

PAB233/09 – RECOMMENDATION TO RAISE A MODIFICATION TO REQUIRE LDSO TO COMPLETE QUALIFICATION

MEETING NAME Performance Assurance Board

Date of Meeting 25 June 2020

Paper number PAB233/09

Owner/author Matthew Woolliscroft

Purpose of paper Decision

Classification Public

Summary A request for the PAB to recommend that the Panel raises a Modification to require new Licensed Distribution System Operators (LDSOs) to complete Qualification in the role of LDSO.

1. Issue

- 1.1 Licensed Distribution System Operators (LDSOs) (including Independent Distribution Network Operators (IDNOs), which the BSC does not distinguish between for Market Entry purposes) have numerous BSC responsibilities and obligations. In particular there are many processes and requirements contained in [BSCP515 'Licensed Distribution'](#) and [BSCP128 'Production, Submission, Audit and Approval of Line Loss Factors'](#) which are linked to factors in Settlement Risks.
- 1.2 While LDSOs are required to complete Qualification in the roles of Supplier Meter Registration Agent (SMRA) and Unmetered Supplies Operator (UMSO), there is currently no preventative assurance related to the activities they undertake in the role of LDSO. As such any new LDSO that enters the market has the potential to pose a risk to the effectiveness of the processes specific to this role, and thus pose a risk to the integrity of Settlement.
- 1.3 We therefore believe that LDSOs should complete Qualification before they commence operations in the market.

2. Proposed Solution

- 2.1 This Modification proposes to include new entrant LDSOs in the scope of the Qualification technique in the role of LDSO.
- 2.2 The inclusion of LDSOs in the Qualification technique will require a new role specific section to be added to the Self-Assessment Document (SAD). The new section will contain questions and guidance for new entrants to respond to that relate specifically to the role of an LDSO. New entrant LDSOs will be required to respond to this section in addition to the SMRA and UMSO roles that they are currently required to Qualify as.
- 2.3 The Qualification Service Provider's scope will therefore be extended to review and assess the responses that new LDSOs provide to ensure that they do not pose a risk to Settlement.
- 2.4 This Modification does not propose to extend re-Qualification to the role of LDSO. As the PAF Review recommended significant changes to the re-Qualification processes, it is more efficient for the extension of the scope of re-Qualification to any additional parties to be considered under this piece of Work.

3. Background

- 3.1 ELEXON's PAF Review presented a report with recommendations to the PAB at its meeting on 26 September 2019 ([PAB224/11](#)), and the PAB endorsed all the recommendations. Amongst these recommendations was that new LDSOs be required to complete Qualification in the role of LDSO in addition to SMRA and UMSO.

PAB233/09 – RECOMMENDATION TO RAISE A MODIFICATION TO REQUIRE LDSO TO COMPLETE QUALIFICATION

4. Next Steps

- 4.1 As [Section J 'Party Agents and Qualification under the Code'](#) only requires LDSOs to Qualify when acting in their capacity as SMRA or UMSO, a Modification is required to require new LDSOs to also Qualify in the role of LDSO.
- 4.2 Pursuant to BSC Section Z8.2, the PAB may make a recommendation to the Panel that a Modification be raised in order to 'Establish a new Performance Assurance Technique or Modify an existing Performance Assurance Technique'. We believe that requiring new LDSOs to complete Qualification as an LDSO constitutes a change to an existing PAT to mitigate risk posed to Settlement.
- 4.3 Subject to the PAB agreeing to recommend to the Panel that this Modification be raised, we will present it to the Panel to be raised in line with BSC Section F2.1.1(d)(vi) at the Panel's meeting on 9 July 2020.

5. Recommendations

- 5.1 We invite the PAB:
 - a) **COMMENT** on the proposal to require new LDSOs to Qualify in the LDSO role; and
 - b) **RECOMMEND** to the Panel that the Modification in Attachment A be raised.

Attachments

Attachment A – Modification Proposal Form

For more information please contact:

Matthew Woolliscroft, Senior Change Analyst

matthew.woolliscroft@elexon.co.uk

020 7380 4165