax/Post: <ul style="list-style-type: none"> • No later than 5WD after the Supply Start Date ('SSD') of a Supplier appointment/de-appointment; • No later than 1WD after the confirmation of appointment for a Supplier Agent appointment/de-appointment; and • No later than 5WD after the Supplier Volume Allocation ('SVA') Run as a result of a SVAA file validation error for the Data Aggregator/Supplier/Grid Supply Point ('GSP') Group combination. Furthermore, BSCP507 section 4.1.1 states that the business events triggering SVA Settlement Standing Data Changes include: Supplier starts or stops trading in a GSP Group; Data Aggregator starts or stops operating in a GSP Group; and Data Collector starts or stops operating in a GSP Group. BSCP508 Sections 3.2.3 and 3.3.3 state that the SVAA should send details of standing data exception to BSCCo.							
How the Business Unit is in breach: Our work at the SVA Agent has previously identified exceptions where invalid or missing Supplier Hub associations were reported by the SVAA systems. This continues to be the case. We have previously followed up exceptions reported by the SVAA and have identified that these invalid Supplier Hub associations arose due to a variety of different reasons. For example: <ul style="list-style-type: none"> • Suppliers failing to send the required "Form BSCP507/01 Part A" in a timely manner as required by BSCP507; • Use of D0055 flows with only mandatory fields populated by the Supplier on Change of Supplier so the SMRS, and consequently the Data Aggregator Agent, will maintain the same Agent appointment as the old Supplier until updated by a subsequent D0205 flow. This can lead to invalid Supplier Hub associations being aggregated and sent to the SVAA by the 'old' Data Aggregator Agent; and • Problems in relation to registering Supplier Hubs caused by the implementation of P62. The processes operated by SVAA ensure that where any new or invalid associations are received then these are automatically updated, without Supplier involvement, this ensures that there is no impact on Settlement or processing capability of the Suppliers. Our discussions with Suppliers and ELEXON during this Audit Year have highlighted that whilst some Hub associations were not being updated to SVAA that this aspect of the BSC processes was not considered to be having an adverse impact, either on Supplier processes, SVAA processes or Settlement overall. As a result of the compensatory controls and the lack of impact this issue is felt to have it is considered to be closed.							
Total Population	N/A	Sample size	N/A	Number of Exceptions	N/A	Assessed Materiality (MWh)	N/A
Has the non compliance improved over the last 12 months?				Yes	No	Stayed the same	N/A
BSC Auditor's recommendation: No recommendation is to be made as the issue is considered to be closed.							
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EFR Complete:							
Yes <input type="checkbox"/> No <input type="checkbox"/>							

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Issue Title: Issues surrounding revenue protection amendments	Issue number: 2044	BU: N/A	BSC Report Reference: SSM34	First raised: March 2007	Status: Observation Open Closed Rectified in Period	Impact Rating: Higher	Confirmation of Issue Status: Agreed Not-Agreed
	Old associated Issue: N/A						
BSC Requirement:							
<p>Suppliers have an overall responsibility for the quality of data applied to Settlement by all of its Agents. In particular, Balancing and Settlement Code ('BSC') section S2.1.2 states that each Supplier shall ensure compliance by each of its Supplier Agents, with the relevant BSCPs. This includes BSCP504 Non Half Hourly Data Collector ('NHHDC') section 3.3.11.5 that requires the NHHDC Agents to send Estimated Annualised Consumption ('EAC') and Annualised Advance ('AA') data to Suppliers, and sections 3.4.1 4 and 5 that require the NHHDC Agents to send valid and invalid meter readings to Suppliers.</p> <p>Also, BSCP 504 section 3.4.2.1 requires the Supplier to send notification of inconsistencies to the NHHDC Agent as necessary.</p> <p>In addition Section U, 1.2.1 of the code confirms that "Without prejudice to any specific provisions of the Code relating to the accuracy and completeness of data, each Party shall ensure that and undertakes that all information and data submitted or otherwise provided by or on behalf of such Party to the Panel, any Panel Committee, BSCCo, the BSC Clearer or any BSC Agent pursuant to any provision of the Code or any Code Subsidiary Document will as far as reasonably possible be accurate and complete in all material respects.</p>							
How the Business Unit is in breach:							
<p>During the course of our work in previous audit years and again this year, we were notified of a number of concerns around the processing of revenue protection amendments into Settlement, these included:</p> <ul style="list-style-type: none"> Lack of clarity surrounding existing BSCP requirements in place surrounding revenue protection, as at present the only requirements are outlined in BSCP504 and require the NHHDC to update its system with a revised meter advance and calculate a new EAC/AA. Lack of guidance on who is responsible for notifying the NHHDC / HHDC of these revenue protection amendments. Lack of guidance on process that should be followed in determining the revised meter advance based on revenue protection amendments e.g. append to last valid meter reading or final meter reading Where revenue protection amendments have been made to settlement there is currently no mechanism to ensure that these values remain in settlement and are not removed by exception management processes e.g. High EAC/AA monitoring. Uncertainty regarding activities performed by the Revenue Protection Service ('RPS') and the methods used for calculating unrecorded units as well as processes in place to notify the relevant parties. Previous sample testing performed identified a number of instances where revenue protection amendments were sent to the incorrect Supplier. <p>As a result of these concerns the majority of Suppliers do not provide details of any unrecorded units notified to them by the RPS to the NHHDC. In addition there is also no incentive for a Supplier to provide this information to the NHHDC as upon entering Settlement they will have additional charges raised against them, but are unlikely to receive any additional payment from the customer.</p> <p>In October 2009 a party to the Distribution Connection and Use of System Agreement (DCUSA) raised DCP 054 - Revenue Protection/Unrecorded Units into Settlements. This DCUSA Change Proposal aims to ensure that a Revenue Protection Service is provided or procured by Suppliers and to bring the governance of the Revenue Protection Code of Practice within the scope of the DCUSA. The DCUSA Change Proposal also seeks to ensure that, where Suppliers identify unrecorded units, the calculation of these units should be made in accordance with the Code of Practice and the Supplier should ensure that the units are entered into Settlement. The DCP 054 Working Group was set up to consider the Change Proposal. The DCP 054 Working Group has recognised that the DCUSA should include obligations in relation to how unrecorded units should be estimated and how they should be submitted into Settlement. However, the requirements for the subsequent processing of these units fall within the scope of the BSC.</p> <p>The DCP 054 Working Group believed there was no single, clear solution for processing unrecorded units in Settlement. Therefore E.ON UK raised Standing Issue 39 on behalf of the DCP 054 Working Group to explore different options to resolve the existing issues and optimise the processes with respect to the outcome of DCP 054. The Standing Issue 39 Group developed, impact assessed and considered three options for improving the processes for entering unrecorded units into Settlement. Papers have been taken to both SVG (October 2010) and Panel (February 2011) to outline progress etc. and the Issue 39 Group's favoured option of option 3 although work across Issue 39 and DCP 054 continues.</p>							
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Has the non compliance improved over the last 12 months?			Yes	No	Stayed the same	N/A	

This issue has been identified during the course of the BSC Audit. The scope of the BSC Audit is focused on considering whether Settlement Processes are operating satisfactorily within the agreed materiality level (currently 1,650,000MWh), and hence (a) may not identify all weaknesses at a specific Supplier Agent, and (b) is focused only on areas of non-compliance with the BSC and does not consider the operational effectiveness of the systems and processes in place at individual Suppliers/Supplier Agents. This issue is confidential and is intended solely for the use of ELEXON Limited ('ELEXON'), Trading Parties to the BSC and the Panel. The information contained in this document may not be relied upon by any other party.

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BSC Auditor's recommendation:

We recommend that ELEXON continues to monitor the progress of Issue 39 and DCP 054 and as appropriate ensures all BSC and/or BSCP changes are implemented and guidance is issued to the industry based on the approved solution to ensure that all parties are made aware of their responsibilities. ELEXON may, subject to the approved solution methodology, wish to consider following up the implementation of the changes with a TA Check to assess how the new processes and controls have been implemented by industry parties.

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EFR Complete:

Yes No

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Issue Title: Inconsistency in the approach taken by Suppliers in the treatment of Long Term Vacant (LTV) sites	Issue number: 2198	BU: N/A	BSC Report Reference: N/A	First raised: March 2008	Status: Observation Open Closed Rectified in Period	Impact Rating: N/A	Confirmation of Issue Status: Agreed Not-Agreed
	Old associated Issue: N/A						

BSC Requirement:

BSCP 504 Non Half Hourly Data Collector ('NHHDC') appendix 4.15 'Identification of a site as Long Term Vacant' details the criteria for identifying and maintaining a site as LTV, and the associated actions that should be taken.

How the Business Unit is in breach:

Modification 196 (P196) was implemented on 22 February 2007, and introduced the ability for Suppliers to assign zero EACs to MPANs which had met a set of criteria to be classed as long term vacant. The use of Long Term Vacant sites is an optional process for Suppliers to choose to implement, however they are required to follow the applicable process if they do wish to use this process. A further change to BSCP 504 was made via CP1304 'Exclusion of certain Site Visit Check Codes (SVCC) within the Long Term Vacant (LTV) site process' (implemented February 2010) which has allowed for greater flexibility in the use of certain SVCC in the operation of the LTV process.

Our work for the year ended 31 March 2011 has highlighted that there continues to be issues in relation to the operation of this process by Suppliers, almost all Suppliers who operate the LTV process have an issue raised against them. The majority of these cases relate to inconsistency/interpretation in relation to the requirements that are documented, as opposed to anything significantly flawed in the process. The primary causes of issues related to the incorrect EAC effective from date used to either start or end an LTV site and the retention of auditable evidence to support the required pro-active attempts to contact the customer.

We have also noted that the perceived complexity of the process has been the main driver for some Suppliers choosing not to utilise the LTV process.

Despite the ongoing issues we believe that the process is specified sufficiently at present and therefore in terms of ELEXON taking any further action this issue is considered closed. ELEXON have visibility of the individual issues raised on the relevant Suppliers

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Has the non compliance improved over the last 12 months?			Yes		No	Stayed the same	N/A

BSC Auditor's recommendation:

No recommendation has been made as this issue is considered closed.

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