
Meeting name BSC Panel

Date of meeting 28 June 2001

Paper Title INITIAL ASSESSMENT OF MODIFICATION PROPOSALS P21: REVIEW OF MODIFICATION GROUP AND PANEL PROCEDURES / P23: REVIEW OF THE IMBALANCE SETTLEMENT GROUP (ISG) / P24: REVIEW OF THE MODIFICATION PROCEDURES

Purpose of Paper For Decision

Synopsis In accordance with the Modification Procedures, this paper sets out the initial written assessment of Modification Proposals P21, P23 and P24. The Panel is invited to endorse that these Modification Proposals are amalgamated and submitted to the Definition Procedure and that a Definition Report is submitted to the Panel meeting of 23 August 2001.

1. PROPOSED MODIFICATIONS

1.1 The attached Initial Written Assessment addresses three submitted Modification Proposals that address common or related issues. These are:

- P21: Review of Modification Group and Panel Procedures;
- P23: Review Of The Imbalance Settlement Group (ISG); and
- P24: Review Of The Modification Procedures

1.2 All three proposals seek to address areas of perceived concern with the current operation of the BSC governance arrangements. While some specific suggestions are made, it appears that the intent of the proposals is to initiate a broad review of how these arrangements can be made more efficient and transparent. One proposer states explicitly that the proposal is not intended to be prescriptive and that further definition of possible solutions to the issues identified will be necessary.

1.3 P21, raised by Amerada Hess Gas Ltd., seeks to initiate a review of the Modification Procedures and the operation of the BSC Panel and associated subgroups to ensure maximum transparency to the industry and the efficient operation of the processes. Suggestions for change include:

- Specifying that all (non-confidential) Panel, Modification Group, ISG and SVG meetings should be held in open session;
- Revising the procedures for formation of Modification Groups; and
- Streamlining aspects of the Modification Procedures, including consideration of how issues may be identified prior to being submitted as Modification Proposals.

- 1.4 P23, raised by Dynegy, focuses on the ISG Panel Committee, suggesting that all meetings of the group should be held in open session and should allow attendees to make contributions. It is also suggested that the group's remit should be developed such that it becomes a standing 'workstream' to consider modifications and other energy and imbalance issues.
- 1.5 P24, also raised by Dynegy, seeks to initiate a review of the Modification Procedures to improve the efficiency and inclusivity of the BSC governance process. Specific suggestions for change include:
 - Establishing standing groups to consider modifications in the same area;
 - Opening all groups to attendees and allowing all attendees to contribute, removing any distinction between group members and attendees; and
 - Reducing the number of stages during the lifecycle of a Modification Proposal to ensure timely progress.

2. RESULTS OF INITIAL WRITTEN ASSESSMENT

- 2.1 ELEXON has prepared an Initial Written Assessment of the proposed modification, which is included as Attachment 1 to this paper. Key points identified in this assessment are as follows:
 - There is a potential impact on BSC Sections B and F to reflect any change to the function, composition or working arrangements of the Panel, Panel Committees, Modification Procedures or Modification Groups;
 - It is not envisaged that any of these modifications will impact any systems, although the working practices of ELEXON and parties may need to develop to reflect any change to Panel and/or Modification Procedures;

3. PROCESS AND TIMETABLE FOR PROGRESSING THE MODIFICATION

These proposals all seek to improve the operation of the BSC governance arrangements, specifically in relation to the operation of the Panel, Panel Committees, Modification Groups and the Modification Procedures. Given the common ground of these modifications and the desirability of developing a consistent package of proposals in this area, it is proposed that the modification proposals should be amalgamated and progressed as a single modification. As noted above, one proposer states explicitly that the proposal is not intended to be prescriptive and that further definition of possible solutions to the issues identified will be necessary. ELEXON therefore recommends that the amalgamated proposal should be submitted to the Governance Modification Group under the Definition Procedure. The Modification Group should be actioned to provide its Definition Report to the Panel by 23 August 2001.

4. TERMS OF REFERENCE

- 4.1 Pursuant to paragraph F2.4.12, the Panel is to determine the terms of reference of each Modifications Group and may change those terms of reference as it sees fit. Issues that the Panel may wish to instruct the Modification Group to consider with regard to this Modification Proposal are:

- In taking forward these proposals, it will be necessary to develop a coherent set of changes that reflect a clear understanding of the purpose and relationship of the Panel, Panel Committees and Modification Groups or Workstreams;
- Any revisions to the Modification Procedures will need to satisfy due process requirements to allow robust decisions on modifications to be made.
- It will be necessary to consult with a broad range of parties to assess the desirability and practicality of the suggested amendments.

5. RECOMMENDATIONS

5.1 The Panel is invited to:

- **NOTE the results of the initial written assessment on Modification Proposals P21, P23 and P24 and the associated identified issues;**
- **ENDORSE that Modification Proposals P21, P23 and P24 are amalgamated and submitted to the Governance Modification Group under the Definition Procedure (pursuant to section F2.5 of the Code);**
- **ENDORSE the timetable for completion of an Definition Report, such that this be submitted to the Panel meeting on 23 August 2001;**
- **DELEGATE authority to the Panel Chairman to agree the membership and chairmanship of the Modifications Group; and**
- **ENDORSE the Terms of Reference for the Modifications Group including the issues set out above in paragraph 4.**

Gareth Forrester
Modifications Manager

List of enclosures

1. INITIAL ASSESSMENT OF MODIFICATION PROPOSALS P21: REVIEW OF MODIFICATION GROUP AND PANEL PROCEDURES / P23: REVIEW OF THE IMBALANCE SETTLEMENT GROUP (ISG) / P24: REVIEW OF THE MODIFICATION PROCEDURES (June 2001).