

## P332 'Revisions to the Supplier Hub Principle'

P332 seeks to address issues associated with customers choosing Supplier Agents, instead of Supplier Agents being appointed by Suppliers. It is envisaged that this will be done by making Supplier Agents signatories to the BSC.

This P332 Request for Information closes:

**5pm on Friday 5 August 2016**

The Workgroup may not be able to consider late responses.

This Modification is expected to impact:

- ELEXON
- All BSC Parties
- Supplier Agents



### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

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## About This Document

This document is the Request for Information (RFI) for P332. It summarises the changes required, to the extent the group has been able to identify them.

We are issuing this document to the Transmission Company, BSC Parties and Party Agents in order to obtain further information to assist the Workgroup in developing the Modification.

The P332 Workgroup will consider the information provided at its next meeting. At this stage the Workgroup is not seeking your views on the pros or cons of P332, as these will be the subject of a subsequent industry consultation.

Please provide your response using the attached response form (Attachment A). Please note that any confidential information provided will only be shared with the Authority (unless otherwise specified). Furthermore, all data provided will be anonymised by ELEXON for use by the Workgroup (unless otherwise specified).



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### Contact

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# 1 Why Change?

SmartestEnergy raised Balancing and Settlement Code (BSC) Modification [P332 'Revisions to the Supplier Hub Principle'](#) on 28 January 2016.

The Proposer contends that customers choosing their own Supplier Agents (instead of Suppliers making the choice, as envisaged under the Supplier Hub principle) causes issues, and that these issues can be resolved by making Supplier Agents signatories to the BSC.

## Background

### Issue 50

BSC [Issue 50 'Customer Appointed Agents'](#) was raised by npower on 26 June 2013. This Issue was raised to explore the issues associated with customers contracting directly with 'Supplier' Agents, most commonly Meter Operator Agents (MOAs) but also Data Collectors (DCs), and to consider potential ways to address these issues.

The [Issue 50 Group's Report](#) to the BSC Panel was tabled at the Panel meeting on 11 September 2014. Following the Issue Group's initial discussions, npower concluded that there was no viable Modification and agreed that the Issue be closed. It was however agreed that potential steps could be undertaken to address customer contracted Supplier Agent performance and non-compliance under the Performance Assurance Framework (PAF).

As noted by the P332 Proposer, npower identified four potential solutions for discussion under Issue 50, which were:

- amend the BSC to reflect the customers' ability to choose their own agent(s);
- change the Qualification process so that customer chosen Supplier Agents have measures to ensure that non contract services are provided for customers where required;
- a combination of the two above approaches; or
- look at alternative arrangements that could be made outside and/or within the BSC.

## What is the issue?

### Supplier Hub principle and Suppliers choosing Agents

Under the BSC, the appointment of Supplier Agents is carried out in accordance with the Supplier Hub principle, under which the Supplier selects and appoints its Agents and can change its Agents if performance levels are not met.

However, some customers choose Supplier Agents themselves and contract directly with those Agents. In this situation the Supplier is compelled to appoint the customer's chosen Agent. The BSC facilitates the Supplier Hub principle and is currently silent on 'customer appointed Agents'. However, the Proposer estimates that 90% of Meter Point Administration Numbers (MPANs) in the Industrial and Commercial (I&C) sector are associated with direct contracts between customers and Supplier Agents.

The Proposer acknowledges that the industry has evolved to recognise customers' right to choose their own Supplier Agents, and for Agents to market their services to customers.

However, the Proposer contends that customers typically do not know which services are required for Settlement purposes and which are “value-added”, and that this causes confusion over what the customer is paying for and what the Supplier Agent or Supplier must pay for.

The P332 Proposer believes that the appointment of Supplier Agents by customers (contrary to the Supplier Hub principle), makes the management of Supplier Agent performance and delivery of obligations within the BSC very difficult, resulting in:

- a reduction in Suppliers’ ability to manage performance against BSC targets;
- the risk of non-delivery of specific obligations; and
- a conflict of interest as the Supplier Agent effectively has two ‘customers’, the Supplier and the end user customer who provides the Agent’s revenue.

The Proposer believes that, while customers choosing Supplier Agents is not a new concept, it is increasingly popular and may become more prevalent with the roll out of smart metering. They add that smaller business or residential consumers’ may potentially form a consortium to get the best energy deal.

P332 also identifies that Third Party Intermediaries (TPIs) often have their own preferred Agents, and the number of customers using TPIs is increasing.

### **Examples of issues**

The P332 Modification Proposal (which can be found on the [P332 page](#) of our website) summarises in detail the issues that the Proposer contends are caused by customers choosing and contracting directly with Agents. In brief, these are:

- Conflict between Supplier Hub process and customers choosing Agents.
- No visibility to Suppliers of when the Supplier Agent contract with a customer ends.
- Impact on the commercial relationship and agreements between Supplier and Supplier Agent.
- Change of Tenancy (CoT) related issues.
- Advanced Meter Reading (AMR) metering with no activated communications:
  - Customer has not arranged for its MOA to activate communications; and/or
  - Customer has not contracted a DC to carry out site visits to read meters.

The Proposer states that these issues have a significant impact on Settlement and Party performance. The P332 Proposal contends that a specific incident in November 2015 involving a significant material Settlement Error on the part of a single Supplier Agent in the Half Hourly market that affected several Suppliers, provides further evidence that Supplier Agents should be independently accountable under the BSC.

## Participation by Supplier Agents

As well as the issues identified, the Proposer notes that, though Supplier Agents are not signatories to the BSC, they attend various Workgroup and Committees meetings and participate in the development of the BSC arrangements. However, Supplier Agents do not have the ability to raise BSC Modifications or Change Proposals directly.

The Proposer believes enabling Supplier Agents to raise change will also address an Ofgem concern that changes that are not in the interests of Parties will not be raised. P332 contends that making Supplier Agents signatories to the BSC, and thereby expanding the range of Parties able to raise BSC changes, will facilitate innovation in the current arrangements.

### Proposed solution

P332 aims to ensure that obligations and incentives are correctly targeted such that Suppliers do not suffer because of the action (or inaction) of Supplier Agents and, conversely, Supplier Agents are not penalised for the failures of Suppliers.

The Proposer envisions to achieve this by making Supplier Agents signatories to the BSC, revising the Supplier Hub principle to take into account that Suppliers do not always have a contractual relationship with the Supplier Agents they are supposed to be managing. The Proposer has also identified, for Workgroup consideration, other possible approaches that may be employed and limits that could potentially be imposed on the solution.

The Proposer's summary of the main changes they anticipate is:

- DCs, Data Aggregators (DAs), MOAs and Meter Administrators (MAs) become signatories to the BSC.
- Accreditation and continued fulfilment of these roles is contingent on being a signatory.
- Supplier Agents become directly responsible for meeting relevant BSC and BSC Procedure (BSCP) requirements and standards.
- Performance Assurance Reporting and Monitoring System (PARMS) and Supplier Charges are reviewed and changed as appropriate.

The Proposer believes there are likely to be changes required to the areas of the BSC which cover performance assurance, qualification and the constitution of Committees, etc.

### Making Supplier Agents signatories to the BSC

The BSC arrangements are based around the principle of the Supplier Hub, which requires Suppliers to manage Supplier Agent performance and ensure its Agents meet their responsibilities. Suppliers usually manage this through direct contracts with Agents.

This Modification envisions making Supplier Agents signatories to the BSC, and make all of their activities directly accountable to the Performance Assurance Board (PAB) and ELEXON.

The breach and default process under BSC Section H 'Default' only currently applies to BSC Parties. The Proposer believes it is appropriate for Supplier Agents to be subject to the ultimate sanctions of a breach in cases where their performance is deemed unacceptable. They also question whether a 'Agent of Last Resort' function may be needed in these cases.

### Solution elements, possible approaches and potential limits

#### Supplier Charges

The Proposer believes that Supplier Agent performance will improve if there is a direct relationship between the BSC, ELEXON and Agents; but notes that any possible P332 solution will mean applying standards to Agents. The Proposer therefore believes the nature of Supplier Charges will have to be revisited as part of this Modification.

The Proposer suggests that an area for exploration could be to target Supplier Charges on the **causes** of poor performance rather than **actual** poor performance. They believe this will help clarify whether it is the Supplier Agent or Supplier that is at fault for actual Meter readings not entering Settlement. For example, it could be that the Agent may not be held accountable for not sending a [D0268 'Half Hourly Meter Technical Details'](#) Data Transfer Network (DTN) flow if the Supplier had failed to send a valid appointment.



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### What are the Applicable BSC Objectives?

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(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 administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

### Potentially limited solution

The Proposer suggests that another approach could be to revise the Supplier Hub principle only in those cases where there is no contractual relationship between the customer and Supplier, and to monitor performance accordingly. This will probably require identifying the relevant contractual situation (i.e. introducing the concept of a Customer Appointed Agent to the BSC) on the appointment flows (which will require a Data Transfer Catalogue (DTC) change as well).

### Obligating Supplier Agents to remain until another Agent is appointed

To tackle the situation where a Supplier Agent's appointment ends by virtue of its contract with its customer ending, the Proposer notes a solution could be that, as a Supplier remains the Supplier until a change of Supplier (CoS) is initiated, the Agent must remain in place until another Agent is appointed. The BSC currently places an obligation on the Supplier to ensure that an Agent is appointed. Alternatively, an 'Agent of Last Resort' service could be implemented.

### Potential to limit the scope to Half Hourly Supplier Agents

The Proposer suggests there may be an argument to limit the scope of P332 to Half Hourly (HH) Supplier Agents given the advent of the Data and Communications Company (DCC). However, this needs further consideration in the light of current uncertainty over future Agent activity for Settlement processes relating to smart meters.

## Applicable BSC Objectives

The Proposer believes that P332 would better facilitate Applicable BSC Objectives (c) and (d) compared with the existing baseline for the reasons set out below.

### Objective (c)

The Proposer contends that P332 will better facilitate Objective (c) as it will ensure customers receive comparable levels of service regardless of whether their Agent is customer appointed or Supplier appointed.

In addition, the Proposer contends that P332 will ensure that Suppliers are not disadvantaged commercially by the performance of customer appointed Supplier Agents.

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## **Objective (d)**

The Proposer contends that P332 will better facilitate Objective (d) because a direct relationship between ELEXON and Supplier Agents will lead to better and more consistent performance by these Agents.

The Proposer also believes that efficiency in the arrangements will be enhanced by Supplier Agents being able to raise BSC Modifications and Change Proposals.

### 3 Summary of Likely Impacts

P332 is likely to have significant impacts, but until the solution(s) are developed and the scope determined it is not possible to effectively assess the impacts.

#### Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
Supplier	Revision of Supplier Hub principle
Supplier Agents	DCs, MOAs and MAs may become signatories and/or accountable to the BSC.

#### Impact on Transmission Company

None identified (subject to CVA Supplier Agents not being included)

#### Impact on BSCCo

To be determined

#### Impact on BSC Systems and processes

To be determined

### P332 Request for Information

#### Should we request information from participant's on portfolio makeup?

A Workgroup member questioned where the Proposer had obtained his statistics from, as noted in the Proposal Form, that 90% of MPANs in the I&C sector are associated with direct contracts between the customer and the Agent. The Proposer advised that this was not an industry wide statistic, but one provided by his company based on its portfolio. However, another member of the Workgroup stated that 90% is reflective of their portfolio as well for I&C.

A member advised that the proportion of MPANs associated with customer contracted Supplier Agents will vary widely from company to company, depending on the makeup of their portfolio. Large Supplier Agents could have a greater number of customer contracted Agents. There could even be Supplier Agents who only contract directly with customers.

ELEXON advised that it may be worth asking the industry to provide information on their portfolio makeup and numbers of known customer contracted Supplier Agents to help the Workgroup determine the share of direct customer and Agent contracts in the retail market. The Workgroup agreed that this question should be posed to the industry.

ELEXON asked whether the information request should ask that data provided by each Supplier be disaggregated by Agent service. A member responded that it is not just about the Agent service but also about the market segment, and so it may be worth splitting the data out for NHH and HH as well.

#### What Supplier Agents should be in scope of P332?

The Workgroup discussed whether the Modification Proposal should extend to all Supplier Agents or just a subset.

A member advised that they do not see the benefit in applying P332 to DCs as they do not believe any of the issues discussed arise from them. However, they noted that they had experienced some of the issues in relation to MOAs. The Proposer advised that they had not personally dealt with Meter Administration, and so questioned whether any of the issues could arise with MAs. Another member responded that, in order for the Workgroup to determine which Supplier Agents need to be included under P332, we would need to understand where the observed issues are stemming from.

Other members of the Workgroup agreed with this view. The Proposer added that the BSC is not structured to reflect how contractual arrangements work in practice, which further adds to problem. The Proposer and the Workgroup agreed that ELEXON should look into the performance of Supplier Agents in order to provide a view of which Agents are underperforming.

A Summary of ELEXON's initial analysis can be found in **Appendix 1**.

#### Should Supplier Agents be accountable to the BSC?

A Workgroup member asked whether, irrespective of what proportion of the market is made up of customer contracted Supplier Agents and to what extent that was an issue, the Workgroup believed that Supplier Agents should be accountable to the BSC. They

asked whether, if this was the case, there was therefore a consensus that they should be required to become BSC Parties.

A member advised that one benefit of Supplier Agents becoming accountable to the BSC is the performance monitoring that can be applied through the PAB. They suggested that it may be useful to monitor performance of Supplier Agents and then rank them based on their performance. This would allow larger scale customers to see which Supplier Agents consistently underperform and may therefore choose an Agent that the Supplier will have a better working relationship with.

A member advised that, as an Agent, they find it equally difficult to communicate with some Suppliers. They added that there would need to be consistent and transparent reporting of *both* Suppliers and Supplier Agents, regardless of whether there is a direct customer contract or not. This would allow for greater transparency regarding Supplier and Agent performance.

A member noted that, under the BSC, it is the Supplier that appoints the Supplier Agent. There is currently no recognition of how customer contracted Supplier Agents affect this process. There are instances where a large scale customer contracts directly with an Agent, and the Supplier then has no choice but to appoint that Agent.

They added that, when a Supplier gains a customer group, there is currently no advance visibility of which Agents those potential customers have a contract with. If, as a Supplier, you were aware of which Supplier Agents were contracted while you were in the quote stage, you would then have an opportunity to communicate with them to advise how poor Agent performance can impact the customer financially. The member therefore believes that there needs to be consistent transparency and accountability across the market.

Another member expressed the view that it is not the customer-Agent contract itself that is the issue, but rather that it suffers from a lack of transparency and accountability regarding the performance of these Agents.

ELEXON asked whether the Supplier Agents represented on the Workgroup would be against signing up to the BSC. A member who operates as an Agent responded that they are not opposed to this, but they would want to know exactly what they are signing up to (i.e. what are the benefits and costs of doing so). Another Supplier Agent member felt that, for the majority of the time, the relationship between Supplier and Agent worked fine. Therefore, there would need to be clear benefits to the Supplier Agent, and not just the Supplier, if Agents are going to get behind this.

A member who operates as a Supplier suggested that a solution may be the ranking of Supplier Agents based on their performance. If an Agent is performing well, this would mean more customer access and an ability to advertise this good performance. Some Workgroup members agreed with this view, with one adding that this ranking would incentivise further competition in the industry.

### **Do you believe Supplier Agents should become signatories to the BSC?**

A member agreed with this question and advised that the industry and the Workgroup will need to determine how wide or narrow the scope of this Modification needs to be. Another member added that they will have a look at what currently happens in the gas market to see if there is anything of interest for the Workgroup.

ELEXON advised that the role of Supplier Agents is expected to change over time and that some functions are likely to expand and some will narrow. Therefore, the Agent roles as

we know them now may be different post 2020. Therefore, a blanket approach of applying P332 to all Supplier Agents may be clearer in that respect. However, this could also be adding greater risk.

Some members of the Workgroup were sceptical about the need for Supplier Agents to become signatories to the BSC. It was asked whether or not Supplier Agents will have to put up collateral. The Proposer indicated that the signatory approach presupposes the need for fines on Supplier Agents and there is no point in charging these Agents for ELEXON's monitoring activities. However, there is an argument for creating an incentive to ensure good performance.

### **Should P332 cover both HH and NHH Supplier Agents or all Supplier Agents, including CVA?**

A member advised that they would prefer a distinction between Data and Communication Company (DCC) enrolled and the rest of the market as well between as HH and NHH.

ELEXON asked whether it would be better to split according to data retrieval arrangements (DCC enrolled or not) or customer type rather than by HH or NHH, given that the industry is phasing out NHH. A member responded that at this point it is not clear how we should break things down; we need to look at overall performance by Supplier Agent.

Another member asked what will happen to NHH Profile Classes (PC) 1-4 once the DCC is operational. A member responded that in the world of DCC there is less responsibility on MOAs for managing Meter Technical Details (MTDs), so Suppliers should find it easier to manage their PC 1-4 portfolio.

A member advised that the industry must recognise that customers will always have the opportunity to contract/appoint their own Supplier Agent(s). In terms of NHH we will probably see a growth in numbers as NHH migrates to HH in the domestic market.

A member asked what the point is of DAs signing up to the BSC. A member responded that there are huge financial implications for Parties when a DA submits error into Settlement, and all the costs and charges will ultimately be passed onto the customer in the end. ELEXON notes that although the DA may submit an error it is usually caused by the incorrect data that they have received.

### **Do Suppliers find that their performance is disproportionately affected where they do not have a direct contractual relationship with an Agent?**

A member asked what we mean by 'beyond the Supplier's control'. ELEXON advised that there are always uncontrolled issues, for example where a customer will not let Supplier Agents have access to a Site. If you are a Supplier and the Supplier Agent is having trouble accessing the site or they are waiting on information from a previous Supplier Agent, things will break down and as a Supplier you cannot control this.

### **Should Supplier Agents be financially responsible under the BSC?**

A member asked whether Supplier Agents should be made financially responsible under the BSC and how, as BSC Parties, they might contribute to the funding of the BSC Arrangements. The member advised that there could be a mechanism put in place for Supplier Agent charging, similar to that of Supplier charging. Alternatively, there could be a poor performance penalty charge that is required for Supplier Agents that underperform.

A member recalled that in 1998 Supplier Charges were based on a Supplier's portfolio, and suggested that any Supplier Agent charges could be based on the number of MPANs they were appointed to, or alternatively by the total MWh volume.

A member asked whether you can measure performance based on PARMS. They advised that as an Supplier Agent you will have Suppliers contact you if they have concerns based on PARMS data. You could then have the PAB look into this and ultimately get an EFR report.

ELEXON advised that, if Supplier Agents are required to sign up to the BSC, any required charging methodology could be developed as part of the Modifications implementation (similarly to the LoLP methodology developed under P305). ELEXON suggested that the Workgroup did not focus too extensively on proposing fundamental changes to the Supplier charging methodology or look at developing an Agent methodology as part of this Modification. Any changes or methodology development could be done following the approval of this Modification, potentially as part of a Supplier Charge review.

A member asked how the BSC will be funded should Supplier Agents be accountable. ELEXON advised that it depends on how the arrangements are set up. It may be that Supplier Agents are charged similarly to Suppliers. This would mean that any funding share reimbursements will need to incorporate both Suppliers and Supplier Agents. If we add new BSC Parties, we will need to make sure that funds and charges are distributed correctly between Suppliers and Supplier Agents.

A member suggested that a sub-question be added asking whether the industry thinks a charging regime should be on an incident (MPAN) basis or volume basis.

### **What are the implications to contractual arrangements if all/some Supplier Agents become accountable (or signatories) to the BSC?**

A member asked what impact this Modification may have on contractual arrangements. For example, a company may have a set of contractual requirements based on the BSC and on what the company wants. Therefore, if there is an update to the BSC with accountabilities being transferred between the Supplier and Supplier Agents, it may have a knock on impact for contracts currently in effect.

A member advised the Workgroup that a small company may not have the ability to put in place things like 'claw back' clauses in the event of poor Supplier Agent performance, which would have an adverse effect on competition. Another member responded that industry contracts will (as usual) contain the standard BSC required, any additional requirements the Supplier or Supplier Agent wants can then be added on top of the BSC related requirements, but these should apply independently of the P332 proposals.

## **Market Transparency**

A member advised the Workgroup that, under the current arrangements, if a Supplier is not performing it is accountable to the PAB. However, if an Supplier Agent is not performing and it affects the Supplier performance in PARMS, it remains the Supplier that is accountable and not the Supplier Agent.

ELEXON asked the Workgroup how they try to better communication with customer appointed agents. A Member advised that, as a Supplier, if they are unable to effectively communicate with a Supplier Agent they would contact their Operational Support Manager



### **Being accountable vs. being a signatory**

It is envisaged that the differences between a Supplier Agent being accountable to the BSC vs. being a signatory to the BSC will to be as follows:

#### Accountability

- Supplier Agent performance closely monitored
- Potential charges for underperforming
- industry wide publication of Supplier Agent ranking

#### Signatory

- Supplier Agent performance closely monitored
- Potential charges for underperforming
- industry wide publication of Supplier Agent ranking
- **ability for Supplier Agents to raised changes to the BSC**

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(OSM) at ELEXON and ask for help. They added that contacting the OSM does tend to help.

A member noted that, if a Supplier Agent is contracted directly with the customer, there is nothing the Supplier can use to incentivise or improve performance (i.e. if the Supplier contracts with the Supplier Agent they have the option of termination in favour of a new Supplier Agent). Another member added that contacting the customer contracted Supplier Agent can take a while and in the meantime the Supplier may be accruing charges due to its performance being affected.

The Proposer asked if there are issues with PARMS inaccuracy. The way that PARMS statistics work, he felt that it was hard to challenge and identify where issues are arising. The Proposer recommended that a question be added to the RFI asking what proportion is down to Suppliers being unable to communicate with a Supplier Agent and what proportion is down to the Supplier Agent's inability to communicate.

It was noted by another member that there is an annual audit of Supplier Agents across all Suppliers which looks at the performance against specific processes. There are already measures available through ELEXON which can be used to manage and monitor Supplier Agent performance. The Workgroup should look at redeveloping the mechanisms we already have in place.

A member requested that ELEXON look into the Audit data, which should help shine some light on where issues are arising and how they may be addressed. The rest of the Workgroup agreed with this. ELEXON confirmed that it will review the data provided for the Audit.

ELEXON advised that, in terms of the data that can be made available, it should not be outside the realm of possibility for us to determine which Supplier Agents are consistently poor performers. Also, we do not see it as a problem for a Supplier to give the customer a list of these poor performers. The Proposer recommended that the audit data be disaggregated by Agent and by role. ELEXON agreed with this view but noted that if the data is too disaggregated it may present a problem,. For example, we may need to look at Supplier/Agent combinations in a specific GSP group to be able to see where issues arise.

A member noted that the Audit Report does not currently distinguish between Supplier appointed and customer contracted Agents. Therefore, there may be only so much we can see in the aggregate performance by Supplier Agent data.

A member asked the Workgroup whether the Audit Report for Supplier Agents is still circulated. Members of the Workgroup confirmed that this is, but that the lower level detail is confidential. A member advised that the Audit Report may be confidential but Supplier Agents will still be able to determine and understand where there are industry issues.

A member questioned how easy it is for a customer (on the outside of the BSC processes) to see a Supplier Agent's performance. They felt that Suppliers would need to adequately educate and communicate with their customers. They also believed that having a league table ranking Supplier Agents by their performance would be a very helpful tool.

ELEXON asked whether a Supplier Agent's performance is considered in their communications with a prospective or existing customer. A member responded that, if you acquire a new customer or customer group there is currently no way for the Supplier to see which Supplier Agents they are contracted with, and therefore they cannot effectively draw the customer's attention to the performance of that Supplier Agent.

Another member added that, if the customer gets all the relevant data and information they have asked for in a timely manner, they will just assume that everything is fine. If the customer can log onto a portal for example and see their meter reading and consumption data, why would they question their Supplier Agents performance?

A Workgroup member added that there have been instances where the customer data is completely different from the data provided for Settlement. This should not happen, but we have seen it. They noted that Suppliers are not 'letting' customers contract with poor performing Supplier Agents, they just have no option but to appoint them as the Supplier Agent if they wish to keep the customer. Ultimately, if the current processes were more transparent (meaning a Supplier could see which Agent(s) their customers are contracted with and the customer could see the performance ranking of Agents) it would go some way to resolving the issues as a result of customer contracted Agents.

A member advised that, as an Agent, they did not have visibility of which Suppliers a customer had contracted with. Having greater transparency in the current processes for both Supplier Agents and Suppliers would help them to address issues as well. The Proposer agreed with the member that this would benefit both Suppliers and Supplier Agents.

**A summary of ELEXON's initial analysis findings can be found in Appendix 1.**

## Agreed questions for the RFI

**The Proposer and the Workgroup agreed the following questions for the industry Request for Information:**

Request for Information questions	
1	Do you believe that the BSC should recognise the customer/Supplier Agent relationship? <i>Please provide rationale.</i>
2	Do you believe all Supplier Agents should be directly accountable to the BSC, without being a signatory, and not just those who contract directly with Customers? <i>If not, which Supplier Agents (if any) do you believe should be accountable and why.</i>
3	Do you believe all Supplier Agents should become signatories to the BSC? <i>If so, do you believe that P332 should incorporate all Supplier Agent activity or just where the customer directly contracts with a Supplier Agent?</i> <i>Please provide rationale for the type of Supplier Agent you feel should be a signatory to the BSC.</i>
4	Should P332 cover HH and NHH Supplier Agents or all Supplier Agents including CVA? <i>Please provide rationale.</i>
5	Should P332 be limited to Supplier Agents who wish to contract directly with customers? <i>Please provide rationale.</i>
6	In the last 12 months what issues with customer contracted Supplier Agents have you experienced as a result of the current arrangements? <i>Please provide rationale, as well as scenarios/examples, of where the lack of a direct Agent contract has created issues.</i>

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Request for Information questions	
7	<p>Do Suppliers find that their performance is disproportionately affected where they do not have a direct contractual relationship with a Supplier Agent?</p> <p><i>Please provide rationale.</i></p>
8	<p>What are the implications to your contractual arrangements if some/all Supplier Agents become accountable and/or signatories to the BSC?</p> <p><i>Please provide rationale.</i></p>
9	<p>Do you believe that liquidated damages/charges should be enforced upon Supplier Agents should their poor performance impact Suppliers?</p> <p><i>If so, do you think such a charge should be on an incident basis or a volume basis?</i></p> <p><i>If not, what do you propose as an alternative incentive?</i></p>
10	<p>Do you think Supplier Charges should be abolished on the grounds that they are no longer appropriate if Supplier Agents are made to be more accountable?</p> <p><i>Please provide rationale.</i></p>
11	<p>Should Supplier Agents be brought under the breach and default process?</p> <p><i>Please provide rationale.</i></p>
12	<p>Should Supplier Agents be obliged to remain appointed to a Metering System until another Agent is appointed (with an obligation remaining with the Supplier only on a new connection)?</p> <p><i>Please provide rationale.</i></p>
13	<p>Are you willing to provide additional information/data about your portfolio make up?</p> <p><i>If so, please break this down by Supplier Agent, Agent role and whether it is HH or NHH. Where possible, please note (if known) which customers have direct Supplier Agent contracts.</i></p> <p><b>Any confidential information provided will only be shared with Ofgem as the Authority. Furthermore, any data provided will be anonymised by ELEXON for use by the Workgroup.</b></p>
14	<p>Do you have any additional comments?</p> <p><i>Please provide rationale.</i></p>

## Appendix 1: Supplier & Supplier Agent Performance Analysis

### Performance Assurance Framework

The PAF was introduced in 2008 to provide assurance that:

- energy is allocated between Suppliers efficiently, correctly and accurately;
- Suppliers and Supplier Agents transfer Metering System data efficiently and accurately; and
- calculations and allocation of energy and the associated Trading Charges are performed in line with the requirements detailed in the BSC.

Each year, the BSC Panel and the PAB deploy the PAF to manage Settlement Risks. The PAB, with support from ELEXON, identify, evaluate and prioritise the risks that may occur within Settlement and the extent to which they apply to each Business Unit (BU).

The Risk Evaluation Register is used to record all the potential risks to settlement and determine the top Risks. Where we are able to we use reporting to monitor how the operations of relevant BUs contribute to the level of risk each of the top risks pose. To do this we use [Business Unit Settlement Risk Ratings](#) (BUSRRs).

In addition to assessing Agent Performance against BUSRR we also assess it through Technical Assurance and audit checks, which are then compared to the BUSRR data.

### What information is available to ELEXON and at what level?

Under the BUSRR framework, ELEXON gathers and monitors performance against the following settlement risks:

Settlement Risk	HH/NHH	Risk Description	Type of BUSRR calculated
SR0022	HH	The risk that HHMOAs do not provide the correct Meter Technical Details (MTDs) to the HHDCs, resulting in Meter readings being misinterpreted or not collected.	HHMOA Supplier
SR0024	NHH	The risk that NHHMOAs do not provide MTDs to the correct NHHDCs, resulting in Meter readings not being collected.	NHHMOA Supplier
SR0025	HH	The risk that HHMOAs do not provide MTDs to the correct HHDCs, resulting in Meter readings not being collected.	HHMOA Supplier
SR0028	HH	The risk that HHMOAs make changes to the Metering System and do not inform the HHDCs, resulting in Meter readings being misinterpreted or not collected.	HHMOA Supplier
SR0072	NHH	The risk that NHHDCs process incorrect Meter readings, resulting in erroneous data being entered into Settlement.	Supplier

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Settlement Risk	HH/NHH	Risk Description	Type of BUSRR calculated
SR0074	NHH	The risk that NHHDCs do not collect and/or enter valid Meter readings resulting in old/default data entering into Settlement.	Supplier
SR0081	HH	The risk that HHDCs do not process valid HH readings, resulting in estimated data being entered into Settlement.	Supplier

The information that ELEXON holds for four out of the seven major settlement risks are for Suppliers and MOAs, with three for Suppliers only:

- **SR0022, SR0025 and SR0028** are calculated for **Suppliers** and **HHMOAs** (a HH Risk)
- **SR0024** is calculated for **Suppliers** and **NHHMOAs** (a NHH Risk)
- **SR0072 and SR0074** are calculated for **Suppliers** in the NHH market (a NHH Risk)
- **SR0081** is calculated for **Suppliers** in the HH market (a HH Risk)

The data for **SR0072, SR0074** and **SR0081** is held by ELEXON at Supplier and DC level due to how it is gathered. However, we do not calculate risks directly against DCs as they do not originate Settlement Data, and we generally acknowledge that a large part of DC performance is dependent on Supplier and MOA performance.

## Summary of MOA performance

ELEXON has assessed HH and NHH MOA performance levels against the relevant BUSRR risks. The table below provides a high level summary of overall MOA performance for each BUSRR risk:

BUSRR Risk	# of Agents	Number of MOAs in each performance level <sup>1</sup>			
		RED	AMBER	GREEN	N/A
SR0022 (HH)	18	PB: 2 RB: 2	PB: 6 RB: 6	PB: 6 RB: 6	PB: 4 RB: 4
SR0024 (NHH)	28	PB: 5 RB: 1	PB: 20 RB: 19	PB: 3 RB: 8	PB: 0 RB: 0
SR0025 (HH)	19	PB: 7 RB: 7	PB: 8 RB: 8	PB: 4 RB: 4	PB: 0 RB: 0
SR0028 (HH)	11	PB: 1 RB: 1	PB: 0 RB: 0	PB: 10 RB: 10	PB: 0 RB: 0

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<sup>1</sup> Performance BUSRR (PB), Risk BUSRR (RB), RED (underperformance), AMBER (average performance), GREEN (good performance)

Our analysis shows that there is considerable variation between the performance of the best and worst performing MOAs, especially when assessed against SR0025 (HH).

The table below (which contains an anonymised sample of our analysis results) depicts how performance rankings for MOAs have changed over the three month period January to March 2016:

SR0025 Rankings					
HHMOA Agent	% of Missing D0268s before R1 - after RF (HM12)	% of D0268s Missing before R2 - after RF (HM12)	Mar-2016	Feb-2016	Jan-2016
MO10	0.00%	0.00%	1	2	2
MO16	0.00%	0.00%	2	3	3
MO01	50.00%	0.00%	3	1	1
MO09	0.05%	4.55%	4	4	4
MO11	1.23%	7.48%	5	5	5
MO08	2.13%	9.09%	6	15	6
MO02	0.47%	18.76%	7	11	8
MO15	0.22%	26.67%	8	7	14
MO07	0.45%	40.00%	9	8	7
MO12	0.12%	50.00%	10	6	9
MO03	0.47%	67.47%	11	9	12
MO14	0.42%	68.25%	12	10	11
MO06	0.39%	84.17%	13	14	10
MO04	0.34%	87.50%	14	12	13
MO13	0.09%	88.89%	15	13	15
MO05	0.10%	100.00%	16	16	16

It should be noted that the size of a Supplier Agent's portfolio will have some impact on how they are ranked. For example, you may have a small MOA with six MPANs, of which three (50%) are missing data flows and a large MOA with 100,000 MPANs, of which 10,000 (10%) are missing data flows. Despite the lower absolute number of missing flows in the smaller MOA's portfolio, they will end up ranking below the larger MOA by virtue of their higher *relative* share (%) of missing flows.

An anonymised sample of the BUSRR data used for all HH and NHH MOAs can be found in the table below<sup>2</sup>:

MPID	SR0022 (Sig - 12)	SR0024 (Sig - 12)	SR0025 (Sig - 12)	SR0028 (Sig - 12)	Overall
MO01	GREEN	RED	AMBER		AMBER
MO02	GREEN	AMBER	AMBER	GREEN	GREEN
MO03		AMBER			AMBER
MO04	AMBER	AMBER	AMBER	GREEN	AMBER
MO05		RED	RED		RED
MO06	GREEN	AMBER	GREEN		GREEN
MO07	RED	AMBER	RED	GREEN	AMBER
MO08	GREEN		GREEN	GREEN	GREEN
MO09		AMBER	GREEN		GREEN

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<sup>2</sup> RED (underperformance), AMBER (average performance), GREEN (good performance)

MO10		AMBER			AMBER
MO11		GREEN			GREEN
MO12		AMBER			AMBER
MO13	AMBER	AMBER	AMBER	GREEN	AMBER
MO14	GREEN	AMBER	RED	GREEN	AMBER
MO15		AMBER			AMBER
MO16		AMBER			AMBER
MO17		AMBER	RED		RED
MO18		AMBER			AMBER
MO19		RED			RED
MO20	AMBER	AMBER	AMBER	GREEN	AMBER
MO21	AMBER	GREEN	AMBER	RED	AMBER
MO22		AMBER	RED		RED
MO23	AMBER	RED	RED		RED
MO24			GREEN		GREEN
MO25	RED	AMBER	AMBER	GREEN	AMBER
MO26	GREEN	AMBER	AMBER	GREEN	GREEN
MO27		AMBER			AMBER
MO28	AMBER	RED	RED	GREEN	AMBER

## Will ELEXON be able to monitor performance at a Data Aggregator or Data Collector level?

### Data Aggregators

ELEXON do not currently hold any performance level data for DAs or cut Supplier data by DA. Therefore, we are not able to monitor or assess the performance of individual DAs.

We also believe that there is little value in monitoring the performance of DAs in this way. This is because, for the most part, they are entirely dependent on the accuracy of the consumption data received from DCs and the registration data received from Suppliers.

### Data Collectors

The peer comparison performance data that we hold for DCs shows notably less variation in agent performance across the market than for MOAs. We believe this is mainly due to the extent to which DC performance has converged over the past few years. This trend has been visible irrespective of whether the DC is a 'Supplier in-house' DC operation or an independent organisation.

While the Risk Descriptions themselves relate to DC performance, it is nearly impossible to evaluate this in isolation without also considering dependencies on Suppliers and MOAs who enable the passing of data into Settlement.

We have assessed what additional resourcing would be required in order for DC performance to be monitored. The additional resourcing requirement would be minimal (1 FTE) as Supplier Agents are already visited during audits and Technical Assurance (TA) checks.

When considering whether or not to include DCs in the scope of P332, we believe that consideration should be given to the emerging future arrangements for DCC enrolled smart meters. It is envisaged that under the DCC the role of the DC could become 'thinner', with the Supplier taking on functions such as validation.

## Summary of Supplier performance

Some members of the P332 Workgroup, who operate as Supplier Agents, noted that there are some Suppliers in the market that perform worse than others which can cause issues for Supplier Agents.

ELEXON has therefore assessed Supplier performance levels against the relevant BUSRR risks. The table below provides a high level summary of Supplier performance for each BUSRR risk:

BUSRR Risk	# of Suppliers	Number of Suppliers in each performance level <sup>3</sup>			
		RED	AMBER	GREEN	N/A
SR0022	50	PB: <b>8</b> RB: <b>1</b>	PB: <b>12</b> RB: <b>11</b>	PB: <b>22</b> RB: <b>27</b>	PB: <b>8</b> RB: <b>11</b>
SR0024	68	PB: <b>19</b> RB: <b>0</b>	PB: <b>28</b> RB: <b>25</b>	PB: <b>21</b> RB: <b>34</b>	PB: <b>0</b> RB: <b>8</b>
SR0025	50	PB: <b>19</b> RB: <b>6</b>	PB: <b>8</b> RB: <b>10</b>	PB: <b>23</b> RB: <b>26</b>	PB: <b>0</b> RB: <b>0</b>
SR0028	29	PB: <b>3</b> RB: <b>1</b>	PB: <b>4</b> RB: <b>6</b>	PB: <b>22</b> RB: <b>22</b>	PB: <b>0</b> RB: <b>0</b>
SR0072	68	PB: <b>6</b> RB: <b>0</b>	PB: <b>0</b> RB: <b>0</b>	PB: <b>61</b> RB: <b>0</b>	PB: <b>1</b> RB: <b>0</b>
SR0074	68	PB: <b>12</b> RB: <b>12</b>	PB: <b>20</b> RB: <b>20</b>	PB: <b>23</b> RB: <b>23</b>	PB: <b>13</b> RB: <b>13</b>
SR0081	49	PB: <b>8</b> RB: n/a	PB: <b>21</b> RB: n/a	PB: <b>20</b> RB: n/a	PB: <b>0</b> RB: n/a

An anonymised sample of the BUSRR data used for Suppliers can be found in the table below<sup>4</sup>:

Supplier	SR0072	SR0074	SR0081	Overall BUSRR
	(Sig - 16)	(Sig - 15)	(Sig - 12)	
SU01	GREEN	GREEN	GREEN	AMBER
SU02	GREEN	AMBER	AMBER	AMBER
SU03	GREEN			GREEN
SU04				GREEN
SU05	GREEN			GREEN
SU06	GREEN	GREEN	AMBER	AMBER
SU07	GREEN	GREEN	GREEN	GREEN
SU08	GREEN		AMBER	GREEN
SU09	GREEN			GREEN
SU10	GREEN	AMBER	RED	AMBER
SU11	GREEN	GREEN	GREEN	GREEN
SU12	GREEN	RED	RED	AMBER

<sup>3</sup> Performance BUSRR (PB), Risk BUSRR (RB), RED (underperformance), AMBER (average performance), GREEN (good performance)

<sup>4</sup> RED (underperformance), AMBER (average performance), GREEN (good performance)

SU13	GREEN	RED	GREEN	AMBER
SU14	GREEN	AMBER		GREEN
SU15	GREEN	GREEN		GREEN
SU16	GREEN	GREEN	GREEN	GREEN
SU17	GREEN	AMBER	GREEN	GREEN
SU18	RED	RED	RED	RED
SU19	GREEN	AMBER	AMBER	AMBER
SU20				GREEN
SU21			GREEN	GREEN
SU22	GREEN			GREEN
SU23	GREEN	GREEN		GREEN
SU24	GREEN		AMBER	GREEN
SU25	GREEN	AMBER	AMBER	GREEN
SU26			GREEN	GREEN
SU27	GREEN	GREEN	RED	AMBER
SU28	GREEN	GREEN		GREEN
SU29	GREEN	AMBER		GREEN
SU30	GREEN	GREEN	GREEN	GREEN
SU31	GREEN	AMBER	GREEN	GREEN
SU32	GREEN	RED	GREEN	GREEN
SU33			GREEN	GREEN
SU34	GREEN	AMBER		GREEN
SU35	GREEN			GREEN
SU36	GREEN	RED	RED	RED
SU37	GREEN	RED		AMBER
SU38	GREEN	GREEN		GREEN
SU39	GREEN		AMBER	GREEN
SU40	RED	AMBER	GREEN	GREEN
SU41	GREEN	GREEN	AMBER	GREEN
SU42	GREEN	GREEN		GREEN
SU43	GREEN	GREEN	AMBER	AMBER
SU44			AMBER	GREEN
SU45			GREEN	GREEN
SU46	GREEN	RED	RED	AMBER
SU47				GREEN
SU48	GREEN		AMBER	GREEN
SU49			RED	GREEN
SU50	GREEN	GREEN		GREEN
SU51			AMBER	AMBER
SU52	GREEN	AMBER	AMBER	AMBER
SU53				
SU54	GREEN	GREEN	AMBER	GREEN
SU55	RED	GREEN	AMBER	AMBER
SU56	GREEN	GREEN	AMBER	GREEN
SU57	RED	AMBER	AMBER	AMBER
SU58	RED	AMBER	AMBER	AMBER
SU59	GREEN	RED	GREEN	AMBER
SU60	GREEN	AMBER		GREEN
SU61	GREEN			AMBER

## Appendix 1: Workgroup Details

### Workgroup's Terms of Reference

Specific areas set by the BSC Panel in the P332 Terms of Reference
What issues are caused by customers choosing Agents?
What is the materiality of the issues?
What means are presently available to address the issues?
What is the best way in principle to address the issues?
What changes are needed to BSC documents, systems and processes to support P332 and what are the related costs and lead times?
Are there any Alternative Modifications?
What is the most appropriate Implementation Date?
Does P332 better facilitate the Applicable BSC Objectives compared with the current baseline?

### Workgroup membership and attendance

P332 Workgroup Attendance		
Name	Organisation	30 Mar 16
Douglas Alexander	ELEXON ( <i>Chair</i> )	✓
Talia Addy	ELEXON ( <i>Lead Analyst</i> )	✓
Colin Prestwich	Smartest Energy ( <i>Proposer</i> )	✓
Seth Chapman	G4S	✗
Jonathan Moore	Engie	✓
Richard Vernon	Npower	✓
Colin Frier	Siemens	✓
Carl Whitehouse	First Utility	✓
Ed Sutton	Stark	✓
Dermot Hearty	Salient Systems	✓
Angela Love	ScottishPower	✓
Peter Gray	SSE	✗
Gregory MacKenzie	British Gas	✓
Tom Chevalier	Power Data Associates	✓
Tim Newton	E.ON Energy	✓
Gareth Evans	Waters Wye Associates Limited	✓
Jamie Greening	Haven Power	✗
Richard Hill	IMServ	✓
Ryan Guttridge	Dong Energy	✗
Peter Powell	Gazprom Energy	✓

P332 Workgroup Attendance		
Name	Organisation	30 Mar 16
Phil Russell	Independent	✓
Gavin Somerville	EDF Energy	✗
Attendees		
Matt McKeon	ELEXON ( <i>Design Authority</i> )	✓
Toby Godrich	ELEXON ( <i>Lead Lawyer</i> )	✓
Kathryn Gay	ELEXON ( <i>Technical Support</i> )	✗
David Osmon	Ofgem	✗
Nik Wills	Stark	✓
Martin Mate	EDF Energy	✗
Pete Butcher	SSE	✓
Mark McGuire	G4S	✓
Dan Saxton	Siemens	✓
Toby Read	Dong Energy	✓
Matt Keen	Npower	✗

## Appendix 2: Glossary & References

### Acronyms

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

Acronym	
Acronym	Definition
AMR	Advanced Meter Reading
BSC	Balancing and Settlement Code
BSCP	Balancing and Settlement Code Procedure
BU	Business Unit
BUSRR	Business Unit Settlement Risk Register
CoS	Change of Supplier
CoT	Change of Tenancy
DA	Data Aggregator
DC	Data Collector
DCC	Data Communications Company
DTC	Data Transfer Catalogue
DTN	Data Transfer Network
I&C	Industrial and Commercial
MA	Meter Administrator
MOA	Meter Operator Agent
MPAN	Meter Point Administration Number
MTD	Meter Technical Details
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
PARMS	Performance Assurance Reporting Monitoring System
RFI	Request for Information
TPI	Third Party Intermediary

### DTC data flows and data items

DTC data flows and data items referenced in this document are listed in the table below.

DTC Data Flows and Data Items	
Number	Name
D0268	Half Hourly Meter Technical Details

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### 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
3,4	P332 page on the ELEXON website	<a href="https://www.elexon.co.uk/mod-proposal/p332/">https://www.elexon.co.uk/mod-proposal/p332/</a>
3	Issue 50 page on the ELEXON website	<a href="https://www.elexon.co.uk/smg-issue/standing-modification-group-issue-50/">https://www.elexon.co.uk/smg-issue/standing-modification-group-issue-50/</a>
7	D0268 page on the MRA website	<a href="https://dtd.mrasco.com/DataFlow.aspx?FlowCounter=0268&amp;FlowVers=1&amp;searchMockFlows=False">https://dtd.mrasco.com/DataFlow.aspx?FlowCounter=0268&amp;FlowVers=1&amp;searchMockFlows=False</a>
n/a	BUSRR risk ratings	<a href="https://www.elexon.co.uk/wp-content/uploads/2015/09/BUSRRs_v5.0.pdf">https://www.elexon.co.uk/wp-content/uploads/2015/09/BUSRRs_v5.0.pdf</a>