

CoS Options Analysis – Registration services

1. High level objective

- 1.01 Our high level objective for this work area is to improve the efficiency of industry registration systems through centralisation. This will include consideration of alignment between gas and electricity process where appropriate. We also propose to consider how centralisation could support or facilitate any further reforms we may propose to make to the change of supplier process.

2. Description of the issue

- 2.01 The registration systems for both the electricity and gas markets are the definitive record of who is responsible for supplying each supply point. The registration systems support key industry processes such as energy settlement, network charging. They also provide a record of who is responsible for compliance with licence obligations in respect of a specific supply point. The operation of the current registration arrangements vary between the electricity and gas markets.
- 2.02 In electricity, each Distribution Network Operator (DNO) and iDNO is required by standard condition 18 of their licence to establish and operate and maintain (or procure services to do so on their behalf) a Meter Point Administration Service (MPAS). The industry governance for this system sits under the Master Registration agreements (MRA) and is funded through a fixed charge component of distribution use of system charges.
- 2.03 In gas, the large Gas Distribution Networks (GDNs) are required by standard special condition A31 to provide a registration system (supply point information service) however the systems have already been centralised within Xoserve, the interface between the UK gas distribution industry, the national gas transmission system and the gas shipper companies. Xoserve is jointly owned by all the GDNs and National Grid's gas transmission business. Part of Xoserve's responsibility is to deliver a suite of applications (known as UK Link) that provides key services to the gas market including a centralised registration system known as the Sites and Meters Database. The industry governance relating to the registration system for gas sits under the UNC and governance relating to the accompanying enquiry service sits under SPAA. Under current industry arrangements, the iGTs operate their own registration services which are outside of the UNC and the GT Common Agent ASA with Xoserve.
- 2.04 Under current industry arrangements, the iGTs operate their own billing and registration processes which are outside of the UNC and the GT Common Agent Services Agreement (ASA) with xoserve. The code that provides the governance framework for the supply and transportation of gas by iGTs is known as the iGT UNC. Project Nexus is a large industry change programme that is aiming to replace and update Xoserve's UK Link System. This is also seen as an opportunity to widen Xoserve's service agreement to include iGT services in addition to GDN services. Under the Project Nexus proposals the iGT registration services would migrate to Xoserve in 2015.
- 2.05 With the introduction of smart meters, the DCC and Smart Energy Code (SEC) governance, there is an opportunity to redesign registration systems to take advantage of the economies of scale, alignment between fuels and change control efficiencies from a single centralised system.
- 2.06 Note that any options for reforming registration systems must provide for all customers (i.e. domestic and non-domestic) and all types of metering (eg smart, AMR and traditional metered sites).

Implication of CoS reforms

- 2.07 We have identified linkages with the following components of the change of supplier project:

- **Change of supplier process** – the process of switching responsibility for a meter point to a new supplier will need to update the registration database. The messages and processes could be simplified and/or aligned and this opportunity may be influenced by how the registration systems are organised and where they sit.
- **Erroneous transfers/ data quality** – reforming registration services could provide an opportunity to improve data quality, such as address data by placing obligations on new service providers or by leveraging the benefits of having access to gas and electricity data in one place. This could help reduce the incidence of erroneous transfers.
- **Data access and transfer** – reforms to registration systems will need to consider requirements for data transfer between users and the registration systems and operation of gateways.

2.08 Any reforms to the registration services will need to ensure that the rights and responsibilities of users in the creation, updating and removal of the data describing a supply point are properly defined. These reforms will need to be supported by associated governance arrangements and change control procedures used to modify the associated business rules.

3. Options

3.01 There are a range of options for centralising the registration services across the gas and electricity markets. The following briefly lists the initial options that we have identified.

Option 1: Centralise electricity registration systems

3.02 This option involves centralising the DNO/iDNO's electricity MPAS systems into a single system (outside of the DCC). Rather than separate systems working to common rules operated by DNOs forming a distributed database (which is how the system is currently set up), all industry parties would access a single registration service. Relevant amendments would be made to the existing industry codes (BSC and MRA). Were the Project Nexus proposals to be implemented, this option would deliver a single registration service for each of the gas and electricity markets.

Option 2: Centralising gas and electricity registration under Smart Energy Code (SEC) governance

3.03 The next four options involve reforming the governance that surrounds both the gas and electricity industry registration systems. To facilitate this, the DCC could be required under the terms of its license to ensure that the SEC includes the governance arrangements for registration services. This would include the detailed requirements and business rules, which to be effective, would require all suppliers and networks to be party.

Option 2a: Existing services provided under SEC governance

3.04 In this option, the SEC Panel could decide that the core IT systems and data ownership arrangements should remain with distribution companies and xoserve.

Option 2b: DCC provides a "front end" change control service

3.05 In this option, the SEC Panel could require the DCC to have a front end change control service for the registration arrangements. Distribution companies would still be required to own, update and maintain the master registration database. However, during the CoS process, suppliers would interact with a single centralised gate way service procured by the DCC. This approach could promote alignment between the gas and electricity registration processes with minimum change to the existing network owned registration databases.

Option 2c: DCC provides and operates a single centralised registration service

- 3.06 This option would be for the complete transfer of responsibility for the provision and operation of today's registration systems to the DCC. The governance/ business rules would be outlined within the DCC's relevant licence condition and the SEC. The core IT systems and master version of the registration database would be procured by the DCC. Xoserve and the DNOs would no longer be required to maintain and operate this system. To meet their network requirements they may choose to retain a copy of the relevant registration database or could become a user of the DCC provided services. Distribution companies and suppliers would be able to interact with the DCC via an interface when registration information is changed; for example as a result of the change of supplier process.

Option 2d: Centralise gas and electricity systems within another provider

- 3.07 Under this option, the detailed requirements/ business rules would still be outlined under the SEC. However, the SEC may wish to procure a cross-fuel centralised registration service through an alternative provider to the DCC.

Option 3: Ofgem or DECC requires DCC to assume responsibility for registration

- 3.08 The effect of this option is similar to that described above in Option 2c. However, rather than this being the decision of the SEC Panel, it would be a requirement established by the Secretary of State issuing a Direction under SLC15 of the proposed DCC licence or Ofgem amending the DCC licence.

4. Next steps

- 4.01 We would like you to consider the above scenarios for centralising registration services. We will introduce these for initial review at the COSEG meeting on 1 July and we propose to discuss this further at the meeting on 22 July.
- 4.02 To assist with the assessment of the options for reform we would also like to get the views of COSEG on the areas where centralisation could deliver benefits. This should assist with our assessment of which reform option is best able to deliver these benefits.
- 4.03 Finally, we note that gas shippers are not currently proposed to be parties to the SEC. Gas shippers currently have the primary interaction with the registration services for example on change of supply under the UNC. Options 2 and 3 above would move the registration requirements into the SEC. We would like to explore how this issue could be addressed with COSEG.