

PUBLIC

PAT Review Recommendations

Bulk Change of Agent

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INTRODUCTION

Background

Bulk Change of Agent (BCoA) is a preventive technique in our Performance Assurance Framework. BCoA is deployed only for NHH Supplier Agents. It is designed to provide the BSC Panel and Performance Assurance Board (PAB) with assurance that, when responsibilities for large volumes of Non Half Hourly (NHH) Metering Systems change, it is done in a controlled way. It aims to achieve this by requiring Suppliers to complete a BSCP513/01 notification form declaring it has informed all relevant Parties of its wish to transfer over 20,000 Metering Systems to a different agent in any single day. It aims to protect the integrity.

History

Modification Proposal P63¹ was submitted on 6 January 2002 because “the current systems and processes are insufficient to enable Changes of Party Agent for a large number of Metering Systems to be progressed in a timely manner”. The proposal asserted that a Supplier Meter Registration Service (SMRA) could fail to meet its processing requirements if the volume of requested Change of Agent flows exceeded its capabilities. If the SMRA fails to meet its obligations it could become liable to pay liquidated damages to Suppliers and Elexon.²

Modification Proposal P63 sought to introduce a new process into the BSC for dealing with the Change of Agent process where the requirements for large volumes of Party Agent changes occur. It allowed for the Panel to set a threshold level above which a Party wishing to transfer Party Agent appointments would need to go through an application process identified within [BSC Procedure 513](#).

The Authority directed that the Proposed Modification be made and implemented in February 2003.³

The process is mandatory but relies on self-referral and is without prescribed penalty for non-referral or breach. Suppliers wishing to initiate a bulk change of agent must submit a written application from a company director to BSCCo using form [BSCP513/01 Part A](#), and must ensure that the documentation and information listed in this Appendix is provided in the application.

There were 7 Bulk Change of Agent applications between 2008/09 and 2011/2012, and none since. Our systems do not allow us to easily review applications before 2008.

Review of the Bulk Change of Agent technique

Stakeholder engagement took place ahead of the PAF Review commencing and a summary of this is provided below:

- The stakeholders who commented on the technique noted that it is subject to the same limitations as re-Qualification. Discussions around re-Qualification have focused on the fact that companies would rather report after the fact than have plans delayed by governance and potential rejection. This technique is generally avoided by participants by submitting 19,990 switches per day, we consider that the process involves including an additional unknown (acceptance or rejection) which can be avoided by avoidance.
- The threshold for it being invoked is seen as arbitrary and unreflective of the real risk of a specific mass migration.

¹ [Change of Contract Management of MPANs for Data Collector, Data Aggregator and Meter Operators](#)

² [MAP11 v2.2 -The MRA Agreed Procedure for implementing a Bulk Change of NHH Agent in MPAS](#)

³ [P63 - Authority Decision](#)

- The fact that it is not required when more than 20,000 MSIDs change agent coincident with a Change of Supply event illustrates the arbitrary way in which it is currently defined.

Stakeholder engagement informed the scope agreed by Panel in March 2017 (paper [264/07](#)) as follows:

- Much like Qualification and Re-Qualification, we will assess alternatives to the current method of applying the threshold, which could allow a more risk-driven deployment of the technique in future.
- We will also assess if the technique is distinct enough from others to warrant existing, i.e. it could be considered a proactive form of TAPAP.

The Bulk Change of Agent technique was reviewed between November and December 2019.

EXECUTIVE SUMMARY

Key recommendations

ELEXON recommends that the Bulk Change of Agent technique be removed from the Performance Assurance Framework.

Next steps

BSC Procedure 513 will require removal by raising a Change Proposal.

PAT REVIEW RECOMMENDATIONS – BULK CHANGE OF AGENT

Role within the PAF toolkit

Bulk Change of Agent is a seldom used technique. Between the published Annual Performance Assurance Report (APAR) for 2008/09 and that published for 2011/12 there were 7 applications for Bulk Change of Agent. In the 2010/11 APAR, for instance, there were 2 applications, one involving 790,000 Meter Operator Agent (MOA) appointments and the other involving 1,300,000 appointments.

Since the 2011/12 APAR, however, there have been no BCoA applications despite analysis revealing that there have indeed been breaches in the following years.

Threshold assessment

The P63 Modification Proposal suggested that there was an existing restriction of 20,000 transfers within ELEXON systems and process, however, the Volume Allocation Modification Group (VAMG) recognised that these constraints did not exist within any ELEXON systems or processes but did exist in Party, Party Agent or SMRA systems.⁴

⁴ [P63 – Consultation report](#)

SMRAs deem the threshold necessary so as not to impact their Daily Volume Quota⁵ and Total Daily Processing⁶. The SMRA can negotiate deviations from the threshold on an individual basis. Their assessments of acceptable volumes will take into account other planned activities from other Suppliers that may cause volume issues.

Similar migrations

Change of Party Agent coincident with a Change of Supplier

Change of Party Agent coincident with a Change of Supplier was excluded from the scope of the Bulk Change of Agent process as it was considered that this may potentially complicate the Bulk CoA transfer method further.

Supplier of Last Resort (SoLR)

After a SoLR appointment it is for the SoLR (and its shipper), in conjunction with other industry parties (e.g. network operators), to decide the best way to transfer customers to its portfolio.⁷ Upon inheriting customers of a failed Supplier there is no immediate Change of Supplier required as the SoLR inherits the existing MPID.

Monitoring

For reference, the chart below shows change of MOA in excess of 10,000 Metering Systems per day between 2013 and 2019. We consider below 10,000 Meters to be 'business as usual' levels and could not be deemed 'bulk'. The data does not include coincident Change of Supplier as these are excluded from BSCP513. Please note that MPIDs have been redacted.

We have assessed change of MOA events by analysing appointment flows (D0155s) sent from Suppliers to Meter Operator Agents over the Data Transfer Network. We estimate market coverage of MOA appointments in the NHH market from this data source of approximately 68%.

Of the 315 'bulk' (over 10,000) MOA changes 302 (96%) were below the 20,000 Metering Systems threshold. According to our analysis, the 13 breaches of the threshold shown below did not lead to reported drop in read performance for the associated Supplier (all breaches were the same Supplier). This suggests the Supplier and their agents can competently undertake bulk migrations over 20,000. The impact of threshold breaches on SMRAs is discussed [below](#).

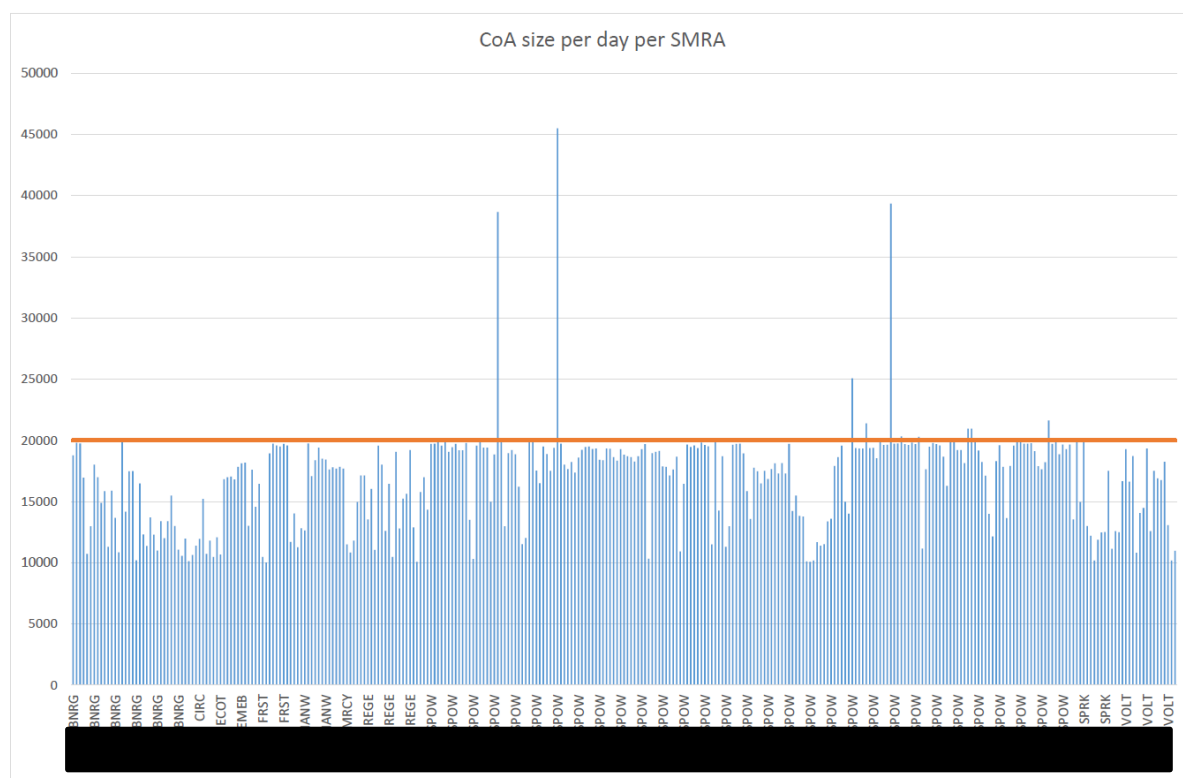
For context, none of these breaches have not reached levels of those applications ELEXON received prior to 2011/12, the largest of which was 1.3m. This suggests the breaches were accidental.

We can safely assume that there are more breaches than those shown below since the data used excludes changes to Data Aggregator (DA) and Data Collector (DC). DA appointments, in particular, were excluded as ELEXON does not have access to the associated appointment dataflows.

⁵ Nominal quotas for each Supplier's daily volumes of messages might be applied by a particular MPAS. This is a mechanism to manage the incoming volumes of messages to an MPAS, in order to optimise the cumulative demand for the MRA service levels equitably among all Suppliers using that MPAS, on any Working Day

⁶ The MRA requires an MPAS Provider to process all notifications received in its MPAS Registration System within a defined timescale under Clause 14. The intent of this Clause is to provide for a reasonable volume of notifications (both Registrations and changes to data) to be sent to MPAS by all Suppliers on a Working Day and for MPAS to process those notifications and confirm the acceptances or rejections for the start of the next Working Day... This is defined as Total Daily Processing (TDP) in the MRA.

⁷ https://www.ofgem.gov.uk/system/files/docs/2017/09/solr_revised_guidance_final_21-10-2016.pdf



Effectiveness and unintended benefits

The existence of a threshold appears to have a positive effect. Despite ELEXON receiving no applications for Bulk Change of Agent since 2011/12, the vast majority of bulk migrations have nevertheless been completed below the required threshold.

We consider the existence of an additional Bulk Change of Agent process, owned by the MRA, acts as a safety net where Suppliers are failing to apply to ELEXON.

The PAF Review team contacted the five SMRAs who processed the threshold breaches previously mentioned. We asked them:

- Did the threshold breach(es) impact your Total Daily Processing service levels (and therefore cause you to exceed your capabilities)?
- If your capabilities were exceeded, did the failure lead to you having to pay liquidated damages to Suppliers and/or ELEXON?
- Was there any other consequence of the breach that I have not already described?
- Is the 20,000 metering system threshold still relevant for your business, considering that a bulk change could cause you to fail to meet your processing requirements?

The majority of the breaches were marginally over the threshold and appeared to have caused no problems for the SMRAs. There were only three breaches significantly over 20,000 metering systems.

As an example, SMRA 1 confirmed that they had an early warning system in place to inform them when they have high volumes queuing to process. They are aware of a number of occasions when Suppliers have unintentionally missed the 6pm submission deadline, which results in a submission of circa 40,000 metering systems instead of 20,000. These breaches have not caused the SMRA to exceed their Total Daily Processing capabilities.

SMRA 2 responded that the threshold breaches were so minimal that there was no impact on Total Daily Processing.

SMRA 3 had been contacted by the Supplier prior to the bulk change. The MRA re-emphasised their own Bulk Change of Agent process and associated volumes. There was no impact to Total Daily Processing capabilities as the SMRA was aware that no other significant activities were planned on the dates of the bulk changes.

SMRA 4 had also been contacted by the Supplier prior to the bulk change. Although a daily migration of 19,000 metering systems had been agreed, the 6pm submission deadline was missed resulting in an unintended breach. Despite this there was no impact on the SMRA's Total Daily Processing.

SMRA 5 did not respond.

It should be noted that SMRAs are required to inform all Users of operational downtime or interruptions that would restrict processing for any reason.

Options for change

In reviewing the BCoA PAT we identified 3 ways forward:

- i) Do nothing. There have been no failures in the Settlement process due a BCoA nor a failure to file correct paperwork to flag BCoA processes of over 20,000 Metering Systems. As such the risk of one occurring now is low. Conversely, the fact this PAT exists, but is being bypassed by setting self-imposed upper limits of 19,900 and clear breaches of the policy, mean Parties are relying on a PAT that in practice is not providing any such assurance. To continue with this PAT uses resource which is not in practice reducing risk in any meaningful form. The PAT is a duplication of the MRA policy.
- ii) Use BSC Procedure 513 to adjust the threshold higher and review if further change is needed. The procedure allows for Panel to approve changes to the threshold. The threshold was set in 2003 when computing technologies were in a different scale of processing magnitude. In addition to the change, breaches could be dealt with at PAB to examine the impacts of breaches at the time of occurrence
- iii) Do away with the BCoA PAT. A proper risk management practice would be to eliminate this process and assess how else this risk could be measured and if this is cost effective. The process is not being used as intended and therefore not meeting the objection of the original change. The technique is mirrored in the MRA Procedure previously mentioned. Suppliers are contacting the MRA directly and managing bulk changes effectively, without reference to BSCP513. Removal of the technique would require a CP but it is hoped this could be self-governance. MRA processes would continue as normal, mitigating some part of the existing risk.

ELEXON is therefore minded to recommend removal of this technique.

IMPLEMENTATION

Operational

Due to non-usage of this process for a number of years, there will be little impact to operational activities.

Modifications and Change Proposals

There is no reference to Bulk Change of Agent within the Balancing and Settlement Code. BCoA is defined in BSC Procedure 513. A Change Proposal would be required to amend or remove references to this technique.

A Change Proposal will also be required to remove the reference to the BSC Procedure from the MRA MAP11 procedure.