

Reference: P269 Self-Governance Statement

Catherine Wheeler  
Ofgem  
9 Millbank  
London  
SW1P 3GE  
(by email)

20 July 2011

Dear Cathy,

This is the BSC Panel's Self-Governance Statement to the Authority for Modification Proposal P269.<sup>1</sup> ELEXON has prepared this Self-Governance Statement on the Panel's behalf, and submits it to you in accordance with BSC Section F6.

The Panel notes that P269 is the first BSC Modification Proposal to seek Self-Governance since the process was introduced to the BSC in December 2010.

The Panel unanimously believes that P269 meets the Self-Governance Criteria set out in Annex X-1 (and referred to in Section F6) of the BSC. We explain the Panel's reasons in Appendix 1 of this Self-Governance Statement. The Panel believes that, as the first Self-Governance request, there is naturally an element of testing the parameters of the criteria until it can establish BSC precedent.

The Panel notes the majority view of P269 Workgroup members and Assessment Consultation respondents that P269 does not meet the Self-Governance Criteria. The attached P269 Assessment Report contains the views of all Workgroup members and copies of all Assessment Consultation responses. It also provides a full explanation of the P269 issue, solution and impacts.

As part of its Report Phase Consultation, the Panel is requesting that Parties who do not support Self-Governance for P269 provide more specific reasons relating to the Self-Governance Criteria. We attach a copy of the Panel's Draft Modification Report to this letter. In accordance with BSC Section F6.1.2, the Panel will provide you with copies of all Report Phase Consultation responses at least 7 days before its next meeting. The Panel reserves its right to change its mind at its next meeting on the basis of any further information provided by respondents.

The Panel notes that the Authority also has the ability under BSC Section F6 to independently determine that P269 is, or is not, a Self-Governance Modification Proposal.

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<sup>1</sup> 'Prevention of Base Trading Unit BMUs' Account Status Flipping from Consumption to Production'.

The Panel's next meeting is on 11 August 2011. At this meeting, the Panel will consider the P269 Report Phase Consultation responses and will proceed as follows:

- If the Panel still believes that P269 meets the Self-Governance Criteria, and the Authority has not issued a contrary direction, then the Panel will make its decision whether to approve or reject P269; or
- If the Panel no longer believes that P269 meets the Self-Governance Criteria, and the Authority has not issued a contrary direction, the Panel will make its final recommendation to the Authority on whether the Authority should approve or reject P269.

All P269 documentation is available from ELEXON's website.<sup>2</sup> Please do not hesitate to contact me if you require further information.

Yours sincerely

Adam Richardson  
BSC Panel Secretary and Modification Secretary

**Appendix 1 – Panel's reasons why P269 meets the Self-Governance Criteria**

**Enclosure 1 – P269 Assessment Report**

**Enclosure 2 – P269 Draft Modification Report**

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<sup>2</sup> <http://www.elexon.co.uk/Pages/P269.aspx>

## **Appendix 1 – Panel’s reasons why P269 meets the Self-Governance Criteria**

The Panel’s unanimous view is that P269 meets the Self-Governance Criteria.

In support of this view, the Panel has provided the following reasons:

1. P269 addresses an issue which is systematic in the BSC arrangements and has been known about for several years.
2. P269 is straightforward and beneficial.
3. P269 does not discriminate against any Party.
4. P269 will not have a material impact on existing/future consumers, competition, operation of the Transmission System, matters relating to the security of supply, or BSC governance or Modification Procedures.
5. P269 will prevent a significant negative impact on competition (imbalance). Its implementation will neither be detrimental to competition nor significantly affect competition, as it preserves the status quo for the majority of Base Trading Units.
6. The benefits and impacts of P269 relate more to efficiency in the BSC arrangements than to competition.