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## P379 lessons learned headline report

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Synopsis            The solution for BSC Modification P379 required an unusually large range of changes and the assessment procedure took a long time. This headline report outlines recommendations to improve similar work streams in the future.

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### Summary

This report outlines the lessons learned from the P379 Modification process. It is a summary assessment of the key lessons and outcomes from the Modification process. It does not focus on the merits of the solution developed by the P379 Workgroup, which are covered in the Cost-Benefit analysis and interim Modification reports.

The key findings identified are that;

- A Cost Benefit Analysis (CBA) may have been conducted earlier in the process. However, had the CBA been conducted too early in the solution development process it may not have had sufficient credibility to result in the withdrawal of the Modification even if it made the same conclusion.
- The BSC Modifications process is not well suited to addressing problems of this scale, and a better outcome may have been reached using a Significant Code Review (SCR) process.

We believe we can apply the following learnings to other Modifications;

- There is a limit to what Modification processes can achieve, and the P379 solution exceeded those limits.
- There is significant value in Code bodies and Workgroup members understanding processes that extend beyond the remit of the codes that they manage. For P379, this included Supplier licence obligations, billing arrangements, network charging and smart metering.
- Workgroup membership should cover a range of relevant backgrounds without the constituency size overwhelming what the Workgroup process can effectively accommodate.

Below we summarise each stage of the process and outline particular recommendations where we feel the process can be improved.

### Pre-raise process

Elexon's first exploration of the issue of Multiple Suppliers manifested in a [white-paper](#), published in April 2018 in response to statements from Ofgem that the BSC was the reason that a customer could not have more than one Supplier. The paper highlights the current routes available to facilitate the sharing of metered volumes between Parties, and goes on to propose that a BSC change could enable volumes to be shared between Parties based on notifications made on behalf of customers.

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This paper generated interest from a number of BSC Parties, and following a series of workshops held by Elexon in 2018 with interested parties BSC Modification P379 was raised by New Anglia Energy, supported by a number of other BSC Parties. Ofgem were supportive of the Modification in pre-raise conversations, and were hopeful in respect of what the BSC Modification process could achieve.

### Modification process

P379 was a particularly well attended Modification, with over 40 BSC Parties and interested third Parties represented in the Workgroups and support from Ofgem present throughout. There were a number of consequences of this;

- Constituency turnover was high, with most Workgroup meetings seeing new members joining as others left, resulting in high overheads throughout the process to bring workgroup members up to speed.
- There was high quality information available from Workgroup members on a wide range of industry processes extending beyond the BSC. This included Supplier commercial positions and regulation, billing, network charging, meter technical operations and providers of new business models. Discussion of a BSC topic for the solution often lead to a discussion of related elements external to the BSC, resulting in a better understanding of the overall solution.
- Understanding of the BSC and the solution varied across the group, and throughout the process we spent a lot of time updating Workgroup members on topics covered in previous workgroups.

In addition to these factors, the proposed solution developed throughout the Workgroup process and changed significantly over that time. This contributed towards the large number of workgroups held and the elapsed time of the Assessment Procedure. Had the solution been subject to less change there may have been fewer Workgroup meetings, however the number of Workgroups likely contributed positively towards the quality of the eventual solution.

### Recommendations

- The size and makeup of the Workgroup sessions made it difficult to progress towards a solution. Workgroups should seek to avoid large and/or inexperienced constituencies while seeking members with a range of experience relevant to the topic at hand.
  - For future Modifications with significant stakeholder interest, a core workgroup constituency with occasional dissemination forums (per P344 approach) would likely be more efficient.
  - New technology and ways of working (e.g. Slido) may be able accommodate larger Workgroup sizes.
- The Significant Code Review (SCR) process would have been more appropriate for the scale of change required to successfully implement an effective P379 solution, and to properly assess whole of market impacts and solutions.
  - [Ofgem's SCR guidance](#) provides some information on how to assess whether a work stream should be subject to SCR, including whether the issue has a significant impact on gas or electricity consumers and is likely to create cross-code or licence issues.

### Cost-Benefit Analysis

The solution developed to a point where it became clear the costs to implement, across all of the entities that would need to implement change, would be significant. At the same time the scale of potential benefits was unclear. Procuring a cost-benefit analysis (CBA) was the best course of action to inform a go/no-go decision for the rest of the Modification process.

The CBA was carried out at a point in the process where the general solution was known and some details had been determined. This enabled Elexon and BSC Parties to accurately assess the costs of implementing the solution. The ability to determine the scale of the benefits case was unlikely to have changed significantly over the course of the solution development, although some use cases were excluded over time.

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The permitted budget for the CBA was relatively low at £80,000, limiting the amount of quantitative analysis performed. However, the remaining uncertainties in respect of the solution and potential benefits were such that any additional budget would have resulted in greater granularity but no more certainty. The budget and scope of the CBA were appropriate for reaching the required outcome, in that it was clear the Modification should not be progressed further.

### Recommendations

- Modifications with significant cost implications and uncertain benefits cases should continue to be subject to CBA processes.
- The scale of CBA carried out for a Modification should take into account the ultimate uncertainty of the costs and/or benefits – greater uncertainty reduces the relevance of accuracy of the results.
- CBAs should be conducted at a time when the solution is developed to a point that all affected stakeholders can determine a Rough Order of Magnitude for their costs.