

P332 'Revisions to the Supplier Hub Principle'

P332 seeks to amend the Supplier hub principle and is likely to require Supplier Agents (Agents) to become signatories to the BSC. The practice of Customers contracting with Supplier Agents, outside of the Supplier hub principle, can give rise to a variety of issues, including making it difficult for Suppliers to manage Supplier Agents' performance, which can impact a Supplier's performance.

This Modification is expected to impact:

- BSC Parties, particularly Suppliers
- Supplier Agents
- ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

268/06

P332
Interim Assessment
Report

6 July 2017

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Page 1 of 72

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Contents

1	Summary	3
2	Why Change?	5
3	Solution	12
4	Approach to assessing P332	15
5	Likely Impacts & Costs	18
6	Implementation	21
7	Data Request	22
8	Workgroup's Discussions	25
9	Workgroup's Conclusions & Recommendations	58
10	Recommendations	59
	Appendix 1: Workgroup Details	60
	Appendix 2: Glossary & References	63
	Appendix 3: Summary of P332 Issues	68
	Appendix 4: P332 Workstreams	70
	Appendix 5: P332 Supplier data table	72

About This Document

This document is the P332 Workgroup's Interim Report to the BSC Panel. It sets out the Workgroup's provisional findings for those matters it has been able to evaluate during the Assessment Procedure to date.

ELEXON will present this report to the Panel at its meeting on 13 July 2017. The Panel will consider the Workgroup's provisional findings, and will decide whether to seek Ofgem's views on whether the findings of this report are consistent with Ofgem's provisional thinking in relation to P332. The Panel may then issue such direction as it sees fit to the Workgroup in consequence of Ofgem's view.

There are two parts to this document:

- This is the main document. It provides details of the Workgroups discussions so far, detail on the issues, solutions and progression to date, as well as the Workgroup's initial views on P332.
- Attachment A contains the consolidated Request for Information responses.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 2 of 72

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Why Change?

The BSC when originally created was designed to support the Supplier hub principle and to this end is silent on the practice of 'Customer appointed Agents'. The 'appointment' of Agents by Customers¹, outside of the Supplier hub principle, makes managing Agent performance and delivery of obligations within the BSC difficult, resulting in a reduction in a Supplier's ability to manage performance against industry targets and risking non-delivery of specific obligations.

This document will refer to 'Customer Preferred Agents' (CPAs) instead of 'Customer appointed Agents' to avoid confusion with the BSC term 'appointed'.

Solution

The solution is still being developed and assessed by the Workgroup. As it stands, the Proposed Modification intends to revise the nature of the Supplier hub principle to take account of Customers contracting directly with Supplier Agents and the fact that Suppliers do not always have a contractual relationship with the Agents they are required to be managing. It is envisaged that to support the revision to the Supplier hub, Agents will need to become signatories to the BSC. Currently, the solution intends to target Half Hourly (HH) Supplier Agents only. It does not intend to target any elective HH instances.

A revised progression timetable is included in section 4 of this paper that details the Workgroup's proposed approach to assessing and developing the solution, such that an Assessment Report can be presented to the Panel. Section 3 provides further detail and rationale on the solution.

Impacts & Costs

An impact assessment, to ascertain the impact and costs of P332 cannot be conducted until the solution has been sufficiently developed. Therefore, no impact assessments have been conducted to date.

The costs are expected to be high for industry and for ELEXON if significant changes are made to the Performance Assurance and Monitoring System (PARMS). P332 is expected to have high impacts on Suppliers, Supplier Agents and a smaller impact on other BSC Parties.

P332 Assessment Costs

ELEXON Costs

Based on the approach outlined in section 4 we have estimated P332 will require between 1,200 and 1,800 man days effort from ELEXON resource to assess P332. This is equivalent to between 2.3 and 3.5 Full Time Equivalent (FTE) working on P332. P332 will require Change Analysts, Design Authority, Legal, and Subject Matter Experts to assess P332.

This equates to a cost of between £288,000 and £432,000 respectively, based on a £240 day rate. This covers assessment costs only and does not include implementation costs. We believe it would also be prudent to include £50,000 a year for special advisory

¹ The BSC defines Customer as person to whom electrical power is provided, whether or not that person is the provider of that electrical power; and where that electrical power is measured by a CVA or SVA Metering System



Who are Supplier Agents and what is the Supplier Hub principle?

The BSC requires Suppliers to appoint certain Party Agents to carry out specific functions or perform obligations on their behalf for SVA Metering Systems registered to them. These Party Agents are known as Supplier Agents.

Supplier Agents fulfil the following roles: Data Collector (DC), Data Aggregator (DA), Meter Operator Agent (MOA), and Meter Administrator (MA). For a company to operate as one of these defined roles they must successfully complete the BSC Qualification process to become Qualified.

The Supplier is responsible for its Metering Systems and appointing its Supplier Agents. This Supplier led process is known as the Supplier Hub principle. The Supplier Hub principle is not explicitly defined in the BSC but is accepted as one of the defining principles of the SVA arrangements.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 3 of 72

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services, should it be needed. Any individual expenditure costs between £10,000 and £49,999 will be approved by the Panel Chairman. If more than £50,000 is needed for third party services, such as external consultants or advisers to support the Workgroup's Assessment, we will seek and comply with the Panel's views as to whether to proceed with such steps (in accordance with the Workgroup Terms of Reference 5.4.3).

Workgroup Costs

Currently an additional 20 Workgroup meetings have been planned. If we assume:

- Each member will need one day's effort to prepare for each meeting, for example to read prepared legal text or review business requirements;
- Each member will need one day's effort to attend the Workgroups; and
- 15 members attend each meeting (this is the average number of attendees at the previous P332 Workgroups);

A total of 600 man days will be needed from Workgroup members. This does not include any travel expenses or costs associated with additional business experts attending the Workgroup. This also excludes any effort needed by industry to review and respond to P332 consultations.

Implementation

The Proposer is minded to request an Implementation Date in 2020. However, until the solution has been further developed and assessed it is not possible to say what the target Implementation Date or approach will be.

Based on the revised progression timetable, which the Proposer and Workgroup have agreed, P332 is expected to take until August 2019 to assess. This assumes the next Workgroup meeting is held in August 2017.

Recommendation

At this time, the Proposer and Workgroup are not making any recommendations in relation to the Applicable BSC Objectives. Views against the Applicable BSC Objectives cannot be made at this time, as the solution is not sufficiently progressed. However, the Workgroup's provisional findings and current views are included for information.

2 Why Change?

History of the change

Issue 50

BSC [Issue 50 'Customer Appointed Agents'](#) was raised by npower on 26 June 2013. This Issue was raised to explore the issues Suppliers have with managing their Supplier hubs where one or more of their appointed Agents are contracted by the Customer and they have no contract or existing relationship with that Agent. This can result in the Agent not fulfilling some of its responsibilities and impacting on the performance of the Supplier with respect to collecting Meter readings and passing on certain data flows.

The Issue Group agreed that there is an issue and that it affects both the HH and Non-Half Hourly (NHH) sector. However, as the individual NHH Customers are considered less valuable, there is less incentive to resolve; pressure is also less due to the 14-month reconciliation.

The Issue Group noted that, although the Customer may nominate an Agent, it is the Supplier that appoints the Agent. Therefore, it concluded that the Supplier is not obligated to appoint the Customer's Agent if it feels that it cannot manage the Agent. Where appointed, the Group agreed that the Supplier hub principle does not work as well, especially if the Supplier does not have an existing relationship. It is also considered to be more of an issue for smaller Suppliers.

Following the Issue Group's initial discussions, npower concluded that there was no viable Modification and agreed that the Issue be closed. The P332 Workgroup has re-visited many of the issues and the four potential solutions discussed under Issue 50:

- To amend the BSC to reflect the Customers' ability to choose their own agent(s);
- To change the Qualification process to ensure that Customer chosen agents have measures to ensure that Settlement services are provided for Customers where required;
- A combination of the two above approaches; and
- To look at alternative arrangements that could be made outside and/or within the BSC.

The Workgroup's discussions on these solution options are contained in section 8 below.

P332

P332 History		
Date	Event	Description
28 Jan 16	P332 Raised	SmartestEnergy raised P332
11 Feb 16	Initial Written Assessment	Initial Written Assessment presented to Panel
30 Mar 16	First Workgroup	Discussed P332 Proposed Modification and the Terms of Reference items. Workgroup agreed to request information from industry to help in its assessment of P332 by issuing a Request for Information (RFI) paper.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 5 of 72

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P332 History		
Date	Event	Description
8 Jul 16 to 5 Aug 16	Request for Information	RFI issued to industry. The RFI contained 14 questions to seek views from industry to help develop the P332 solution, assess how the P332 issues impact participants and request information on participant's portfolio to try to quantify the issues.
15 Aug 16	Second Workgroup	Discussed the responses to the RFI. The Workgroup agreed ELEXON and Proposer would start to draft the approach to the Proposed Modification and investigate the interaction with the Performance Assurance Framework (PAF) review.
8 Sep 16	Panel approved P332 extension	Panel approved an eight month extension to the P332 Assessment Procedure.
Oct 16 to Feb 17	Alternative Solution Options drafted	ELEXON worked with the Proposer to draft alternative solution options (with a view to creating a targeted package) to address the defect. This was agreed in view of the fact that preparing redlined text for the proposal involving Agents becoming signatories would be a huge piece of work.
23 Mar 17	Third Workgroup meeting cancelled	The third Workgroup meeting was cancelled due to unforeseen staff sickness.
26 Apr 17	Third Workgroup	The third Workgroup meeting discussed 14 alternative solution options. It was proposed that a package of smaller more targeted changes could address the defect, instead of requiring Agents to become signatories to the BSC. The Proposer concluded that only a version of his original Proposed Modification could address the defect. After discussion with the Workgroup the Proposer believed a package of alternative solution options only addressed the symptoms of the defect (and not the defect itself) and could be raised outside of P332. These are in the process of being raised as Change Proposals (CPs), subject to the outcome of a Master Registration Agreement (MRA) Issue Form (MIF). The Proposer further concluded that, given the passage of time since the Modification had first been raised, and the likely need for significant work to progress the Modification, it made sense to focus on a solution which delivered on the expected arrangements post 2020 and hence the issue of whether to include NHH had fallen away.
31 May 17	Fourth Workgroup	The fourth Workgroup meeting focussed on gathering Workgroup views for the interim report. The Workgroup agreed the structure of the interim report, the approach to assessing P332 and the revised progression timeline.
1 Jun 17 to 6 Jul 17	Interim Report prepared	Interim report prepared for July Panel meeting.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 6 of 72

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What is the issue?

Background

The commercial arrangements between Agents and Customers are outside the scope of the BSC. Between 1994 and 1998 under the Pooling and Settlement Arrangement (PSA) the Meter Operator Party, equivalent to CVA Meter Operators under the BSC, were a Party and signatory to the PSA, with a restricted set of responsibilities and rights. The equivalents of Supplier Agents were not members to the PSA.

The Supplier hub

The BSC established the Supplier hub principle, which introduced obligations for Suppliers to manage Agent performance and meet obligations within the BSC. The effective operational performance is dependent on the commercial arrangements between the Agent, Supplier and Customer. Ineffective management of these commercial arrangements may result in a reduction in a Supplier's ability to manage performance against industry targets and risk non-delivery of specific obligations.

Where a Supplier is the Registrant of a Metering System it is responsible for the Exports and/or Imports for that Metering System. The Supplier is required to appoint Agents for each of its Metering Systems, to fulfil specific roles defined in Section J² of the BSC. The concept of a Supplier appointing and managing Agents to meet its BSC obligations, including BSC performance targets, is known as the Supplier hub principle.

Under the Supplier hub arrangements the Supplier is assumed to be free to appoint an Agent of its choice and to de-appoint the Agent if performance deteriorates. However, the Proposer believes, as a point of principle, that this 'freedom' is undermined where a Customer has contracted with that Agent. Where a Supplier appoints a CPA it may not have contractual relationship with that Agent. The absence of a contractual relationship can leave the Supplier exposed to additional risk, as the Supplier has no commercial mechanism to manage the Agent (which is the Supplier's commercial risk).

The BSC does not define the Supplier hub, nor does it require Agents to accede to the BSC. Rather the BSC requires Agents to Qualify, via the Qualification process. Suppliers typically appoint Agents with whom they have a contract.

Customer Preferred Agents

There is a growing trend for Customers to contract directly with Agents, particularly in the industrial and commercial (I&C) sector. The BSC is silent on the practice of CPAs. Where a Supplier appoints a CPA and does not have a contract with the Agent, it can make managing Agent performance and delivery of obligations within the BSC difficult. This can result in a reduction in a Supplier's ability to manage performance against industry targets and risking non-delivery of specific obligations.

The Defect

The Proposer believes the Supplier hub principle needs to change to address the distortion between CPAs and Supplier preferred Agents so that obligations and performance targets sit in the right place. The change to the Supplier hub principle needs to take account of



What is the Qualification process?

The Qualification process assures that systems and processes (developed outside of BSC Central Systems control) which may interact with BSC Systems and other participant's systems will not introduce significant risks or issues to Settlement.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 7 of 72

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² Party Agents and Qualification under the Code

the fact that Suppliers do not always have a contractual relationship with the Agents they are required to be managing.

The Proposer notes that the industry has evolved since 1994 to recognise Customers' right to choose their own Agents, and for Agents to market their services to Customers. Therefore the Proposer believes that, while Customers choosing Agents is not a new concept, it is increasingly popular and may become more prevalent with the roll out of smart Metering and smaller business or residential consumers potentially forming consortia to get the best energy deal.

P332 contends that the appointment, effectively, of Agents by Customers (outside of the Supplier hub principle), makes the management of Agent performance and delivery of obligations within the BSC very difficult (as the Supplier may not have a contractual mechanism to hold the Agent to account), resulting in:

- A reduction in Suppliers' ability to manage performance against industry targets;
- The risk of non-delivery of specific obligations; and
- A conflict of interest as the Agent effectively has two 'Customers', the Supplier and the end user Customer who provides the Agent's revenue.

Additional issues caused by the issue

The Proposer provided the following examples of issues caused by the defect:

1. A Supplier's terms and conditions cannot realistically dictate that the Supplier will choose the Agent, as envisaged in the BSC, without creating a conflict between the Customer and their chosen Agent. It is not good for the Customer experience if the Supplier insists on appointing its preferred Agent.
2. There is no process for Suppliers to know when an Agent's contract with the Customer ends, which means that there is a risk that Agents are appointed (in the view of the Supplier) but are not servicing the Meter (because the Agent's contract with the Customer has ended). If the Meter fails (or a period of estimation occurs because a contract has ended and the Agent has turned off the communications) the Supplier would have to arrange a new Agent contract and retrospectively appoint that new Agent. This can be unsatisfactory to both incoming Agents and Suppliers as it immediately impacts the new Agent's performance against the assurance techniques by submitting 'late' Meter details.
3. It is commercially unsatisfactory for Suppliers to have a 'default' Agent agreement to deal with Customers who fall out of contract with their chosen Agent. There is no guarantee of the volume of Meters that the Supplier can offer to the Agent. As supply volumes are gained, it is only confirmed as part of the sales process whether the Customer has their own agreement in place with an Agent. Agents are unable to offer preferential rates in this circumstance.
4. Change of Tenancy (CoT) was identified by the Issue 50 Working Group as an issue causing delays. A common source of new appointments for an Agent from a Supplier in the I&C sector comes as a result of a CoT, the company at site going into receivership or the existing Agent contract having not been renewed. This is not an attractive proposition to an incoming Agent taking over from a Customer appointed Agent.

5. Automatic Meter Reading (AMR) Metering with no activated communications was also identified by the Issue 50 Working Group as an issue impacting Suppliers; the Customer often either has not arranged with its MOA to activate communications, usually because they don't want the additional charges; and/or it has not contracted with a DC to carry out site visits to do Meter reading. This then means that the Supplier needs to arrange and pay for visits for a DC to collect Meter readings taken with a Hand Held Unit (HHU). These reads are not as accurate and the Customer usually does not understand the need for additional costs.

P332 also contends that the use of Third Party Intermediaries (TPI) is often the root cause of many of these issues, which can leave the Customer not knowing who the Supplier Agents are. This in turn can lead to the Supplier unable to appoint the Customer's Agent. Once it does know it will then appoint the Agent, resulting in change of agent activities a few days later. This can then result in performance issues.

Participation by Agents

As well as the issues identified, the Proposer notes that though Agents are not signatories to the BSC, they attend various working groups and committees and participate in the development of the arrangements, but do not have the ability to raise BSC Modifications (or Change Proposals). The Proposer believes enabling Agents to raise change would contribute to satisfying any Ofgem concern that changes, which are not in the interests of Parties are not raised. P332 contends that increasing the range of Parties able to raise BSC changes would facilitate innovation. However, some Workgroup members believe the rights of Agents to raise BSC changes are not relevant to the P332 issue.

Summary of Workgroup views on the issue

BSC issue versus commercial issue

The Workgroup unanimously recognises the issue, but not all of the Workgroup believe it is a BSC issue or for the BSC to resolve:

- The **majority** (four members) believe the issue **is a BSC issue** and a BSC solution should be developed.
- The **minority** (three members) believe the issue **is a commercial issue** and should not be addressed in the BSC.

However, based on all attendees, including those who were not voting members, the majority view switched:

- The **majority** (eight) believed it was **not a BSC issue**.
- The **minority** (five) believed the issue to **be a BSC issue**

Only voting members will provide recommendations to the Panel. Some non-voting members are from the same company. Workgroup discussions related to the issues and defect can be found in section 8. Appendix 9 provides Workgroup member details, including who has attended which meetings.

The issue is commercial

Some members expressed concern that the problem P332 is seeking to address is not clearly stated. They believe the problem is not a structural one with the BSC, but highlights commercial issues of some Suppliers and some Agents failing to interact in an effective manner. They believe that there are a number of options available to Suppliers, outside of the BSC to mitigate the risks associated with CPAs, such as entering a framework arrangement or including clauses within the Supplier - Customer contract to cover the concerns.

The Supplier can include terms in its contract with the Customer to cater for CPAs, such as allowing the Supplier to appoint its preferred Agent if performance is unsatisfactory or to bill the Customer for certain activities, such as site visits if needed. A member believed this could be seen as anti-competitive. This 'commercial solution' to the issue may restrict Customers with CPAs from entering into supply contracts with certain Suppliers.

In addition the Supplier can enter a framework contract arrangement with any number of Agents, in addition to its preferred Agents. This should ensure the Supplier has a framework for effective operation and management under the BSC.

A member commented that Suppliers cannot force Agents to contract with them, particularly in a timely manner (the SF Run performance target is 16 Working Day (WD)s after the supply start date), when tendering for a Customer's business.

Contrary to the Proposer, who believes it is unsatisfactory for Suppliers to have a 'default' Agent agreement to deal with Customers who fall out of contract with their chosen Agent a member believes that, short term, the Agent will informally agree with the Supplier to continue to provide the service, passing its costs to the Supplier. Long term the Supplier's default Agent will likely be appointed, on a Supplier funded arrangement.

The issue is a BSC issue

Other members have argued that it is the BSC arrangement of the Supplier hub principle itself, which causes this failure to interact, as the principle did not sufficiently envisage Suppliers appointing CPAs as detailed above.

These members argue that including terms in Customer's contracts or using framework contract arrangements is unrealistic and unsatisfactory for the Customer experience. They also point out that TPI sites severely limit the Suppliers ability to mitigate risks caused by CPAs.

Some members point out that Suppliers choose to do business with TPIs to gain Customers. Any risks associated with TPIs could be priced into the arrangements with the TPI. If a framework contract was in place then there should not be any surprises and an effective working relationship can be established with the CPA.

Other Views

A member believed a common problem with CPA sites, is that the Customer may not be paying for all of the services the Supplier needs or wants. For example, site visits to read the Meter if the communications have gone down. This may mean the Supplier will be unable to settle on Actual reads and may impact the Customer experience if the Supplier initiates the change of Agent process or requests additional payments from the Customer. Some members believe that as the Customer is paying for the Agent, the financial risk of

Suppliers entering into a framework contract agreement should be small and should only be called upon due to exceptional activities.

A member believes that it is up to the Supplier to determine whether they need additional site visits to achieve BSC performance targets, above and beyond the incentives to get accurate reads for Customer billing.

A member highlighted to the Workgroup that issues only arise where the Agent underperforms and that there is no excuse for an Agent not to fulfil its BSC duties. In addition ELEXON and the PAF already hold Agents to account. However, some members believed this perspective was unrealistic, as Agents need to be paid to provide services.

Proposer's view on the issue

The Proposer believes the primary P332 issue is a matter of principle, whilst the associated performance issues are a symptom of the issue. The Proposer also believes that the BSC arrangements, including the Supplier hub, were designed to reflect the commercial arrangements and practices in place. The market has evolved, especially in the area of data collection and information provision, which is reflected in changes to commercial practices, but the BSC has not changed.

A member notes that CPAs have existed since 1994 when the Metering market became competitive and pre-date the Supplier hub principle. As such he does not believe that the Supplier hub overlooked CPAs, rather it is for Supplier's to take appropriate steps to manage its hub.

The Proposer wants P332 to be developed to work for a post 2020 world, where he anticipates the majority of the MPANs currently sitting in Profile Classes (PC) 1 to 4 will move to 'Supplier-serviced' Metering systems, where the Supplier obtains data from a SMETS compliant Meter, either directly or using a service provider. The Proposer believes that the majority of Customer/Agent contracts currently sit in the AMR market, and this will become more prevalent over the next few years. As such, he believes P332 should only target the 'traditional' Half Hourly, or 'HHDC-serviced' segment of the market, where the HHDC is responsible for obtaining readings from the Meter, typically an AMR Meter. This segment comprises Measurement Classes C, E and G for Metered and Measurement Class D for un-metered.

In order to assess the Proposer's view of where CPAs sit in the market, the Workgroup agreed to request additional data from Suppliers and Agents. This is discussed in more detail in section 8 and the results can be found in Appendix 5.

The Proposer also noted that one of the reasons for a mismatch in expectations in terms of performance is that Suppliers are judged primarily by volumes of estimates entering Settlement, whereas Agents statistics are presented in terms of numbers of MPANs. There are therefore no incentives on Agents to deal with problems associated with larger sites as a matter of priority.

Proposed solution

The solution is still under development and assessment by the Workgroup. The Proposer believes that both Agents and Suppliers need to take direct responsibility for their activities under the BSC. Agents becoming signatories to the Code will ensure Agents are more directly responsible under the BSC, but on its own will not fully address the issue. A change to the Supplier hub arrangement is also needed to take account of CPAs.

The Workgroup plans to consider what amendments to make to the Supplier hub at its next meeting, scheduled for August 2017. Specifically they will review who should be reasonable for the Metering System and what, if any, reallocation of responsibilities there should be between Suppliers and Agents. More information on the approach can be found in section 4.

The Proposer believes the solution should be fit for the post 2020 world. In this world it's assumed the majority of CPAs will be in the 'traditional' HH, or 'HHDC-serviced' Meters where the HHDC is responsible for obtaining readings from the Meter, typically an AMR Meter. In addition, the Proposer believes that MPANs that migrate from PCs 1-4 to HH settled 'Supplier-serviced' Metering Systems, where the Supplier obtains data from a SMETS compliant Meter, either directly or using a service provider are less likely to have a CPA. As a result P332 is currently targeted only at these ~270k 'HHDC-serviced' Meters. Respondents to the RFI were split on this approach.

For consistency and fairness the Proposer believes that the solution should apply to all Supplier Agents for HHDC-serviced Meters. This equates to:

- Half Hourly Data Collectors (HHDC)
- Half Hourly Data Aggregators (HHDA)
- Meter Operator Agents (MOA)
- Meter Administrators (MA)

Further consideration is needed as to whether the solution would apply to Central Volume Allocation (CVA) MOAs.

Alternative solution

The Workgroup have discussed 14 alternative options. These discussions can be found in section 8 of this paper. No Alternative Modification has been raised at this time. The Proposer believes that the majority of these options, whilst useful, do not address the defect and only address performance issues, which can be considered as a symptom of the defect.

Summary of Workgroup views on the solution

Some members of the Workgroup do not believe the Proposed Modification is proportionate to the issue. To assist with this debate, the Workgroup requested data from Suppliers and Supplier Agents to ascertain the size of the CPA market. As the issue is a point of principle, establishing how much of the market 'should' be governed by an alternative to the current Supplier hub is important in assessing P332. The results of the

data request can be found in Appendix 5. Please note the Workgroup have not yet discussed the results on this data request.

Some members believe more effective use of the PAF by ELEXON and the Performance Assurance Board (PAB) could address a number of the issues raised under P332. Other members believe they are not able to provide a view until the solution is further developed, particularly until the revised Supplier and Agent responsibilities have been defined. Some do not believe making Agents signatories to the BSC will make a meaningful difference.

The Proposer contends that the PAF should reflect the arrangements, not the other way round, and that it is important to confirm the principles of the arrangements before significant work is conducted on the PAF review.

One member commented that the PAF allows for new Settlement Risks to be raised, and no specific risk has yet been raised in relation to CPAs. ELEXON added that it has not received any significant evidence to propose raising a new Settlement Risk related to CPAs.

Potential changes to be raised outside of P332

The Proposer and the Workgroup believe that a number of the alternative solutions considered should be progressed outside of P332. These changes primarily seek to identify CPAs at different stages in the appointment lifecycle. For example, a flag to identify CPAs would benefit Suppliers and Agents, especially if it were visible to the Supplier before acquiring the Customer.

ELEXON is working with an interested Supplier to raise a MIF to the MRA Issue Resolution Expert Group (IREG) to ask them to consider changes to Data Transfer Catalogue (DTC) data flows or Electricity Central Online Enquiry Service (ECOES) to improve identification of CPAs. Following the outcome of the MIF, ELEXON will look to raise CPs and DTC CPs.

Four potential CPs could be raised following the MIF:

- CP1: Provide visibility to Suppliers of Customer-Agent relationship ahead of the Change of Supply (CoS) process, through one of the following.
 - Display an indicator of a pre-existing Customer-Agent contractual relationship on ECOES.

The Workgroup identified the D0312³ as the most logical data flow for the MOA to use. Currently, HHDCs and HHDA do not update ECOES. Either a new data flow would be needed for the HHDC and HHDA to send to ECOES, or the Supplier would be required to send it to ECOES on their behalf; or

- Allow this to be transferred between Suppliers and Agents through the registration/appointment process. This would require changes to the D0155⁴, D0011⁵ and possibly D0148⁶ flows.

The Workgroup noted that MOAs already provide daily updates to ECOES.

³ Notification of Meter Information to ECOES

⁴ Notification of Meter Operator or Data Collector Appointment and Terms

⁵ Agreement of Contractual Terms

⁶ Notification of Change to Other Parties

- CP2: Allow an incoming Supplier to request information from an incumbent Supplier Agent (ex-hub) as to whether a Customer-Agent contract is in place.
- CP3: Addition of a 'MOA to Supplier' instance of the D0005⁷ flow and of 'Supplier' as a required recipient in the relevant [BSCP514](#) ('SVA Meter Operations for Metering Systems Registered in SMRS') processes.
- CP4: Add a requirement in BSCPs that an Agent must notify its Supplier following a change of contract status. This could be via a new flow.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 14 of 72

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⁷ Instruction on Action

4 Approach to assessing P332

Overall approach

It is proposed to assess P332 using a two stage approach:

- Stage one aims to gather business requirements.
- Stage two aims to develop the legal text.

Stage one

Stage one will be broken down into five workstreams for assessment. The workstreams have been ordered hierarchically. It is believed each workstream will feed into the next. Appendix [four](#) provides further details on the workstreams, including a mapping between the workstreams and the associated BSC sections and details some key questions the Workgroup will need to consider. The workstreams are:

Proposed P332 Workstreams	
Workstream	No. of Workgroup meetings
1. Responsibility for Metering System and data	2
2. Accession and Market Entry	2
3. Performance Assurance	2
4. Governance and Voting Rights	2
5. Transition and other issues not listed above	1

It's proposed, based on a lessons learnt from a similar approach for [P344](#) ('Project TERRE implementation into GB market arrangements') to have one meeting per month and to develop business requirements for each workstream along the way. Once the five workstreams have concluded, at least one Workgroup meeting will be held to review the solution in totality.

Stage one will conclude with an Assessment Consultation on the business requirements and the questions set by the Workgroup. The Workgroup believe a six week (30 WD) consultation period is appropriate because of the potential high impact across all business areas of P332. Workgroup meetings to discuss the Assessment Consultation responses and ELEXON impact assessments have also been planned.

The Workgroup will need to decide when to conduct an industry impact assessment. This could form part of the Assessment Consultation or be issued separately. This will be decided during stage one.

Some Workgroup members have indicated that they will bring along relevant experts from within their business for each workstream. Any additional attendees will be able to participate in Workgroup discussions but will not be able to vote in accordance with the Workgroup Terms of Reference.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 15 of 72

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Stage two

During stage two we will also hold one meeting per month. The focus of this stage is to develop the legal text. At this time, five Workgroup meetings are planned to discuss the legal text, one for each workstream. Once the legal text has been drafted, at least one Workgroup meeting will be held to review the legal text in totality. The Workgroup will need to decide, what, if any, Code Subsidiary Documents (CSDs) to change during this stage.

Stage two will conclude with an Assessment Consultation on the legal text and questions set by the Workgroup. The Workgroup believed a six week (30WD) consultation period would be required because of the potential high impact across all business areas. Workgroup meetings to discuss the Assessment Consultation responses and ELEXON impact assessments will also be needed.

Revised Progression Timetable

The significance of P332 coupled with the uncertainty around its solution and scope mean that it is only possible to propose an indicative timetable. Based on the approach described above the revised progression timetable as follows:

Revised Proposed Progression Timetable for P332	
Event	Date
Interim report presented to Panel	13 July 2017
Stage one meetings	August 2017 to August 2018
Stage one Assessment Consultation (30WDs)	June 2018
Stage two meetings	September 2018 to June 2019
Stage two Assessment Consultation (30WDs)	April 2019
Present Assessment Report to Panel	August 2019
Report Phase Consultation (20WDs)	September 2019
Present Draft Modification Report to Panel	October 2019
Issue Final Modification Report to Ofgem	October 2019

If possible the Assessment Report will be presented to an earlier Panel meeting; equally, depending on how P332 progresses it may be necessary to request a further extension, e.g. if further industry consultation is required.

Due to the likely length of the P332 Assessment Procedure, the Panel may wish to consider additional checkpoints or request further interim reports, for example following the completion of stage one.

Based on the revised progression timetable a 25 month extension to the P332 Assessment Procedure is required.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 16 of 72

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Expected Challenges

Workgroup attendance

The Workgroup Terms of Reference only permits a Workgroup member to vote if they have attended at least two-thirds of the Workgroup meetings in person or via teleconference. There is a risk that the number of voting members falls below five, the minimum number required to be quorate.

21 people registered as P332 voting members. Four have since confirmed they can no longer be a member of the Workgroup due to a change in circumstances. At the last Workgroup meeting there were 13 industry attendees, of which 7 were voting members. To minimise the risk, we have shared the proposed meeting dates for P332 with Workgroup members.

Strategic direction

We also anticipate there to be mixed views on the revised rights and obligations for Suppliers and Agents. A steer from Ofgem could assist the Workgroup to ensure they are developing a solution that is more in line with its strategic direction.

Other industry changes

P332 is being assessed against a backdrop of increasing volumes and complexity of changes. These are largely being driven from four key areas: European Legislation, the smart programme, faster switching and HH Settlement. We have also seen an increase in changes being raised as a result of likely changes to embedded benefits. Any changes to Supplier and Agent responsibilities will likely require changes to the PAF, which is currently under review. As discussed in section 8, we will keep the P332 Workgroup updated on the progress of other relevant industry changes and feed back to other projects on the direction of P332 travel to minimise any inefficiencies or cross overs.

Other areas for consideration

In addition to the key Workstreams the Workgroup will need to further consider:

- How P332 will treat CVA MOAs; and
- How likely domestic Customers, or those currently in Profile Class three and four will be to utilise CPAs post 2020. Two Workgroup members believe that there is considerable potential for new and innovative business models to be developed that could offer consumers Agent services. For example, competitive metering services.

5 Likely Impacts & Costs

P332 is likely to have significant impacts on BSC Parties, particularly Suppliers and Party Agents. However, until the solution(s) are developed it is not possible to effectively assess the impacts.

Responses to the RFI indicated costs for implementing P332 would be high, but the actual impact and costs could not be assessed until the P332 solution was further developed. They also indicated they would require legal advice and sufficient time to assess the impact.

Impact on BSC Parties and Party Agents	
Party/Party Agent	Impact
Supplier	Revision of Supplier hub principle likely to impact systems, processes and commercial arrangements with Customers and Agents.
Supplier Agents	HHDCs, HHDA, MOAs and MAs may become signatories to the BSC to facilitate changes to the Supplier hub principle. Likely to impact systems, processes and commercial arrangements with Customers and Suppliers.
Distribution System Operator	Could be impacted subject to the change(s) to the Supplier hub principle.
BSC Parties	May indirectly impact other BSC Parties as a result of changes to funding shares, governance and voting arrangements, including eligibility to raise Trading Disputes or Modifications or CPs.

Impact on Transmission Company

We do not expect any impacts on National Grid, but this will need to be confirmed via an impact assessment.

Impact on BSCCo

To be determined. Main impact expected on PAF.

Impact on BSC Systems and process

To be determined. Main impact expected on PARMS.

Until the solution is further developed we cannot be certain of the full impact on the BSC. However, at the moment it's assumed that P332 will impact the following BSC sections:

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 18 of 72

© ELEXON Limited 2017

Impact on Code	
Code Section	Likely Impact (High, Medium, Low)
SECTION A: PARTIES AND PARTICIPATION	Medium
SECTION B: THE PANEL	Low
SECTION C: BSCCo AND ITS SUBSIDIARIES	Medium
SECTION D: BSC COST RECOVERY AND PARTICIPATION CHARGES	Medium
SECTION E: BSC AGENTS	Low
SECTION F: MODIFICATION PROCEDURES	Low
SECTION G: CONTINGENCIES	Low
SECTION H: GENERAL	Medium
SECTION J: PARTY AGENTS AND QUALIFICATION UNDER THE CODE	High
SECTION K: CLASSIFICATION AND REGISTRATION OF METERING SYSTEMS AND BM UNITS	Medium
SECTION L: METERING	Medium
SECTION M: CREDIT COVER AND CREDIT DEFAULT	Low
SECTION N: CLEARING, INVOICING AND PAYMENT	Low
SECTION O: COMMUNICATIONS UNDER THE CODE	Low
SECTION P: ENERGY CONTRACT VOLUMES AND METERED VOLUME REALLOCATIONS	Medium
SECTION Q: BALANCING MECHANISM ACTIVITIES	No Impact
SECTION R: COLLECTION AND AGGREGATION OF METER DATA FROM CVA METERING SYSTEMS	Medium
SECTION S: SUPPLIER VOLUME ALLOCATION	High
SECTION T: SETTLEMENT AND TRADING CHARGES	No Impact
SECTION U: PROVISIONS RELATING TO SETTLEMENT	No Impact
SECTION V: REPORTING	Low
SECTION W: TRADING DISPUTES	Low
SECTION X: DEFINITIONS AND INTERPRETATION	High
SECTION Z: PERFORMANCE ASSURANCE	High

Summary of BSC sections impacted:

- 4 high
- 8 medium
- 9 low
- 3 no impact
- Total = 24

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 19 of 72

© ELEXON Limited 2017

Until the solution is further developed we cannot be certain of the impact on the CSDs. However, it's currently assumed the key CSDs that could be impacted by P332 are:

Impact on Code Subsidiary Documents	
CSD	Impact
BSCP06 CVA Meter Operations for Metering Systems Registered in CMRS	TBC
BSCP11 Trading Disputes	
BSCP38 Authorisations	
BSCP40 Change Management	
BSCP65 Registration of Parties and Exit Procedures	
BSCP502 Half Hourly Data Collection for SVA Metering Systems Registered in SMRS	
BSCP503 Half Hourly Data Aggregation for SVA Metering Systems Registered in SMRS	
BSCP514 SVA Meter Operations for Metering Systems Registered in SMRS	
BSCP520 Unmetered Supplies Registered in SMRS	
BSCP533 PARMS Data Provision, Reporting and Publication of Peer Comparison Data	
BSCP533 Appendix A PARMS Data Provider File Formats	
BSCP533 Appendix B PARMS Calculation Guidelines	
BSCP536 Supplier Charges	
BSCP537 Qualification Process for SVA Parties, SVA Party Agents and CVA MOAs	
BSCP537 Appendix 1 Self-Assessment Document (SAD)	
BSCP537 Appendix 2 Testing Requirements	
BSCP537 Appendix 3 Guidance Notes on Completion of the SAD	

At this time it's not possible to say what, if any, impact P332 will have on other Core Industry Documents.

However, changes to the Supplier hub could result in consequential changes to:

- Distribution Connection and Use of System Agreement (DCUSA)
- MRA
- Meter Operation Code of Practice Agreement (MOCOPA)

6 Implementation

We do not expect an Implementation Date for P332 to be before 2020. The Proposer believes it makes sense for P332 to be designed for a post 2020 world, following the rollout of smart Meters. This will be assessed as the solution is developed and will be subject to ELEXON and industry impact assessments.

Based on the revised progression timetable, which the Proposer and Workgroup have agreed, P332 is expected to take until August 2019 to assess. This assumes the next Workgroup meeting is held in August 2017.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 21 of 72

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7 Data Request

The Workgroup requested data from Suppliers and Agents relating to the number of CPAs. Section 8 provides details on the discussions the Workgroup had on what data should be requested. The Workgroup believed it is important to establish the size of the market where the Supplier hub principle may no longer be appropriate.

The Proposer believes the area of the market where the Supplier hub principle is no longer appropriate is the 'traditional' HH or 'HHDC-serviced' Meters where the HHDC is responsible for obtaining readings from the Meter, typically an AMR Meter. This is to differentiate these MPANs from current and future HH settled 'Supplier-serviced' Metering Systems where the Supplier obtains data from a SMETS compliant Meter, either directly or using a service provider. This covers Measurement Classes C, E and G for metered and Measurement Class D for unmetered. These four Measurement Classes account for a gross annual energy volume (import + export) of approximately 190 terawatt-hours (TWh).

Responses were received from:

- **15 Suppliers** who represent the following share of the HH market by volume:
 - 88% of all HH metered import (~143 TWh of annual consumption)
 - 88% of all HH unmetered import (~3.4 TWh of annual consumption)
 - 72% of all HH metered export (~45 TWh of annual generation);
- **5 MOAs** who represent approximately 56% of the HH market by MPAN count;
- **6 HHDCs** who represent approximately 66% of the HH market by MPAN count;
- **6 HHDA**s who represent approximately 67% of the HH market by MPAN count; and
- **1 MA** who represents approximately 58% of the HH market by MPAN count.

Supplier responses

Appendix 5 details the full Supplier responses to the data request. We note that the responses account for ~245,600 out of a total of ~270,000 'HHDC-serviced' Metering Systems comprising HH metered import, HH unmetered import and HH metered export.

From this level of response (covering close to 90% of all Agent appointments and well over the 75% response threshold), we believe that we can reliably determine that a CPA arrangement is in place for approximately:

Measurement Class C:

- 63% of MOA appointments
- 36% of HHDC appointments
- 26% of HHDA appointments

Measurement Class D:

- 45% of MA appointments

Measurement Class E:

- 30% of MOA appointments
- 25% of HHDC appointments
- 12% of HHDA appointments

Measurement Class G:

- 24% of MOA appointments
- 20% of HHDC appointments
- 14% of HHDA appointments

Overall:

- 46% of MOA appointments
- 30% of HHDC appointments
- 20% of HHDA appointments

Agent responses

Given the higher response rate received from Suppliers (covering close to 90% of all Agent appointments in the HHDC-serviced market segment compared to 60-65% from Agents), we have collated the Agent responses below and highlighted the share of CPAs for the different Agent roles. These are consistent with the Supplier responses.

MOA

Of the MOAs that responded to the data request, a CPA arrangement was in place for approximately **50%** of all MPAN appointments, roughly equal across both HH import and HH export. This is in line with the share provided in the Supplier responses, although it should be noted that this is from a lower response rate. However, there was significant variance in CPA share, with one MOA reporting over a 90% CPA share while another did not have any such agreements in place. As with the Supplier responses, the majority of CPA agreements were in place for Measurement Classes C and E.

HHDC

Of the HHDCs that responded to the data request, a CPA arrangement was in place for approximately **30%** of all MPAN appointments, roughly equal across both HH import and HH export. This is in line with the share provided in the Supplier responses, although from a lower response rate. The CPA share of HHDC appointments was consistently highest in Measurement Class C, followed by Measurement Class E.

HHDA

Of the HHDA's that responded to the data request, a CPA arrangement was in place for approximately **33%** of all MPAN appointments, predominantly HH import. This is higher than the **20%** CPA share reported by Suppliers, although this could be explained by the lower response rate omitting a few HHDA's with larger market shares.

MA

For the single MA that responded to the data request, CPAs were in place for all (100%) of HH unmetered appointments. Therefore it is likely that the CPA share across the whole HH unmetered market is higher than the 45% observed in the Supplier responses.

Conclusions

The conclusions below are based on the Supplier responses to the data request. This is due to the higher response rate and the additional volume data that Suppliers provided. The key findings are as follows:

- CPAs are already in the majority for MOA appointments in Measurement Class C with nearly two thirds of all appointments, covering at least **70 TWh** of annual energy flows.
- Measurement Class C also accounts for the highest shares of CPAs in HHDC and HHDA appointments, with **36%** and **26%** respectively. However, overall the share of CPAs in HHDC and HHDA appointments is lower than for MOA appointments.
- The data for HH unmetered import is less consistent. Overall the responses indicated a CPA share of **45%**, but the response from the MA indicated a CPA share of at least **58%** of the HH Unmetered Supplies (UMS) market.

It should be noted that much of this discussion took place in early 2016 before it was decided that so much time had elapsed that it made sense to concentrate on future arrangements for HH AMR from 2020 onwards.

The need to request information from industry

This section provides the Workgroup's discussions on requesting information from industry.

Should we request information from participant's on portfolio makeup?

A Workgroup member questioned where the Proposer had obtained his statistics from, as noted in the Proposal Form, that 90% of MPANs in the I&C sector are associated with direct contracts between the Customer and the Agent. The Proposer advised that this was not an industry wide statistic, but one provided by his company based on its portfolio. However, another member of the Workgroup stated that 90% is reflective of their portfolio as well for I&C.

A member advised that the proportion of MPANs associated with Customer contracted Supplier Agents will vary widely from company to company, depending on the makeup of their portfolio. Large Supplier Agents could have a greater number of Customer contracted Agents. There could even be Supplier Agents who only contract directly with Customers.

ELEXON advised that it may be worth asking the industry to provide information on their portfolio makeup and numbers of known Customer contracted Supplier Agents to help the Workgroup determine the share of direct Customer and Agent contracts in the retail market. The Workgroup agreed that this question should be posed to the industry.

ELEXON asked whether the information request should ask that data provided by each Supplier be disaggregated by Agent service. A member responded that it is not just about the Agent service but also about the market segment, and so it may be worth splitting the data out for NHH and HH as well.

What Supplier Agents should be in scope of P332?

The Workgroup discussed whether the Modification Proposal should extend to all Supplier Agents or just a subset.

A member advised that they do not see the benefit in applying P332 to DCs as they do not believe any of the issues discussed arise from them. However, they noted that they had experienced some of the issues in relation to MOAs. The Proposer advised that they had not personally dealt with Meter Administration, and so questioned whether any of the issues could arise with MAs. Another member responded that, in order for the Workgroup to determine which Supplier Agents need to be included under P332, we would need to understand where the observed issues are stemming from.

Other members of the Workgroup agreed with this view. The Proposer added that the BSC is not structured to reflect how contractual arrangements work in practice, which further adds to the problem. The Proposer and the Workgroup agreed that ELEXON should look into the performance of Supplier Agents in order to provide a view of which Agents are underperforming.

A summary of ELEXON's initial analysis can be found in Appendix 1.

Should Supplier Agents be accountable to the BSC?

A Workgroup member asked whether, irrespective of what proportion of the market is made up of Customer contracted Supplier Agents and to what extent that was an issue, the Workgroup believed that Supplier Agents should be accountable to the BSC. They asked that, if this was the case, whether there was therefore a consensus that they should be required to become BSC Parties.

A member advised that one benefit of Supplier Agents becoming accountable to the BSC is the performance monitoring that can be applied through the PAB. They suggested that it may be useful to monitor performance of Supplier Agents and then rank them based on their performance. This would allow larger scale Customers to see which Supplier Agents consistently underperform and may therefore choose an Agent that the Supplier will have a better working relationship with.

A member advised that, as an Agent, they find it equally difficult to communicate with some Suppliers. They added that there would need to be consistent and transparent reporting of *both* Suppliers and Supplier Agents, regardless of whether there is a direct Customer contract or not. This would allow for greater transparency regarding Supplier and Agent performance.

A member noted that, under the BSC, it is the Supplier that appoints the Supplier Agent. There is currently no recognition of how Customer contracted Supplier Agents affect this process. There are instances where a large scale Customer contracts directly with an Agent, and the Supplier then has no choice but to appoint that Agent.

They added that, when a Supplier gains a Customer group, there is currently no advance visibility of which Agents those potential Customers have a contract with. If, as a Supplier, you were aware of which Supplier Agents were contracted while you were in the quote stage, you would then have an opportunity to communicate with them to advise how poor Agent performance can impact the Customer financially. The member therefore believes that there needs to be consistent transparency and accountability across the market.

Another member expressed the view that it is not the Customer-Agent contract itself that is the issue, but rather that it suffers from a lack of transparency and accountability regarding the performance of these Agents.

ELEXON asked whether the Supplier Agents represented on the Workgroup would be against signing up to the BSC. A member who operates as an Agent responded that they are not opposed to this, but they would want to know exactly what they are signing up to (i.e. what are the benefits and costs of doing so). Another Supplier Agent member felt that, for the majority of the time, the relationship between Supplier and Agent worked fine. Therefore, there would need to be clear benefits to the Supplier Agent, and not just the Supplier, if Agents are going to get behind this.

A member who operates as a Supplier suggested that a solution may be the ranking of Supplier Agents based on their performance. If an Agent is performing well, this would mean more Customer access and an ability to advertise this good performance. Some Workgroup members agreed with this view, with one adding that this ranking would incentivise further competition in the industry.

Do you believe Supplier Agents should become signatories to the BSC?

A member agreed with this question and advised that the industry and the Workgroup will need to determine how wide or narrow the scope of this Modification needs to be. Another member added that they will have a look at what currently happens in the gas market to see if there is anything of interest for the Workgroup.

ELEXON advised that the role of Supplier Agents is expected to change over time and that some functions are likely to expand and some will narrow. Therefore, the Agent roles as we know them now may be different post 2020. Therefore, a blanket approach of applying P332 to all Supplier Agents may be clearer in that respect. However, this could also be adding greater risk. A member also pointed out that requiring DCs to become signatories might not make sense when the role is diminishing.

Some members of the Workgroup were sceptical about the need for Supplier Agents to become signatories to the BSC. It was asked whether or not Supplier Agents will have to put up collateral. The Proposer indicated that the signatory approach presupposes the need for fines on Supplier Agents and there is no point in charging these Agents for ELEXON's monitoring activities. However, there is an argument for creating an incentive to ensure good performance.

Note: in view of the difficulties of apportioning financial liability for performance issues the Proposer currently envisages a solution with the following features:

- All HH Agents become signatories in lieu of the Supplier hub principle
- The focus is less on Customer Appointments and more on accountability when performing in a role
- Performance is monitored by PAB
- Liquidated Damages are abolished
- PAB assess performance on a risk-based, holistic view
- Sanctions for under-performing Parties (Agents and Suppliers) would include temporary suspension of new appointments.

Should P332 cover both HH and NHH Supplier Agents or all Supplier Agents, including CVA?

A member advised that they would prefer a distinction between Data and Communication Company (DCC) enrolled and the rest of the market as well as between HH and NHH.

Another member asked what will happen to NHH PC (PC) 1-4 once the DCC is operational. A member responded that in the world of DCC there is less responsibility on MOAs for managing Meter Technical Details (MTDs), so Suppliers should find it easier to manage their PC 1-4 portfolio.

A member advised that the industry must recognise that Customers will always have the opportunity to contract/appoint their own Supplier Agent(s). In terms of NHH we will probably see a growth in numbers as NHH migrates to HH in the domestic market.

A member asked what the point is of DAs signing up to the BSC. A member responded that there are huge financial implications for Parties when a DA submits an error into Settlement, and all the costs and charges will ultimately be passed onto the Customer in

the end. ELEXON notes that although the DA may submit an error it is usually caused by the incorrect data that they have received.

Do Suppliers find that their performance is disproportionately affected where they do not have a direct contractual relationship with an Agent?

A member asked what we mean by 'beyond the Supplier's control'. ELEXON advised that there are always uncontrolled issues, for example where a Customer will not let Supplier Agents have access to a site. If you are a Supplier and the Supplier Agent is having trouble accessing the site or they are waiting on information from a previous Supplier Agent, things will break down and as a Supplier you cannot control this.

Should Supplier Agents be financially responsible under the BSC?

A member asked whether Supplier Agents should be made financially responsible under the BSC and how, as BSC Parties, they might contribute to the funding of the BSC arrangements. The member advised that there could be a mechanism put in place for Supplier Agent charging, similar to that of Supplier charging. Alternatively, there could be a poor performance penalty charge that is required for Supplier Agents that underperform.

A member recalled that in 1998, Supplier Charges were based on a Supplier's portfolio, and suggested that any Supplier Agent charges could be based on the number of MPANs they were appointed to, or alternatively by the total MWh volume.

A member asked whether you can measure performance based on PARMS. They advised that as a Supplier Agent you will have Suppliers contact you if they have concerns based on PARMS data. You could then have the PAB look into this and ultimately get an Error and Failure Resolution (EFR) report.

ELEXON advised that, if Supplier Agents are required to sign up to the BSC, any required charging methodology could be developed as part of the implementation of this Modification (similar to the Loss of Load Probability (LoLP) methodology developed under [P305](#) 'Electricity Balancing Significant Code Review Developments'). ELEXON suggested that the Workgroup did not focus too extensively on proposing fundamental changes to the Supplier charging methodology or look at developing an Agent methodology as part of this Modification. Any changes or methodology development could be done following the approval of this Modification, potentially as part of a Supplier Charge review.

A member asked how the BSC will be funded should Supplier Agents be accountable. ELEXON advised that it depends on how the arrangements are set up. It may be that Supplier Agents are charged similarly to Suppliers. This would mean that any funding share reimbursements will need to incorporate both Suppliers and Supplier Agents. If we add new BSC Parties, we will need to make sure that funds and charges are distributed correctly between Suppliers and Supplier Agents.

A member suggested that a sub-question be added asking whether the industry thinks a charging regime should be on an incident (MPAN) basis or volume basis.

What are the implications to contractual arrangements if all/some Supplier Agents become accountable (or signatories) to the BSC?

A member asked what impact this Modification may have on contractual arrangements. For example, a company may have a set of contractual requirements based on the BSC



Being accountable vs. being a signatory

It is envisaged that the differences between a Supplier Agent being accountable to the BSC vs. being a signatory to the BSC will be as follows:

Accountability

- Supplier Agent performance closely monitored
- Potential charges for underperforming
- industry wide publication of Supplier Agent ranking

Signatory

- Supplier Agent performance closely monitored
- Potential charges for underperforming
- industry wide publication of Supplier Agent ranking
- **ability for Supplier Agents to raise changes to the BSC**

268/06

P332

Interim Assessment Report

6 July 2017

Version 1.0

Page 28 of 72

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and on what the company wants. Therefore, if there is an update to the BSC with accountabilities being transferred between the Supplier and Supplier Agents, it may have a knock on impact for contracts currently in effect.

A member advised the Workgroup that a small company may not have the ability to put in place things like 'claw back' clauses in the event of poor Supplier Agent performance, which would have an adverse effect on competition. Another member responded that industry contracts will typically require adherence to relevant BSC obligations. Any additional requirements the Supplier or Supplier Agent wants can then be added on top of the BSC related requirements, but these should apply independently of the P332 proposals.

P332 Request for Information responses

Overall

Attachment A contains the full responses to the RFI.

The suggestions provided in the RFI for improvements to the BSC to address issues raised by CPAs have been fed into the solution options discussed in the third Workgroup meeting; these are summarised below. Similarly, comments related to other industry changes, such as the PAF review or smart Metering have been provided to those projects.

Summary of Responses to Request for Information				
Question	Yes	No	Neutral	Other
1. Do you believe that the BSC should recognise the Customer/Supplier Agent relationship?	10	3	3	0
2. Do you believe all Supplier Agents should be directly accountable to the BSC, without being a signatory, and not just those who contract directly with Customers?	6	6	4	0
3. Do you believe all Supplier Agents should become signatories to the BSC?	5	8	3	0
4. Should P332 cover HH and NHH Supplier Agents or all Supplier Agents including CVA?	7	3	4	2
5. Should P332 be limited to Supplier Agents who wish to contract directly with Customers?	1	14	0	1
6. In the last 12 months what issues with Customer contracted Supplier Agents have you experienced as a result of the current arrangements?	-	-	-	-
7. Do Suppliers find that their performance is disproportionately affected where they do not have a direct contractual relationship with a Supplier Agent?	9	2	3	2
8. What are the implications to your contractual arrangements if some/all Supplier Agents become accountable and/or signatories to the BSC?	-	-	-	-
9. Do you believe that liquidated damages/charges should be enforced upon Supplier Agents should their poor performance impact Suppliers?	6	7	3	0

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 29 of 72

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Summary of Responses to Request for Information				
Question	Yes	No	Neutral	Other
10. Do you think Supplier Charges should be abolished on the grounds that they are no longer appropriate if Supplier Agents are made to be more accountable?	2	11	2	1
11. Should Supplier Agents be brought under the breach and default process?	7	6	3	0
12. Should Supplier Agents be obliged to remain appointed to a Metering System until another Agent is appointed (with an obligation remaining with the Supplier only on a new connection)?	10	3	2	1
13. Are you willing to provide addition information/data about your portfolio make up?	5	5	4	2
14. Would you like to make any further comments on P332?	10	6	0	0

RFI Responses

1. Do you believe that the BSC should recognise the Customer/Supplier Agent relationship?			
Yes	No	Neutral	Other
10	3	3	0

The majority (10/16) of respondents believed the BSC should recognise the relationship between Customers and Agents. Arguments to support this were:

- The market has changed significantly since the Supplier hub principle was designed. The number of direct arrangements between Customers and Agents is growing, particularly in the I&C sector. With the roll out of AMR and smart Meters and the move towards HH Settlement the trend will spread to small and medium sized enterprises and domestic markets.
- Significant risk is posed to Settlement caused by Suppliers being compelled to appoint CPA with whom they may have little or no control.
- Where a contract between a Customer and Agent expires it is likely to lead to Supplier performance issues.
- Recognising this relationship in the BSC will better reflect the current arrangements and will formally recognise this relationship by industry.
- It will better account for Agent responsibilities.

One respondent believed the BSC should only recognise the Customer / Agent relationship where there is no direct relationship between the Supplier and Agent.

Two respondents held the view that whilst the relationship should be recognised it should not impact the Supplier hub principle or dilute the Supplier's responsibility.

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 30 of 72

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Three respondents did not believe the BSC should recognise the relationship between the Customer and Agents. Two respondents believed the Customer/Agent relationship was a commercial relationship that should be kept outside the BSC. They believed this relationship should continue to be dealt with by contractual agreements. One respondent believed the Supplier hub principle itself recognises the relationship between the Customer and the Agent.

Three respondents were neutral on this point. One respondent did not recognise the size of the problem being described nor that the number of CPAs was growing. They believe it is ultimately a relationship management exercise and one best left to commercial arrangements. Another respondent was unclear how recognising the relationship in the BSC would help improve a Supplier's ability to manage an Agent with whom they have no formal relationship. They noted that the Supplier could require the Customer in its contract to provide Agent contract details.

2. Do you believe all Supplier Agents should be directly accountable to the BSC, without being a signatory, and not just those who contract directly with Customers?			
Yes	No	Neutral	Other
6	6	4	0

There was no majority of views to this question. Six respondents believed that all Supplier Agents **should** be directly accountable to the BSC and not just those who contract directly with Customers. Those views can be summarised as:

- A step in the right direction, but believe Supplier Agents should also be signatories; proper accountability can really only be achieved through being a signatory.
- MOA and DC performance impacts Suppliers the most operationally, but DAs can also significantly affect Settlement, causing direct cost to Suppliers. As a result all Agents should be directly accountable.
- Will strengthen the overall industry governance benefiting consumer interest.
- Need to understand how (without Agents being a signatory) penalties will be enforced:
 - Would like to see ELEXON given appropriate tools and powers to act as an escalation point where Suppliers have exhausted all reasonable options.
- Poor performance of any Agents contributes to increased Settlement risk.
- Mandating Supplier Agents to become signatories to the BSC is the best way to make them accountable to it:
 - Will also give them ability to fully participate in the BSC change process.
- Should only be Customer contracted Agents; Supplier hub is a core part of the electricity trading arrangements and if we are considering serious changes to the Supplier hub principle there should be a wider consultation carried out by Ofgem.

One respondent believed the effectiveness of existing processes can be improved by the introduction of public peer comparison. ELEXON has recently started publishing [Agent peer comparison for certain PARMS serials](#).

Six respondents also believed Supplier Agents **should not** be directly accountable to the BSC and not just those who contract directly with Customers. The arguments put forward for this view were:

- Supplier Agents must be Qualified to be able to participate in the BSC processes. Furthermore, performance is monitored via PARMS, yearly Audits, ad hoc site visits and other preventative, detective, incentive and remedial assurance techniques with the ultimate and very real possibility to have their Qualification removed. As such, Agents are already held accountable under the BSC without the need for them to be signatories.
- The BSC is in place to ensure Settlement performance and accuracy. The issues raised relate mostly to commercial issues and commercial contract issues should not be a concern for the BSC.
- Suppliers should remain accountable for the performance of Agents for Metering Systems they supply. If this accountability creates additional risk to them, it should be reflected in the tariffs they charge.
- All Agents should be signatories to the BSC.
- It is not clear what the benefits of Agents being directly accountable would be; the PAF is about to undergo a thorough review and suggest that issues raised in this Modification are taken into account during this review.

Four respondents provided a neutral view. Two believed that Agents were already directly or indirectly accountable to the BSC via the PAF and Qualification processes and rules. It was noted that there is no need to distinguish between those Agents who contract directly and those who do not. One respondent believed it was too early to definitively say, but initially believed P332 should not focus on the NHH market.

3. Do you believe all Supplier Agents should become signatories to the BSC?			
Yes	No	Neutral	Other
5	8	3	0

The majority of respondents did not believe Agents should become signatories to the BSC. They were yet to be convinced that the issues were significant enough to justify the Proposed Modification.

Respondents that disagreed expressed the following views:

- Disagreed with the inference that the current BSC arrangements do not hold Agents accountable for their performance. Agents can already be held to the ultimate sanction of losing their Qualified status which would prevent them from operating as a Party Agent for that particular role.
- Not clear how Agents becoming signatories will improve performance.
- PAF does hold Agents accountable for their performance (e.g. EFR) and the Qualifications process exists to ensure they are able to participate in the BSC processes.

- More consideration of alternative or revised mechanisms for improving Agent performance should be given. Any suggestions provided by responses fed into the alternative options considered by the Workgroup at its third Workgroup. These options are discussed later in this section.
- Not clear what the benefits of Agents being signatories are. Only identified benefit seems to be Agents could raise BSC changes.
- Not persuaded that the issues explored under P332 are significantly material across industry. It is important to understand the scale of the problem to formulate a proportionate and cost effective solution.

Five respondents believed Agents becoming signatories was the only way to ensure Agents are properly held accountable and to provide greater transparency through enhanced performance monitoring. One respondent believed Agents becoming signatories was a natural extension to the Qualification process. They believed Agents should not pay towards ELEXON's operational costs, as these would be passed back to Supplier/consumers anyway. Three of these five respondents explicitly indicated that all Agents should be required to accede to the BSC to establish more robust accountability.

Three respondents were neutral, with one not providing any rationale. One respondent recognised that failures of an Agent can impact Suppliers and believed it was right to revisit the arrangements. The third respondent did see some potential benefits in making Agents more directly accountable but believed that in practice, any potential performance improvements would be outweighed by the cost of making the change. They believed further assessment of the details and the costs/benefits was required before expressing a firm view.

4. Should P332 cover HH and NHH Supplier Agents or all Supplier Agents including CVA?

Yes	No	Neutral	Other
7	3	4	2

The majority (seven) of respondents believed that if the Agents are required to become BSC Parties, it should apply to all Agents, including CVA MOAs. The majority also believed that the Proposed Modification should apply equally to HH and NHH Agents.

The arguments put forward for including all HH and NHH Agents were:

- The market is moving to mandatory HH Settlement and as it does the distinction between HH and NHH diminishes.
- Both the HH and NHH markets have Customers with direct contracts with Agents; P332 should therefore cover the whole market.
- A consistent approach across all Agents, irrespective of contractual relationship or HH/NHH split will facilitate better performance.
- If all Agents are within scope it will allow changes to be raised by more Parties, which may result in more efficient processes being raised and implemented.

- Most CVA MOA are not contracted by Suppliers. As such, P332 should cover CVA and SVA Agents. Some respondents welcomed the views of the Workgroup on CVA MOAs.
- Excluding CVA Agents may signal to the market that CVA compliance is not a priority, which is not the case. Many respondents noted that they did not believe there were issues with CVA MOA performance, but believed they should be within scope for consistency.
- HH Agents include a large number of CPAs and there are increasing numbers of Customers installing NHH AMR for PC 1-4 sites through a direct Customer Agent contract.

One respondent believed P332 should only apply to CVA Agents, HHMOA and HHDC, whilst another believed it should be limited to CPA instances in all markets where they operate.

Another respondent believed P332 should be limited to HH and CVA Agents only whilst the rollout of smart Meters is progressing. They also believed the PAF review could pick up the PC 1-4 smart migration issues.

Those that that did not support P332 applying to all Agents did so because they did not support the Proposed Modification.

5. Should P332 be limited to Supplier Agents who wish to contract directly with Customers?			
Yes	No	Neutral	Other
1	14	0	1

The majority of respondents believed that P332 should not be limited to Supplier Agents who contract directly with Customers.

Responses indicated a preference for applying P332 equally to all Agents as it would simplify the solution and would avoid any possible discrimination or limits to competition caused by different levels of accountability for CPAs versus non-CPAs.

Respondents indicated that it would be difficult to separate out the CPAs. There were advantages to applying it to all Agents' activities as it would be more efficient to operate and enforce.

Applying different rules to different Agents based on their contractual relationship with Customers was seen by respondents as adding unnecessary complexity and ambiguity. Some responses suggested that they could be persuaded to limit the scope of P332 to CPAs if it was proven they posed a greater risk to Settlement. Some responses did not support this constraint on the grounds they did not support the Proposed Modification at all.

One respondent believed that the PAF currently does not link Supplier and Agent performance strongly enough. They also recognised that Agents with no Customer contracts can also cause Settlement performance issues.

One respondent believed P332 should be limited to CPAs if it were to be progressed. They believed the Supplier hub and the PAF work well in most instances, but that the Supplier

has limited influence over an Agent with whom it has no contract. One respondent answered neither yes or no, on the basis they did not support the Proposed Modification.

6. In the last 12 months what issues with Customer contracted Supplier Agents have you experienced as a result of the current arrangements?

Overall, all Suppliers reported issues with CPAs. One noted their Settlement performance is typically lower for CPAs than Supplier preferred Agents.

A key theme amongst respondents was that Suppliers cannot easily identify CPAs before taking on a Customer or whether a contract between an Agent and a Customer has lapsed. As a result an Agent who is appointed to a Meter (in the view of the Supplier), may stop servicing the Meter, as the Agent's contract with the Customer has ended. This may result in the communication with the Meter being turned off and a period of estimation, which will impact Settlement performance. The Supplier may need to arrange a new Agent contract and retrospectively appoint the new Agent.

Customers may not have arranged with its MOA to activate communications either because they do not want the additional charges and/or they contracted with a DC to carry out the site visits to read the Meter. As a result the Supplier may need to arrange and pay for a DC to read the Meter with a HHU, which are not as accurate.

Some responses indicated that DCs may not enter estimated data in time for SF resulting in default data being entered. DCs can refuse to provide read data because they do not have a contract in place or may provide it irregularly.

Issues implementing [P272](#) ('Mandatory Half Hourly Settlement for Profile Classes 5-8') were also HH MOA/DC.

One Supplier reported issues with its HH portfolio but not is NHH portfolio. They also reported that similar issues can occur even if there is a contract in place between the Supplier and Agent.

Some reported MOAs may not have sent out MTDs to the DC, which means the DC cannot read the Meter. Also, MOAs may not resolve Meter faults or work instructions in a timely fashion, which can impact Settlement performance.

Not being able to escalate with Agents in accordance with a contract was raised as a major issue. In addition, not having appropriate operational contacts with an Agent to assist with the resolution of incidents was another.

Some reported that without a contract in place Suppliers will get a lack of supplemental reports, which can be vital for effective Settlement performance management. One respondent noted that sometimes the Customer's actions can be the root cause of Settlement issues and that shared responsibility for action between the Supplier and Agent could promote a better outcome for all.

Please note a summary of issues can be found in Appendix 3.

7. Do Suppliers find that their performance is disproportionately affected where they do not have a direct contractual relationship with a Supplier Agent?			
Yes	No	Neutral	Other
9	2	3	2

The majority (nine) believed that their performance is disproportionately affected where they do not have a direct contractual relationship with an Agent. One Supplier did not believe their performance was disproportionately impacted but did recognise some of the issues identified.

One Agent answered 'no' to this question, noting that this question was aimed at Suppliers, but wanted to provide an Agent view to support debate and decision making. The Agent reported that its systems and processes are set up to be operated the same, regardless of contract type. They do not separate out or report performance for the different contract types. They seek the same performance standards for all sites, in line with the BSC, or higher, if agreed with the Supplier. They also noted that they do not have any end user contracts where the performance requirements are set lower than the BSC requirements.

Suppliers reported that issues caused include:

- Liquidated damages related to issues caused by direct Customer/Agent relationships.
- Estimated data or delays to data receipt, which impact Settlement performance.
- Customer contracted Agents are slower to respond than Supplier contracted Agents.
- Issues are particularly prevalent where a multi-site contract is gained by a Supplier or a Customer/Agent contract lapses.
- Settlement performance is lower for CPA instances.
- Leverage and performance controls between the Agent and Supplier is severely reduced, which affects Supplier ability to meet BSC obligations, where a contract is not in place with the Agent.
- Suppliers can contract with CPA, but this will lead to additional costs, which may not be conducive to competitive arrangements.
- Lack of visibility between MOA and DC.
- Direct Customer/Agent contracts can lack provision of base services required under BSCPs, which can lead to the Agent refusing to carry out industry related activities with no way of recovering costs.

The remaining respondents were Agents and did not answer the question.

8. What are the implications to your contractual arrangements if some/all Supplier Agents become accountable and/or signatories to the BSC?

The majority of respondents reported that all contracts would need to be reviewed, which would take significant time and effort, with costs being passed back to Customers. End Customer contracts would also need to be reviewed, as the Supplier hub principle influences these contracts too. Respondents indicated that Service Level Agreements (SLAs), related to the BSC would need to be revisited. One Agent reported they would need to review thousands of contracts.

Some respondents believed that Agent services would become more expensive to mitigate the risks and liabilities associated with the change. They commented that it was not clear at this time, whether there would be a reduction in Supplier's risks and whether the improvements in Agent performance would outweigh increased Agent costs. Respondents also believed it was possible that Agents could be driven out of the market if the actual risks exceed those that are foreseen.

One respondent did not envision any contractual impacts whilst another did not believe there would be any detrimental effects. Another reported that changes would not be needed in most scenarios as their contracts are generally more stringent than the BSC. They understood P332 to be creating a fall-back arrangement, where either a contract does not exist or is not working. They did not want to see a disruption to contractual arrangements that already work.

A Distributor also indicated they may need to review their contracts with Suppliers and stressed the importance of ensuring clear responsibility between Agents and Suppliers.

Other respondents highlighted that, whilst all contracts would need to be reviewed, the extent of the impact would depend on the scope of P332 changes. Some Agents pointed out that they would need to include terms with Suppliers to ensure the Agent could meet its BSC obligations.

Three respondents did not provide an answer to this consultation question.

9. Do you believe that liquidated damages/charges should be enforced upon Supplier Agents should their poor performance impact Suppliers?

Yes	No	Neutral	Other
6	7	3	0

The majority **did not** believe liquidated damages/charges should be enforced upon Agents should their poor performance impact Suppliers. Six respondents indicated they believed liquidated damages/charges **should be** enforced.

One respondent believed it would be a good idea in theory but marked their answer as 'no'. They believed it would be a massive undertaking to allocate charges on the causes of poor performance rather than the resulting poor performance. The respondent noted that previous attempts to amend the arrangements have failed because liquidated damages are meant to reflect a genuine pre-estimate of loss. Overall, liquidated damages reflect an end-result and cannot be used as an incentive.

Those that **did not** believe liquidated damages/charges should be enforced commented:

- It is not appropriate to include this in the BSC. It is already standard/best practice for Parties to include such provisions in contracts ('claw back' provisions) and this is where it should stay. To include charges would be to interfere with commercial contracts and arrangements. Trying to introduce this will add complexity and ambiguity.
- Performance issues are often complex in nature and are rarely caused by a single point of failure. The BSC Audit seeks to identify root causes and where the root cause relates to a third party this is fed back to the auditor for that Party for further investigation.
- ELEXON should facilitate a method for Suppliers to claim back liquidated damages from an Agent if their performance is poor.

Of those who believed liquidated damages/charges **should be** enforced they remarked:

- It should be done on an incident basis, as volume is not reflective of issues which may arise in specific scenarios.
- Agree with in principle, but identifying the root cause Agent and calculating the associated materiality of those instances would be difficult.
- Applying damages/charges to both will incentivise closer working together and resolve Settlement issues more rapidly.
- Liquidated damages should be applied via a progressive banding approach based on volume of performance failures.
- Without placing liquidated damages / charges on Agents there is no incentive for Agents to improve their performance.
- Charges should be based on volume for HH market and incident based for NHH market.

It was also noted that:

- If charges were enforced it would alter the nature of Supplier Charges.
- For non-engaging Agents with extreme performance concerns Agents should not be allowed to take on new Customers.
- Any changes to liquidated damages should also allow for Suppliers causing damages to Agents.
- To only apply liquidated damages to CPAs would be more difficult as that agreement is not in place.

Three respondents were neutral on this issue. One remarked that they agreed in principal but disagreed in practice as there was not a mechanism in place that can identify the exact point of failure and it is difficult to imagine how such a mechanism could exist. Two remarked that if Agents became signatories to the BSC, an appropriate PAF would need to be considered and noted that this was underway with the PAF review. The third respondent believed it was premature to consider this, until further consideration is given to alternative solutions.

10. Do you think Supplier Charges should be abolished on the grounds that they are no longer appropriate if Supplier Agents are made to be more accountable?

Yes	No	Neutral	Other
2	11	2	1

The majority believed that Supplier Charges should remain where Agents are made to be more accountable. Two respondents believed Supplier Charges should be abolished if Agents are made to be more accountable. This is because they note that Supplier Charges would be unnecessary if Agents were held more accountable. Moreover, Supplier Charges are unfair for those Suppliers who have no control over their Agents. One respondent believed that not abolishing Supplier Charges amounted to the Supplier being charged twice: once through Supplier Charges and once through costs factored into Agents' charges. They also believed it is important that Suppliers know when charges have been made on Agents that have had an effect on their performance.

Those that did not want Supplier Charges abolished put forward the following points:

- Suppliers can cause performance issues and so should have Supplier Charges.
- The Supplier hub principle generally works and providing Suppliers have the right contractual arrangements with Agents and engage with those Agents, the existing processes do not need to change.
- Suppliers are in the best position to resolve issues related to Settlement performance. This will continue to apply with the smart rollout, where the Supplier will need to obtain and provide configuration and consumption data.
- Difficult to ensure the right party incurs the penalty.
- Supplier Charges provide beneficial incentives for Suppliers to manage their performance and P332 is unlikely to remove these benefits completely.
- There are better ways to incentivise CPAs without requiring them to become signatories to the BSC.
- Charges should be applied to both Suppliers and Agents.

It was suggested by one respondent that the suspension of Supplier Charges, where there is a direct contract in place, could be explored.

11. Should Supplier Agents be brought under the breach and default process?

Yes	No	Neutral	Other
7	6	3	0

The majority believed Agents should be brought under the breach and default process. Some caveated that this should only apply where Agents become signatories to the BSC and are subject to the details of the solution. It was noted that it was not clear how Agents would be required to sign onto the BSC to be allowed to operate in the market. Those that supported Supplier Agents being brought under the breach and default process provided the following views:

- Supplier Agents should be subject to the same sanctions as other BSC Parties.
- Where both a Supplier and an Agent are responsible for underperformance, the risk of breach and default being applied will encourage them to work more closely to resolve issues.
- It is necessary as an escalation route to avoid the risk that Parties absorb charges rather than resolve issues.

Six respondents believed Agents should not be brought under the breach and default process. They provided the following rationale:

- It's not necessary as the existing removal of accreditation/Qualification process in BSCP537 (Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators) suffices.
- Not clear what the benefits would be.
- The case has not been made that the solution is proportionate to the problem.
- PAF review should consider this.

Three respondents provided a neutral view on this question. Two saw the benefits of making Agents more accountable in principle, but believed it difficult to find a practical and cost effective means to identify both root causes and those responsible. This is not currently required as the Supplier is held responsible. Others thought a risk based approach to non-compliance would be appropriate.

12. Should Supplier Agents be obliged to remain appointed to a Metering System until another Agent is appointed (with an obligation remaining with the Supplier only on a new connection)?			
Yes	No	Neutral	Other
10	3	2	1

The majority of respondents (10/16) agreed that Supplier Agents should be obliged to remain appointed to a Metering System until another Agent is appointed. Those that disagreed with this view argued that it is already the case that Agents are already obliged to remain appointed until de-appointed by the Supplier or appointed by another Supplier. Respondents noted that Agents cannot de-appoint themselves, but some Agents (not all) may stop acting in the capacity they are appointed in. As such, an explicit obligation for Agents to fulfil their duties until de-appointed would ensure that Settlement issues do not arise from Customers being out of contract with their Agent.

One respondent recognised that Agents may stop providing Settlement services if there are no contracts in place with the Customer or Supplier but expected an Agent to charge the Supplier or Customer default rates until an alternate Agent is appointed. One respondent noted that, whilst they agreed with the obligation for Agents, it would not settle the question over who pays for the associated charges.

Some respondents noted that greater transparency of Customer/Agent relationships would allow Suppliers to take appropriate action, for example in the lead up to a Customer/Agent contract expiring. One respondent believed that the Agent should be required to notify the Supplier when the Customer contract has expired, but that the Agent should continue to operate fully in that appointed capacity until de-appointed.

A Distributor who responded was concerned changes to the Supplier/Agent obligations could result in no Supplier or Agent being appointed to a Metering System. They commented that if this were to happen it would cause operational difficulties for the Distributor and impact their registration systems.

Two respondents provided a neutral view. One believed that currently, Agents' obligations remain until the Supplier terminates an appointment or issues a new appointment. The second respondent believed that an Agent should have the option to request the termination of their appointment once it becomes apparent that no contract will be in place. Further, when a Customer/Agent contract expires the Agent may pick up costs (e.g. line charges) that it is unable to recover from the Customer or the Supplier because they have no contract in place with either party.

One respondent did not believe this question was applicable and marked their answer as 'other'. They believed it would not be practical under the current arrangements as the Agent would be de-appointed on a change of Supplier.

Three respondents did not agree that Supplier Agents should be obliged to remain appointed to a Metering System until another Agent is appointed. One believed that it is the Supplier's responsibility to ensure the Agent fulfils its role and that contracts should cover this situation. Another respondent believed this ability was already in place and exercised by Suppliers. They believed that where a Supplier does not have a contract in place with a CPA, they should use the Supplier hub to appoint an Agent with whom they have a contract. The third respondent believed the issue would be better addressed via commercial arrangements between the Agent, Customer and Supplier.

13. Are you willing to provide additional information/data about your portfolio make up?			
Yes	No	Neutral	Other
5	5	4	2

This optional question provided data that generally supported the arguments put forward by those respondents. The data provided was marked as confidential and as such we are unable to share it here.

The Workgroup requested additional data to support the P332 assessment. Please see section 7.

14. Would you like to make any further comments on P332?			
Yes	No	Neutral	Other
10	6	0	0

A variety of additional comments were made by the ten respondents to the RFI. These can be summarised as follows:

- The case has not yet been made to justify the profound change in the BSC and the consequential costs for Suppliers and Agents. As a result, P332 would (as it stands) be detrimental against BSC Objective (d).

- There are already arrangements under the BSC for Agents' performance to be monitored and for sanctions to be applied.
- The issues identified should be dealt with upstream of the BSC processes. Suppliers can include terms in their contracts with Customers about CPAs to give them early visibility of which Agents they may need to deal with. These terms could also include the Suppliers right to appoint its preferred Agent, for example if the CPA is underperforming.
- The issues identified are real but are not BSC issues. The Supplier hub arrangements are sufficiently robust to address underperformance issues.
- More direct Agent accountability is right and appropriate to reduce Settlement Risks, but should not be at the expense of the responsibility shifting from Supplier to Agent.
- P332 illustrates that there are wider issues that need to be addressed to mitigate risks to Settlement and ensure penalties are more fairly apportioned across the Supplier hub – this is an exercise worth pursuing.
- It is better to consider the issues identified by P332 now, in advance of other market developments, which will likely increase the attraction of Agent/Customer contracts to Customer groups beyond I&C. For example, as HH Settlement is rolled out to small and medium sized enterprises and domestic Customers.
- It must be recognised that there are three partners to the Supplier hub arrangement; the Agent, the Customer and the Supplier. Each partner has a set of responsibilities and accountabilities for their actions. It is where contracts do not exist between these partners that gaps can exist and consequential issues arise. It is these gaps, such as between Supplier and Agent that industry should seek to resolve by providing clear statements of implicit requirements of one party on another.
- Further assessment of P332 is required to consider all the areas that could be impacted by P332. This should include BSC (and CSDs) impacts, the issues and remedies raised under Issue 50.
- The analysis provided in the RFI does not identify CPA instances and is therefore limited in its usefulness for this Modification. The costs of the problems caused by Agents not being signatories to the Code should be quantified.
- The costs for implementing P332 are likely to be very high. In the first instance Parties would need to re-negotiate contracts, and secondly Parties would need to implement changes to reporting mechanisms.
- Suppliers can ensure the correct arrangements are in place with Agents to ensure performance standards are met.
- The extent to which performance is impacted by CPAs has not been established. Various PAF techniques such as, PARMS, Audit and TAPAP checks have not identified CPAs as a significant risk to Settlement.
- The RFI questions could have been worded more clearly and required answers to be quantified so that the size and extent of the problems can be established and to identify the contributing factors for successful sites too.

- P332 comes at a time when there is significant industry change already happening. One respondent believes any changes to the Supplier hub principle should be addressed by the Significant Code Review (SCR) on HH Settlement. It would be more appropriate to consider other less strategically significant means of delivering the objectives of P332.
- Any changes to the Supplier hub should be subject to a wider consultation by Ofgem. Making changes to the Supplier hub principle is not something that should be decided within the scope of this Modification.
- Making this change under the BSC does not take into account the processes and Supplier hub matters outside the BSC, such as those under the MRA.
- Careful consideration of when P332 is implemented needs to be given.
- More information on how P332 will be assessed and how industry will be involved in that process is required.
- The benefits and costs have not been properly established yet.

Alternative solution options considered

Following the RFI responses ELEXON began to assess the areas of the BSC that could need to change to facilitate the Proposed Modification. During this process it became apparent that there would likely be significant impacts on the BSC, requiring a lot of legal resource to draft the changes. The Proposer was keen to explore alternative solution options. These were discussed by the Workgroup on 26 April 2017.

Many of the options were relatively minor compared to requiring Agents to become signatories to the Code and individually were unlikely to address the defect. As such, the Proposer shortlisted a preferred set of options that together he hoped would address the defect. 14 solution options were discussed by the Workgroup.

1. Obligate Agents to remain until another Agent is appointed by the Customer

This option would make it more explicit that an Agent's BSC obligations apply even where no contract is in place between the Supplier and Agent. The majority of respondents to the RFI supported this proposal.

A member commented that it was within a Supplier's control to appoint its preferred Agent where the Customer/Agent contract had ended. The Supplier should be actively trying to get this information from the Customer. Another member noted that Customers do not always know the details of the contract, including which Agent it is with and the end date. This is more likely to be the case, where a TPI has been used. Another member explained that the Customer should also have responsibilities to keep the Supplier updated. One way this could be achieved is by including such provisions in the supply contract.

Some members did accept that the Agent is less likely to act where it has no contract with the Customer or the Supplier as the Agent will struggle to recover costs and is therefore less incentivised to act. Other members believed that some Agents will act, at risk of not being able to recover all costs. Moreover the Agent is already responsible to perform its duties under the BSC where it is appointed by the Supplier, whether it has a contract with the Supplier or Customer or not at all.

A member believed the BSC already requires the Agent to remain in place until the current Supplier appoints another Agent. They pointed out that there are also occasions where the Agent will notify the Supplier, where they are unable to enter into contract with a Customer. The Supplier can then either pay the Agent directly to continue, or change Agent to negate the existing Agent remaining incurring costs.

One member noted that the Supplier could sign a contract with CPA where they do not have a contract already. Another member commented that the Agent can adopt a 'take it or leave it' offer regarding the contract, which may not be favourable to the Supplier or help address issues. A member queried where the evidence for issues caused by a lack of a contract was. ELEXON said that respondents to the RFI had recognised this, and that it had also been reported by Suppliers in EFR plans for achieving 97% energy settled on Actuals presented to PAB.

A member remarked that Agent performance is managed under the PAF via Business unit Settlement Risk ratings (BUSRR's), which are reported to the PAB and as such are already held to account. The member believed Agents should be incentivised to tell the Supplier if they do not want the appointment anymore (once the contract has ended with the Customer).

The Workgroup noted that CPAs are not the only example where Suppliers are compelled or required to appoint Agents with whom they may not have a contract:

- Agents have to fulfil BSC duties where erroneously appointed.
- A Supplier for an Export MPAN has to appoint the same Agents as the Supplier's Agent's for the Import MPAN, where it is a shared SVA HH Metering System.
- A Supplier and Agent's contract may also end, but both will still be required to perform BSC obligations for relevant MPANs.

The Proposer confirmed that under this option the preference would be for contracts between Agents and Suppliers and CPAs recognised in the BSC, most likely in Section J as an explicit condition for keeping Qualification status.

Overall, some members believed this option on its own would not help, but that together with other options could help to improve the situation. Other members did not believe this option added anything as they believed the responsibility was already on the Agent.

2. Obligate Agents to prioritise work according to volume of sites

This option proposed to require MOAs to prioritise larger consumption sites in its work list. This could be inserted as a generic obligation within BSCP514, most likely in the 'General' section of the BSCP. However, it would have to work in conjunction with existing Supplier-Agent commercial contracts that may stipulate prioritisation.

The Workgroup discussed what was meant by volume. ELEXON confirmed this option was about prioritising work based on the associated volumes of energy with the MPAN and not about MPAN count.

One member commented that volume management could be done by looking either at individual MPANs or a group of MPANs. For example, one MPAN might be associated with 1000 units of energy, but 20 MPANs added together could be associated with 3000 units of energy. One member believed that an Agent is either working an MPAN or not, and should not be encouraged to work one MPAN over another, if they both need action to be taken. One member commented that it could lead to the situation where an MPAN is never actioned.

One member pointed out that MOAs do not have access to Meter reads and so could only prioritise MPANs based on more crude measures, such as the Code of Practice (CoP). The Workgroup agreed this could be one method MOAs could use, perhaps via the D0289⁸ for HH sites.

Others believed that the Supplier would have to provide the MOA the list of MPANs in priority order to work. Other members believed that if a MOA had a list from each Supplier this would not improve the situation as the Agent would still likely to decide which list to work on first, and therefore looking across their appointed MPANs based on the CoP approach would be better suited.

One member believed this was a Supplier hub issue and could be included in a contract between a Supplier and an Agent. However, the Supplier's obligations under the BSC do not change; they still need to meet their BSC performance targets.

One member highlighted that it is the larger sites that can also be the hardest to read, as they often require special access arrangements or have more complex setups. Some members believed that the BSC obligation to only visit once every 13 months was inadequate and one way to improve performance would be to require additional obligations such as requiring a site visit where a D0001⁹ is sent.

One member suggested that the Supplier should get the D0005⁷ and that this would help communication between the Agent and the Supplier, as the Supplier would be better informed about what was happening.

Some members were unsure whether this option would be practical, as it would be difficult to enforce and monitor. Other factors, as well as the CoP for an MPAN would need to be considered, such as Customer and Supplier status (are they paying) and safety.

3. Restrict Agents from having appointments made on their behalf if their performance is deemed unacceptable

This option proposed to build on existing measures in the PAF, to put in place sanctions between Performance Assurance techniques, such as EFR, and removing the Qualification status for an Agent. This option proposed to put an intermediately step to prevent Agents taking on new appointments, where there was continued underperformance.

The Workgroup discussed how to identify poor performance related to CPAs and noted that it depends on the measures in the PAF. They did not believe the PAF is currently transparent enough to allow the level of reporting necessary to identify root causes of poor performance.

One member believed this was already within the ability of the PAB. Furthermore, he saw no reason why poor performance of a CPA and non-CPA appointed Agent should make any difference to whether an Agent is penalised. He believed that a poor performing Supplier will cause a poor performance for an Agent, in exactly the same way that a poor performing Agent will impact a Supplier's performance. He believes this arrangement is why the Supplier hub has been effective for so long.

The Workgroup discussed how the restriction of taking on new Customers would be enforced. Options included sending a notice to all Suppliers or restricting certain DTC flows for the agent, but noted this latter idea wouldn't be practical. The group agreed the restriction would have to be applied on a role code basis rather than to a company, as

⁸ 'Notification of MC/EAC/PC'

⁹ 'Request Metering System Investigation'

often the HH/NHH Agent has different issues and Customers. They noted this wouldn't be possible for MOAs. Some members believed this option should be applied to the entire role code portfolio and not just for CPAs or a particular Agent/Supplier relationship, as this would be easier to apply and more likely to act as a deterrent.

Members noted that this option should only be used once all other attempts had failed, such as EFR. However, the group had some appetite for this option as it would give both ELEXON and Suppliers another tool to use. The Workgroup commented the key would be in accurately measuring performance and agreeing what the performance to measure should be. ELEXON suggested the key ones for DCs could be percentage of energy settled on Actuals and for MOAs D0001 data flow resolutions. Further assessment was needed to consider how this option could be taken forward. The Workgroup noted that many of the considerations for this option should be considered by the [PAF review](#).

Some members believed that DCs should be measured using an equivalent to PARMS Serial SP08 ('Energy and MSIDs on Actuals') and that where the target was not met, new appointments could be restricted. ELEXON commented that this would require significant central system changes.

A member suggested that notifying the Supplier of its Agents poor performance or EFR could also act as an incentive. Some members believed it would be unfair to report under-performance to Suppliers if this related only to a small number of sites and that the entire portfolio should be looked at. A member suggested that a set of criteria would need to be developed that could be used to invoke this option.

The group also believed that Agent peer comparison could be a useful tool to drive performance. Some members believed an agent's performance should be public, whilst other believed it should only be shared with Suppliers who have appointed those Agents. ELEXON commented that [Agent peer comparison for certain PARMS Serials](#) are now being published¹⁰.

4. Transparency of Customer-Agent contract status so that Suppliers can build in safeguards

This proposed to include an indicator in ECOES so that Suppliers can identify whether an MPAN has a CPA in place. The idea behind this is if Suppliers were able to identify Customers with CPAs prior to accepting the Customer they could decide whether to enter into contract with the Customer and/or carry out relevant checks/processes with the Customer. The indicator on ECOES would be a non-BSC change (MRA change) and would be subject to consideration by the MRA Development Board (MDB) who decide on changes to ECOES.

5. Identify CPAs through Contract References

As an alternative to using an ECOES flag, the CPA relationship could be identified through the Contract Reference (J0048) data item on the D0155⁴. The DTC flow notes for the J0048 state, "*where there is a direct contract with a Customer and no umbrella contract with the Supplier, the Contract Reference (J0048) should contain a contract number allocated by the MOA, and agreed with the Supplier, for use in these circumstances.*" Therefore, a set of Contract References applicable to CPAs could be established and agreed by Suppliers and MOAs. This option would not automatically indicate to an incoming Supplier that a CPA contract is in place.

¹⁰ CP1441 ('Allowing the Peer Comparison technique to be reported on a Supplier Agent level') enabled this to take place



What is ECOES?

The Electricity Central Enquiry Service is a central repository of standing data related to MPANs, including who the Supplier and Supplier Agents are. ECOES was designed to assist Suppliers in the Customer transfer process by allowing the triangulation of data. ECOES is a copy of MPAS (see below).

This option would allow a means of identifying CPAs at the appointment stage. However, as an MRA owned data item, any change would need to be progressed under the MRA and not the BSC.

6. Allow Agents to provide appointment end dates if they know their contract will not be renewed.

This option proposes that Agents notify Suppliers of the Customer/Agent contract end date on appointment by the Supplier. This would provide the Supplier advance notice of that date so they can manage the arrangement with the Agent and Customer to ensure there are no gaps in Settlement services.

7. Require that the Agent notifies its Supplier on a change of contract status

This option proposed to put an obligation on Agents in the relevant BSCP to notify its Supplier when it is operating as a CPA, or when its contract status with the Customer changes. This could be incorporated into an appointment acceptance flow such as the D0011⁵.

8. Allow the New Supplier to request the relevant information from the Old Supplier

This option proposed to allow the new Supplier to request from the Old Supplier on a CoS, the contractual status of the concluding Supplier-Agent relationship. If carried out early in the process, this could alert an incoming Supplier of the presence of a CPA arrangement before they formally appoint an Agent. This could be done by introducing a DTC flow along the lines of the (NHH only) D0311¹¹ or as a BSCP step with the request and response by 'electronic or other means'.

Workgroup discussions on options 4 to 8

Solution options four to eight all sought to help identify CPA instances so that Suppliers could better manage its Customer and Agent appointments. One member commented that if a Supplier could identify a CPA before taking on a new Customer from a central repository, it would act as a failsafe for TPI instances where the Customer may not know who the Agent contract is with. Other members believed that even if the Supplier found out after they had taken on the Customer, they could at least ensure the right Agent was appointed and avoid the need to retrospectively appoint the CPA.

One member pointed out that ECOES is under review as part of the [Faster Switching](#) programme, and it was possible it would be scrapped. Several members noted that it was notoriously difficult to get changes made to ECOES.

The Workgroup discussed capturing a simple flag indicating against each Agent Role whether there was a contract in place with the Customer. This could be populated by the D0205¹². A member pointed out that CPA would need to be defined in the MRA.

They also discussed capturing the Customer contract end data in ECOES per Agent role but believed this would be commercially sensitive and not appropriate to include.

The Workgroup discussed who was best placed to provide and maintain this information. One member noted that there was little incentive for this information to be maintained by

¹¹ 'Notification of Old Supplier Information'

¹² 'Update Registration Details'

an outgoing Agent or Supplier. One member suggested you could use the D0011⁵ as part of the Agent appointment process to include this information and noted that the benefit would be for the new Supplier and not the current Supplier.

Some members noted that a flag would not tell you anything about the quality of the contract in place, but recognised that it could be useful and had some benefits to the Supplier. It could help Suppliers appoint the CPA right first time, reducing errors and improving the relationship with the Customer.

If a change to ECOES was to be made, the Workgroup believed it should only be populated going forward and not require any retrospective implementation activity as this would reduce costs and be more efficient.

Some members commented that in order to maintain the accuracy, the data would need to be mandatory to maintain these flags on a CoA. The Workgroup discussed whether this flag would deter some Suppliers. Some members believed that it should help the Supplier ask the right questions and that ultimately it was up to the Supplier. A member believed with so many new Suppliers, there would always be a Supplier willing to take on CPA sites and in any case would not tell you the quality of the contract in place or what the Customer was like. Rather this flag should highlight to Suppliers that they should conduct due diligence on the Customer before taking on the Customer.

One member suggested that the MOA already provides MTDs to ECOES in a data flow each day, when a change occurs. You could add a new data item to flag the existence of CPA. The business rules (in BSC) would require the MOA to include this information in the dataflow to ECOES, and update when it changes. The Supplier, incumbent and any incoming would have visibility. Further thought would have to be given about whether anyone would be allowed to see this information in ECOES. To resolve the DC, a similar flow could be created from DC to ECOES, but that would be a new flow and therefore require extra work.

Some members noted that if there was improved reporting metrics, such as Agent peer comparison, that this option together with others could start to facilitate performance improvements.

One member believed if you were going to show Agent/Customer end dates you should also show Supplier/Customer contract end dates. Some Workgroup members believed that using Meter Point Administration Service (MPAS) rather than ECOES would be more robust, but even harder to get approved.

A member commented that option five was the wrong way round, as the Supplier tells the Agent and would have to know already. The Proposer confirmed that this option was to facilitate ELEXON reporting to identify CPAs. Some members felt that flags in ECOES would be easier to report on than using contract reference numbers.

The Workgroup had appetite for progressing options four or five. The majority of Workgroup members believed that showing contract end dates in ECOES would not be appropriate as it is commercially sensitive information that could provide those privy to that information a competitive advantage. As an alternative, some members suggested that ECOES could store the contract end dates, but not show them. This would help maintain 'CPA flags'.

A member commented that Suppliers would need to update and maintain the CPA information, even though they are not in control of the Agent/Customer process. A member suggested that instead of flagging CPA instances, the Supplier could flag where



What is MPAS?

Each regional electricity distributor in the UK operates the Meter Point Administration Service (or MPAS) for a specific area of the UK. The MPAS database contains information about the supply of electricity to each address in the UK.

268/06

P332

Interim Assessment
Report

6 July 2017

Version 1.0

Page 48 of 72

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they have appointed their preferred Agent. This would give the same information but from the opposite side. The Supplier would be more compelled to maintain this data as they control the Agent appointment process.

A member believed the definition of 'Supplier Preferred Agent' would need careful consideration, as there would be instances where the Supplier Preferred Agent was the same as the CPA. Another member commented that even if the Supplier had an existing contractual relationship with the CPA, the Agent would only be paid for providing Settlement services by either the Customer or the Supplier.

The Workgroup consensus was that any CPA data would benefit the next Supplier, not the incumbent. It would also benefit the PAF for reporting purposes.

The Workgroup noted that change of tenancy, Customer moving sites and open ended contracts would all need to be considered in more depth to find a robust solution to providing CPA flags.

The Workgroup believed that options four to eight were very similar and could be considered together outside of P332.

9. Revise the Supplier hub principle only where there is no contractual relationship between the Supplier and Agent, and monitor performance separately in these cases.

This option would require the identification of CPAs and the introduction of this concept into the BSC. It's likely that the DTC appointment flows would need to be updated to account for this new concept. The majority of RFI respondents supported the idea that the BSC should recognise the Customer/Agent relationship, but disagreed as to how it would work in practice.

Some Workgroup members believed the BSC should recognise the Customer/Agent relationship to reflect the reality of the arrangements. The Supplier hub principle was created with commercial arrangements and practices in mind. Since then the market has evolved and these arrangements and practices have changed. Consequently, the Supplier hub principle should also change to recognise the Customer/Agent relationships.

However, other Workgroup members did not believe it was appropriate for the BSC to recognise this concept. They believed these were commercial considerations which the BSC should remain silent on.

The Workgroup recognised that this option was just as complex, to design and implement than the original Proposed Modification. The same questions, considerations and assessment would be needed as if you applied it to the whole of the market. Some members suggested it could be more complex as you would be creating two sets of rules to maintain and adhere to.

10. Limit the P332 scope to HH and/or CVA Agents

This option would limit the scope of P332 to HH Agents for large sites in the non-domestic market only. The Proposer argued that with the implementation of smart Meters and the advent of the DCC, the role of DCs in the domestic segment will dramatically reduce. As a result the area of the market where Customers are likely to contract with Agents is the 'traditional' Half Hourly or 'Half Hourly AMR' market.

Some Workgroup members believed this option was more focused than the original Proposed Modification as it targeted the part of the market where Customers contract with Agents. The Workgroup recognised that this option was just as complex, to design and implement than the original Proposed Modification. The same questions, considerations and assessment would be needed as if you applied it to the whole of the market. Some members suggested it could be more complex as you would be creating two sets of rules to maintain and adhere to.

A member believed that making Agents signatories to the Code did not adequately address the defect and care would be needed to ensure any changes to the Supplier hub did not make it worse for areas where the hub was working. ELEXON commented that this would be considered once the solution was developed so that it could then be measured against the BSC Objectives.

One member suggested that you could require Agents and Suppliers to have a contract in place before being able to appoint/accept an appointment. Other members believed this would not help and was not commercially viable.

Some members believed that the Modifications process was not designed for changes of this nature and scale.

The Workgroup recognised that this option was just as complex to design and implement than the original Proposed Modification for the reasons given in option nine above.

11. Introduce disaggregated performance reporting for Suppliers' Customer Preferred Agent portfolio so that Suppliers can proactively address issues before they become more material

This option included a range of different options to enhance reporting on CPAs, including central reporting via PARMS. ELEXON suggested that to support reporting against CPAs instances you would likely need:

- A register of CPAs (possibly at MPAN level);
- A right to audit evidence of contracts to ensure robustness of the register;
- New PARMS reporting to duplicate each 'Agent' Serial for CPA and non-CPA pots;
- Processes to identify CPA on CoA; and
- Suppliers/Agents would need to be able to separately monitor and report performance in respect of CPA/non-CPA MPANs.

A member believed this option would require some sort of flag to identify CPA MPANs, similarly to option four. Some members believed that reporting on those Supplier/Agent relationships where there was no contract in place was important. Other members believed that just because an Agent was not performing for one Supplier did not mean they were a poor performing Agent. It could be that the Supplier was not paying the Agent, and you should therefore look at the Agent's performance across its portfolio, which is what happens now.

12. Allow Suppliers an exemption under certain performance metrics for Customer-Agent MPANs

This option would require similar reporting to option 11. Some members pointed out the complexities in the identification of root cause underperformance and noted that many of these issues were being looked at by the PAF review.

13. Introduce an initial Agent PARMS data submission deadline set at 16WD after the reporting period end date.

This option was proposed by a respondent to the RFI. They believed that by reducing the submission deadline for PARMS from 20WDs to 16WDs, Parties would have four WDs to resolve any submission issues, such as missing data, and avoid SP01a ('Delivery of Routine Performance Reports') Supplier Charges. This option was targeted to reduce the impact on Suppliers from Agents.

The Workgroup discussed how bringing the submission deadline forward could help with PARMS reporting. ELEXON commented that Suppliers can request a completeness report at any time from ELEXON. Moreover, ELEXON actively chase missing data from Suppliers and Agents from the Data Provider Information deadline on D+15WDs to D+22WDs and Suppliers get completeness reports every two WDs from D+16WDs until D+26WDs.

A member commented that if there was a contract in place between the Agent and the Supplier, the Supplier could recover costs for late submissions. Another member noted that Agents would submit a PARMS file for all of their Suppliers at once and do not submit a file for each Supplier. As such, they would be very unlikely to submit for one Supplier and not for another as the file is compiled for all Suppliers at the same time.

14. Formally introduce a mechanism for Suppliers to recover costs for additional services (e.g. site visits) not covered by the Customer-Agent contract

The Workgroup discussed the use of a default contract for Suppliers and Agents that do not have a contractual relationship. The key items to cover would be that the Agent must abide by the BSC, allocation of costs, including PARMS costs, and Customer costs. A member pointed out that this is done for Meter Asset Providers (MAPs) and would help smaller Parties, but would need to be reviewed regularly.

The Workgroup discussed a site specific escalation process, where a Supplier could come to ELEXON with issues for a specific site or contract. ELEXON commented that this already happens via OSMs. A member believed it was the responsibility of the Supplier to manage problem sites and should not be looking to move the responsibility to ELEXON.

Proposer and Workgroup Conclusions

The Proposer reaffirmed that the crux of the defect is that the Supplier hub principle itself is inappropriate where a Customer has contracted directly with an Agent. As a matter of principle the Proposer believes that this needs to change. One consequence of the current arrangement is that when Suppliers appoint the CPA, the Supplier may not have a contract with that CPA. This is more likely to lead to underperformance issues.

The Proposer believed that a package of the options discussed would address only the symptoms of the defect (underperformance) and was therefore not prepared to change his solution at this time.

Some members commented that it was not a good time to change the Supplier hub arrangements with so much large and complex change occurring, including the smart Meter rollout. The Proposer countered that it is all the more important to get the arrangements right going forward. The Workgroup had mixed views on whether the Supplier hub was inappropriate under certain circumstances. They also held mixed views on whether the addition of a default contract would help.

The Workgroup discussed the need to quantify the issue. Some members believed it would help target the solution and ensure it was proportionate to the size of the problem, others felt it was important to establish whether there was an issue to address at all.

The Workgroup also discussed whether the performance of CPA versus non-CPA portfolios should be established to support the assessment. The Workgroup reiterated that there is currently no easy way to identify CPAs. Moreover, measuring performance would be complex and require significant consideration.

The Proposer's preferred package of options was options one to three and 13, but they did not want to make their Proposed Modification as they believed these options, whilst useful, addressed the symptom of the defect (underperformance), but not the defect itself.

Some members believed options four to eight would also help and discussed whether to make this an Alternative Modification. Some members believed these options would be better progressed outside of P332. ELEXON commented that options four to eight could be progressed outside of P332 and would require input from IREG and changes to the MRA.

Approach to Assessing P332

Based on discussions with the Proposer ELEXON proposed a two stage approach to developing the P332 solution to the Workgroup:

- Stage one would gather business requirements for five key workstreams. An Assessment Consultation would be held once all the business requirements had been agreed by the Workgroup.
- Stage two would identify the impacts on the BSC and develop the legal text. A second Assessment Consultation would be held at the end of this stage.

The five workstreams would be held in a specific order based on their hierarchy. Section 4 provides more detail on the approach and the workstreams.

The Workgroup were in broad agreement with the workstreams and the order of them. One member noted that there would be many more questions to consider than the ones shown and other areas too, but agreed this was a good starting point.

The Workgroup was of the view that agreeing the responsibility for Metering Systems and data was critical in determining how the Supplier hub principle should be amended to address the defect. A member commented that requirements for the responsibility for Metering Systems and data could influence the requirements for the subsequent workstreams and so it was right to consider this first. Another member commented that changes to the Supplier hub would impact the PAF. The Proposer maintained that the PAF should follow on from the arrangements, not the other way round.

One member believed it may be necessary to consider BSCPs and other CSDs as this would be the only way for Parties to properly assess the impact and costs on their organisations. In particular, the BSCPs can heavily determine the system changes that parties may need to make. ELEXON reminded the Workgroup that the impacted CSDs would have to be identified as part of the Assessment Report but the redlining can be drafted following approval of the Modification. This would be subject to industry consultation. A member noted there would need to be sufficient time for Parties to implement the CSD changes following its approval.

A member commented that whilst the DC, DA and MOA BSCPs may need to be updated to reflect changes to the Supplier hub, they believed the substantial changes would be for PARMS and Qualification BSCPs. The Workgroup agreed to periodically review the need to include CSD red lining in the Assessment Procedure. They recognised there could be value in including some integral CSDs to the P332 solution, but also recognised that should P332 get rejected work will have been done that was not necessary.

The Workgroup discussed the consultation periods. One member believed that significant effort would be required from across the different areas of the business, given the potential far reaching impact of P332. This would include the commercial and legal side of the business. They therefore believed a six week (30WD) consultation was justified. This was a view supported by the majority of the Workgroup.

The Workgroup discussed how Alternative Modifications could be formed as part of the proposed assessment approach. Some members believed that an Alternative could form over time as the Proposed Modification was developed. Some believed it could only be put forward once the Proposed Modification was substantially established. A member suggested a set of options should be voted on for each workstream. This way it would be easier to go back and see what the next best option was should it need to change as a result of a subsequent decision or to form an Alternative Modification.

One member believed that given the likely assessment period at least one further interim report would be needed. The logical point for this would be following the first Assessment Consultation after stage one.

One member asked if there were any lessons learnt from other Modifications, such as P272¹³. Ofgem understood that P272 had a significant resource requirement from industry, in addition concurrent industry change – including switching, smart Meter rollout and HH Settlement - would require further resource and input from industry, and asked whether P332 would add to the resources being asked of industry. A member confirmed he expected P332 would require significant effort to assess and implement. The Proposer believed P272 was slowed down by external factors (such as Ofgem's additional Impact Assessment and Distributors' late indication that they did not wish to expand their site-specific portfolios) and that P332 was more self-contained. The Proposer added that Ofgem had wanted industry to take the lead on industry wide changes and P332 is a good example of that.

Further Analysis

The Workgroup considered what further analysis was needed. The Proposer expressed his view that it was important to establish the potential size of the CPA market and was not asking for an assessment of CPA performance at this time, although he remained open to the idea. The focus should be on the size of the CPA market and not on performance as the defect was a matter of principle.

The Workgroup agreed that the size of the Customer/Agent market should be established. The Proposer suggested this could be established by an external party, with the relevant expertise and relationships with participants. ELEXON expressed their disappointment with the data provided in the previous RFI and accepted that it could have been done differently to yield better results. In particular by providing a template for Suppliers and Agents to populate so that any data provided could be aggregated together more easily to

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 53 of 72

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¹³ Mandatory Half Hourly Settlement for Profile Classes 5-8

provide an industry view, which could be published. The Workgroup agreed that ELEXON should request some additional data to the RFI previously carried out as it had relationships with Suppliers and Agents, which it could utilise to request the data.

Some members believed only Suppliers should be asked for data, whilst others believed Agents should also be asked. The Workgroup agreed that both Suppliers and Agents should be asked. It was agreed to ask all Supplier Agent roles for completeness and fairness. As services are usually acquired from the same DC and DA, some basic validation on the submissions could also be conducted.

The Workgroup discussed whether to request data for the whole market or only the segment of the market they expected P332 to target. The majority of members believed that the request should target the HH DC serviced MPANs only. This was on the assumption that the domestic market would transition to DCC serviced Meters, where the Supplier would have much greater control of the Meter as the current NHHDC and NHHMOA services would largely be eroded. The Workgroup discussed which Measurement Classes were appropriate to cover the 'HHDC-serviced' segment of the market and which Measurement Classes to collect for each role. The Workgroup agreed to request the following data from Suppliers:

	MOA			HHDC				HHDA				MA
Measurement Class	C	E	G	C	E	G	D	C	E	G	D	D
MPAN Count												
Annual Volume (MWh)												

The Workgroup agreed to only collect MPAN counts from MOAs as they had no reliable way to split by Measurement Class. The idea of using the CoP as a proxy or D0289⁸ data flow was discussed but it was agreed this was not reliable.

For HHDCs they agreed to collect:

	HHDC			
Measurement Class	C	E	G	D
MPAN Count				
Annual Volume (MWh)				

For HHDA they decided only to collect MPAN count and not volume as the volume would likely be harder for the HHDA to collect and would be covered by the HHDC submission, as the majority of MPANs share the same HHDC/HHDA.

	HHDA			
Measurement Class	C	E	G	D
MPAN Count				

For MAs the only applicable Measurement Class was D.

The P332 Workgroup discussed how best to categorise the data. Initially they discussed categorising by the number of Customers who have contracted directly with Agents versus the number where the Supplier has contracted directly with the Agent. Some Workgroup members believed it was inappropriate to ask for data related to commercial (contractual)

arrangements for a BSC Modification. Others believed that where there is a CPA in place, it is better for the Supplier to put a contract in place with that Agent, but often that contract is less robust than one negotiated in 'normal' circumstances. For these reasons the Workgroup agreed to change the categories to relate to the Supplier hub principle.

Suppliers should judge whether an Agent was appointed under the Supplier hub principle as it was originally designed (without CPAs) (category 1), and those instances where the Agent was appointed but the Supplier hub principle was not appropriate (category 2). The categories chosen were:

- Agent appointed in accordance with Supplier's preference; and
- Agent appointed in accordance with Customer/TPI preference.

One member believes this categorisation is misleading as CPAs were introduced in 1994 with the opening up of metering competition. CPAs pre-exist the BSC which did not come into place until 2001.

The Workgroup agreed it was not appropriate for Agents to decide whether the Supplier thought the arrangement was within Supplier hub principles. One member suggested that one option could be to categorise based on who the Agent bills. This would allow for circumstances where the Supplier appoints the Customer's preferred Agent, but the Supplier is billed under an agreement between the Supplier and that Agent. However, it was agreed to use the following categories as they were believed to be clear and discrete categories for the Agent:

- Direct contract with Customer/TPI; and
- No direct contract with Customer/TPI.

The Proposer believed forecasts should be requested from participants to show how they thought the market could change in the future. However, the Workgroup agreed not to ask for this, as they wanted to make the request as straightforward as possible to encourage responses.

The Workgroup agreed to expedite the request so that it could be included in the Interim Report and agreed a three week (15WD) response period was appropriate. In practice this meant issuing an email and a pro-forma rather than a formal consultation document. A member believed a response rate of 75% of MPANs in the HHDC-serviced market should be considered a success. The Workgroup agreed to consider the success of the data request and the need for additional analysis, including the use of a third party, at its next meeting, which is scheduled for August 2017.

The Workgroup agreed no further analysis was required at this time, but may be required at a later date.

Interaction with other industry changes

A member queried whether there would be enough resource from industry to assess and implement P332 (if approved) given the amount of change occurring in industry. A member pointed out the potential overlap with the PAF review and Ofgem's expected SCR on HH Settlement.

The Proposer confirmed that he was working on the assumption that there would be continued competition for Agent services in the HH AMR market and that the issues raised by P332 needed to be considered now. The Proposer was of the view that P332 should

feed into the PAF review and to this end P332 should be further developed first. ELEXON pointed out that some of the PAF review, such as the smart workstream was less dependent on P332.

A member believed that it was unrealistic for the PAF review to wait for P332, given the likely timescales for the assessment. Another member believed that there was a risk that these three projects, in particular the PAF review and P332 head in different directions and develop incompatible changes. A member suggested that one way to mitigate this risk was for ELEXON to ensure both workgroups are kept updated on the progression of the other. ELEXON also asked if there were any members of the P332 Workgroup who were involved in the PAF Issue group. Several members confirmed they were. It was noted this would be another way for the two groups to be more joined up.

A member said he accepted that both P332 and the PAF review had to progress independently as they both had to work against the current baseline, which did not include a post P332 or post PAF review world.

Ofgem reported that the SCR for mandatory HH Settlement should be launched in summer 2017, along with a timeline. Ofgem commented that the scope of P332, as discussed by the Workgroup, may overlap with the scope of the SCR launch.

One member believed that one of the P332 work-streams should consider the impact on Supplier Agents. ELEXON responded that Supplier Agent impacts will be gathered via the consultation process.

Another member believed that Distribution Network Operators (DNOs) should be attending the Workgroup on the basis they were part of the Supplier hub, could be impacted by P332 and they could also impact Supplier and Agent performance. ELEXON added that DNOs are already signatories to the BSC and are not considered a Supplier Agent. The Workgroup believed it would be beneficial for DNOs to attend subsequent meetings. ELEXON agreed it would engage with DNOs to encourage them to attend subsequent Workgroups.

One member queried whether a more agile approach could be adopted in an attempt to progress P332 more quickly, such as splitting the Workgroup to work on different areas at the same time. Some members believed this would be more complex and could cause resource constraints for the industry. The Workgroup agreed to stick to the original proposed approach.

The Workgroup also discussed whether the proposed 20 WD Report Phase Consultation period was sufficient. They agreed to review this nearer the time as it was largely dependent on the solution developed under the Assessment Procedure.

Terms of Reference

Summary of Terms of Reference	
Terms of Reference	Summary
What issues are caused by Customers choosing Agents?	Please see Appendix 3 for a summary of issues.
What is the materiality of the issues?	To date the materiality of the issues have not been established. The Proposer has affirmed the defect is more a point of principle. Data related

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 56 of 72

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Summary of Terms of Reference	
Terms of Reference	Summary
	to how much of the market is governed by these arrangements is believed to be more important at this stage as the argument is performance agnostic.
What means are presently available to address the issues?	The Workgroup has considered a variety of options to address the issues, including the 14 discussed in detail in section 8. These discussions and assessment are on-going.
What is the best way in principle to address the issues?	The Proposer believes the only way to address the defect is to amend the Supplier hub arrangements for HHDC-serviced Meters, which will likely require Supplier Agents to become signatories to the Code. Other options are being progressed outside of P332 designed to improve CPA identification, which is hoped can improve some of the associated performance issues.
What changes are needed to BSC documents, systems and processes to support P332 and what are the related costs and lead times?	Further development of the solution is needed before this is known. The current working assumption is that P332 will have large impacts on the SVA arrangements and its participants, the BSC, CSDs and ELEXON's and participants systems and processes.
Are there any Alternative Modifications?	No Alternative Modification has been raised yet.
What is the most appropriate Implementation Date?	The Proposer would like P332 implemented by 2020. He believes this would be an appropriate time as it would coincide with the smart Meter rollout deadline.
Does P332 better facilitate the Applicable BSC Objectives compared with the current baseline?	The Workgroup has not formed views yet as the solution is not sufficiently developed.



The Workgroup is not in a position to draw any final conclusions on P332 at this time. Some members do not believe the issues P332 seeks to address are BSC issues. They believe they are commercial issues and that the Supplier hub principle is sufficiently robust to handle CPAs. Others disagree, in line with the Proposer and believe it is better to tackle these issues now rather than wait.

Due to the likely length and industry cost of the P332 Assessment Procedure, the Panel may wish to consider additional checkpoints or request further interim reports, for example following the completion of stage one.

The Workgroup would welcome Ofgem's views on P332 to ensure that the P332 direction of travel is in line with their future plans.

The Workgroup has not formed views against the Applicable BSC Objectives at this time as the solution is not fully developed yet. The Proposer's initial views against the Objectives were that P332 would better facilitate Applicable BSC Objectives (c) and (d) compared with the existing baseline for the reasons set out below.

Objective (c)

The Proposer contends that this Objective would be better facilitated because the Modification would ensure Customers would receive comparable levels of service regardless of whether their Agent is Customer appointed or Supplier appointed.

In addition, the Proposer contends that P332 would mean that Suppliers are not disadvantaged commercially by the appointment of Agents by Customers.

Objective (d)

The Proposer contends that this Objective would be better facilitated because a direct relationship between ELEXON and Agents would lead to better and more consistent performance by Agents.

The Proposer also believes that efficiency in the arrangements would be enhanced by Agents being able to raise BSC changes (Modifications and CPs).

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(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

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(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]

(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

(g) Compliance with the Transmission Losses Principle

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 58 of 72

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10 Recommendations

The P332 Workgroup invites the Panel to:

- **NOTE** the P332 interim report;
- **APPROVE** the required 25 month extension to the P332 Assessment Procedure;
- **DECIDE** what updates from the Workgroup you require during the Assessment Procedure;
- **SEEK** Ofgem's views as to whether the findings of this report are consistent with their provisional thinking and strategic direction; and
- **DIRECT** the P332 workgroup as it sees fit.

Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P332 Terms of Reference

What issues are caused by Customers choosing Agents?

What is the materiality of the issues?

What means are presently available to address the issues?

What is the best way in principle to address the issues?

What changes are needed to BSC documents, systems and processes to support P332 and what are the related costs and lead times?

Are there any Alternative Modifications?

What is the most appropriate Implementation Date?

Does P332 better facilitate the Applicable BSC Objectives compared with the current baseline?

Workgroup membership and attendance

P332 Workgroup Attendance					
Name	Organisation	30 Mar 16	15 Aug 16	27 Apr 17	31 May 17
Members					
Douglas Alexander	ELEXON (<i>Chair</i>)	✓	✗	✗	✗
Claire Kerr	ELEXON (<i>Chair</i>)	✗	✗	✓	✓
Royston Black	ELEXON (<i>Chair</i>)	✗	✓	✗	✗
Talia Addy	ELEXON (<i>Lead Analyst</i>)	✓	✓	✗	✗
Lawrence Jones	ELEXON (<i>Lead Analyst</i>)	✗	✗	✓	✓
Colin Prestwich	P332 (<i>Proposer</i>)	✓	✓	✓	✓
Seth Chapman	<i>G4S</i>	✗	✗	✓	✓
Jonathan Moore	<i>Engie</i>	✓	✓	✓	✓
Richard Vernon	<i>Npower</i>	✓	✓	✓	✓
Colin Frier	<i>Siemens</i>	✓	✗	✗	✓
Carl Whitehouse	<i>First Utility</i>	✓	✓	✗	✗
Ed Sutton	<i>Stark</i>	✓	✓	✓	✓
Dermot Hearty	<i>Salient Systems</i>	✓	☎	✓	✗
Angela Love	<i>ScottishPower</i>	✓	✓	✗	✗
Peter Gray	<i>SSE</i>	✗	✓	✓	✓
Gregory MacKenzie	<i>British Gas</i>	✓	✓	✗	✗
Tom Chevalier	<i>Power Data Associates</i>	✓	✗	✗	✗
Tim Newton	<i>E.ON Energy</i>	✓	✓	✗	✓
Gareth Evans	<i>Waters Wye Associates Limited</i>	✗	✗	✗	✗
Jamie Greening	<i>Haven Power</i>	✗	✗	✗	✗
Richard Hill	<i>IMServ</i>	✓	✗	✓	✗
Ryan Guttridge	<i>Dong Energy</i>	✗	✗	✗	✗
Peter Powell	<i>Gazprom Energy</i>	✓	✗	✗	✗
Phil Russell	<i>Independent</i>	✓	✓	✗	✗
Gavin Somerville	<i>EDF Energy</i>	✗	✓	✓	✓
David Barratt	<i>Lowribeck</i>	✗	✗	✓	✓
Attendees					
Matt McKeon	ELEXON (<i>Design Authority</i>)	✓	✓	✓	✓
Toby Godrich	ELEXON (<i>Lead Lawyer</i>)	✓	✓	✓	✗
Kathryn Gay		✗	✓	✓	✗

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 61 of 72

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P332 Workgroup Attendance					
Name	Organisation	30 Mar 16	15 Aug 16	27 Apr 17	31 May 17
Laura Henshall		x	x	✓	✓
David Osmon	Ofgem	x	x	x	x
Ben Zaczek	Ofgem	x	x	x	✓
Nik Wills	Stark	✓	✓	✓	✓
Martin Mate	EDF Energy	x	x	x	x
Pete Butcher	SSE	✓	x	x	x
Mark McGuire	G4S	✓	x	x	x
Dan Saxton	Siemens	✓	x	x	x
Toby Read	Dong Energy	✓	x	x	x
Matt Keen	Npower	x	x	x	x
Anna Marzec	Opus Energy	x	x	✓	✓
James Murphy	Stark	x	x	✓	✓
Christopher Collins	Scottish Power	x	x	x	x
Komal Brown	Scottish Power	x	x	x	x

Appendix 2: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
AA	Annualised Advance
AMR	Automated Meter Reading
BSC	Balancing and settlement Code
BUSRR	Business unit Settlement Risk ratings
BSCP	Balancing and settlement Code Procedure
CPA	Customer Preferred Agent
CSD	Code Subsidiary Document
CVA	Central Volume Allocation
DC	Data Collector
DCC	Data Communication Company
DCUSA	Distribution Connection and Use of System Agreement
DNO	Distribution Network Operators
DTC	Data Transfer Catalogue
EAC	Estimated Annual Consumption
ECOES	Electricity Central Online Enquiry Service
EFR	Error and Failure Resolution
FTE	Full Time Equivalent
GB	Great Britain
GSP	Grid Supply Point
HH	Half Hourly
HHDA	half hourly Data Aggregator
HHDC	Half Hourly Data Collector
HHMOA	Half Hourly Meter Operator Agent
HHU	Hand held Unit
IREG	MRA Issue Resolution Expert Group
MA	Meter Administrator
MC	Measurement Class
MOCOPA	Meter Operation Code of Practice Agreement
MDB	MRA Development Board
MIF	MRS Issue Form
MOA	Meter Operator agent

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 63 of 72

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Acronyms	
Acronym	Definition
MPAN	Meter Point Administration Number. Equivalent to SVA Metering System Number (MSID)
MPAS	Meter Point Administration Service
MRA	Meter Registration Agreement
MSID	SVA Metering System Number, equivalent to MPAN
MTD	Meter Technical Details
NHH	Non Half Hourly
NHHDC	Non Half Hourly Data Collector
NHHMOA	Non Half Hourly Meter Operator Agent
OSM	Operational Support Manager
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
PARMS	Performance Assurance and Monitoring System
PSA	Pooling and Settlement Arrangement
PC	Profile Class
RFI	Request for Information
SAD	Self-Assessment Document
SCR	Significant Code Review
SF	Settlement Final Run
SMETS	Smart Metering Equipment Technical Specifications
SMRS	Supplier Meter Registration Service
SVA	Supplier Volume Allocation
TAPAP	Technical Assurance of Performance Assurance Parties
TERRE	Trans European Replacement Reserves Exchange
TPI	Third Party Intermediaries
TWh	terawatt-hours
UMS	Unmetered Supplies

DTC data flows and data items

DTC data flows and data items¹⁴ referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
D0001	Request Metering System Investigation
D0005	Instruction on Action

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 64 of 72

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¹⁴ <https://dct.mrasco.com/Default.aspx>

DTC Data Flows and Data Items	
Number	Name
D0011	Agreement of Contractual Terms
D0148	Notification of Change to Other Parties
D0155	Notification of Meter Operator or Data Collector Appointment and Terms
D0205	Update Registration Details
D0289	Notification of MC/EAC/PC
D0311	Notification of Old Supplier Information
D0312	Notification of Meter Information to ECOES
J0048	Contract Reference

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
5	Issue 50 'Customer Appointed Agents'	https://www.elexon.co.uk/smg-issue/standing-modification-group-issue-50/
12	BSCP514 SVA Meter Operations for Metering Systems Registered in SMRS	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
13	P344 ('Project TERRE implementation into GB market arrangements')	https://www.elexon.co.uk/mod-proposal/p344/
17	BSCP11 Trading Disputes	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP38 Authorisations	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP40 Change Management	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP65 Registration of Parties and Exit Procedures	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP502 Half Hourly Data Collection for SVA Metering Systems Registered in SMRS	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP503 Half Hourly Data Aggregation for SVA Metering Systems Registered in SMRS	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 65 of 72

© ELEXON Limited 2017

External Links		
Page(s)	Description	URL
17	BSCP514 SVA Meter Operations for Metering Systems Registered in SMRS	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP533 PARMS Data Provision, Reporting and Publication of Peer Comparison Data	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP533 Appendix A PARMS Data Provider File Formats	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP533 Appendix B PARMS Calculation Guidelines	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP536 Supplier Charges	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP537 Qualification Process for SVA Parties, SVA Party Agents and CVA MOAs	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP537 Appendix 1 Self-Assessment Document (SAD)	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP537 Appendix 2 Testing Requirements	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
17	BSCP537 Appendix 3 Guidance Notes on Completion of the SAD	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/?show=all
21	P305 'Electricity Balancing Significant Code Review Developments'	https://www.elexon.co.uk/mod-proposal/p305/
24	Agent peer comparison for certain PARMS serials	https://www.elexon.co.uk/reference/market-compliance/peer-comparison-graphs/
28	P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'	https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/
41	PAF review	https://www.elexon.co.uk/wp-content/uploads/2016/08/27_264_07_PAF_Review_Scope_Approach_Approval_PUBLIC.pdf
41	Agent peer comparison for certain PARMS Serials	https://www.elexon.co.uk/reference/market-compliance/peer-comparison-graphs/

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 66 of 72

© ELEXON Limited 2017

External Links

Page(s)	Description	URL
43	Ofgem Faster Switching Programme	https://www.ofgem.gov.uk/gas/retail-market/market-review-and-reform/smarter-markets-programme/switching-programme

268/06

P332
Interim Assessment
Report

6 July 2017

Version 1.0

Page 67 of 72

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Appendix 3: Summary of P332 Issues

Summary of P332 Issues

Issue	Results in
As a point of principal, the Supplier hub principle is not appropriate for the HHDC-serviced sector.	The Supplier's choice to appoint its preferred Agent is undermined by CPAs. This can lead to a number of 'secondary' issues, where there is no contract between the Supplier and the Agent, which are detailed below.
Customer contracts directly with Agent. Supplier compelled to appoint CPA and may not have a contract in place with the CPA.	Agents unfairly penalised for the actions or inactions of Suppliers
Third Party Intermediaries (TPI) often root cause of many issues	Customer may not know who its preferred Agent is when TPI used. Results in Supplier appoints its preferred Agent but subsequently has to appoint CPA resulting in performance issues and potential errors.
Customer does not ask MOA to activate communications either because they do not want to pay for comms or no DC contract to carry out Meter reads	Supplier needs to arrange and pay for DC to carry out site visit to read Meter. Customer may not understand additional charge.
ELEXON not able to identify CPA portfolio in its reports (PARMS, Settlement Risk Report)	Not able to report performance of CPAs, which means underperformance related to CPAs can be masked in Agents overall portfolio. Application of PAF techniques cannot be targeted on CPAs.
Suppliers not able to identify CPAs prior to accepting Customer	Supplier may unknowingly take on Customer with a CPA, resulting in appointing an Agent with whom the Supplier has no contractual relationship.

Summary of P332 Issues

Issue	Results in
Suppliers not notified of CPA by Customer	Supplier appoints its own Agent and subsequently has to appoint CPA, with whom the Supplier may not have a contractual relationship. Increases risk of appointment errors and may impact Customer/Supplier relationship.
The BSC is silent on CPAs	Suppliers compelled to appoint CPAs with whom they may not have a contractual relationship. Supplier unable to manage Agent without a contract, which may lead to Supplier underperformance.
Supplier may not know when the Agent's contract with the Customer ends	Agent may cease the Agent service, resulting in Supplier underperformance.
Change of Tenancy is a common source of new Appointments for Agents from Suppliers in the I & C sector. Incoming Agent may find that the previous Agent's contract was not renewed.	There may be gaps or historic issues that lead to performance issues for the new Agent and the Supplier.
Agents participate in various BSC working groups and committees but cannot raise Mods or CPs	Ofgem have been concerned that changes which are not in the interests of BSC Parties are not raised, which may result in less effective or efficient BSC operations or innovation.

Appendix 4: P332 Workstreams

Workstream	Key Questions	Associated BSC Sections	No. of Workgroup meetings
<p>Responsibility for Metering System and data:</p> <ul style="list-style-type: none"> - Review responsibilities between Suppliers and Agents that are currently allocated to Suppliers under the BSC; - Determine who is responsible for the MSID and its associated MTD and read history; - Determine who should drive the various (currently Supplier-led) processes; 	<ol style="list-style-type: none"> 1. New Obligations on Agent Parties? 2. Who registers? 3. What liability for disputes? 4. Define requirements 	K, L, P, R, S	2
Accession and Market Entry	<ol style="list-style-type: none"> 1. Who joins – multiple BSC Parties and Roles? 2. Are they trading Parties? 3. If not what rights do Agent Parties get? 4. Should Agent Parties be licensed by Ofgem? 5. All Agent Parties to requalify or be grandfathered in? 	A, J, O	2

Performance Assurance	<ol style="list-style-type: none"> 1. Trading Disputes - What participation will Party Agents have? 2. Potential liabilities on Party Agents? 3. Default and Credit Cover? 4. Agent of Last Resort? 	H, M, N, W, Z	2
Governance and Voting Rights	<ol style="list-style-type: none"> 1. What rights do Agent Parties get? 2. Can they vote? 3. Representation on Panel Committees? 4. Involvement in Modifications process? 	B, C, D, E, F, G, H, N	2
Transition and other issues not listed above	<ol style="list-style-type: none"> 1. Any required reports? 2. Impact from all the above – any other definitions required? 	V, X	1

Appendix 5: P332 Supplier data table

Category	Measurement Class	MOA				HHDC					HHDA					MA
		C	E	G	Total	C	E	G	D	Total	C	E	G	D	Total	D
1. Agent appointed in accordance with Supplier's preference	Import MPAN Count	30,700	45,969	36,963	113,632	76,476	49,642	39,512	255	165,885	92,434	58,124	42,049	266	192,873	138
	Import Annual Volume (MWh)	21,423,273	3,652,411	1,644,889	26,720,572	58,326,182	4,057,907	1,716,456	1,637,589	65,738,134	69,997,315	5,494,974	1,941,969	1,695,989	79,130,246	1,035,741
	Export MPAN Count	17,209	537	245	17,991	6,382	268	150	0	6,800	3,927	110	91	0	4,128	0
	Export Annual Volume (MWh)	18,610,282	71,044	15,668	18,696,994	11,347,184	25,689	6,740	0	11,379,613	13,231,232	7,097	3,710	0	13,242,039	0
2. Agent appointed in accordance with Customer/TPI preference	Import MPAN Count	77,954	19,710	11,981	109,645	45,467	16,370	9,526	14	71,377	32,817	8,051	7,048	5	47,921	111
	Import Annual Volume (MWh)	61,922,117	2,658,648	601,417	65,182,182	36,797,717	2,154,622	543,105	87,217	39,582,662	27,573,817	736,212	320,142	28,817	28,658,987	424,608
	Export MPAN Count	4,014	0	0	4,014	1,576	0	0	0	1,576	721	0	0	0	721	0
	Export Annual Volume (MWh)	11,318,788	0	0	11,318,788	7,234,368	0	0	0	7,234,368	2,910,350	0	0	0	2,910,350	0
3. Percentage Share of CPAs	By Import MPAN Count	71.7%	30.0%	24.5%	49.1%	37.3%	24.8%	19.4%	5.2%	30.1%	26.2%	12.2%	14.4%	1.8%	19.9%	44.6%
	By Import Annual Volume (MWh)	82.5%	39.6%	27.4%	70.9%	40.9%	29.8%	24.4%	2.2%	37.6%	36.3%	16.6%	17.6%	2.2%	26.6%	2.8%
	By Export MPAN Count	18.9%	0.0%	0.0%	18.2%	19.8%	0.0%	0.0%	0.0%	18.8%	15.5%	0.0%	0.0%	0.0%	14.9%	0.0%
	By Export Annual Volume (MWh)	36.1%	0.0%	0.0%	37.7%	50.1%	0.0%	0.0%	0.0%	38.9%	30.0%	0.0%	0.0%	0.0%	18.0%	0.0%
4. Total covered by responses																
4. Total covered by responses																
	Total Import MPAN Count	108,654	65,679	48,944	223,277	121,943	66,012	49,038	269	237,262	125,251	66,175	49,097	271	240,794	249
	Gross Volume (TWh)	83	6	2	92	95	6	2	2	105	98	6	2	2	108	1
	Total Export MPAN Count	21,223	537	245	22,005	7,958	268	150	0	8,376	4,648	110	91	0	4,849	0
	Gross Volume (TWh)	30	0	0	30	19	0	0	0	19	16	0	0	0	16	0