

CP Progression Paper

CP1520 'Clarification to the Change of Ownership process in BSCP537'

ELEXON



Committee

Imbalance Settlement
Group (ISG)



Contact

Danielle Pettitt

020 7380 4314

Danielle.Pettitt@elexon.co.uk



Contents

1	Why Change?	2
2	Solution	4
3	Impacts and Costs	5
4	Implementation Approach	6
5	Proposed Progression	7
6	Recommendations	8
	Appendix 1: Glossary & References	9

About This Document

This document provides information on new Change Proposal (CP) CP1520 and outlines the proposed progression timetable for this change, including that it will be issued for CP Consultation in the next suitable Change Proposal Circular (CPC) batch on 9 September 2019.

We are presenting this paper to capture any comments or questions from the ISG Members on this CP before we issue it for consultation.

There are three parts to this document:

- This is the main document. It provides a summary of the solution, impacts, anticipated costs, and proposed implementation approach, as well as our proposed progression approach for this CP.
- Attachment A contains the CP1520 proposal form.
- Attachment B contains the proposed redlined changes to deliver the CP1520 solution.

ISG220/XX

CP1520
CP Progression Paper

28/02/2019

Version 1.0

Page 1 of 99

© ELEXON Limited 2019

1 Why Change?

Background

Qualification

Qualification is a process by which BSC Parties and Party Agents applicable for Qualification, are required to demonstrate their ability to adhere to their respective obligations under the Balancing and settlement Code (BSC), and its associated Code Subsidiary Documents (CSDs). It involves testing of systems and processes, with the testing led by the Qualification Service Provider (QSP).

The BSC Parties and Party Agents that Qualification under the Code relates to are:

- Meter Operator Agents (MOAs);
- Central Volume Allocation Meter Operator Agents (CVA MOAs)
- Data Collectors (DCs);
- Data Aggregators (DAs);
- Meter Administrators;
- Suppliers;
- Licensed Distribution System Operators (LDSOs) when acting in their capacity as Unmetered Supplies Operators (UMSOs);
- Supplier Meter Registration Agents (SMRAs); and
- Virtual Lead Parties (VLPs).

[BSCP537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators'](#) outlines the process that market participants must follow in order to become a Qualified person under the BSC. These processes include Qualification, the Removal of Qualification, Re-Qualification and the Change of Ownership process.

Change of Ownership and re-Qualification

A Change of Ownership under the BSC means there is a change of assets, or a change in the legal entity and/or transfer of assets to another legal entity. BSCP537 Section 2.6 'Change of Ownership Process', provides guidance on the information required by the Qualified Person in order to complete the Change of Ownership Process. This process does not apply to Qualified Persons who are Parties to the Code other than LDSOs when acting in their capacity as either an UMSO or an SMRA.

Where the Change of Ownership process results in a Material Change to the staff, processes or systems, the Qualified Person must submit the appropriate application as described in the 'Re-Qualification Process' in BSCP537 Section 2.2 and Section J, 3.5. The [Material Change and Triggers for re-Qualification Guidance](#) provides additional advice on what might constitute a Material Change and therefore trigger re-Qualification.



Qualification Service Provider (QSP)

A Qualification Service Provider is procured by BSCCo to fulfil the testing requirements from the Qualification process.



Material Change

Means a Change to a person's systems or processes which is of such a type or magnitude as to raise the reasonable expectation of an impact on that person's ability to meet its obligations under the Code and any Material Changes described as such in Section J and/or BSCP537.

ISG220/XX

CP1520
CP Progression Paper

28/02/2019

Version 1.0

Page 2 of 99

© ELEXON Limited 2019

What is the issue?

Section 2.6.1 of BSCP537 requires 'Applicants' to provide a signed Qualification Letter following a Change of Ownership. The Qualification letter states that 'they are applying to undergo the Qualification Requirements and Qualification Processes in accordance with Section J'¹.

However, as a participant undergoing the Change of Ownership process will already have completed Qualification, it is inappropriate to say that they are applying to further undergo the Qualification Requirements. As such, the Qualification Letter is not appropriate for this purpose.

In addition, the Performance Assurance Board (PAB) is required to determine if a Party Agent is undergoing a Material Change under the Change of Ownership process. Where a participant has not been operational when the Change of Ownership occurs, the subsequent transition to being operational could be considered a Material Change, e.g. due to significant change in staff and processes. The Material Change and Triggers for re-Qualification Guidance will therefore also need to be updated.

This process is not a requirement for a Qualified Person that is acting in its capacity as a Supplier or VLP.

ISG220/XX

CP1520
CP Progression Paper

28/02/2019

Version 1.0

Page 3 of 99

© ELEXON Limited 2019

¹ [Section J: Party Agents and Qualification under the Code](#)

Proposed solution

CP1520 proposes to introduce a new Change of Ownership letter template into BSCP537, which will be used for the Qualified Person to confirm that it will continue to fulfil its obligations, despite the Change of Ownership of the company.

In addition to the Change of Ownership letter, Qualified Persons (other than Suppliers and VLPs) will be required to provide a separate statement confirming whether a Material Change has been made as per BSCP537 section 2.6.1.

The solution to this CP will amend section 2.6 of BSCP537 to reflect the revised process. This includes changing 'Applicant' to 'Qualified person' and citing the Change of Ownership letter. Further, CP1520 proposes to allow PAB to make a decision on whether the Qualified Person needs to:

- a) Re-Qualify;
- b) Not Re-Qualify; or

CP1520 will also change the 'Material Change and Triggers to re-Qualification' guidance notes to ensure Party Agents are aware of what constitutes as a Material Change to their staff, systems or processes.

Proposer's rationale

The requirement to use the Qualification letter for the Change of Ownership process in BSCP537 is causing confusion. This change will provide clarity to all those who qualify for the Change of Ownership process by introducing a revised process with a dedicated Change of Ownership Letter.

Proposed redlining

Attachment B contains the proposed redlining to deliver the CP1520 solution.

3 Impacts and Costs

Central impacts and costs

Central impacts

The solution to this CP only requires changes to BSC documentation. Therefore, there are no BSC Central System impacts.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">• BSCP537• Material Change and Triggers for re-Qualification guidance note• BSC Qualification Service Provider's Approach to the (Re)-Qualification Service	<ul style="list-style-type: none">• None

Central costs

The central implementation costs CP1520 will be approximately £840 to implement the document only changes.

BSC Party & Party Agent impacts and costs

The following positive impacts will result from CP1520. We will clarify any market participant impacts through the CP consultation.

Anticipated BSC Party and Party Agent impacts are outlined in the table below:

BSC Party & Party Agent Impacts	
BSC Party/Party Agent	Impact
Parties/ Party Agents who use the Change of Ownership process	The processes that CP1520 will be introducing will have a positive impact on Party/ Party Agents as the new steps will provide clarity, and avoid confusion that it is currently causing.

4 Implementation Approach

Recommended Implementation Date

CP1520 is proposed for implementation on 18 December 2019 as part of an ad-hoc November 2019 BSC Release.

This is the earliest opportunity this CP can be implemented to provide clarity for market participants going through the change of Ownership process.

5 Proposed Progression

Progression timetable

The table below outlines the proposed progression plan for CP1520:

Progression Timetable	
Event	Date
CP Progression Paper presented to ISG for information	20 August 2019
CP Progression Paper presented to PAB for information	29 August 2019
CP Progression Paper presented to SVG for information	3 September 2019
CP Consultation	9 September – 4 October 2019
CP Assessment Report presented to ISG for decision	22 October 2019
CP Assessment Report presented to PAB for decision	31 October 2019
CP Assessment Report presented to SVG for decision	5 November 2019
Proposed Implementation Date	18 December 2019

CP Consultation questions

We intend to ask the standard CP Consultation questions for CP1520. We do not believe any additional questions are required for this CP.

Standard CP Consultation Questions
Do you agree with the CP1520 proposed solution?
Do you agree that the draft redlining delivers the CP1520 proposed solution?
Will CP1520 impact your organisation?
Will your organisation incur any costs in implementing CP1520?
Do you agree with the proposed implementation approach for CP1520?

ISG220/XX

CP1520
CP Progression Paper

28/02/2019

Version 1.0

Page 7 of 99

© ELEXON Limited 2019

6 Recommendations

We invite you to:

- **NOTE** that CP1520 has been raised;
- **NOTE** the proposed progression timetable for CP1520;
- **PROVIDE** any comments or additional questions for inclusion in the CP Consultation; and
- **NOTE** that CP1520 will be presented to the PAB for information on 29 August 2019 and SVG for information on 3 September 2019.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
CP	Change Proposal
CPC	Change Proposal Circular
PAB	Performance Assurance Board
QSP	Qualification Service Provider
SAD	Self Assessment Document
SVA	Supplier Volume Allocation
VLP	Virtual Lead Party

DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
P0068	UMS EM Technical Details

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2	BSCP537	https://www.elexon.co.uk/csd/bscp537-qualification-process-for-sva-parties-sva-party-agents-and-cva-meter-operators/