



*For more information
on the draft proposals*

MRASCo c/o Genserv, MRA
Parties, energywatch and Other
Interested Parties

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31st July 2007

Dear Colleague,

Modification to the Master Registration Agreement ("MRA") 180: "Changes to the MRA to reflect changes to the BSC to be introduced by BSC Approved Modification P197 (SVA Qualification Processes Review)" (the "Change Proposal")

Summary

The Gas and Electricity Markets Authority (the "Authority"¹) has carefully considered the issues raised in a Statement of Fact² dated 19th July 2007 (the "Statement of Fact") provided to it by MRASCo (c/o Genserv) and the Change Proposal.

Having had regard to paragraph 4 of standard licence condition ("SLC") 37 of the electricity distribution licence (The Metering Point Administration Service and the Master Registration Agreement)³ and its wider statutory duties⁴, the Authority provides its written consent to the modification of the MRA in line with the Change Proposal.

¹ "Ofgem" is the Office of the Gas and Electricity Markets, which supports the Authority, the regulator of the gas and electricity industries in Great Britain. The Authority's primary aim is to bring choice and value to all gas and electricity customers, where appropriate by promoting competition and regulating monopolies. The Authority was established by the Utilities Act 2000 and its powers are provided for under the Gas Act 1986, the Electricity Act 1989, the Competition Act 1998, the Utilities Act 2000, the Enterprise Act 2002 and the Energy Act 2004. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

² The Statement of Fact provided by Genserv includes a formal request for the Authority's consent for MCP 180, including the reasons for the proposed change and its details and an extract from the draft minutes of the relevant MRA Development Board meeting highlighting the outcome of the vote and any views expressed by MRA Development Board representatives.

³ This paragraph provides that:

"The Master Registration Agreement shall comprise:

- a) terms for the provision of metering point administration services in accordance with the requirements of paragraph 3 of standard condition 14 (Provision of the Metering Point Administration Service and Compliance with the Master Registration Agreement) and the equivalent requirements in the distribution licences of all other licensed distributors;
- b) provisions to facilitate, and procedures and practices to be followed by electricity suppliers in relation to changes of electricity supplier in respect of any premises;

This letter explains the background to, and sets out the Authority's reasons for its consent to the implementation of, the Change Proposal.

Background

Ofgem approved Modification P197 to the Balancing and Settlement Code (BSC) on 10 August 2006 with an implementation date of 23 August 2007. This modification will introduce changes to the BSC that should be reflected in the drafting of the MRA.

The Change Proposal

The Change Proposal was submitted on 30th April 2007 by Isabel Scott-Skinner of Gemserv. The proposal seeks to insert and amend certain definitions in Clause 1 and seeks to amend Clauses 2, 12 and 13 of the MRA. In particular, the proposal:

- (a) replaces the definitions "Accreditation" and "Certification" with the definition "Qualification" and makes the necessary consequential amendments which flow from those changes;
- (b) amends clauses 2.1.1, 12.2 and 13.3 to reflect the following changes which were made to the BSC by virtue of Modification P197:
 - (i) under the BSC it is the Distribution Business that is qualified to provide MPAS and it is the responsibility of that Distribution Business to be and remain qualified regardless of whether or not the service is (either in whole or in part) subcontracted to a third party;
 - (ii) the concept of a company and certifying systems and processes will be removed from the BSC. A person is qualified to provide the functions of the role for which they are seeking qualification.

In accordance with Clause 9.5 of the MRA, any change to any definition in Clause 1.1 which may materially affect the provisions of the Clauses set out in Clause 9.5.1 (i.e. including clause 13) or any change to Clause 13 shall not take effect without the consent of the Authority.

The proposed amendments to the MRA are shown below:

1 DEFINITIONS AND INTERPRETATION

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- c) a catalogue of definitions, flow and forms of such data as may require to be transferred by or to parties to the Master Registration Agreement, or as between any persons for settlement purposes or for any related purposes (the "data transfer catalogue");
 - d) arrangements for the variation of the Master Registration Agreement following consultation with the parties, or representatives of the parties, to that agreement;
 - e) provisions (which shall require to be approved in advance by the Authority) by virtue of which the whole or specified parts of the Master Registration Agreement shall not be capable of variation without the prior approval of the Authority; and
 - f) such other matters as are or may be appropriate for the development, maintenance and operation of an efficient, co-ordinated and economical system for the supply of electricity and for the purpose of facilitating competition in electricity supply.

⁴ The Authority's statutory duties are wider than the matters that MDB must take into consideration including a principal objective to protect the interests of consumers by promoting effective competition where appropriate.

1.1 Definitions in this Agreement:

"Accreditation"	has the meaning given to that term in the BSC and "Accredited" shall be construed accordingly;
"Certification"	has the meaning given to that term in the BSC and "Certified" shall be construed accordingly;
"Data Aggregator"	means a person Accredited Qualified and appointed by a Supplier to collate and sum meter reading data (whether actual or estimated) and to deliver such data to any relevant person to whom such Data Aggregator has an obligation to deliver such data for Settlement purposes;
"Data Collector"	means a person Accredited Qualified and appointed to: <ul style="list-style-type: none">(i) retrieve and verify meter reading data from electricity meters and to deliver such data to any relevant person to whom such Data Collector has an obligation to deliver such data for the purposes of data processing; and(ii) process, validate and (where necessary) estimate meter reading data and to deliver such data to any relevant person to whom such Data Collector has an obligation to deliver such data for the purposes of data aggregation;
"Meter Operator"	means a person Accredited Qualified and appointed by a Supplier, or, where applicable, a Customer to: <ul style="list-style-type: none">(i) install, commission, test, repair and maintain metering equipment; and(ii) maintain related technical information;
"Qualification"	has the meaning given to that term in the BSC and "Qualified" shall be construed accordingly;

2 CONDITIONS PRECEDENT

- a. A Distribution Business shall not be obliged to provide Services until:
- 2.1.1 ~~it or its Appointed MPAS Agent has become Accredited Qualified to provide MPAS and its MPAS Registration System has been Certified;~~

12 MPAS TECHNICAL CONSTRAINT

- 12.1 Each MPAS Provider shall ensure that its MPAS Registration System enables only one Supplier to be Registered as responsible for supplying any Metering Point for a particular day.

- ~~12.2 Where an MPAS Provider (or its Appointed MPAS Agent) has become Accredited and its MPAS Registration System(s) have been Certified, it shall ensure that:~~
- ~~12.2.1 the Certified MPAS Registration System(s) and processes are used to provide and maintain MPAS under this Agreement; and~~
- ~~12.2.2 any changes in its Certified MPAS Registration System(s) and processes are made in accordance with Certified change procedures.~~

12.2 Each MPAS Provider shall ensure that it meets in full the requirements in relation to Qualification as set out in Section J of the BSC.

13 SERVICE AVAILABILITY

- 13.3** In the event of any unplanned suspension in the operation of its MPAS Registration System(s), an MPAS Provider shall treat the suspension as an emergency and shall implement its disaster recovery procedures, ~~approved as part of its (or its Appointed MPAS Agent's) Accreditation,~~ within 48 hours of the start of the suspension. The MPAS Provider shall use its reasonable endeavours to make its MPAS Registration System available again as quickly as possible.

MRA Development Board ("MDB")⁵

In accordance with the process set out in Clause 9 of the MRA, the Change Proposal was considered at a meeting of the MDB on 28th June 2007.

At that meeting, 5 suppliers, 4 distribution businesses and the settlement body voted in favour of the Change Proposal.

Consequently, the MDB accepted the Change Proposal with a proposed implementation date of 23rd August 2007.

On 19th July 2007 Gemserv, on behalf of the MDB, requested the Authority's consent for the Change Proposal.

Ofgem's view

Ofgem considered that the introduction of modification P197 to the BSC would implement a risk based and less onerous qualification process. This risk based process is appropriate, flexible and targeted towards the risks of entering the market today.

Ofgem approved P197 on 10 August 2006 with an implementation date of 23rd August 2007. The MRA and BSC should remain aligned; therefore corresponding changes are required to be made to the MRA.

Ofgem has carefully considered the proposals set out in the Statement of Fact and the result of the MDB's voting. Having regard to paragraph 4 of SLC 37 of the electricity distribution licence and its statutory powers and duties, including those under the Electricity Act 1989, the Authority has decided to consent to the Change Proposal.

⁵ The MDB is a group that has been delegated responsibility by the MRA Executive Committee ("MEC") for MRA change control.

Ofgem considers that the Change Proposal will better achieve the requirements of paragraph 4(f) of SLC 37 for the "development, maintenance and operation of an efficient, co-ordinated and economical system for the supply of electricity and for the purpose of facilitating competition in electricity supply".


The Authority's Decision

Pursuant to Clause 9.5 of the MRA, the Authority hereby consents to the implementation of the Change Proposal. This consent and the change which is the subject of the Change Proposal will take effect on and from 23rd August 2007.

Unless the context otherwise requires, words and expressions used in the MRA shall bear the same meaning in this letter.

If you have any questions regarding this decision please contact Joanne Tackley on 020 7901 7254.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Philip Davies', with a long horizontal flourish extending to the right.

Philip Davies
Director of Markets
for and on behalf of the Gas and Electricity Markets Authority