

P420 'Retail Code Consolidation Significant Code Review'

This Modification makes the necessary changes to reflect the closedown of the Master Registration Agreement (MRA) and the transition of Supplier Volume Allocation (SVA) Metering arrangements from the Balancing and Settlement Code (BSC) to the Retail Energy Code (REC), as part of the Retail Code Consolidation Significant Code Review (SCR). It also inserts the required drafting to give effect to the new Cross Code Steering Group (CCSG) and cross-code modification arrangements, as part of the SCR.



This is an Authority Led SCR Modification. It will not follow the standard Modification Procedures. Instead it will follow the timetable set by the Authority and the Authority Led SCR Modification Proposal procedure detailed in BSC Section F5.3A.



Elxon believes P420 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Distributors
- Suppliers
- SVA MOAs
- Elxon

ELEXON**Phase**

Draft Report

Consultation

Final Report

Implementation

314/04

P420

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Contact

Andrew Grace

020 7380 4304

BSC.change@elexon.co.uk

andrew.grace@elexon.co.uk



About This Document



Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 2 and 3
- Have 30 mins? Read all sections
- Have longer? Read all sections and the annexes and attachments

This is the P420 Draft Authority Led SCR Modification Report, which Elexon will present to the Panel at its meeting on 13 May 2021. An Authority Led SCR Modification Proposal does not follow the standard Modification Procedures. Instead it will follow the timetable set by the Authority and the Authority Led SCR Modification Proposal procedure detailed in [BSC Section F5.3A](#). The Panel will consider the Proposal from Ofgem and provide its initial views on whether this change should be made. It will then consult on its views and the redlining before making its final recommendations to the Authority in July 2021.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the Authority Led SCR Modification Proposal form.
- Attachment B contains the draft redlined changes to the BSC and its subsidiary documents for P420.

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Why Change?

P420 is being raised to ensure the BSC aligns with Ofgem's Retail Code Consolidation Significant Code Review, which consolidates a number of existing codes into the Retail Energy Code (REC). The proposed changes have a direct impact on the BSC in terms of the transfer of the Supplier Volume Allocation (SVA) Metering arrangements from the BSC to the REC and cross-code change procedures, as well as consequential changes reflecting the close down of the Master Registration Agreement (MRA).

Solution

P420 makes the necessary changes to reflect the code governance changes implemented through the Retail Code Consolidation SCR. Specifically, it will:

1. Ensure the BSC reflects the close down of the MRA.
2. Transfer operational procedures relating to Metering Point Lifecycle from the MRA to the BSC.
3. Make the necessary changes to transfer SVA Metering arrangements to the REC, and facilitate a transition period for metering assurance.
4. Insert the required drafting to give effect to the Cross Code Steering Group, which will be established under the REC to better facilitate cross-code change.

Impacts & Costs

Costs Estimates			
Organisation	Implementation (£k)	On-going (£k)	Impacts
Elxon	£85k-£95k	<£1k	Update to BSC documents and internal processes. Update to documents and ongoing support to transition Assurance activities from BSC to REC. Support REC PAB and CCSG.
Industry	N/A	N/A	Impacts would be as a result from the Ofgem SCR rather than P420 specifically
Total	£85k-£95k	<£1k	

Implementation

P420 should be implemented at the point of Retail Code Consolidation, which will occur at a time designated by the Authority in accordance with the Retail Energy Code. This is planned to be **1 September 2021**.

Recommendation

We invite the Panel to:

- **AGREE** with the initial evaluation of the Authority Led SCR Modification Proposal as detailed in this report;

- **AGREE** that P420:
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** that P420 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- **AGREE** the impact on the EBGL objectives;
- **AGREE** an initial recommendation that P420 should be **approved**;
- **AGREE** the timetable for implementing the proposed Authority Led SCR Modification Proposal;
- **AGREE** an initial Implementation Date of:
 - 1 September 2021; and
- **AGREE** the draft redlined text in Attachment B.



Retail Code Consolidation Significant Code Review: Authority Led SCR Modification Proposal

Ofgem issued an [open letter](#) on 30 April 2021 confirming their requirements to rationalise retail energy codes by closing down the electricity Master Registration Agreement (MRA), gas Supply Point Administration Agreement (SPAA), the Smart Meter Installation Code of Practice (SMICOP), and Green Deal Arrangements Agreement (GDAA). The requirements from these codes will be consolidated into the Retail Energy Code (REC) or transferred to another industry code where this is more relevant.

The REC will also bring together gas and the SVA elements of electricity metering arrangements, consolidating the Meter Operation Code of Practice Agreement (MOCOPA) and parts of the Balancing and Settlement Code (BSC), together with the metering provisions that sit under the SPAA (Metering Code of Practice (MCoP); formerly Meter Asset Manager Code of Practice, (MAMCoP) and Approved Meter Installer Code of Practice (AMICoP)). Central Volume Allocation (CVA) Metering arrangements have not been included as these are not impacted by the Switching SCR.

The Retail Code Consolidation SCR scope also covers improvements to cross code change management. This is due to be achieved through the introduction of a Cross Code Steering Group (CCSG) under the REC, and modifications to the other relevant codes to embed a new process for managing cross-code changes.

As a result of the Significant Code Review, P420 is being raised to ensure the relevant sections of the BSC and Code Subsidiary Documents (CSDs) are transferred from the BSC to the REC.

Proposer Rationale

The energy code landscape is complex and fragmented. This makes the industry difficult for market participants to understand and navigate and complicates significant change processes. Code consolidation and simplification is an overall goal that Ofgem has been pursuing for some years. At a broad level this is being taken forward by the Department for Business, Energy & Industrial Strategy (BEIS) and Ofgem in the Energy Codes Review. However, the creation of the Retail Energy Code as a dual fuel retail code to support the introduction of faster and more reliable switching through a centralised switching service provided the opportunity to simplify the retail code landscape.

Ofgem believes that retail code consolidation will make it easier for market participants to understand and comply with their responsibilities.

The introduction of the Retail Energy Code has also allowed Ofgem to implement code governance and management reforms that they believe will lead to more efficient management and delivery of change, and will ensure that the code supports innovation and considers consumer interests. These changes will lead to lower cost and better outcomes for consumers.

Ofgem launched the Retail Code Consolidation Significant Code Review (SCR) in November 2019. This set out Ofgem's intention to consolidate the MRA and Supply Point Administration Agreement (SPAA) into the Retail Energy Code (REC), to further consolidate a number of metering codes and the Green Deal provisions in the REC and to make consequential changes to other codes.

What is an Authority Led SCR Modification Proposal?

An Authority Led SCR Modification Proposal is one of three routes available to the Authority for giving effect to a SCR. The Authority can direct NGEESO to raise a Modification Proposal, it can raise a Modification Proposal itself or follow a process that is substantially non-BSC to direct changes to the BSC, as is the case with P420. Changes to the BSC can also be made where legislation grants powers to do so. For example, the [changes to the BSC to facilitate the Government's Electricity Market Reform](#) were directed by the Department of Energy and Climate Change, from powers granted under legislation.

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The Retail Code Consolidation SCR also set out to improve cross-code change management. Most recently, Ofgem confirmed that the SCR will also move SVA metering requirements and assurance to the REC.



What is a Metering Equipment Manager?

The REC defines Metering Equipment Manager (MEM), as applicable, either: (a) for electricity, the 'Meter Operator Agent' appointed by an Electricity Supplier under the BSC; or (b) for gas, the 'Meter Asset Manager' appointed by the Gas Supplier under the SPAA.

Desired outcomes

The desired outcome of P420 is to ensure the BSC is aligned with the wider codes landscape from 1 September 2021, when Retail Code Consolidation will take effect. This modification will ensure the BSC reflects:

- The close down of the MRA, meaning Suppliers and network operators will no longer be required to be parties to the MRA;
- The transition of provisions from MRA to REC;
- The introduction of Metering Equipment Managers (MEMs) as Parties to the REC, and consolidation of metering provisions in the REC; and
- The introduction of improved cross-code change governance arrangements.

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Proposed solution

P420 makes the necessary changes to reflect the code governance changes implemented through the Retail Code Consolidation SCR. Specifically, it will:

1. Ensure the BSC reflects the close down of the MRA.
2. Transfer operational procedures relating to Metering Point Lifecycle from the MRA to the BSC.
3. Make the necessary changes to transfer SVA Metering arrangements to the REC, and facilitate a transition period for metering assurance.
4. Insert the required drafting to give effect to the Cross Code Steering Group, which will be established under the REC to better facilitate cross-code change.

Closedown of MRA

The Retail Code Consolidation SCR [Launch Statement](#) set out that the creation of the REC presented an opportunity to consolidate a number of codes in the retail energy space and to create code governance arrangements that drive innovation and positive outcomes for consumers.

Ofgem has designed the REC to have a change management approach and organisational structures that will allow it to be more flexible and responsive in decision-making, more open to innovation and challenge from any party, and governed by a more diverse set of interests than is the case in the currently existing code governance arrangements.

Retail Code Consolidation will see the closure of the MRA, SPAA, GDAA, SMICoP, and MOCOPA, with the vast majority of the provisions from these documents being transferred to the REC. Therefore, many of the references to the MRA in other existing codes, including the BSC, must be updated to refer to the REC, in order for those codes to continue to function efficiently.

Transition of SVA metering obligations and assurance to REC

The Retail Code Consolidation SCR Launch Statement confirmed Ofgem's high-level intention to consolidate metering arrangements in the REC. Ofgem's overarching policy intent is to harmonise gas and electricity metering provisions within the REC, providing a single set of obligations directly on MEMs with a robust performance assurance framework that holds MEMs directly to account.

While the BSC has existing assurance regimes applicable to metering arrangements, the liabilities lie with suppliers, rather than the metering agents themselves, under the 'supplier hub' model. Ofgem considers that it is preferable and beneficial to the wider market to place any liabilities as closely as possible on the organisations who are responsible for a given activity, i.e. placing liabilities on MEMs for their performance around maintaining meter technical details. As MEMs will be parties to the REC in their own right, they will also be subject to the Performance Assurance function under the REC. This means that the REC Performance Assurance Board (PAB) will be able to directly assure MEM activity, rather than being reliant on incentives in the commercial contracts between suppliers and MEMs to sufficiently incentivise good performance.

Ofgem has worked closely with Elexon and RECCo to determine a robust approach to the transfer of provisions and assurance activity from the BSC to the REC. First, on the legal drafting, the BSC drafting has been prepared ahead of the finalisation of the REC legal text. This means that the REC drafting can be updated to ensure all provisions that are leaving the BSC are captured in the REC, ahead of the REC drafting being baselined in mid-June. Second, regarding transfer of assurance activity, this modification proposal makes provision for a transition period in which Elexon and RECCo will develop a transition plan for metering assurance, and progress any necessary changes to the codes to facilitate this plan. Ofgem anticipates that SVA metering assurance would complete its transition to REC by April 2022 (although this is not prescribed in the proposed legal drafting and is subject to further planning of the transition by Elexon and RECCo, with particular consideration of the timelines for [BSC Issue 93 'Review of the BSC metering Codes of Practice'](#)).

In summary, the proposed changes to SVA metering governance and assurance will ensure that SVA MEMs have a single set of obligations placed on them, and that they can be held directly to account for their performance against those obligations. Although the risks associated with metering agents and accuracy of meter technical details are ultimately risks to Settlement (and therefore have until now been assured under the BSC), Ofgem considers that these risks are ultimately best mitigated by direct assurance on MEMs, which will be facilitated under the REC Performance Assurance Framework.

Cross Code Steering Group

P420 includes the necessary changes to Section F of the BSC to implement improved cross-code change arrangements. Notwithstanding the consolidation of codes being undertaken as part of the RCC, Ofgem expects that there will still be a need for effective management of changes that impact upon more than one code. It should be noted that these cross code arrangements apply only to the codes within scope of the SCR, namely the BSC, REC, Distribution Connection and Use of System Agreement (DCUSA), SEC, UNC and IGT INC.

Changes to data items/flows

In particular, the REC Technical Specification includes provisions that impact on the operation of other industry codes. For example, the REC will host the Data Item and Message Catalogues. The scope of these catalogues includes the data items and messages required under DCUSA, SEC, UNC and Independent Gas Transporters (IGT) INC. As a result of these changes some BSC SVA data items have also moved to the REC, as outlined in the redlining in Attachment B. The REC Code Manager will be responsible for publishing these catalogues and implementing updates. However, it is important to ensure that the overall governance framework places responsibility and control over the actual metadata held within the Data Specification on the relevant organisations that create and/or use it, and the codes that manage the related processes. Other examples include the close working required by the REC Code Manager and the BSC Code Manager on entry assessment.

Historically the MRA's relationship with the BSC Agent has been codified through the BSC Agent having a seat on the MRA Executive Committee. Other cross-code coordination efforts have relied on ad hoc voluntary coordination between the various code administrators, in accordance with CACoP principle 13: 'Code Administrators will ensure

cross Code coordination to progress changes efficiently where modifications impact multiple Codes'. This results of this have been mixed.

Cross code changes

To address this, as part of the Retail Code Consolidation SCR, Ofgem will establish under the REC a Cross Code Steering Group (CCSG) and create an enduring governance framework to enable robust cross code working, including on the assessment and development of changes that impact upon two or more industry codes. The principles and practices of the CCSG and the operational procedures for cross-code change will be set out in the CCSG Terms of Reference (ToR), a document to be governed in accordance with the REC Change Management process. Any code administrator may raise a REC change to propose enhancements to the CCSG practices or processes if they wished to do so.

In summary, where a proposed change is likely to require a consequential change or update to another code, the change will be considered by the CCSG. If the CCSG agrees that a consequential change is needed, it will designate a **lead** change, and one or more **consequential** changes. The changes will then proceed through their respective development phases in accordance with their code rules, and in accordance with the timetable set out by the lead code. This ensures equally that the consequential change cannot be implemented before the lead change (as has occurred in the past), and that development of the consequential change cannot hold up the lead change unnecessarily.

Ofgem also proposes to enable the code administrator/manager of each code to raise consequential changes to their respective codes, where those changes have been agreed at the CCSG. This will reduce the dependence and burden upon individual code parties to facilitate this cross code working. The REC does not have any restriction on who can raise a change proposal, so any code administrator could raise a REC change if necessary. Ofgem proposes there should be a reciprocal ability for the REC Code Manager to raise consequential changes to the other codes, where necessary, for example if the code administrator does not have the resource capacity to do so. These modification-raising rights have been inserted to Section F. This should help to make cross-code change processes easier to manage. This means that **BSCCo will have powers to raise modifications to the BSC**, where the CCSG decides that a Consequential BSC change is required.

Each code will then include legal drafting to embed the CCSG and the decision making rules and rights for both the 'lead' code and any 'consequentially-impacted' codes.

Ofgem has set out its decision on the design of the cross-code change arrangements in its [Decision on the REC v2 and Retail Code Consolidation consultation](#). This is replicated below.

Design of the cross-code decision making process

We propose that each modification within a cross code change package should be voted on by the relevant panel. However, implementation of each change in the package [ie lead change plus any consequential changes] would be conditional on the approval of all modifications within the package, and this conditionality should be clearly set out in the change proposal.

Where all changes within a package are self-governance modifications:

- a) *If every code votes to approve their respective modification, then the whole package is approved and all modifications can be implemented.*

- b) *If the **lead** change is approved by its respective code, but one or more **consequential** changes are rejected, the lead code panel can choose to refer the decision on all changes in the package (lead and consequential) to the Authority within 30 days of the vote on the lead change. This 30 day window allows for any self-governance appeal routes to close before the Authority receives the package for decision.*
- c) *If the **lead** change is rejected by its respective code, then none of the **consequential** changes can be implemented regardless of whether they are or would have been approved by their respective codes (subject to any appeal of the decision of the lead code).*
- d) *If all changes within a package are approved, but one of the modifications is subsequently successfully appealed, the other related changes should not be implemented or their implementation should be reversed.*

Where a cross-code change package consists of a mixture of self-governance and Authority decision modifications, we consider that the lead change should always be one of the changes that requires an Authority decision. This means that if any of the consequential changes are rejected, they can be referred to the Authority for decision at the same time as the decision on the lead change.

In summary, the changes proposed to Section F of the BSC will embed the required processes to ensure that BSC Parties can benefit from improved cross code change.

Legal text

Elxon have provided redlining for 64 documents as per Attachment B, with 15 BSC sections impacted and 49 Code Subsidiary Documents (CSDs).

A portion of the documentation was sent to Ofgem initially in April 2020 and was issued for industry consultation in December 2020. Documentation has subsequently been updated based on Industry feedback.

A second round of changes has been drafted based on Ofgem's updated direction that SVA Metering and Assurance techniques will be transferred to the REC, as well as updated CCSG arrangements. These changes have not been consulted on before.

EBGL Impacts

Within the redlining there are 16 clauses, within 7 documents, that have an impact on the EBGL Article 18 balancing terms and conditions within the BSC. Due to this the redlining will be issued for a one month industry consultation.

BSC Section	Clauses Impacted
Section A	5.1.3 (d)
Section H	4.2.3 (f) (iv)
Section J	3.3, 3.3.9
Section K	1.2.2 (b) (iv), 2.2.1, 2.2.4 (c), 2.4.5, 2.4.6, 2.5.5
Section O	1.1.1, 1.2.1, 1.4

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Section U	1.2.3 (a), 1.6
Section Z	All Changes

EBGL Objectives

Impact of the Modification on the Relevant EBGL Objectives:	
Relevant Objective	Identified impact
(a) Fostering effective competition, non-discrimination and transparency in balancing markets;	Neutral
(b) enhancing efficiency of balancing as well as efficiency of European and national balancing markets;	Neutral
(c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;	Neutral
(d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;	Neutral
(e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue distortions within the internal market in electricity;	Neutral
(f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;	Neutral
(g) facilitating the participation of renewable energy sources and support the achievement of the European Union target for the penetration of renewable generation.	Neutral

The EBGL changes identified are mainly references due to nature of the proposed Modification i.e. amendment of MRA references to REC and movement of Metering activities from BSC to REC. These amendments are not amending the obligations and as such not materially impacting the Article 18 terms and conditions. We therefore believe all objectives have a neutral impact, but a one month consultation period is required as per the EBGL Article 18 terms and conditions change process.

4 Applicable BSC Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

Ofgem believe this modification will positively facilitate Applicable BSC Objective (d) and is neutral on all other Relevant Objectives. The positive impact on Objective (d) is, in summary, because:

- It would be inefficient for the balancing and settlement arrangements to refer to obsolete code documents and arrangements (i.e. the MRA);
- Directly assuring MEM activity is a more efficient mitigation of Settlement Risk, rather than doing this via Suppliers; and
- Improved cross-code change, particularly ensuring aligned timelines for cross-code changes, will improve the efficient operation of the energy market, including balancing and settlement arrangements.

Impacts and costs overview

Due to the nature of the Authority Led SCR Modification process no formal Impact Assessment has been issued. Ofgem have most recently consulted on its policy changes in [December 2020 and published its policy decisions in April 2021](#).

The initial implementation costs for Elexon are document only changes to update 64 documents to deliver the solution.

We believe the P420 impact on Elexon's process changes will not incur additional costs or workload compared to the current baseline. Any additional processes required to be picked up by Elexon resource is anticipated to be evened out by processes that have been transferred to the REC. There will however be transitional costs to continue to move Assurance activities to the REC.

It is anticipated that there will need to be some 'tidy up' changes following the end of the transition period. Any future changes to process will be raised via separate Modifications or Change Proposals and as such will incur costs directly as opposed to being linked to P420.

Estimated central implementation costs of P420

Direct costs of Implementation for Elexon are restricted to document only changes.

Implementation cost estimates			
Organisation	Item	Implementation (£k)	Comment
Elexon	Systems	N/A	
	Documents	£20k-£25k	Cost of Elexon updating 64 documents
	Other	£65k-£70k	Elexon are required to provide additional ongoing support to transition Assurance activities from BSC to REC, this is considered to be approximately 0.75 FTE for the period April 2021 – April 2022.
Industry	Systems & processes	N/A	Impacts would be as a result from Ofgem SCR rather than P420
Total		£85k-£95k	

Ofgem have highlighted the requirement for Elexon's PARMS systems to be updated as part of their proposal form. At this stage this will be considered as part of the assurance transition between the REC Manager and Elexon. It will be important to understand how Metering performance is managed and monitored under the REC, given the impact MEMs may have on Settlement Risks.

Estimated on-going costs of P420

On-going cost estimates		
Organisation	On-going (£k)	Comment
Elxon	<£1k	Resource will be required to attend the REC PAB and potentially Metering steering group although any work done in this area is considered to be an evolution of Risks and/or Techniques and part of business as usual activities as opposed to direct costs as a result of P420. These costs will be picked up with existing Elxon resource. Further, Elxon will be required to attend the CCSG, estimated to be one days effort per month. There will also be increased costs where Elxon raises consequential Modifications, where it would not have previously done so. In practice, we expect any costs differences to be minimal as Elxon currently supports Parties with consequential changes and attends other code's workgroups, as needed.
Industry	N/A	Impacts would be as a result from Ofgem SCR rather than P420
Total	<£1k	

P420 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated impact
Distributors	Distributor interactions with MOA will sit under the REC as opposed to the BSC	L
Suppliers	Elxon engagement with MOAs likely to be via Suppliers rather than directly	L
SVA MOA	Obligations haven't changed but governed under a new code	H

Impact on the NETSO	
Impact	Estimated cost
No impact	N/A

Impact on BSCCo		
Area of Elxon	Impact	Estimated cost
Metering and Assurance	Change in process management	H
Rules Management	CCSG changes could lead to increased costs where BSCCo is expected to be the Lead Code for consequential changes.	L

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Impact on BSC Settlement Risks

No direct impact on BSC Settlement Risks, although moving obligations to the REC may impact the way Settlement risks are addressed as they may require BSC PAB to liaise with the REC PAB to hold underperforming MOAs to account. The BSC PAB can still hold Suppliers to account for the quality of data provided by their Agents.

Impact on BSC Systems and process

BSC System/Process	Impact
No impact	No impact

Impact on BSC Agent/service provider contractual arrangements

BSC Agent/service provider contract	Impact
No impact	No impact

Impact on Code

Code Section	Impact
Section A Section B Section C Section F Section H Section J Section K Section L Section O Section S Section U Section W Section X Section X - ANNEX X-1 Section Z	Updates made to all documents to reflect obligations moving out of the BSC and into REC, including the closedown of MRA.

Impact on EBGL Article 18 terms and conditions and objectives

Within the redlining there are 16 clauses, within 7 documents, that amend the EBGL provisions. However, we believe these amendments do not materially amend the EBGL Article 18 conditions, as P420 is moving the obligations, not amending them.

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Impact on Code Subsidiary Documents	
CSD	Impact
BSCP01 BSCP11 BSCP27 BSCP32 BSCP40 BSCP65 BSCP68 BSCP128 BSCP128 Appendix 3 BSCP128 Appendix 4 BSCP128 Appendix 10 BSCP201 BSCP501 BSCP502 BSCP503 BSCP504 BSCP508 BSCP509 BSCP509 Appendix 2 BSCP510 BSCP513 BSCP514 BSCP515 BSCP533 BSCP533 Appendix A BSCP533 Appendix B BSCP535 BSCP537 BSCP538 BSCP550 BSCP601 PSL100 SAD Code Subsidiary Documents Architectural Principles SVA Data Catalogue Volume 1: Data Interfaces SVA Data Catalogue Volume 2: Data Items NETA Programme, Interface Definition and Design: Part 1 - Interfaces with BSC Parties and their Agents COP_2 COP_3 COP_4 COP_5 COP_6 COP_7 COP_8 COP_9 COP_10 PROFILE ADMIN SD CRA URS PARMS URS	Updates made to all documents to reflect obligations moving out of the BSC and into REC, including the closedown of MRA.

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Impact on other Configurable Items	
Configurable Item	Impact
No impact	No impact

Impact on Core Industry Documents and other documents	
Document	Impact
Ancillary Services Agreements	No impact
Connection and Use of System Code	
Data Transfer Services Agreement	Changes to the Data Transfer Services Agreement to deliver the RCC SCR require consequential changes to the BSC
Distribution Code	No impact
Distribution Connection and Use of System Agreement	
Grid Code	
Master Registration Agreement	Changes to the MRA to deliver the RCC SCR require consequential changes to the BSC
Retail Energy Code	Obligations are being moved from the BSC to the REC.
Supplemental Agreements	No impact
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
This Authority-led Modification is raised pursuant to the Retail Code Consolidation SCR.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Positive
3) Reduced environmental damage	Neutral
4) Improved quality of service	Positive
5) Benefits for society as a whole	Positive



What are the consumer benefit areas?

1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?

2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?

3) Will this proposal support:

- i) new providers and technologies?
- ii) a move to hydrogen or lower greenhouse gases?
- iii) the journey toward statutory net-zero targets?

iv) decarbonisation?

4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.

5) Are there any other identified changes to society, such as jobs or the economy.

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Ofgem have highlighted three areas as having benefits within the wider RCC SCR as a whole as opposed to directly having an impact on the consequential changes made by the BSC.

Lower bills than would otherwise be the case

Ofgem anticipates that retail code consolidation will lead to lower costs for industry and therefore for consumers.

Improved quality of service

Ofgem anticipates that retail code consolidation will lead to more effective management of retail industry processes and improved performance assurance. This should lead to improved experiences for consumers.

Benefits for society as a whole

Ofgem believes that the code management and governance changes from retail code consolidation will lead to easier, quicker and less costly change, supporting innovation that will bring benefits across the economy.

6 Implementation & Progression Timetable

Implementation Approach

Ofgem has set out its intention to issue its decision to implement REC v2.0 and issue its decisions in relation to the consequential changes to other codes under the Retail Code Consolidation SCR on 2 July 2021, to take effect from 1 September 2021.

In the case of P420, Ofgem has adjusted its views on the timeline to provide for a one month consultation in relation to the EBGL provisions as advised by Elexon. The timeline directed for this modification allows for that consultation while still meeting the 1 September 2021 intended implementation date.

Recommended Implementation Date

P420 should be implemented at the point of Retail Code Consolidation, which will occur at a time designated by the Authority in accordance with the Retail Energy Code. This is planned to be 1 September 2021. P420 should therefore be implemented on **1 September 2021**.

Proposed Timeline

Activity	Date(s)
Draft Authority Led SCR Modification Report presented to Panel	13 May 2021
Consultation	17 May 2021 – 17 June 2021
Final Authority Led SCR Modification Report presented to Panel	8 July 2021
Final Modification Report submitted to Authority	9 July 2021
Authority decision (target)	By 23 July 2021
Implementation	1 September 2021

7 Consultation Questions

Due to the wide ranging nature of the changes being made by P420, plus the impacts on EBGL Article 18 terms and conditions and objectives a one month Consultation period will be issued with the following questions to gain Industry views on the draft redlining.

Question
Do you agree that the redlined changes to the BSC deliver the intent of P420?
Do you agree with the Panel's initial view that P420 does impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?
Do you have any comments on the impact of P420 on the EBGL objectives?
Do you have any further comments on P420?

8 Recommendations

We invite the Panel to:

- **AGREE** with the initial evaluation of the Authority Led SCR Modification Proposal as detailed in this report;
- **AGREE** that P420:
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** that P420 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- **AGREE** the impact on the EBGL objectives;
- **AGREE** an initial recommendation that P420 should be **approved**;
- **AGREE** the timetable for implementing the proposed Authority Led SCR Modification Proposal;
- **AGREE** an initial Implementation Date of:
 - 1 September 2021; and
- **AGREE** the draft redlined text in Attachment B.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BEIS	Department for Business, Energy & Industrial Strategy
BSC	Balancing & Settlement Code
CCSG	Cross Code Steering Group
CSD	Code Subsidiary Documents
CVA	Central Volume Allocation
DCUSA	Distribution Connection and Use of System Agreement
EBGL	European Electricity Balancing Guideline
GDAA	Green Deal Arrangements Agreement
IGT	Independent Gas Transporters
MEM	Metering Equipment Manager
MOA	Meter Operator Agent
MRA	Master Registration Agreement
PAB	Performance Assurance Board
RCC	Retail Code Consolidation
REC	Retail Energy Code
SAD	Self Assessment Document
SCR	Significant Code Review
SEC	Smart Energy Code
SMICOP	Smart Meter Installation Code of Practice
SPAA	Supply Point Administration Agreement
SVA	Supplier Volume Allocation

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	BSC Section F	https://www.elexon.co.uk/documents/bsc-codes/bsc-sections/bsc-section-f-modification-procedures/

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External Links		
Page(s)	Description	URL
5	RCC Open Letter	https://www.ofgem.gov.uk/system/files/docs/2021/04/open_letter_-_retail_code_consolidation_significant_code_review.pdf
7	SCR Launch Statement	https://www.ofgem.gov.uk/publications-and-updates/retail-code-consolidation-scr-launch-statement
8	Issue 93	https://www.elexon.co.uk/smg-issue/issue-93/
12	Ofgem SCR Decision	https://www.ofgem.gov.uk/publications-and-updates/decision-retail-energy-code-v20-and-retail-code-consolidation-consultation
13	REC v2.0 December Consultation	https://www.ofgem.gov.uk/publications-and-updates/retail-energy-code-v20-and-retail-code-consolidation