P459 ‘Allowing different Supplier Agents to be appointed to Import and Export MSIDs’

ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

This Modification would allow Suppliers to appoint different Supplier Agents for the Import and Export Metering System Identifiers (MSIDs) where Data Communications Company (DCC) adopted smart meters are installed. Being able to appoint different Supplier Agents across Import/Export MSIDs will remove a barrier preventing the use of Export MSIDs for small-scale microgeneration.

Elexon recommends P459 is progressed to the Assessment Procedure for an assessment by a Workgroup

Elexon does not consider it likely that P459 will impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Suppliers
- Supplier Volume Allocation (SVA) Data Collectors
- SVA Meter Operator Agents
- Market Wide Half Hourly Settlement (MHHS) Programme

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About This Document

You can find the definitions of the terms and acronyms used in this document in the BSC Glossary[1].

This document is an Initial Written Assessment (IWA), which Elexon will present to the BSC Panel on 10 August 2023. The Panel will consider the recommendations and agree how to progress P459.

There are two parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts, and a recommendation of how the Modification should progress including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the P459 Proposal Form.

[1] https://www.elexon.co.uk/glossary/?show=all

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Not sure where to start?

We suggest reading the following sections:

- Have 5 minutes? Read section 1
- Have 15 minutes? Read sections 1, 4, 5 and 6
- Have 30 minutes? Read all sections
- Have longer? Read all sections and the annexes and attachments.

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1 Summary

Why change?

There is currently an obligation in BSC Section J 'Party Agents & Qualification Under the Code'[2] to appoint the same SVA Meter Operator Agent and SVA Data Collector for both Import and Export MSID. The Proposer is finding that the existing arrangements around agent appointments are causing them a large and unnecessary administrative burden in making use of the metered export process.

Solution

To remove paragraphs 4.1.5 (Meter Operator Agent) and 4.1.6 (Data Collector) from BSC Section J so that different Supplier Agents can be appointed to the Import and Export MSID.

This is likely to be progressed as a part of a Cross Code Change Package, as consequential Retail Energy Code (REC) and Smart Energy Code (SEC) changes will be required. These changes will be developed during the Assessment Phase for this Modification, with a joint consultation issued once all potential dependencies are understood so that industry can consider the package of changes related to this proposal as a whole.

Impacts and costs

The initial view is that this Modification will impact Suppliers, SVA Meter Operator Agents and SVA Data Collectors.

This Modification will require changes to BSC documents, but is not expected to impact BSC Systems. Impact assessments will be conducted during the Assessment Procedure.

Cost Estimates			
Organisation	Implementation (£)	On-going (£)	Impacts
Elexon	Low	n/a	Expected to be document only
NGESO	n/a	n/a	No impacts expected
Industry	TBC	n/a	Since this is a Cross Code Change Package, we expect impacts on REC and SEC. These, along with any costs for market participants, will be confirmed during the assessment of this Modification
Total	TBC	n/a	

Implementation

The Proposer believes this change should be implemented as soon as possible, subject to proper industry impact assessment and consideration. Given the arrangements are proposed to be optional, this Modification could be suitable for implementation 5 Working Days (WDs) after Ofgem approval. As this is likely to be part of a Cross Code Change Package the implementation approach across the codes will need to be considered to

[2] https://bscdocs.elexon.co.uk/bsc/bsc-section-j-party-agents-qualification-under-the-code

What is a Cross Code Change Package

As described in BSC Section F 1.6A a "Cross Code Change Package" means a group of changes to Energy Codes consisting of a modification to a Lead Code and one or more Consequential Changes. "Lead Code" means the Energy Code which the Cross Code Steering Group (CCSG) has designated as being the Lead Code for the purpose of progressing a modification proposal that is likely to have an impact on any other Codes. "Consequential Change" means a modification proposal to a Code which CCSG has designated as such, and which they consider is necessary to give full and timely effect to a potential modification to a different Energy Code.

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ensure that the implementation aligns, and will also be assessed following the results of a MHHS Change Request.

Recommendation

The Panel are invited to agree that this Modification should be progressed to the Assessment Procedure for consideration by a Workgroup. Given the potential material impacts on competition, we do not believe it is suitable for progression as a Self-Governance Modification so should be sent to the Authority for decision. There is no requirement for this proposed Modification to be Fast-Tracked, nor is it Urgent.

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2 Why Change?

What is the issue?

At present, the BSC and REC[3] require that Export Suppliers must appoint the same Supplier Agents (DC and MOA) as the Import Supplier. This constraint was implemented to mitigate against risks associated with Advanced Meters, which do not materialise where DCC adopted Smart Meters are present.

Where the same SVA Metering Equipment at a Third Party Generating Plant measures both Import and Export for Settlement, BSC Section J4.1.5 and BSC Section J4.1.6 require the Supplier for the Export MSID to appoint the same Supplier Agents as those appointed by the Supplier for the Import MSID.

In addition, SEC[4] requires that to register an Export MPAN on a Smart Meter, Parties must hold the DCC User Role of 'Export Supplier'. Only Parties acting in the 'Export Supplier' role can send the Service Reference Variant 'Set Device Configuration (Export MPAN). Currently, only SEC Parties with an Electricity Supply Licence are eligible for the 'Export Supplier' User Role. As a consequence of the proposed BSC change, it is likely that SEC Section H 'DCC Services' 1.6[5] and SEC Appendix AD 'DCC User Interface Specification (DUIS)' section 3.1[6] will be required to change as the DCC can only accept the Export Suppliers User ID number if the Party holds an Electricity Supply Licence.

Today, customers can freely switch their energy Supplier and customers commonly do this without switching their Export Meter – as evidenced in the Proposer's own customer research and telephone interviews – which affects both business and domestic supply customers. For example, Price Switching Websites only offer to switch for Import Meters.

Where customers switch to another Import Supplier, the Export Supplier may become non-compliant with industry regulations if they are unable to appoint the same Supplier Agent as the incumbent Import Supplier. Theoretically, the only way an Export Supplier could become compliant would be to contract with every Supplier Agent in the market. Some of these MOAs are subsidiaries of Suppliers, under no obligation to contract with their competitors. The P459 Proposer believes that this enables incumbent Import Suppliers with large market shares to effectively "gatekeep" and prevent innovative products and propositions from being launched in the export market. This same constraint applies to DCs.

A misalignment of Supplier Agents can also occur when Automated Meter Reading (AMR) metering is upgraded to Smart Metering for customers with Power Purchase Agreements (PPAs). The Proposer notes that this issue is becoming more prevalent in the smaller end of the PPA business market, when Import Suppliers enter the Supplier of Last Resort (SoLR) process, or where export supplies remain with a separate legal entity (e.g. a subsidiary of a parent company). Please note - AMR metering is outside the scope and not relevant to this proposed Modification.

The existing BSC, REC and SEC arrangements are causing a large and unnecessary administrative burden for Export Suppliers due to the requirement to engage with a large number of Supplier Agents in the market to try and reach both a commercially and technically viable solution with each Supplier Agent. This has created a barrier to the

[3] https://www.retailenergycode.co.uk/extra/wp-content/uploads/2021/08/REC-Schedule-14-Metering-Operations.pdf
4 https://smartenergycodecompany.co.uk/
[5] SEC Section H – DCC Services.
[6] SEC Appendix AD – DCC User Interface Specification v3.1

What is the Sandbox Application?

Normal BSC rules may restrict innovators' ability to carry out a pre-competitive trial of a product or service in a live market environment. If this is the case, the BSC Sandbox can be used to apply for a derogation from the BSC rules. A derogation gives someone temporary permission, for a limited period of time, not to comply with one or more BSC rules. A derogation can be from parts of the BSC itself, and/or from BSC Code Subsidiary Documents.

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registration of Export MSIDs for the Settlement of microgeneration, and the use of metered Export in the Feed-in Tariff (FiT) Scheme. This is due to Import Supplier Agents either being unwilling or technically unable to accept an appointment or requiring prohibitively expensive contract terms to provide a service.

Aside from the impact on energy Suppliers, the current arrangements are also affecting commercial innovation with solar installers that are looking to offer schemes similar to the FiT whereby they obtain the commercial rights for the MSID associated with a Smart Meter in return for offering lower rates of finance. This type of arrangement is extremely difficult (if not impossible) under the current agreements because large numbers of customers may be barred from accessing deals depending on who their chosen Import Supplier is.

Whilst it is also clear that Import Suppliers and Export Suppliers must abide by data protection rules when accessing Import and/or Export Meter reads, it is unclear if DCC Other Users are bound by the same data protection provisions. This should be investigated, and any loopholes closed to afford customers a consistent level of data privacy and protection irrespective of DCC role.

Background

The current arrangements mandate that the agents across MSIDs sharing a Meter used for Import / Export purposes must align. This is to prevent issues with different Data Collectors trying to contact the same Outstation at the same time and for two different Meter Operators having to manage the same asset.

MHHS Programme

Currently, the Great British energy market is divided in five Market Segments[7], which are the four combinations of Meter types and Meter consumption data (Settlement Period level and Register Readings) plus Unmetered Supplies in Half Hourly (HH), Non Half Hourly (NHH) and Unmetered Supplies (UMS).

As part of the Settlement process, NHH Settlement is the arrangement for estimating how much energy a Supplier's customer's use in each Settlement period based on Meter readings spanning longer intervals. These consumers are not settled using half-hourly consumption data.

Unmetered Supplies (UMS) means a supply of electricity to a particular equipment connected to the Distribution Network without a Meter, for example: street lights, traffic signs, zebra crossings, etc.

In 2017, energy regulator Ofgem announced a review on whether the whole electricity market (commercial as well as residential properties) should move to half-hourly Settlement, through the Market-wide Half Hourly Settlement Programme (MHHS). Electricity used by the largest consumers (typically industrial companies) has been measured in half-hour periods for many years. This is because meters installed at these premises record consumption every 30 minutes and send that information to Suppliers. The amount of electricity they are consuming compared with how much is being generated can then be settled every half hour.

Traditionally, electricity used by smaller businesses and households every half hour has been estimated (in the past it was too expensive to install meters to provide half hourly

[7] i) Smart Meters with Settlement Period level data available; ii) Smart Meters with only Register Readings available; iii) Non-smart Meters with Register Readings; iv) Advanced Metering Systems with Settlement Period level data available; and v) Unmetered Supplies

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readings). Estimates of their usage are updated as meters are read, meaning that the current Settlement process takes over a year to complete.

However, now that smart meters are being fitted in homes and smaller businesses they will record actual consumption every half hour. This means the whole electricity market could be settled every half hour.

Why does this matter?

MHHS introduced a validation to ensure that the same Supplier Agents get appointed on Import/Export. P459 aims to remove this validation and auto triggering of appointments.

Although the proposed Modification is compatible with the overall MHHS solution, there is an element of the MHHS design that would need to be amended to allow the solution to be implemented. This is the proposed auto-alignment of Supplier Agent (DC and MOA) appointments for Import/Export relationships through the Registration Service (based on validation checks carried out by the Registration Service). This part of the MHHS design is intended to facilitate the existing BSC and REC requirements for such agent appointments, rather than being a central tenet of MHHS.

Code Drafting is currently underway for Migration and will also impacted by this change, but can be managed through re-baselining activities if needed.

Why does this need to be a Cross Code Change Package?

BSC Modification P420 'Retail Code Consolidation Significant Code Review'[8] was an Authority Led Significant Code Review (SCR) Modification which made the necessary changes to reflect the close down of the Master Registration Agreement (MRA) and the transition of SVA Metering arrangements from the BSC to the REC, as part of the Retail Code Consolidation SCR.

Governance for SVA Meter Operator Agents in the BSC moved to the Metering Schedule in the REC, where they are referred to as Metering Equipment Managers (MEMs).

The obligation to appoint the same SVA Meter Operator Agent exists in the BSC and therefore a Cross Code Change Package is required. The Retail Energy Code Company (RECCo) are assessing the impacts on their documents, systems, and processes arising from the consequential change.

At the same time, DP206 'Allowing Generation Licence Holders to apply Export MPANs'[9] and MP184 'Increase Smart Capability of SMETS2 Twin Element ESME to support Solar and Storage use cases'[10] from SEC are changes that need to be included in the Cross Code Change Package, for the reasons mentioned above.

Good Energy's BSC Sandbox Application

Good Energy submitted a BSC Sandbox request on 13 May 2022 for a derogation against the BSC provisions preventing them from appointing different Supplier Agents for Import / Export Metering Systems where DCC enabled Smart Meters are installed.

8 https://www.elexon.co.uk/mod-proposal/p420/
9 https://smartenergycodecompany.co.uk/modifications/allowing-generation-licence-holders-to-apply-export-mpans/
10 https://smartenergycodecompany.co.uk/modifications/increase-smart-capability-of-smets2-twin-element-esme-to-support-solar-and-storage-use-cases/

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Elexon issued a public industry consultation on 15 August 2022 until 5pm on 29 August 2022 for BSC Parties and interested Third Parties to seek views on the impacts on Parties relating to the implementation of a BSC Sandbox Application by Good Energy.

On the basis of its assessment, Elexon recommended to the BSC Panel that Good Energy's application be approved.

The BSC Panel discussed the BSC Sandbox application at its meeting on 8 September 2022[11]. The BSC Panel recommended an overall rejection of the Sandbox Application. The Panel considered that the trial would be low risk to Settlement and is generally perceived to be supported by industry. They proposed that it is therefore likely to be relatively uncontentious if progressed as a BSC Modification Proposal. Given this, and combined with the fact that Good Energy was already proposing to raise the Modification as soon as possible in the lifecycle of the trial, the Panel concluded that the proposed solution would be better facilitated by the raising of a Modification as soon as possible without the need for the BSC Sandbox trial.

Ofgem rejected Good Energy's BSC Sandbox application on 27 January 2023. They believed that a market-wide solution is best assessed sooner by industry rather than 2-3 years from now and recommended that Good Energy raise BSC and REC Modifications.

General information on the BSC Sandbox and applications that have been approved and rejected (including Good Energy's application) can be found on the Derogations from the BSC using the BSC Sandbox[12] page of the Elexon website.

Desired outcomes

For Suppliers to be able to appoint different Supplier Agents to Export MSIDs than are already appointed to the Import.

For Supplier Agents to promptly notify Export Suppliers of any changes to meter technical details to ensure accurate and up-to-date records are always maintained of customer's metering equipment.

This will result in the benefits outlined on the Solution section of this document.

11 https://www.elexon.co.uk/meeting/bsc-panel-330/
12 https://www.elexon.co.uk/bsc-and-codes/derogations-from-the-bsc/

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3 Solution

Proposed solution

This Modification proposes the removal of BSC Section J paragraphs 4.1.5 and 4.1.6 to enable Suppliers to appoint an SVA MOA and SVA DC of their choice to an Export MSID, irrespective of the MOA or DC appointed to the Import MSID.

Altering BSC Section J 4.1.5, J 4.1.6, Schedule 14 of the REC, and SEC Section H 'DCC Services' 1.6[13] and SEC Appendix AD 'DCC User Interface Specification (DUIS)' section 3.1[14] would enable Suppliers to appoint a Supplier Agent of their choice to an Export MSID, irrespective of the Supplier Agent appointed to the Import MSID for DCC adopted smart meters. The DCC can only accept the Export Suppliers User ID number if the Party holds an Electricity Supply Licence. The solution should also consider what the necessary relationship should be between the Import and Export appointed agents, and any appropriate procedures that need to be established because of the change.

The solution will ensure that where a Supplier appoints aSVA, MOA or DC to an Export MSID other than the one appointed to the Import MSID, the requisite data transfer can take place between the Import Supplier Agent and Export Supplier Agent, via a defined process or data flow.

Where a Supplier appoints agents to an Export MSID other than the one appointed to the Import MSID, that Supplier should use extracts from the Electricity Enquiry Service (EES)[15] (also known as the Electricity Central Online Enquiry Service (ECOES)) and DCC) to identify any attributes or changes to the Metering Equipment associated with the Import MSID. This process will mitigate the risk that the standing data items between the Import and Export MSID becoming out of sync.

The following checks could constitute an example of such checks to be made to identify sites that have a metering issue or where a meter has been exchanged.

DCC alerts:

A user will check the system daily for DCC alerts. For example, if an N6 (Schedule Removal because of Device Decommission) alert is received this would identify a potential meter exchange.

Export Supplier actions:

Will be required to take actions when an unhappy path scenario has occurred. For example, missing schedule reads, or no response actions would identify a potential issue with the metering communications or that a meter exchange has taken place.

When an issue has been identified either by an alert or action, a user will investigate by sending a DCC read inventory request to determine if any changes have been made to the smart metering inventory as this would be updated as soon as the meter is commissioned whereas EES industry data can take days or weeks to be updated.

If a meter exchange has occurred, the Supplier could obtain remote reads from the meter and set-up a new schedule to receive regular reads for export payment purposes. When the Import MPAN has been updated with the Meter Technical Details the Supplier will send

13 https://smartenergycodecompany.co.uk/document-download-centre/download-info/sec-section-h-dcc-services/
14 https://smartenergycodecompany.co.uk/document-download-centre/download-info/sec-appendix-ad-dcc-user-interface-specification-v3-1/
15 https://www.ecoes.co.uk/

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this information to their appointed MOA via agreed process to get the Meter Technical Details updated against the Export MSID within the industry.

Benefits

The Proposer has identified benefits associated with this change, such that implementation of this change will:

1. Promote the benefit of Smart Metering by encouraging new and innovative tariffs on the market.
2. Encourage commercial innovation in the microgeneration space from companies other than energy suppliers (e.g. energy services and financial organisations)
3. Aligns the BSC, REC, SEC and DCUSA conditions to the Ofgem Feed-in Tariff Supplier Guidance terms[16].
4. Encourages Feed-in Tariff administrators to move customers from (estimated) Deemed export payments to metered export payments for Sub-30kW metering by removing a barrier to appoint the same Supplier Agents as the Import Supplier.
5. Improves the accuracy and settlement of Feed-in Tariff export levelisation payments.
6. Prevents Export Suppliers from inadvertently becoming non-compliant with industry codes.
7. Delivers consistent data protection across DCC roles (i.e. Other User access to export reads).
8. Lowers the cost to suppliers, which in turn allows suppliers to offer customers higher prices for export energy as less costs need to be recovered from the customer's tariff price.
9. A lower cost to deliver metered export services, leading to more attractive products and propositions and consequent faster deployment of low carbon micro-generation.

Applicable BSC Objectives

Objective (c)

The Proposer believes that this Modification will better facilitate Applicable BSC Objective (c), as by removing a barrier to the registration of Export MSIDs for the Settlement of microgeneration, the use of metered Export in the FiT scheme will become a more viable solution for other Suppliers looking to register Export MSIDs for Smart Metering Equipment, thus stimulating competition.

Objective (d)

The Proposer believes that this Modification will also better facilitate Applicable BSC Objective (d), as removing a barrier to the registration of Export MSIDs will result in more energy being accurately metered and settled as opposed to 'deemed', which will improve Settlement accuracy.

Implementation approach

This Modification will be progressed as a Cross Code Change Package as consequential Retail Energy Code (REC), Smart Energy Code (SEC), and Distribution Connection and Use of System Agreement (DCUSA) changes will be required to implement the solution.

[16] https://www.ofgem.gov.uk/publications/feed-tariffs-guidance-licensed-electricity-suppliers

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 administrating 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

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Therefore, the Implementation Date will need to be considered as part of the Assessment Procedure based on impact assessments from other impacted Codes.

The Proposer believes the BSC change for P459 could be implemented relatively quickly as an enabling, document only change and could be suitable for implementation 5 WDs after Ofgem approval, however this approach will be verified with the industry Workgroup in respect of any consequential code changes and results of a MHHS Change Request.

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4 Areas to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment of P459. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

Areas to consider

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of P459:

Areas to Consider (specific)
What segments of the market should the solution apply to?
Are there any concerns with multiple parties retrieving data pertaining to the same Meter from DCC?
What is the best way to manage data becoming out of sync (when Meter Technical Details change)?
If Meter Technical Details need to change, how will Export MSID Party Agents be informed?
How will this change impact consumers and the customer experience?
What interactions are there with Market-wide Half Hourly Settlement (MHHS) and how will these best be managed?
What benefits will this change elicit?
What changes, if any, will be required to the Change of Agent (CoA) and Change of Supply (CoS) processes?
Are there any concerns re: Data Protection considerations?

Areas to Consider (standard)
How will P459 impact the BSC Settlement Risks?
What changes are needed to BSC documents, systems and processes to support PXXX and what are the related costs and lead times? When will any required changes to subsidiary documents be developed and consulted on?
Are there any Alternative Modifications?
Should P459 be progressed as a Self-Governance Modification?
Does P459 better facilitate the Applicable BSC Objectives than the current baseline?
Does P459 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?

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5 Likely Impacts and costs

Estimated costs of P459

Costs will be assessed during the Assessment Procedure. Our current expectation is that upfront and ongoing costs for BSCCo are likely to be low, as the proposed BSC solution could be a document only change. However, it is likely that P459 will require consequential changes to REC and SEC. Associated costs, along with any costs for market participants, will be confirmed during the assessment of this Modification

P459 Impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Potential Impact	Potential cost
Supplier	Validation of agent appointments, which could require potential system changes	Medium - to be assessed during Assessment

Impact on the NETSO	
Potential Impact	Potential cost
No impacts expected.	

Impact on BSCCo		
Area of Elexon	Potential Impact	Potential cost
Participant Management	Since this change modifies Section J of the BSC, a change to the SAD (Self Assessment Document) may be needed.	Medium
Assurance - Metering	Interactions with the work done in P441 'Creation of Complex Sites Classes'[17]	Low

Impact on BSC Settlement Risks
Two risks may be impacted. Risk 004 - Metering equipment changes are not notified, Risk 006 - Incorrect Meter detail transfer on change of agent, Risk 012 - Meter System Technical Details inaccurate

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
No impact anticipated.	

17 https://www.elexon.co.uk/mod-proposal/p441/

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Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
HHDCs	P459 may require system changes to ensure data is shared between agents
HHMOAs	

Impact on Code	
Code Section	Potential Impact
Section J: Party Agents & Qualification Under the Code[18]	Section J will need to be updated to reflect the solution.

Impact on MHHS
The impact on MHHS will be considered during the Assessment Procedure. However, Elexon has identified that a MHHS Change Request will be needed to assess potential impact on validation rules following changes to BSC code

Impact on EBGL Article 18 terms and conditions
Elexon believes it is unlikely that this Modification will impact any of the EBGL Article 18 Terms and Conditions held within the BSC, however this will be verified over the course of Assessment.

Impact on Code Subsidiary Documents and other Configurable Items	
CSD	Potential Impact
n/a	None are anticipated, however this will become clear over the course of the Assessment phase.

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Retail Energy Code (REC)	To be assessed in parallel with the P459 Assessment Phase.
Smart Energy Code (SEC)	To be assessed in parallel with the P459 Assessment Phase.
Distribution Connection and Use of System Agreement (DCUSA)	To be assessed in parallel with the P459 Assessment Phase..

[18] https://bscdocs.elexon.co.uk/bsc/bsc-section-j-party-agents-qualification-under-the-code

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Impact on a Significant Code Review (SCR) or other significant industry change projects
We have identified an impact on the Electricity Settlement Reform Significant Code Review (MHHS SCR), but believe the proposal is compatible with the overall MHHS solution. We therefore invite Ofgem to mark this Modification Proposal as SCR Exempt, subject to further assessment and MHHS impact assessment.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability The greater the proportion of micro-generation (both domestic and business) premises having their export metered accurately, instead of being unsettled in the industry – either via Deemed FiT or unregistered microgeneration - the better information industry parties will have about the volumes of electricity being exported onto the Distribution network. This could inform network reinforcement and maintenance as the UK moves towards a more decentralised energy system in the future.	**Positive**
2) Lower bills than would otherwise be the case This change will lead to reduced costs to suppliers operating export propositions, more efficient settlement of export volumes, and greater incentives for customers to install a smart meter in order to take advantage of improved offerings. The impact of this change on Suppliers' ability to bring these products forward will increase the incentive to invest in microgeneration technologies, which will also lower the bills of those who use the electricity generated on-siterather than importing from the grid.	**Positive**
3) Reduced environmental damage This change will: Make it feasible for new and innovative providers of export and/or flexibility services to come to market, where they could not currently do so due to the administrative barriers and commercial gatekeeping facilitated by the status quo. The more competition exists in the export market, the better the propositions will get for consumers, the greater the incentives to invest in low carbon technologies become, and the lower the UK's energy system-related emissions will be.	**Positive**
4) Improved quality of service Current arrangements have caused a stagnation in the development of products and services for owners of microgeneration, but also left the quality of existing schemes and services wanting. The incentives to install smart meters that this change will provide will reduce overall administrative burden and costs for customers.	**Positive**
5) Benefits for society as a whole No impact.	Neutral

What are the consumer benefit areas?

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

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

3) Will this proposal support:
i)new providers and technologies?
ii) a move to hydrogen or lower greenhouse gases?
iii) the journey toward statutory net-zero targets?
iv) decarbonisation?

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

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

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6 Proposed Progression

Next steps

Elexon recommends that this Modification is progressed to the Assessment Procedure for an assessment by a Workgroup.

We propose the first Workgroup is held in late September 2023.

Workgroup membership

Elexon is seeking Workgroup members with expertise in:

- Metering; and
- Agent appointment processes.

Timetable

Proposed Progression Timetable for P459	
Event	Date
Present Initial Written Assessment to Panel	10 August 2023
Initial Consideration by Workgroup	W/C 18 September 2023
Assessment Procedure Consultation (15 WDs)	12 February 2024 – 01 March 2024
Workgroup Report presented to Panel	11 April 2024
Report Phase Consultation (10 WDs)	15 April 2024 – 29 April 2024
Present Draft Modification Report to Panel	9 May 2024
Issue Final Modification Report to Authority	13 May 2024
Development of subsidiary documents	During the Assessment phase

What is the Self-Governance Criteria?

A Modification that, if implemented:
(a) does not involve any amendments whether in whole or in part to the EBGL Article 18 terms and conditions; except to the extent required to correct an error in the EBGL Article 18 terms and conditions or as a result of a factual change, including but not limited to:
(i) correcting minor typographical errors;
(ii) correcting formatting and consistency errors, such as paragraph numbering; or
(iii) updating out of date references to other documents or paragraphs;
(b) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity transmission system; and
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

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7 Recommendations

We invite the Panel to:

- **AGREE** that P459 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the P459 Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

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