

Initial Authority Led SCR Modification Report

P436 'Consequential BSC changes for Switching SCR (REC 3.0)'

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). P436 progresses the consequential BSC changes needed to align with REC 3.0. These set out the new relationship between Supplier registrations in the REC's CSS and the Supplier Meter Registration Service (SMRS) provided by Supplier Meter Registration Agents (SMRAs) under the BSC. They also include ownership transfer of pre-existing SMRS provisions and data flows from the Master Registration Agreement (MRA) to the BSC, bringing all SMRS obligations under BSC governance where previously they were split across the two Codes.



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.



P436 impacts the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC.

This Modification is expected to impact:

- Licensed Distribution System Operators (LDSOs) in their capacity as SMRAs
- Suppliers
- Supplier Agents (Data Collectors, Data Aggregators and SVA Meter Operator Agents)
- BSCCo (Elexon)

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Phase

Initial Report

Consultation

Draft Report

Final Report

Implementation

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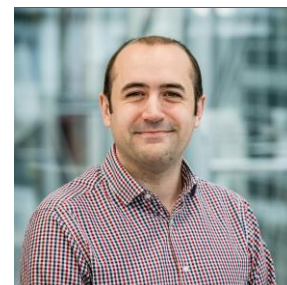
Contact

Chris Arnold

020 7380 4221

BSC.change@elexon.co.uk

Chris.arnold@elexon.co.uk



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About This Document



Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 2, 3 and 4
- Have 30 mins? Read all sections
- Have longer? Read all sections and the annexes and attachments

This is the P436 Initial Authority Led SCR Modification Report, which Elexon will present to the Panel at its meeting on 10 February 2022. An Authority Led SCR Modification Proposal does not follow the standard Modification Procedures. Instead it will follow the timetable set by the Authority and the Authority Led SCR Modification Proposal procedure detailed in [BSC Section F5.3A](#). The Panel will consider the Proposal from Ofgem and provide its initial views on whether this change should be made. It will then consult on its views and the redlining before making its final recommendations to the Authority on 14 April 2022.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits and proposed implementation approach.
- Attachment A contains the Authority Led SCR Modification Proposal form.
- Attachment B contains the letter sent by the Authority to the Panel outlining its approach to this Modification.
- Attachment C contains the draft redlined changes to the BSC and its subsidiary documents for P436, along with a traceability matrix showing the final BSC document locations of all relevant provisions transferred from the MRA.

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Why Change?

Ofgem's Switching Significant Code Review (SCR) is part of Ofgem's [Switching Programme](#). It will introduce a harmonised dual-fuel Central Switching Service (CSS) supported by version 3.0 of the Retail Energy Code (REC 3.0).

Consequential changes to the BSC and its Code Subsidiary Documents (CSDs) 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.

Ofgem is directing these changes through P436 as an Authority Led SCR Modification Proposal.

Solution

P436 will amend the BSC and CSDs to:

- Set out the new relationship between the REC's CSS and the Supplier Meter Registration Service (SMRS) provided by Licensed Distribution System Operators (LDSOs) under the BSC in their capacity as Supplier Meter Registration Agents (SMRAs).
- Transfer ownership of pre-existing SMRS provisions and data flows from the Master Registration Agreement (MRA) to the BSC, bringing all SMRS obligations under BSC governance where previously they were split across the BSC and MRA.

REC 3.0 also requires Elexon to provide the REC Code Manager with ongoing updates to electricity Market Participant Role information, for use in CSS. We are progressing changes to our Kinnect Customer Solution system to automate provision of this data.

Impacts & Costs

Costs Estimates			
Organisation	Implementation (£k)	On-going (£k)	Impacts
Elexon	£247k - £272k	£5k - £7k per year	Changes to BSC documentation and processes, and to Elexon's Kinnect Customer Solution system.
Industry	Anticipated to be minor	Anticipated to be minor	The BSC changes do not impose any obligations over and above those already mandated by Ofgem's SCR.
Total	£247k - £272k	£5k - £7k	

Implementation

The Implementation Date for P436 is the date on which version 3.0 of the REC comes into effect.

What is an Authority Led SCR Modification Proposal?

An Authority Led SCR Modification Proposal is one of three routes available to the Authority for giving effect to a SCR. The Authority can direct NGEsO to raise a Modification Proposal, it can raise a Modification Proposal itself or it can follow a process that is substantially non-BSC to direct changes to the BSC, as is the case with P436.

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REC 3.0 will become effective on the CSS go-live date, which is still to be decided under Ofgem's SCR. 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 P436 is therefore likely to take place outside of a scheduled BSC Release.

Recommendation

We invite the Panel to agree that P436 better facilitates the achievement of Applicable BSC Objectives (c) and (d). We also invite the Panel to agree with the initial evaluation of the Authority Led SCR Modification Proposal, including the proposed implementation approach and recommend that the Modification is sent for a month long Authority Led SCR Modification Consultation.

2 Why Change?

What is the issue?

REC 3.0 requires changes to the BSC and/or its CSDs to:

- Reflect that CSS will become the definitive record of Supplier registrations and registration deactivations. The SMRS which LDSOs provide (as SMRAs) under the BSC will sync with CSS via the REC's new Electricity Retail Data Service (ERDS). LDSOs will provide the ERDS in their new additional capacity as Electricity Retail Data Agents (ERDAs), with the REC setting out the ERDA/ERDs obligations.
- Incorporate pre-existing SMRS provisions that were originally part of the MRA, are temporarily held in the REC's MRA Transition Schedule and have been identified by Ofgem's Switching Programme as requiring transfer to the BSC as part of REC 3.0. 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 SMRS data.¹
- 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.²

The new REC 3.0 Switching Data Management Schedule also requires Elexon to provide the REC Code Manager with updates to electricity Market Participant Role information on an ongoing basis. The REC Code Manager will be responsible for putting this information into CSS. We are progressing changes to our Kinnect Customer Solution system to automate provision of this data.

What is the Switching Programme and the REC?

Ofgem's Switching Programme comprises two Ofgem-led SCR.

Retail Code Consolidation (RCC) SCR

This consolidated a number of gas and electricity Industry Codes, including the MRA, into a single dual-fuel Code: the REC. It also made consequential changes to various other Industry Codes including the BSC.

Version 2.0 of the REC (REC 2.0) became operational on 1 September 2021, with the consequential Industry Code changes progressed and implemented in parallel under SCR governance. REC 2.0 closed down the MRA and introduced an MRA Transition Schedule to the REC, which temporarily holds various MRA provisions intended for transfer to other

¹ Historically, the BSC's SMRS obligations and processes set out the registration requirements for Settlement, while the MRA provisions relating to the Metering Point Administration Service (MPAS, its equivalent term) covered more retail-facing aspects. The BSC has now inherited those MRA provisions.

² 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'.

Codes under the Switching SCR (see below). REC 2.0 also transferred Supplier Volume Allocation (SVA) Metering arrangements from the BSC to the REC, and introduced a new cross-Code change process for retail Codes.³

Exelon drafted the consequential BSC changes to deliver the RCC SCR's intent, and Ofgem then directed these changes by raising and approving [P420](#)⁴ as an Authority Led SCR Modification Proposal. P420 was implemented in parallel with REC 2.0 on 1 September 2021.

Switching SCR

This SCR will deliver the new CSS to enable faster and more reliable switching (Change of Supplier) for both gas and electricity.

It also introduces Version 3.0 of the REC (REC 3.0) which sets out the supporting CSS governance, processes and data specifications. REC 3.0 requires consequential changes to the BSC and other Industry Codes (the DCUSA, SEC, UNC and IGT UNC⁵). The Switching SCR also requires the various pre-existing MRA provisions currently held in the REC's MRA Transition Schedule to be transferred to other relevant Industry Codes on implementation of REC 3.0, at which point the MRA Transition Schedule will be removed from the REC.

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 and which is still to be determined by Ofgem.
- The Implementation Date for this Modification Proposal must therefore be flexible and tied to the CSS go-live date / REC 3.0 effective date, as determined by Ofgem.

You can find a copy of the Modification Proposal in Attachment A, with Ofgem's accompanying letter to the BSC Panel in Attachment B.

³ REC1.0 was designated in February 2019 and set out transitional arrangements to facilitate delivery of the Switching Programme. REC1.1 came into force in January 2021, and primarily covered REC governance and change control.

⁴ 'Retail Code Consolidation Significant Code Review'.

⁵ Distribution Connection and Use of System Agreement, Smart Energy Code, Uniform Network Code and Independent Gas Transporters' Uniform Network Code.

Development of Proposed Solution – Issue 86 and RDUG

In March 2020, as part of [Issue 86](#) and at Ofgem’s request, Elexon produced initial draft REC 3.0 redlining to the BSC and CSDs for Ofgem’s review. We marked up the REC 3.0 changes against the BSC baseline in existence at that time, not against the REC 2.0 changes for the RCC SCR (which were drafted in parallel and subsequently implemented through P420).

Following implementation of REC 2.0 on 1 September 2021, we re-baselined our REC 3.0 drafting over the P420 (and [P424](#)⁶) legal text. At the same time, we 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.

We shared this updated drafting with the Switching Programme’s Regulatory Design User Group (RDUG) in November 2021 and January 2022, which had no comments.

Ofgem is now directing the progression and implementation of our REC 3.0 redlined changes through P436 as an Authority Led SCR Modification Proposal. This is the same process used to deliver the BSC’s REC 2.0 changes through P420.

Benefits

The consequential BSC changes included in P436 are required to support the successful delivery of Ofgem’s Switching SCR. Ofgem’s [Full Business Case](#) for the Switching Programme estimates the overall monetised benefit to consumers to be between £185m and £1,077m. See Sections 4 and 5 on the benefits to BSC Parties and consumers respectively.

Summary of Solution and Legal Text

The table on the following pages summarises the BSC and CSD impacts for REC 3.0. Attachment C includes all the redlined documents. Attachment C also includes Elexon’s matrix showing the final BSC document locations of the MRA provisions that Ofgem’s Switching Programme requires to be transferred to the BSC.

Elexon has taken the following overall approach to the BSC 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

⁶ ‘Re-insert correct definition of Settlement Error’. P424 retrospectively corrected an error in the P420 legal drafting.

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, we have 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, we have 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).
- Our redlining reflects that the Switching SCR requires the relevant SMRS provisions in the REC's MRA Transition Schedule to be transferred 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 of course propose any changes to them through the normal BSC change process. We have made some minor changes to the transposed MRA requirements where needed to fit in with existing BSC obligations, terminology and conventions, or to reflect the existence of new REC terms and obligations.
- 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. We have therefore chosen not to replicate this detail in a BSCP but have included a high-level BSC obligation to provide data in accordance with the REC schedule.⁷

BSC document	Summary of redlining for REC 3.0
BSC Section H ⁸	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. ⁹
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.

⁷ 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 (SoLR) 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.

⁸ Not included in Elexon's original 2020 redlining, but subsequently identified as impacted.

⁹ 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 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.
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 (PAB) 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 ⁸	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 (pre-existing) 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 ¹⁰	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 ⁸	

¹⁰ Numbered BSCP603 in Elexon's 2020 redlining, but now renumbered as BSCP604 due to [P375](#) subsequently creating BSCP603.

BSC document	Summary of redlining for REC 3.0
Self-Assessment Document (SAD) ¹¹	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.

EBGL Impacts

Within the redlining there are seven clauses, within two documents, that have an impact on the EBGL Article 18 Terms and Conditions within the BSC. Due to this, the redlining will be issued for a one-month industry consultation to meet the EBGL change process obligations.

BSC Section	Clauses Impacted
Section H	4.2.3(f)
Section K	2.4, 2.4.1, 2.4.3(b), 2.4.5, 2.4.6, 2.5.4(c)

EBGL Objectives

Impact of the Modification on the Relevant EBGL Objectives:	
Relevant Objective	Identified impact
(a) Fostering effective competition, non-discrimination and transparency in balancing markets;	Neutral
(b) enhancing efficiency of balancing as well as efficiency of European and national balancing markets;	Neutral
(c) integrating balancing markets and promoting the possibilities for exchanges of balancing services while contributing to operational security;	Neutral
(d) contributing to the efficient long-term operation and development of the electricity transmission system and electricity sector in the Union while facilitating the efficient and consistent functioning of day-ahead, intraday and balancing markets;	Neutral
(e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue distortions within the internal market in electricity;	Neutral
(f) facilitating the participation of demand response including aggregation facilities and energy storage while ensuring they compete with other balancing services at a level playing field and, where necessary, act independently when serving a single demand facility;	Neutral
(g) facilitating the participation of renewable energy sources and support the achievement of the European Union target for the penetration of renewable generation.	Neutral

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¹¹ 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.

The EBGL changes identified are mainly:

- Typographical corrections;
- Adding relevant references to registration or registration deactivation in CSS (including, depending on the context, replacing existing references to registering/de-registering in SMRS); or
- Removing references to the REC's MRA Transition Schedule.

We believe that these amendments have no material impact on the EBGL Article 18 Terms and Conditions. However, a one-month consultation is still required under the EBGL change process.

4 Applicable BSC 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	Positive
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive
(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 administering 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

Ofgem believes that P436 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 Ofgem believes that they also promote effective supply competition and thereby better facilitate the achievement of **Applicable BSC Objective (c)**.

Ofgem believes that P436 has a neutral impact on all other Applicable BSC Objectives.

Estimated central implementation costs of P436

Implementation cost estimates			
Organisation	Item	Implementation (£k)	Comment
Elxon	Systems	£235k - £260k	Changes to Kinnect Customer Solution system to automate provision (to the REC Code Manager) of incremental updates to Market Participant Role information following each market entry/exit, trade sale, SoLR etc.
	Documents	£12k	Implementation of approved changes to the BSC and CSDs, plus updates to Guidance Notes, LWIs and Performance Assurance Framework (PAF) documentation. See impacts below.
	Other	£0	Effort associated with preparing to administer new BSC processes will form part of 'business as usual' resourcing. See impacts below.
Industry	Systems & processes	Anticipated to be minor	The BSC changes do not impose any obligations over and above those already mandated by Ofgem's SCR. See impacts below.
Total		£247k - £272k	

Estimated on-going costs of P436

On-going cost estimates		
Organisation	On-going (£k)	Comment
Elxon	£5k - £7k per year	Hosting and maintaining an auditable record of all incremental updates to Market Participant Role information, plus a single snapshot of all the current data, and ensuring that these are always available to the REC Code Manager through a dedicated area of the Kinnect Customer Solution. Effort associated with administering new BSC processes will form part of 'business as usual' resourcing. See impacts below.
Industry	Anticipated to be minor	The BSC changes do not impose any obligations over and above those already mandated by Ofgem's SCR. See impacts below.
Total	£5k - £7k per year	

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P436 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated impact
LDSOs (SMRAs)	<p>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.</p> <p>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.</p>	L
Suppliers		
Supplier Agents		

We are aware that some LDSOs have raised concerns, at the Energy Networks Association's Commercial Operations Group (COG), over the fact that the BSC has inherited SMRA obligations from the MRA but has no direct equivalent of the MRA's Issue Resolution Expert Group. We note that this is outside the scope of the P436 consequential changes to consider. However we have highlighted to the COG that the BSC change process already contains flexibility to form Workgroups and Issue Groups for individual Modifications and Change Proposals (whether already-raised or potential ideas for ones) as well as on a standing basis. The Supplier Volume Allocation Group's (SVG's) existing Terms of Reference also already enable it to establish advisory subgroups.

Impact on the NETSO	
Impact	Estimated cost
No impact	N/A

Impact on BSCCo		
Area of Elexon	Impact	Estimated cost
Digital Operations	<p>Managing implementation/testing of the Kinnect Customer Solution system changes to automate provision of Market Participant Role information. Arranging transfer (from REC to BSC) of the existing LDSO/Supplier contact list for use in the RMA process and maintaining this going forwards under the new BSCP604. LWI updates.</p>	M

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Impact on BSCCo		
Area of Elexon	Impact	Estimated cost
Customer Operations	Implementation of approved changes to the BSC and CSDs. Reviewing and updating Settlement Risks, audit papers and other PAF documentation including liaising with PAB and REC as needed. Updating guidance and LWIs, and answering any participant queries on new BSC processes.	L
Future Markets and Engagement	Supporting implementation of the Kinect Customer Solution system change. Supporting participants and other areas of Elexon in understanding the new BSC provisions, including the processes inherited from the MRA.	L

The majority of the new BSC processes inherited from the MRA are carried out between Parties with minimal Code Manager involvement and some may be infrequently used. For example, payments relating to SMRS charges and liquidated damages are made between the relevant Parties and will not flow through Elexon.

Impact on BSC Settlement Risks
<p>Elexon will need to review the following Settlement Risks, and make any necessary changes to the 2022/23 Risk Evaluation Register and Risk Operating Plan, to reflect the new hierarchy/relationship and synchronisation of data between SMRS (risk governed under the BSC through the BSC PAB) and CSS/ERDS (risk governed under the REC through the REC PAB):</p> <p>Risk 1 - SVA Metering Point is registered incorrectly or not at all, such that metered data is not collected or aggregated.</p> <p>Risk 2 - SVA Metering System attributes held in the SMRS or by any party in the Supplier Hub are incorrect.</p> <p>Risk 14 - Agents are not appointed or de-appointed correctly, such that SMRS is not complete or up to date, members of the Supplier Hub do not hold the correct Market Participant ID (MPID) of other Hub members or the appropriate agents are not appointed.</p>

Impact on BSC Systems and process	
BSC System/Process	Impact
Elexon Kinect Customer Solution	Changes are required to automate provision of Market Participant Role information to the REC Code Manager. See Section 6 for further details.

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Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
No impact	No impact

Impact on Code	
Code Section	Impact
Section H Section J Section K Section S Annex S-2 Section W Section X Annex X-1	See summary of changes in section 3.

Impact on EBGL Article 18 terms and conditions and objectives
Within the redlining there are seven clauses, within two documents, that amend the EBGL provisions. However, we believe these amendments do not materially amend the EBGL Article 18 Terms and Conditions for the reasons given in Section 3.

Impact on Code Subsidiary Documents	
CSD	Impact
BSCP68 BSCP501 BSCP502 BSCP504 BSCP513 BSCP520 BSCP550 BSCP604 (new) SVA Data Catalogue Volume 1 SVA Data Catalogue Volume 2 SAD	See summary of changes in section 3.

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Impact on Core Industry Documents and other documents	
Document	Impact
Ancillary Services Agreements	No impact - 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 or any other Core Industry Documents.
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Retail Energy Code	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	



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?

Impact on a Significant Code Review (SCR) or other significant industry change projects
P436 is an Authority Led SCR Modification Proposal directed under Ofgem's Switching SCR.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Positive
3) Reduced environmental damage	Neutral
4) Improved quality of service	Positive
5) Benefits for society as a whole	Neutral

P436 supports 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.

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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.

Implementation Date

The Implementation Date for P436 will be the date that version 3.0 of the REC comes into effect, which is also the CSS go-live date. This date will be determined by Ofgem.

Implementation Approach for Document Changes

A flexible Implementation Date is needed for P436 because:

- The P436 provisions are required for the new CSS arrangements to work as intended. From their date of implementation they will overwrite existing obligations in the BSC as well as introduce new BSC obligations that are currently held in the REC's MRA Transition Schedule (which remains in place up to the point that REC 3.0 goes live, but then ceases to exist). The P436 provisions must therefore come into effect no earlier or later than the REC 3.0 effective date in order for everything to align.
- Ofgem has yet to determine the exact CSS/REC 3.0 go-live date. It currently anticipates the CSS go-live date to be 18 July 2022, but it will decide the exact date nearer the time under its SCR.

Exelon's legal team has confirmed that the BSC permits the setting of a flexible Implementation Date in this way.

Approach to Managing Interactions with Other Changes

Implementation of P436 is likely to take place outside of a scheduled BSC Release. Its flexible Implementation Date introduces a risk of redlining interactions with other in-progress Modifications and Change Proposals, due to uncertainty about the order in which they will be implemented.

Exelon is managing this risk by comparing the REC 3.0 BSC redlining with the legal text for all other BSC changes planned for implementation between now and the end of 2022. Where we find an interaction then, wherever we can, we will amend our drafting for P436 and/or the other change(s) to avoid any conflicts between different sets of legal text that would make their implementation impossible. So far we have not found any clashes that we have been unable to resolve in this way. However, once the drafting is submitted to Ofgem it cannot be changed.

Re-baselining the REC 3.0 drafting over REC 2.0 was time-consuming and any further re-baselining increases the risk of errors creeping into the drafting. Our approach is therefore to only re-baseline the P436 redlining over other approved or implemented changes where this is essential to avoid a drafting conflict, rather than because there is a newer version of the relevant document(s).

We ask Ofgem to note that the sooner it approves P436, and the earlier it can give notice to industry of its chosen CSS/REC 3.0 go-live date:

- The smaller the risk becomes of there being any unintended redlining conflicts with other BSC changes that may require future housekeeping changes to address; and
- The more time Elexon has to implement the approved REC 3.0 redlining into the live versions of the impacted BSC documents, while managing any scheduling interactions with other approved changes.

We would therefore welcome further clarity from Ofgem on what the mechanism will be to notify the industry and impacted Code bodies of its final chosen CSS/REC3.0 go-live date (e.g. whether this will be through an open letter), and how much notice of this date it will provide. We note that Elexon is not a Programme party under the Switching SCR and therefore does not receive all Programme communications.

Implementation Approach for Kinnect Changes

For the changes needed to Elexon's Kinnect Customer Solution system to automate provision of Market Participant Role information to the REC Code Manager, we ask the Panel to note that:

- This is a new interface with no impact on participants, and replaces a current workaround of providing all data updates manually to support the initial population of CSS;
- We have agreed our automated solution for providing this information with the REC Code Manager, who will support our detailed system design and testing;
- To ensure that these changes are delivered by the earliest possible CSS go-live date, we are beginning development of the Elexon Kinnect Customer Solution changes ahead of Ofgem's approval of P436;
- We may also (for scheduling around other planned changes and to minimise impact/cost) choose to deploy the Elexon Kinnect Customer Solution changes ahead of the CSS go-live date; and
- Our solution automates the sending of all incremental data updates directly to the REC Code Manager, in line with their requirements. However, we have also included an extra safeguard of ensuring that an auditable rolling record of these incremental updates, plus a single snapshot view of all the current data, are always available to the REC Code Manager to access – in case the REC Code Manager ever requires these for the purposes of refreshing CSS. The ongoing operational cost associated with the Kinnect Customer Solution changes arises from hosting this dedicated area.

P436 Progression Timeline

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 below.

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Activity	Date(s)
Initial Authority Led SCR Modification Report presented to Panel	10 February 2022
Authority Led SCR Modification Consultation	16 February 2022 – 16 March 2022
Draft Authority Led SCR Modification Report presented to Panel	14 April 2022
Final Authority Led SCR Modification Report submitted to Authority	14 April 2022
Target date for Authority decision on P436	End April 2022

Because of the Easter bank holidays on 15 and 18 April 2022, we aim to submit the P436 Final Modification Report to Ofgem immediately following the Panel meeting on 14 April. This is subject to the Panel having no material comments at that meeting.

7 Consultation Questions

Due to the impact of P436 on the EBGL Article 18 Terms and Conditions, as well as the number of impacted BSC documents, we will issue the redlining for a month's consultation.

We propose the same consultation questions as previously used for P420/REC 2.0, as set out below.

Question
Do you agree that the redlined changes to the BSC deliver the intent of P436?
Do you agree with the Panel's initial view that P436 does impact the EBGL Article 18 Terms and Conditions related to balancing held within the BSC and that P436 is neutral and consistent with the EBGL objectives?
Do you have any comments on the impact of P436 on the EBGL objectives?
Do you have any further comments on P436?

8 Recommendations

We invite the Panel to:

- **AGREE** with the initial evaluation of the Authority Led SCR Modification Proposal as detailed in this report;
- **AGREE** that P436:
 - **DOES** better facilitate Applicable BSC Objective (c); and
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** that P436 **DOES** impact the EBGL Article 18 Terms and Conditions related to balancing held within the BSC;
- **AGREE** that P436 is neutral and consistent with the EBGL objectives;
- **AGREE** an initial recommendation that P436 should be **approved**;
- **AGREE** the timetable for implementing the proposed Authority Led SCR Modification Proposal;
- **AGREE** an initial Implementation Date of:
 - The date on which version 3.0 of the REC comes into effect (noting that this date will be determined by Ofgem); and
- **AGREE** the draft redlined text in Attachment C.

Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
CoA	Change of Agent
COG	Commercial Operations Group
CSD	Code Subsidiary Document
CSS	Central Switching Service
DCUSA	Distribution Connection and Use of System Agreement
EBGL	European Balancing Guideline
EMR	Electricity Market Reform
ERDA	Electricity Retail Data Agent
ERDS	Electricity Retail Data Service
IGT UNC	Independent Gas Transporters' Uniform Network Code
LDSO	Licensed Distribution System Operator
LWI	Local Work Instruction
MAP	MRA Agreed Procedure
MPID	Market Participant Identifier
MRA	Master Registration Agreement
NETSO	National Grid Transmission System Operator
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
RCC	Retail Code Consolidation
RDUG	Regulatory Design User Group
REC	Retail Energy Code
RMA	Retrospective Manual Amendment
SAD	Self-Assessment Document
SCR	Significant Code Review
SEC	Smart Energy Code
SMRA	Supplier Meter Registration Agent
SMRS	Supplier Meter Registration Service
SoLR	Supplier of Last Resort
SVA	Supplier Volume Allocation

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Acronyms	
Acronym	Definition
SVG	Supplier Volume Allocation Group
UNC	Uniform Network Code

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
2 & 20	BSC Section F	https://www.elexon.co.uk/documents/bsc-codes/bsc-sections/bsc-section-f-modification-procedures/
3	Ofgem's Switching Programme	https://www.ofgem.gov.uk/energy-policy-and-regulation/policy-and-regulatory-programmes/switching-programme
6	Modification P420	https://www.elexon.co.uk/mod-proposal/p420/
7	Issue 86	https://www.elexon.co.uk/smg-issue/issue-86/
7	Modification P424	https://www.elexon.co.uk/mod-proposal/p424/
7 & 18	Switching Programme Full Business Case	https://www.ofgem.gov.uk/publications/switching-programme-full-business-case