

<b>BSC Modification Proposal Form</b>	At what stage is this document in the process?
<b>P420</b>  <b>Retail Code Consolidation Significant Code Review</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid #ccc; padding: 5px; border-radius: 10px; text-align: center;">01</div> <div style="border: 1px solid #008080; padding: 5px; border-radius: 10px; text-align: center;">Modification</div> <div style="border: 1px solid #ccc; padding: 5px; border-radius: 10px; text-align: center;">02</div> <div style="border: 1px solid #00FFFF; padding: 5px; border-radius: 10px; text-align: center;">Workgroup Report</div> <div style="border: 1px solid #ccc; padding: 5px; border-radius: 10px; text-align: center;">03</div> <div style="border: 1px solid #B4A7D6; padding: 5px; border-radius: 10px; text-align: center;">Draft Modification Report</div> <div style="border: 1px solid #ccc; padding: 5px; border-radius: 10px; text-align: center;">04</div> <div style="border: 1px solid #FF8C00; padding: 5px; border-radius: 10px; text-align: center;">Final Modification Report</div> </div>
<b>Purpose of Modification:</b>	
<p>This Modification makes the necessary changes to reflect the closedown of the MRA and the transition of SVA metering arrangements from the BSC to the 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 and cross-code modification arrangements, as part of the SCR.</p>	
<b>Does this Modification impact any of the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC?</b>	
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
	This is an Authority Led SCR Modification Proposal. 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 Section F5.3A.
	<b>High Impact:</b> SVA Meter Operator Agents, BSACo
	<b>Medium Impact:</b> N/A
	<b>Low Impact:</b> Distributors, Suppliers

## Contents

### 1 Why Change?

3

### 2 Solution

3

### 3 Relevant Objectives

7

### 4 Potential Impacts

8

### 5 Governance

10



Any questions?

Contact:

Andrew Grace



Andrew.grace@elexon.co.uk



020 7380 4304

Proposer:

Ofgem

Proposer's representative:

Rachel Clark



switching.programme@ofgem.gov.uk



020 7901 3907

## Timetable

### The Authority directs the following timetable:

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	08 July 2021
Final Modification Report submitted to Authority	09 July 2021
Authority decision (target)	23 July 2021

## 1 Why Change?

### What is the issue?

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 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.

We believe 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 we 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 our intention to consolidate the Master Registration Agreement (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. 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.

### Desired outcomes

The desired outcome of this modification 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.

## 2 Solution

### Proposed Solution

This Change Proposal 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.

## Benefits

### Reflecting the closedown of MRA

The Retail Code Consolidation SCR Launch Statement<sup>1</sup> 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).

---

<sup>1</sup> <https://www.ofgem.gov.uk/publications-and-updates/retail-code-consolidation-scr-launch-statement>

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

This modification proposal 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.

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 the BSC, DCUSA, SEC, UNC and IGT INC. 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.

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 and 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.

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<sup>2</sup>. This is replicated below.

Ofgem decision on cross code change processes

- 3.14. *We propose that each modification within a cross code change package should be voted on by the relevant panel, whose recommendations and/or decisions must continue to be based upon their own assessment of whether the proposed change would better facilitate the relevant objectives of that particular code. However, implementation of each change in the package would be conditional on the approval of all modifications within the package, and this conditionality should be clearly set out in the change proposal.*
- 3.15. *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 panel must decide whether to refer the package to the Authority.*
  - 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.*
- 3.16. *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.

---

<sup>2</sup> [Decision on the REC v2 and Retail Code Consolidation consultation](#)

### 3 Relevant 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	<b>Positive</b>
(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 administrating 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

This modification will positively impact Relevant Objective (d) and is neutral on all other Relevant Objectives. The positive impact on Relevant Objective (d) is, in summary, because:

- It would be inefficient for the balancing and settlement arrangements to refer to obsolete code documents and arrangements (ie 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.

## 4 Potential Impacts

### Impacts on Core Industry Documents

Impacted Core Industry Documents			
<input type="checkbox"/> Ancillary Services Document	<input type="checkbox"/> Connection and Use of System Code	<input checked="" type="checkbox"/> Data Transfer Services Agreement	<input type="checkbox"/> Use of Interconnector Agreement
<input checked="" type="checkbox"/> Master Registration Agreement	<input type="checkbox"/> Distribution Connection and Use of System Agreement	<input type="checkbox"/> System Operator Transmission Owner Code	<input type="checkbox"/> Supplemental Agreements
<input type="checkbox"/> Distribution Code	<input type="checkbox"/> Grid Code	<input type="checkbox"/> Transmission License	<input type="checkbox"/> Other (please specify)

Changes to the MRA and Data Transfer Services Agreement to deliver the RCC SCR require consequential changes to the BSC, as detailed in this Proposal.

### Impacts on BSC Systems

Impacted Systems				
<input type="checkbox"/> CRA	<input type="checkbox"/> CDCA	<input checked="" type="checkbox"/> PARMS	<input type="checkbox"/> SAA	<input type="checkbox"/> BMRS
<input type="checkbox"/> EAC/AA	<input type="checkbox"/> FAA	<input type="checkbox"/> TAAMT	<input type="checkbox"/> NHHDA	<input type="checkbox"/> SVAA
<input type="checkbox"/> ECVAA	<input type="checkbox"/> ECVAA Web Service	<input type="checkbox"/> ELEXON Portal	<input type="checkbox"/> Other (Please specify)	

The impact on PARMS will be resolved as part of the assurance transition between the REC Manager and BSCCo.

### Impacts on BSC Parties

Impacted Parties			
<input checked="" type="checkbox"/> Supplier	<input type="checkbox"/> Interconnector User	<input type="checkbox"/> Non Physical Trader	<input type="checkbox"/> Generator
<input checked="" type="checkbox"/> Licensed Distribution System Operator	<input type="checkbox"/> National Electricity Transmission System Operator	<input type="checkbox"/> Virtual Lead Party	<input checked="" type="checkbox"/> Other (Please specify) SVA Meter Operator Agents

The greatest impact will be on SVA Meter Operator Agents, as obligations relating to their role will transition to the REC. On an operational level, obligations and processes will not change by virtue of the transition. The impact will purely relate to changes in governance of the processes (i.e. they will be governed under the REC) and changes in performance assurance, which will progress in accordance with a plan to be developed by Elexon and RECCo/REC Manager.

## Impacts on consumers and the environment

Impact of the Modification on consumer benefit areas:	
Consumer benefit area	Identified impact
Improved safety and reliability	Neutral
Lower bills than would otherwise be the case	<b>Positive</b>
Reduced environmental damage	Neutral
Improved quality of service	<b>Positive</b>
Benefits for society as a whole	<b>Positive</b>

### Lower bills than would otherwise be the case

We anticipate that retail code consolidation will lead to lower costs for industry and therefore for consumers.

### Improved quality of service

We anticipate 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

We believe 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.

## Legal Text Changes

Legal text changes to the BSC Sections are included in Attachment 1; changes to the Code Subsidiary Documents are included in Attachment 2. Attachment 3 contains a summary of the documents impacted.

## 5 Governance

### Self-Governance

<input checked="" type="checkbox"/> Not Self-Governance – A Modification that, if implemented:	
<input checked="" type="checkbox"/> materially impacts the Code's governance or modification procedures	<input type="checkbox"/> materially impacts sustainable development, safety or security of supply, or management of market or network emergencies
<input type="checkbox"/> materially impacts competition	<input type="checkbox"/> materially impacts existing or future electricity consumers
<input type="checkbox"/> materially impacts the operation of national electricity Transmission System	<input type="checkbox"/> is likely to discriminate between different classes of Parties
<input checked="" type="checkbox"/> involves any amendments to the EBGL Article 18 Terms and Conditions related to Balancing; except to the extent required to correct an error or as a result of a factual change	
<input type="checkbox"/> Self-Governance – A Modification that, if implemented:	
Does not materially impact on any of the Self-Governance criteria provided above	

This is an Authority led modification in respect of a Significant Code Review and so the Self-Governance route does not apply.

### Progression route

The normal Modification Proposal progression routes, such as Assessment or Report Phase do not apply as this is an Authority Led SCR Modification Proposal.

Clause 3A.2 of the Code states that, in response to an Authority Led SCR Modification Proposal, the Code Panel shall prepare an Authority Led SCR Modification Report. Under the terms of that paragraph, that Report shall include, inter alia, "(d) a timetable for implementation of the Authority Led SCR Modification, including the date with effect from which such modification could take effect." Under the terms of paragraph 5.3A.6 of the Code, the timetable for completion of the procedural steps for an Authority Led SCR Modification, shall be set by the Authority in its sole discretion. These are outlined on page two of this modification proposal.

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Authority-led modification proposal is raised pursuant to the Retail Code Consolidation SCR.

### Does this Modification impact any of the EBGL Article 18 Terms and Conditions held within the BSC?

Elexon has advised that this modification proposal impacts EBGL Article 18 Terms and Conditions.

## **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 2nd July 2021, to take effect from 1st September 2021. In the case of this BSC modification, 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 and while still meeting the 1 September 2021 intended implementation date.

This modification 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.