

BSC Modification Proposal Form		At what stage is this document in the process?
<h1>P436</h1> <h2>Consequential BSC changes for Switching SCR (REC 3.0)</h2>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #008000; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"><span style="font-weight: bold; font-size: 1.2em;">01</span> Modification</div> <div style="border: 1px solid blue; padding: 5px; display: flex; justify-content: space-between; align-items: center;"><span style="font-weight: bold; font-size: 1.2em;">02</span> Workgroup Report</div> <div style="border: 1px solid purple; padding: 5px; display: flex; justify-content: space-between; align-items: center;"><span style="font-weight: bold; font-size: 1.2em;">03</span> Draft Modification Report</div> <div style="border: 1px solid orange; padding: 5px; display: flex; justify-content: space-between; align-items: center;"><span style="font-weight: bold; font-size: 1.2em;">04</span> Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>Ofgem's Switching Significant Code Review (SCR) will introduce the new Central Switching Service (CSS) and version 3.0 of the Retail Energy Code (REC 3.0). This Modification Proposal progresses the consequential BSC changes needed to align with REC 3.0. These set out the new relationship between Supplier registrations in CSS and the Supplier Meter Registration Service (SMRS). They also include ownership transfer of pre-existing SMRS provisions and data flows from the Master Registration Agreement (MRA) to the BSC.</p>		
<p><b>Does this Modification impact any of the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>		
	This is an Authority Led SCR Modification Proposal. It will not follow the standard Modification Procedures but the timetable set by the Authority in accordance with BSC Section F5.3A.	
	High Impact: N/A	
	Medium Impact: BSCCo	
	Low Impact: Licensed Distribution System Operators (LDSOs) in their capacity as Supplier Meter Registration Agents (SMRAs), Suppliers and Supplier Agents	

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Timetable		 <i>switching.programme@ofgem.gov.uk</i>
<b>The Authority directs the following timetable:</b>		
Authority Led SCR Modification Proposal raised	3 February 2022	 <i>020 7901 3907</i>
Draft Authority Led SCR Modification Report presented to Panel	10 February 2022	
Industry consultation	16 February – 16 March 2022	
Final Authority Led SCR Modification Report presented to Panel	14 April 2022	
Final Modification Report submitted to Authority	14 April 2022	

# 1 Why Change?

## What is the issue?

Ofgem's Switching Significant Code Review (SCR) is part of Ofgem's [Switching Programme](#). It will introduce faster and more reliable switching for gas and electricity consumers, including a harmonised dual-fuel Central Switching Service (CSS) supported by version 3.0 of the Retail Energy Code (REC 3.0).

Consequential BSC changes are needed to implement the End-to-End Business Process Design developed by the Switching Programme and specifically to align the BSC with REC 3.0. Elexon has advised that these include:

- Changes to the BSC and its Code Subsidiary Documents (CSDs) to reflect that CSS will become the definitive record of Supplier registrations and registration deactivations, with the Supplier Meter Registration Service (SMRS) synching with CSS via the REC's Electricity Retail Data Agent (ERDA) / Electricity Retail Data Service (ERDS).
- Changes to the BSC and CSDs to incorporate various pre-existing SMRS provisions that were originally part of the Master Registration Agreement (MRA), are temporarily held in the REC's MRA Transition Schedule and have been identified by the Programme as requiring transfer to the BSC as part of REC 3.0 (when the MRA Transition Schedule will be removed from the REC). This brings all SMRS provisions under BSC governance, when previously they were split across the BSC and MRA. The transferred provisions relate to SMRS service levels, charges, liquidated damages and Retrospective Manual Amendments to data.
- Changes to CSDs to reference two SMRS data flows (the D0089 and D0204) that have transferred ownership from the MRA to the BSC, as well as to remove references to other SMRS flows (the D0055, D0057 and D0058) that are now obsolete under the new CSS arrangements.<sup>1</sup>
- Changes to Elexon's Kinnect Customer Solution system to provide electricity Market Participant Role information on an automated basis to the REC Code Manager, who will then be responsible for putting this information into CSS, in accordance with the new REC 3.0 Switching Data Management Schedule.

## Desired outcomes

Ofgem's desired outcomes from this Modification Proposal are that:

- The BSC must align with REC 3.0 from the go-live date for CSS, which is also the REC 3.0 effective date.
- The Implementation Date for this Modification Proposal must be flexible and tied to the CSS go-live date / REC 3.0 effective date, as determined by Ofgem. Ofgem currently anticipates the CSS go-live date to be 18 July 2022; however it will decide the exact date nearer the time.

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<sup>1</sup> D0089 'Notification from MPAS of Changed Metering Point Details', D0204 'Selective or Full Refresh of MPAS Details', D0055 'Registration of Supplier to Specified Metering Point', D0057 'Rejection of Registration' and D0058 'Notification of Termination of Supply Registration'. MPAS was the MRA term for SMRS.

## 2 Solution

### Proposed Solution

In March 2020, as part of [Issue 86](#) and at Ofgem's request, Elexon produced its initial draft REC 3.0 redlining to the BSC and CSDs for Ofgem's review. This drafting was redlined against the BSC baseline in existence at that time, not against the REC 2.0 changes for the Retail Code Consolidation SCR (which were drafted in parallel and subsequently implemented through [P420](#)<sup>2</sup>).

Following implementation of REC 2.0 on 1 September 2021, Elexon has now re-baselined its REC 3.0 drafting over the P420 (and [P424](#)<sup>3</sup>) legal text. Elexon has advised that it has also addressed:

- Review comments provided by Ofgem on the original drafting.
- Drafting questions that remained outstanding in 2020; and
- The transfer of D0089 and D0204 ownership to the BSC.

Elexon has shared its updated drafting with the Switching Programme's Regulatory Design User Group (RDUG) in November 2021 and January 2022, which had no comments.

Ofgem is therefore directing the progression and implementation of Elexon's drafting through this Authority Led SCR Modification Proposal.

### Benefits

The consequential BSC changes included in this Modification Proposal are required to support the successful delivery of Ofgem's Switching SCR. See Sections 3 and 4 on the benefits to BSC Parties and consumers respectively.

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<sup>2</sup> 'Retail Code Consolidation Significant Code Review'.

<sup>3</sup> 'Re-insert correct definition of Settlement Error'. P424 retrospectively corrected an error in the P420 legal drafting.

### 3 Relevant Objectives

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

This Modification Proposal will better facilitate the achievement of Applicable BSC Objective (d) by ensuring that the BSC aligns with version 3.0 of the REC as of the go-live date for CSS/REC 3.0. Failure to ensure this would create risks for the successful delivery of Ofgem's Switching Programme as well as adverse impacts for BSC Parties and Party Agents, who would be unable to use the BSC processes needed to support the new CSS arrangements. This in turn would create adverse effects for consumers.

As the consequential BSC changes support the delivery of faster, more reliable switching they also promote effective supply competition and thereby better facilitate the achievement of Applicable BSC Objective (c).

## 4 Potential Impacts

### Impacts on Core Industry Documents

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

The development of version 3.0 of the REC, as part of Ofgem's Switching SCR, requires consequential changes to the BSC as detailed in this Modification Proposal. The BSC changes have no impact on the REC.

### Impacts on BSC Systems

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

Elexon has advised that it will need to make changes to its Elexon Kinnect Customer Solution system to provide Market Participant Role information to the REC Code Manager on an automated basis, in accordance with the REC's new Switching Data Management Schedule.

### Impacts on BSC Parties

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

This Modification Proposal will impact Licensed Distribution System Operators (LDSOs) in their capacity as Supplier Meter Registration Agents (SMRAs). It will also impact Suppliers and their Supplier Agents. The BSC changes are consequential to the wider Switching Programme, which has already considered the impacts on industry participants as part of its Business Case. In addition, the provisions being transferred from the REC's MRA Transition Schedule to the BSC already existed under the MRA.

The impacts of the BSC changes on BSC Parties are therefore not expected to be significant, other than liaising with a different Code Manager on the previously MRA-governed processes.

## Impacts on consumers and the environment

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

The BSC changes support Ofgem's Switching Programme. The Programme's overall objective is to improve consumers' experience of switching, leading to greater engagement in the retail energy market, by designing and implementing a new switching process that is reliable, fast and cost-effective. This will build consumer confidence and facilitate competition, delivering better outcomes for consumers.

Ofgem's [Full Business Case](#) for the Switching Programme estimates the overall monetised benefit to consumers to be between £185m and £1,077m. Ofgem's identified monetised benefits include the following factors relating to improved quality of service for consumers:

- Direct benefits to consumers from faster switches and lower volumes of exceptions; and
- Indirect benefits of higher switching volumes likely to result from easier and more reliable switching.

Ofgem's Full Business Case also identifies non-monetised benefits of:

- Benefits to consumers of encouraging and enabling greater competition and innovation in the market (i.e. from competitive pressure leading to bills being lower than would otherwise have been the case); and
- Benefits of having a single switching system designed with future change in mind and that is better able to adapt to innovation.

As set out in the Full Business Case, Ofgem believes that the non-monetised benefits will outweigh the monetised ones.

## Legal Text Changes

Elexon has provided the table on the following page that summarises the BSC and CSD impacts for REC 3.0. It has also provided a traceability matrix showing the final BSC document locations of all relevant MRA provisions. You can find the redlined documents and matrix in Attachment A.

In addition, Elexon has highlighted the following aspects of its approach to the legal drafting:

- Under REC 3.0, CSS will become the definitive record of Supplier registrations, with SMRS synchronising with CSS via the REC's ERDA/ERDS. The Issue 86 Group's preference was that BSC documents should not include steps that are defined in the REC, to avoid the potential for future inconsistencies and to reduce the need for further consequential changes. In the step table drafting within the relevant BSC Procedures (BSCPs), the CSS registration or registration deactivation therefore appears as a trigger in the 'when' column.
- Where the BSC or BSCPs refer to the act of registering, Elexon has amended the references to the REC, CSS and/or ERDA/ERDS as appropriate. But where an existing BSCP reference to registration means recording the registration status in SMRS, Elexon has left these references intact in order to reduce the level of change required (since this language is pervasive through the BSC and BSCPs, including in BSCP titles).
- The SCR requires the relevant SMRS provisions to be transferred from the REC's MRA Transition Schedule to the BSC in a way that keeps them as equivalent as possible to the original MRA provisions. Once they are implemented in the BSC, BSC Parties can propose any changes to them through the normal BSC change process.
- The new REC 3.0 Switching Data Management Schedule will set out in detail what Market Participant Role data Elexon is required to provide to the REC Code Manager. Elexon has therefore chosen not to replicate this detail in a BSCP but has included a high-level BSC obligation to provide data in accordance with the REC schedule.

BSC document	Summary of redlining for REC 3.0
BSC Section H <sup>4</sup>	Requires Elexon to provide the REC Code Manager with data and information under the REC's Switching Data Management Schedule and REC performance assurance framework. <sup>5</sup>
BSC Section J	Reflects merger of MRA's and BSC's SMRS provisions (including explicit obligation on LDSOs to be responsible for SMRA services) and new relationship between SMRS and CSS.
BSC Section K	Reflects merger of MRA's and BSC's SMRS provisions (including transfer of MRA clauses relating to SMRS obligations, service levels, charges, billing and liquidated damages), and new relationship between SMRS and CSS.
BSC Section S	Reflects merger of MRA's and BSC's SMRS provisions (including explicit obligation on LDSOs to provide SMRS) and new relationship between SMRS and CSS.
BSC Annex S-2	Reflects new relationship between SMRS and CSS.
BSC Section W	Reflects that CSS is now the definitive source of Supplier registrations and that the Supplier identity held in SMRS can therefore only be the subject of a Trading Dispute in the (unlikely) event that it doesn't match CSS.

<sup>4</sup> Not included in Elexon's original 2020 redlining, but subsequently identified as impacted.

<sup>5</sup> At the time of P420, the passing of performance assurance information between the BSC and REC was covered as part of the transition period for metering assurance. The drafting for this Modification Proposal ensures that there is an enduring requirement after the transition period ends.

BSC document	Summary of redlining for REC 3.0
BSC Section X	Reflects that data in CSS takes precedence over that in SMRS.
BSC Annex X-1	Updates to existing definitions and creation of new defined terms.
BSCP68	Reflects new relationship between SMRS and CSS, and removes references to obsolete data flows.
BSCP501	Reflects merger of MRA's and BSC's SMRS provisions (including transfer of MRA clauses relating to SMRS service levels, entry requirements, reporting and liquidated damages), the new relationship between SMRS and CSS, removal of obsolete data flows and transfer of ownership of certain SMRS flows to the BSC. The BSC Panel (or its Performance Assurance Board under delegated authority) will have new powers, transferred from the MRA, to review certain aspects of SMRS service levels and liquidated damages.
BSCP502	Reflects new relationship between SMRS and CSS.
BSCP504	Reflects new relationship between SMRS and CSS, and removes references to obsolete data flows.
BSCP513 <sup>4</sup>	Reflects merger of MRA's and BSC's SMRS provisions, transferring SMRS bulk change of agent (CoA) provisions from the MRA and its Agreed Procedure (MAP) 11 into BSCP513. As a result, the BSC has inherited more prescription about the SMRA-Supplier relationship in a bulk CoA.
BSCP520	Reflects new relationship between SMRS and CSS, and removes references to obsolete data flows.
BSCP550	Reflects new relationship between SMRS and CSS, and removes references to obsolete data flows.
BSCP604 <sup>6</sup>	New BSCP created from the MRA's MAP04. Covers Retrospective Manual Amendments (RMAs) to certain SMRS data items owned by Suppliers and LDSOs.
SVA Data Catalogue Volume 1: Data Interfaces	Removes obsolete data flows/items and reflects the transfer of ownership of certain data flows/items from the MRA to the BSC.
SVA Data Catalogue Volume 2: Data Items <sup>4</sup>	
Self-Assessment Document (SAD) <sup>7</sup>	Reflects merger of MRA's and BSC's SMRS provisions, new relationship between SMRS and CSS, removal of obsolete data flows, and changes to BSCP501 content.

<sup>6</sup> Numbered BSCP603 in Elexon's 2020 redlining, but now renumbered as BSCP604 due to [P375](#) subsequently creating BSCP603.

<sup>7</sup> Elexon's original 2020 redlining included changes to BSCP537 Appendices 1 and 2, which have since been superseded on the BSC baseline by the Category 3 SAD. For completeness, Elexon has included the (re-baselined) SAD changes as part of its updated drafting.

## 5 Governance

### Self-Governance

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

This is an Authority Led SCR Modification Proposal and so the Self-Governance route does not apply. It also impacts areas of the BSC that form part of the EBGL Article 18 Terms and Conditions.

### Progression route

An Authority Led SCR Modification Proposal must follow the process set out in [BSC Section F5.3A](#), which enables Ofgem to direct the progression and implementation timetable. Ofgem’s directed progression timetable for this Modification Proposal is set out on page 2.

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

Yes. This is an Authority-led SCR Modification Proposal directed under Ofgem’s Switching SCR.

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

Yes. Elexon has advised that this Modification Proposal impacts BSC provisions that form part of the EBGL Article 18 Terms and Conditions. As such, Ofgem understands that a full calendar month’s consultation is required for the changes and this is reflected in the Authority-directed progression timetable on page 2.

### Implementation approach

REC 3.0 will become effective on the CSS go-live date, which is still to be decided under Ofgem’s SCR.

This Modification Proposal will therefore need to have a flexible Implementation Date that is tied to the CSS go-live date / REC 3.0 effective date as determined by Ofgem. Ofgem currently anticipates the CSS go-live date to be 18 July 2022, but it will decide the exact date nearer the time. Implementation of the required BSC document changes is therefore likely to take place outside of a scheduled BSC Release.

Elexon has advised that:

- The changes needed to its Elexon Kinnect Customer Solution system to provide Market Participant Role information to the REC Code Manager are a new interface with no impact on participants, and replace a current workaround of providing this data manually to support the initial population of CSS;<sup>8</sup>
- To ensure these changes are delivered by the earliest possible CSS go-live date, it may need to begin development of the Elexon Kinnect Customer Solution changes ahead of approval of this Modification Proposal;
- It may also (for scheduling convenience and to minimise impact/cost) choose to deploy the Elexon Kinnect Customer Solution changes ahead of CSS implementation; and
- It will report the costs of these system changes as part of the industry consultation on this Modification Proposal, for transparency.

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<sup>8</sup> The data is already available publicly via Elexon's [Qualified Persons Workbook](#), but the system changes will automate provision of the data each time it is updated for a market entry/exit, trade sale or Supplier of Last Resort event. The accompanying BSC obligation is therefore included in the drafting so that Elexon is required to provide the data to the REC Code Manager, rather than to give permission for provision of any confidential data.