

CP Consultation Responses



CP1544 'Category A BSC Signatory or Company Director sign-off required for any EFR plan following escalation'

This CP Consultation was issued on 7 June 2021 as part of the June 2021 CPC batch, with responses invited by 2 July 2021.

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
ScottishPower	1	Supplier
OVO Energy	2	Supplier, Supplier Agent (NHHMOA/NHHDC/NHHDA)
E.ON/Npower	2	Supplier, Supplier Agent

Summary of Consultation Responses

Respondent	Agree?	Impacted?	Costs?	Impl. Date?
ScottishPower	x	✓	x	✓
OVO Energy	x	✓	x	x
E.ON/Npower	x	✓	x	x

Question 1: Do you agree with the CP1544 proposed solution?

Summary

Yes	No	Neutral/No Comment	Other
0	2	0	1

Responses

Respondent	Response	Rationale
ScottishPower	Other	<p>ScottishPower agrees with the intent of the proposed solution that following PAB escalation the revised EFR must be signed off by a Category A BSC signatory. However, we would like to note we are not in agreement a Company director is required to sign off a revised EFR. It is in our opinion a Director is not always the appropriate person within an organisation to sign off such requirements (please see comments in Q2).</p>
OVO Energy	No	<p>We are not supportive of CP1544.</p> <p>The complex variables that go into Settlement performance mean some suppliers may not always be able to adhere to their EFR plan, and therefore several iterations may be required. We understand the intention of CP1544 which seeks to improve the EFR process. However, we do not agree that requiring sign off from a Category A BSC Signatory or Company Director will achieve the intended outcome of CP1544.</p> <p>The registered Directors of the larger suppliers are often the C-suite who have little context of a plan at this level. Accountability could be better obtained by requesting an increasing seniority at each escalation, rather than going straight to a registered Director at 2nd attempt.</p> <p>For example, initial escalation could be run by operational contact, second escalation could be run by manager of operational contact, third escalation could be run by the Head of Dept., and final escalation could then be by a director.</p> <p>We believe that obliging Category A BSC Signatory or Company Director sign-off will actually act as a blocker to the plan rather than helping expedite it, due to the scope of their remit and roles that they undertake. For example, the consultation document notes:</p>

Respondent	Response	Rationale
		<p><i>"Following the work undertaken through the PAF review project it was agreed that one of the most direct and effective solutions would be to encourage additional focus being placed on issues in EFR amongst senior level management, in the hopes that they might decide to make the required resource available to resolve issues effectively."</i></p> <p>The modification presupposes that Company Directors as represented on Companies House are directly responsible in all cases for the apportionment of resources. We would argue that this assumption is a generalisation, and does not apply to OVO. We would also argue that this would also be the case for other large suppliers.</p> <p>Directors at OVO Energy who are represented on Companies House are not required to make resources available. Obliging them to review this would be an extra layer of complexity, and ultimately would be deferred back to management causing the EFR process to become slower rather than quicker.</p>
E.ON/Npower	No	<p>We are supportive of the intent behind this change and believe that the rationale provided from the Performance Assurance Framework (PAF) review warrants stronger senior level oversight that would be introduced by introducing the requirements for Category A BSC Signatory or listed company Director sign-off required for any EFR plan following escalation.</p> <p>However, we do not believe that this Change Proposal (CP) would introduce fair and equal treatment for all Performance Assurance Parties (PAPs) when milestones are missed and EFR plans need to be resubmitted for Performance Assurance Board (PAB) approval because Category A BSC Signatories are only a required under the BSC framework for BSC parties, BSC party agents do not currently requirements to have Category Signatory in place as they are not signatories to the BSC.</p> <p>Our Assessment of the solution proposed under this CP would introduce differing requirements for different types PAPs as only party agents will be forced to obtain senior sign off from its listed company directors. We are of the opinion that Category A signatories, are by proxy being granted delegated levels of senior authority from listed company directors by the very nature that category A</p>

Respondent	Response	Rationale
		<p>signatory status holds and so assures the senior level of engagement that this CP intends to achieve.</p> <p>We would like to highlight that the PAB already holds powers to request company directors attend the PAB in any instance that they feel an EFR plan submitted is unacceptable through the PAB Escalation process, which itself already assures that the most senior level of engagement can be sought and in turn incentivizes PABs to engage with its listed company directors when preparing EFR milestone plans. As the provisions for BSC party agents do not facilitate a Category signatory type approach to EFR sign off we believe this approach pushes sole responsibility for EFR plan sign off onto listed company directors only with no ability to delegate responsibility to a more appropriate senior manager within a party agents organisation. This CP outlines that one of the recommendations of the Performance Assurance Framework (PAF) review project sought to "increase senior level engagement with EFR plans", however this CP does not deliver that intent as it places sole responsibility at the most senior level of a BSC party agents organisation.</p>

Question 2: Do you agree that the draft redlining delivers the CP1544 proposed solution?

Summary

Yes	No	Neutral/No Comment	Other
0	3	0	0

Responses

Respondent	Response	Rationale
ScottishPower	No	<p>In section 1.2.2 of the draft redlining is states <i>"Following PAB escalation, the revised EFR plan must be signed off by a Category A BSC Signatory or Company Director within the escalated PAP prior to the revised plan being approved by the BSCCo"</i>.</p> <p>ScottishPower does not agree that a company director is the appropriate person to sign off a revised EFR plan, purely for the reason they are not always that close to the day to day management of processes and this could delay approval. It is in our opinion sign off by a Category A BSC signatory is more than sufficient to fulfil this requirement.</p>
OVO Energy	No	<p>No, as mentioned above, obliging Company Directors to review this would be an extra layer of complexity, and ultimately would be deferred back management causing the EFR process to become slower rather than quicker.</p>
E.ON/Npower	No	<p>As per our response to Q1, we do not believe the current redlining to BSCP 538 delivers the proposed solution. We believe that this change would be better facilitated through changes to the BSCP38 by introducing a party agent category signatory but also changes to BSC section J to introduce the requirement on BSC party agents, to have at least one category signatory associated to their business.</p> <p>We also believe that the definition of an authorised signatory detailed in section C of the BSC could be strengthened to ensure a Category A signatory has the pre-requisite seniority and authority/decision making powers to act on behalf of the party to assure that EFR replans can be achieved, as the BSC does not currently set a requirement that Category A signatory holders are also in senior management roles within organisations.</p>

Respondent	Response	Rationale
		As such we believe this change should be delivered through a BSC modification as opposed to a CP.

Question 3: Will CP1544 impact your organisation?

Summary

High	Medium	Low	None
0	2	1	0

Responses

Respondent	Response	Rationale
ScottishPower	Medium	There could be a time implication should this CP be approved and requiring a director sign off.
OVO Energy	Medium	Obtaining buy-in from a Company Director could prove difficult due to the scope of their roles. The care and attention that is due to the EFR plan may be of too granular a level for a Company Director.
E.ON/Npower	Low	This CP would introduce higher impacts because our organisation is both a BSC party & BSC party agents, therefore the only common approach of managing EFR milestone re-planning (due to variations as described in response to Question 1) would be to gain board level sign off for all EFR milestone re-plans.

Question 4: Will your organisation incur any costs in implementing CP1544?

Summary

High	Medium	Low	None
0	0	0	3

Responses

Respondent	Response	Rationale
ScottishPower	None	No cost has been identified to implement this change.
OVO Energy	None	None.
E.ON/Npower	None	None.

Question 5: Do you agree with the proposed implementation approach for CP1544?

Summary

Yes	No	Neutral/No Comment	Other
1	2	0	0

Responses

Respondent	Response	Rationale
ScottishPower	Yes	We agree with the 4 th November 2021 as this is the next schedule BSC release date.
OVO Energy	No	None.
E.ON/Npower	No	We do not believe that this CP delivers the required change effectively and a modification should deliver the intent behind this CP.

Question 6: Do you have any further comments on CP1544?

Summary

Yes	No
1	2

Responses

Respondent	Response	Comments
ScottishPower	No	None.
OVO Energy	No	None.
E.ON/Npower	Yes	We note Elexon considered but discounted introducing a new category signatory type on the basis Category A signatories would by proxy become the appropriate level of sign off through the proposed changes of this which is only true for BSC parties. The requirement to introduce a category signatory for party agents would also ensure senior levels of engagement creates a situation where requirements are different for EFR replans because of the type of PAP whilst also ensuring fair and equal treatment for all PAPs in such instances where EFR milestones are missed and subsequently new plans need to be submitted to the PAB.