

April 2002

ASSESSMENT REPORT
MODIFICATION PROPOSAL P066 –
ECVNAs and MVRNAs To Receive
ECVAA Forward Contract Report

**Prepared by the Contract Notification Modification
Group Modification Group on behalf of the
Balancing and Settlement Code Panel**

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b Related Documents

Reference	Document
Reference 1	Modification Proposal P66 'ECVNAs and MVRNAs to Receive ECVAAs Forward Contract Report' BSC Website: www.elexon.co.uk/ta/modifications/modsprops/P066/P66.pdf
Reference 2	Initial Written Assessment Modification Proposal P66 'ECVNAs and MVRNAs to Receive ECVAAs Forward Contract Report' (IWA066 14 February 2002), BSC Website: www.elexon.co.uk/ta/modifications/modsprops/P066/P66_IWA.pdf
Reference 3	Modification Proposal P66 'ECVNAs and MVRNAs to Receive ECVAAs Forward Contract Report' Assessment Consultation V1.0 (22 February 2002), BSC Website: www.elexon.co.uk/ta/modifications/modsprops/P066/P66Consult_v1.doc

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Phase, and the resultant findings of this report, the Modification Group recommends that the BSC Panel should:

- 1. NOTE the P66 Assessment Report and recommendations of the Modification Group;**
- 2. ENDORSE the recommendations of the Modification Group and proceed to the Report Phase; and**
- 3. AGREE that a draft Modification Report be prepared with a recommendation to the Authority that the Proposed Modification P66 should not be made;**
- 4. NOTE that the draft Modification Report will be issued for consultation by 9 May 2002;**
- 5. AGREE that 10 Working Days be allowed for the consultation on the draft Modification Report; and**
- 6. NOTE that the draft Modification Report will be submitted to the Panel meeting following receipt of the consultation responses.**

Recognising that implementation aspects should be included in a draft Modification Report (whether or not the Panel recommends the change), the Panel is invited to:

- **AGREE the Implementation Date of the Proposed Modification be:**
 - **10 December 2002, where an Authority decision is received no later than 10 September 2002; and**
 - **25 February 2003, where an Authority decision is received no later than 10 November 2002.**
- **NOTE the indicative implementation cost of £272,000, comprising £200,000 for ELEXON and BSC Agent System development under Modification Proposal P17, £26,000 for BSC Agent System development of Modification Proposal P66 and £45,000 for ELEXON development and implementation within an ELEXON BSC Systems Release Project for Modification Proposal P66;**
- **NOTE the recommendation of the CNMG that all the implementation and development costs (including those associated with Modification Proposal P17) be recovered over three years;**
- **NOTE that the Panel is required to set the charge for receipt of the notification agent Forward Contract Report; and**
- **ENDORSE the CNMG recommendation that the initial charge (per notification agent, per annum) be set at £20,600.**

1.2 Background

Modification Proposal P66 'ECVNAs and MVRNAs to Receive Forward Contract Report' was raised on 18 January 2002 by TXU UK Ltd. The Modification Proposal seeks to implement a version of the Forward

Contract Report (ECVAA-I022 / E0221) specifically for Notification Agents (ECVNAs and MVRNAs). The Proposal follows on from Modification Proposal P17 'ECVNAs to receive 7-Day Report', which was rejected by the Authority on the grounds of inappropriate cost allocation. Therefore Modification Proposal P66 also seeks to address the issue of cost recovery and associated allocation.

The Panel, at their meeting of 14 February 2002, considered the Initial Written Assessment of Modification Proposal P66 (Reference 1) and agreed that Modification Proposal P66 be submitted to the Assessment Procedure, with the Assessment Report due for consideration at the Panel meeting of 18 April 2002. The Panel also agreed that the Assessment Procedure should be undertaken by the Contract Notification Modification Group (CNMG) as the CNMG had been responsible for the original assessment of Modification Proposal P17.

The Contract Notification Modification Group (CNMG) have met twice (19 February 2002 and 19 March 2002), and have reviewed Modification Proposal P17 and the Authority Decision letter (on the BSC Website: www.elexon.co.uk/ta/modifications/modsprops/hP017/P17_Ofgem_Decision.pdf) and investigated the principle of cost allocation for Modification Proposal P66. Two consultations and one impact assessment have been issued.

Based on the results of the first consultation and impact assessment, the CNMG defined the relevant cost recovery mechanism and determined the costs to be recovered. The CNMG agreed that a second consultation was required as costs were now available, to determine the likely take up of the notification agent Forward Contract Report and to reaffirm the previous consultation responses from BSC Parties.

The responses from the second assessment consultation for Modification Proposal P66 indicate that there is no requirement for the new notification agent Forward Contract Report. As there had been no response to (either) consultation from exchanges / third party notifiers, three exchanges were canvassed, at the request of the CNMG, to determine whether they had a requirement for the report. Only two responded, and confirmed that they had no requirement.

On this basis, the CNMG agreed, by e-mail and telephone, to amend the recommendations of the CNMG such that the recommendation with regards to the Proposed Modification P66 would be that it should not be made.

The CNMG acknowledges that the majority of BSC Parties support the principle of the Modification and believe that it better facilitates the Applicable BSC Objectives. However, the CNMG also recognise that it is not cost beneficial to proceed with the development and implementation of a Modification which is not likely to be taken up, and therefore for which costs are not likely to be recovered.

The CNMG also noted that the lack of take up / requirement is not attributable to the associated charge for receipt of the report, but is mainly a factor of internal notification agent development costs for receipt of the report considered in conjunction with the fact that the majority (all but one) of current notification agents are also BSC Parties and therefore receive the BSC Party variant of the Forward Contract Report.

1.3 Rationale for Recommendations

1.3.1 High Level Summary of Rationale

The following provides a high level summary of the discussions and rationale of the CNMG with regards to Modification Proposal P66. The points listed here are explored in more detail through the remainder of this Assessment Report.

1. The CNMG agreed to adopt a charging principle consistent with the approach identified in the Authority Decision letter for Modification Proposal P17, namely that charges associated with utilisation of a service introduced by a Modification should reflect the development, implementation and operational costs of that Modification when the decision to proceed with the Modification is made (i.e. costs have not yet been incurred);
2. However, the CNMG also recognised that where all Parties receive benefit from a Modification, and / or where the costs of charging to specific users of the service is high relative to the cost benefit of the service, then it is appropriate for all Parties to bear the cost of the Modification;
3. With specific regard to Modification Proposal P66, the principle is complicated by the costs incurred under Modification Proposal P17 (£200,000), which also gives effect to Modification Proposal P66. These costs have been incurred and have already been recovered from BSC Parties via BSCCo cost recovery), whether or not Modification Proposal P66 is implemented.

The CNMG agreed that the costs associated with development of Modification Proposal P17 should be recovered from the users of the service implemented under Modification Proposal P66, if the value placed on the service is sufficient that the demand supports the higher cost of the service. The CNMG believed this approach to be equitable as it recovers the sunk costs from the users, and therefore the beneficiaries of the service, rather than from all BSC Parties. The CNMG believed this principle to be consistent with the Authority Decision letter for Modification Proposal P17, and with the principle established by the CNMG (see (1) above)¹, although the CNMG recognised that the Panel and / or the Authority may believe otherwise, or may not support this principle (see (5) below);

4. The CNMG also explored the impact on the charge level by varying the period over which the development and implementation costs could be recovered. The CNMG attempted to balance two factors, namely that:
 - Spreading the development and implementation costs reduced the associated charge level, which could offer a mechanism for recovering the development costs associated with Modification Proposal P17 whilst keeping the charge to a level that encourages take up of the service; and
 - BSC Parties are not ‘investment bankers’, i.e. effectively any development, implementation and operational costs are initially recovered from BSC Parties via the BSCCo cost recovery mechanism, and only subsequently recovered from users of the service. Therefore lengthening the period over which these costs are recovered effectively means that BSC Parties are subsidising the service until such time as the costs are recovered in full from the users.

Therefore the CNMG explored the charge levels for different periods and determined a recovery period that best balanced these two factors;

5. The CNMG acknowledged that setting a charge for the service associated with Modification Proposal P66 in accordance with the principles outlined above, i.e. one that includes the sunk costs associated with Modification Proposal P17, could overvalue the service, such that there is little to nil take up of the service. In this circumstance, recovering the costs associated with Modification Proposal P17 becomes economically inefficient, as Modification Proposal P66 may not be implemented, even if the costs associated with Modification Proposal P66 (alone) are lower than the value placed on the service.

¹ As the development associated with Modification Proposal P17 gives effect to Modification P66, and would have been part of P66, if work on Modification Proposal P17 had not been commenced

The CNMG also noted that the inclusion of the costs associated with Modification Proposal P17 in with Modification Proposal P66 is a matter of principle. The CNMG recognised that either the Panel or the Authority may disagree with the principle of including the sunk costs associated with Modification Proposal P17 in Modification Proposal P17. Therefore these two factors combined led the CNMG to make the recommendation that the Panel be responsible for setting the charge associated with the service, such that the Panel could take into consideration the principle and the likely charge level that would ensure a take up of the service;

6. In recognition of the above points, the CNMG determined that a further consultation would be required, with the main focus of the consultation aimed at determining the likely take up of the service based upon the potential charge levels, and therefore the value placed on the service by users.
7. The CNMG also agreed their provisional recommendations based upon the above points. The CNMG recommend that the Proposed Modification should be made and that the appropriate charge should be determined by the Panel on the basis of the consultation responses. The CNMG made a provisional recommendation as to the most appropriate charge level and development and implementation cost recovery period (£20,600 p.a., and costs recovered over three years, respectively), but it should be noted that these recommendations may change in light of the responses to the consultation responses indicating the likely take up of the report.
8. The responses from the second assessment consultation for Modification Proposal P66 indicate that there is no requirement for the new notification agent Forward Contract Report. On this basis, the CNMG agreed to amend the recommendations of the CNMG such that the recommendation with regards to the Proposed Modification P66 would be that it should not be made.

1.3.2 Requirement for Provision of the Notification Agent Forward Contract Report

The notification agent Forward Contract Report will provide information on notified Energy Contract Volume Notifications (ECVNs) and Metered Volume Reallocation Notifications (MVRNs) to notification agents who request it.

The CNMG determined that independent notifiers (i.e. those notification agents that offer a service to BSC Parties that are not BSC Parties themselves) would benefit from receipt of the notification agent Forward Contract Report. Notification agents which are self notifiers and / or central intermediaries (i.e. also BSC Parties) receive the information in the existing BSC Party Forward Contract Report.

Therefore, the CNMG believe that the 'independent' notification agent is dependent upon receipt of existing notification reports (ECVAA-1009 / E0091 (ECVNs) and ECVAA-1010 / E0101 (MVRNs)) to be able to determine the notifications in place for future Settlement Days. Whereas the other types of notification agent (self – notifier and central intermediary) receive the BSC Party Forward Contract Report.

The CNMG believe that this is an inequality in the provision of notification data (which has been present since NETA Go-Live), and Modification Proposal P66, as Modification Proposal P17 originally, seeks to address this inequality.

1.3.3 Principles of Cost Allocation and Cost Recovery

The CNMG noted that they, as the Modification Group for Modification Proposal P17, had recommended that the costs of development and ongoing operational expenditure for this development should be payable by all BSC Parties (via the BSCCo cost recovery mechanism). This was based upon the rationale

that the functionality had been omitted from the NETA Go-Live baseline. It should be noted that some members of the CNMG (and some consultation responses) still support this argument, and believe that Modification Proposal P17, and consequently Modification Proposal P66, are addressing a defect in the trading arrangements and as such should be paid for via BSCCo cost recovery.

However, the Authority (in their decision letter for Modification Proposal P17) rejected this argument and stated that the costs of developing, implementing and operating the new report required to give effect to the Modification Proposal should be targeted at users of the report, rather than allocated across all BSC Parties via BSCCo Cost recovery. The Authority considered that it would be appropriate for a future Modification on provision of this report to address these cost recovery issues. Modification Proposal P66 seeks to implement the notification agent report and target the associated costs appropriately.

The CNMG agreed that the Code allowed costs to be recovered under the provisions of Section D, ANNEX D-3, 6 'Further Charges', which enables BSCCo to charge BSC Parties and non parties for the provision of a service 'sufficient to cover the relevant costs'. The CNMG noted that any cost recovery mechanism would be targeted at those notification agents (BSC Party or not) who choose to receive the report.

The CNMG noted that allocating costs to the recipient notification agent, would effectively mean that these costs would then be passed onto the BSC Parties using that notification agent. Therefore the CNMG believed that this would target costs to users of the service in accordance with the (high level) requirements of the Authority, as laid out in their P17 decision letter.

The CNMG also noted that concerns that were expressed as to whether a precedent would be set which implied that the costs of Modifications should be targeted to those that use them. The CNMG saw a clear distinction between developments which applied to all Trading Parties and those which were designed for Party Agents or non BSC Parties, and consequently the CNMG believed that the cost recovery approach to Modification Proposal P66 introduced no change to the current principle that the cost of Modifications which affected all Trading Parties should be subject to the BSCCo cost recovery mechanism.

Modification Proposals P30 and P50 (provision of information to non BSC Parties) propose that a charge be levied on the non BSC Party prior to provision of the information, with the level of the charge intended to recover the development, implementation and operational costs associated with the Modification. The CNMG agreed that this approach would be appropriate for Modification Proposal P66. However, the CNMG noted that the prospective number of notification agents wishing to utilise the report could be quite small, which could make the charge level significant.

The CNMG noted that Modification Proposal P17 had incurred development and implementation costs, on the basis that the development and implementation required to give effect to the new Forward Contract Report had been undertaken by ELEXON, with the authorisation of the Panel, pending the Authority decision on the Modification Proposal. The CNMG agreed that these costs should be recovered under Modification Proposal P66.

However, the CNMG also noted that as it currently stood, the development and implementation costs associated with Modification Proposal P17 have / are being recovered via the BSCCo cost recovery mechanism from all BSC Parties. Therefore the CNMG agreed that any cost recovery mechanism and cost allocation should minimise the risk of not recovering these development and implementation costs.

The CNMG also noted that the responses from the assessment consultation indicate that there is support for inclusion of the development and implementation costs associated with Modification

Proposal P17 in the cost allocation of Modification Proposal P66 (from those BSC Parties who support the principle of cost allocation).

In conclusion, the CNMG believe that, given the Authority decision letter on Modification Proposal P17, all development and implementation costs (including those from Modification Proposal P17) and operational costs associated with Modification Proposal P66 should, in principle, be recovered from users of the new notification agent Forward Contract Report.

1.3.4 Charging for Modification Proposal P66

The CNMG noted that the responses from the first consultation indicate that take up of the new notification agent Forward Contract Report was likely to be small (at least initially) and on this basis, agreed that any cost allocation should take into consideration the fact that a significant charge may impact the level of take up by notification agents. The CNMG also agreed that any charging mechanism should be as simple as possible, and not introduce further operational costs for Modification Proposal P66 in the administration of the charging mechanism.

Therefore the CNMG agreed that, where a notification agent wishes to receive the notification agent Forward Contract Report, the associated charge should be levied annually, in advance. This would minimise the administrative overhead.

The CNMG believe that, given the Authority decision letter on Modification Proposal P17, all development and implementation costs (including those from Modification Proposal P17) and operational costs associated with Modification Proposal P66 should, in principle, be recovered from users of the new notification agent Forward Contract Report, on the grounds that the costs incurred for Modification Proposal P17 would have been incurred in delivering the functionality associated with Modification Proposal P66 if development of P17 had not been undertaken previously.

The CNMG then looked at the estimated costs to be recovered via the levying of the charge to determine the most appropriate charge level. The costs are as follows:

Development and Implementation ('One off')	Estimated Cost
Development and Implementation of Modification Proposal P17 (sunk costs)	£200,000
BSC Central Service Agent development and implementation of Modification P66	£27,000
ELEXON Development and Implementation Costs	£45,000
Total Development and Implementation Costs	£272,000

Annual Charges	Estimated Cost
Operational and Maintenance costs	£12,000

It should be noted that these costs do not include any ELEXON administrative overhead in managing the cost recovery and provision of reports, as it is envisaged that these overheads will be marginal, and will therefore be absorbed (see section 9).

The CNMG then looked at the differing charge levels if the development and implementation costs were to be recovered over one year, three years and five years, based on the assumption of cost recovery from five notification agents. The costs broke down as follows:

P17 and P66 Costs	One Year	Three Years	Five Years
Per Notification Agent Charge (£ p.a.)	<u>£56,800</u>	<u>£20,533</u>	<u>£13,280</u>

Again, it should be noted that these costs do not include any ELEXON administrative overhead in managing the cost recovery and provision of reports, as it is envisaged that these overheads will be marginal, and will therefore be absorbed (see section 9).

Although the CNMG supported the principle of allocating the costs associated with Modification Proposal P17 to Modification Proposal P66, the CNMG recognised that this principle may not be supported by the Panel and / or the Authority. The CNMG also recognised that there may be a balance between recovering costs and setting a charge level that deters notification agents from requesting the new report.

Therefore, on this basis, the CNMG agreed that the charge level for the recovery of costs associated with Modification Proposal P66 alone, should be calculated. Therefore total 'one off' costs are £72,000, with annual operational costs of £12,000.

The corresponding charge levels are as follows (again assuming five notification agents):

P66 Costs Only	One Year	Three Years	Five Years
Per Notification Agent Charge (£ p.a.)	<u>£16,800</u>	<u>£7,200</u>	<u>£5,280</u>

With both of these approaches, once the recovery of the development and implementation costs has been achieved, then the operational costs (of £12,000 per annum) will be recovered, and split across all 'subscribing' notification agents.

The CNMG agreed that a final consultation, including these costs, should be undertaken with BSC Parties and notification agents.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 MODIFICATION GROUP ASSESSMENT

3.1 Background

Modification Proposal P66 'ECVNAs and MVRNAs to Receive Forward Contract Report' was raised on 18 January 2002 by TXU UK Ltd. The Modification Proposal seeks to implement a version of the Forward Contract Report (ECVAA-I022 / E0221) specifically for Notification Agents (ECVNAs and MVRNAs). The Proposal follows on from Modification Proposal P17 'ECVNAs to receive 7-Day Report', which was

rejected by the Authority on the grounds of inappropriate cost allocation. Therefore Modification Proposal P66 also seeks to address the issue of cost recovery and associated allocation.

The Panel, at their meeting of 14 February 2002, considered the Initial Written Assessment of Modification Proposal P66 (Reference 1) and agreed that Modification Proposal P66 be submitted to the Assessment Procedure, with the Assessment Report due for consideration at the Panel meeting of 18 April 2002. The Panel also agreed that the Assessment Procedure should be undertaken by the Contract Notification Modification Group (CNMG), as the CNMG had previously been responsible for the assessment of Modification proposal P17.

The Contract Notification Modification Group (CNMG) met on 19 February 2002 and 19 March 2002, to review Modification Proposal P17 and the Authority Decision letter (on the BSC Website: www.elexon.co.uk/ta/modifications/modspros/hP017/P17_Ofgem_Decision.pdf) and investigate the principle of cost allocation for Modification Proposal P66.

At their meeting of 19 February 2002, the CNMG agreed the consultation document and the associated questionnaire, and subsequently the consultation was issued to BSC Parties and all notification agents on 22 February 2002, (responses due 8 March 2002). The responses are summarised in Section 12 of this report, and provided in full in ANNEX 2.

An Impact Assessment was undertaken concurrently, requesting an assessment of the impacts associated with the development and implementation of Modification Proposal P66 from BSC Parties, notification agents, the BSC Central Service Agent and ELEXON.

The responses to the first consultation and the impact assessments were provided to the CNMG for discussion at their meeting of 19 March 2002. The impact assessments enabled the CNMG to determine more accurately the costs for allocation under Modification Proposal P66. Therefore at their meeting of 19 March 2002 the CNMG defined the relevant cost recovery mechanism and determined the costs to be recovered. At the same meeting, the CNMG agreed that a further, second consultation would be required, providing the relevant costs, in order to determine the likely take up of the notification agent Forward Contract Report and to request reaffirmation of the previous consultation responses from BSC Parties.

Therefore a consultation document was provided to notification agents on 5 April 2002. The responses from the second assessment consultation for Modification Proposal P66 indicate that there is no requirement for the new notification agent Forward Contract Report. As there had been no response to (either) consultation from exchanges / third party notifiers, three exchanges were canvassed, at the request of the CNMG, to determine whether they had a requirement for the report. Only two responded, and confirmed that they had no requirement.

On this basis, the CNMG agreed, by e-mail and telephone, to amend the recommendations of the CNMG such that the recommendation with regards to the Proposed Modification P66 would be that it should not be made.

3.2 Rationale for Recommendations

3.2.1 Requirement for Provision of the Notification Agent Forward Contract Report

The notification agent Forward Contract Report will provide information on notified Energy Contract Volume Notifications (ECVNs) and Metered Volume Reallocation Notifications (MVRNs) to notification agents who request it.

The CNMG reviewed the information available to notification agents and BSC Parties, as follows:

There are three types of notification agent:

1. Self-notifier – these are BSC Parties who also act in the role of notification agent where the associated BSC Party is a counterparty to the notification;
2. Central intermediary – these are (usually) exchanges who act as central counterparties (and are consequently BSC Parties) who take on the role of notification agents; and
3. Independents – these are notification agents who offer a service to BSC Parties to notify on their behalf, but are not BSC Parties themselves.

Of these three types, 1 and 2 currently receive the Forward Contract Report as BSC Parties, which can be used in the notification agent role to validate that the ECVAA system contains the same data as they believe they notified in respect of a future period. However, the third type (3) of notification agent does not receive a Forward Contract Report as they are not a BSC Party.

To summarise the information received:

Notification Agent	Notification Rejection (ECVAA-I009 / 10)	Forward Contract Report (ECVAA-I022)	Notification Report (ECVAA-I014)
Self-Notifier (1)	✓	✓	✓
Central Intermediary (2)	✓	✓	✓
Independent (3)	✓	x	✓

The Notification Rejection (ECVAA-I009 / E0091 for ECVNs and ECVAA-I010 / E0101 for MVRNs) is a response indicating rejection of individual notifications by the ECVAA. The submitting notification agent and the counterparties to the notification receive this interface.

The Forward Contract Report (ECVAA-I022 / E0221) is a report to BSC Parties for the following seven days which contains the details of all the notifications to which the recipient BSC Party is a counterparty.

The Notification Report (ECVAA-I014 / E0141) is a report to the notification agent containing a summary of the notifications submitted by that notification agent for the Settlement Day just passed. It is also received by BSC Parties and in this case the report contains a summary of all the notifications to which they were a counterparty for the Settlement Day just passed.

Therefore, the CNMG believe that the ‘independent’ notification agent is dependent upon receipt of existing notification reports (ECVAA-I009 / E0091 (ECVNs) and ECVAA-I010 / E0101 (MVRNs)) to be able to determine the notifications in place for future Settlement Days. Whereas the other types of notification agent (self – notifier and central intermediary) receive the BSC party Forward Contract Report.

The CNMG believe that this is an inequality in the provision of notification data (which has been present since NETA Go-Live), and Modification Proposal P66, as Modification Proposal P17 originally, seeks to address this inequality. The CNMG also noted that the majority of the Assessment consultation responses supported this view.

3.2.2 Principles of Cost Allocation and Cost Recovery

The CNMG noted that they, as the Modification Group for Modification Proposal P17, had recommended that the costs of development and ongoing operational expenditure for this development should be

payable by all BSC Parties (via the BSCCo cost recovery mechanism). This was based upon the rationale that the functionality had been omitted from the original (Go-Live) baseline, rather than being driven by the additional or specific requirements of a third party notification agent. It should be noted that some members of the CNMG (and some consultation responses) still support this argument, and believe that Modification Proposal P17, and consequently Modification Proposal P66, are addressing an omission in the trading arrangements and as such should be paid for via BSCCo cost recovery.

However, the Authority (in their decision letter for Modification Proposal P17) rejected this argument and stated that the costs of developing, implementing and operating the new report required to give effect to the Modification Proposal should be targeted at users of the report, rather than allocated across all BSC Parties via BSCCo Cost recovery. The Authority considered that it would be appropriate for a future Modification on provision of this report to address these cost recovery issues.

Modification Proposal P66 seeks to implement the notification agent report and target the associated costs appropriately.

The CNMG agreed that the Code allowed costs to be recovered under the provisions of Section D, ANNEX D-3, 6 'Further Charges', which enables BSCCo to charge BSC Parties and non parties for the provision of a service 'sufficient to cover the relevant costs'.

The CNMG noted that any cost recovery mechanism would be targeted at those notification agents (BSC Party or not) who choose to receive the report.

The CNMG noted that allocating costs to the recipient notification agent, would effectively mean that these costs would then be passed onto the BSC Parties using that notification agent. Therefore the CNMG believed that this would target costs to users of the service in accordance with the (high level) requirements of the Authority, as laid out in their P17 decision letter.

The CNMG also noted the concerns that were expressed as to whether a precedent would be set which implied that the costs of Modifications should be targeted to those that use them. The CNMG saw a clear distinction between developments which applied to all Trading Parties and those which were designed for Party Agents or non BSC Parties. Consequently the CNMG believed that the cost recovery approach to Modification Proposal P66 introduced no change to the current principle that the cost of Modifications which affected all Trading Parties should be subject to the BSCCo cost recovery mechanism.

The CNMG noted the pricing methodology in respect of non BSC Parties that had been implemented in respect of Modification Proposal P30 (provision of information to non BSC Parties) and that the Volume Allocation Modification Group (VAMG) were proposing the same methodology in respect of Modification Proposal P50 (again, provision of information to non BSC Parties).

Modification Proposals P30 and P50 propose that a charge be levied on the non BSC Party prior to provision of the information, with the level of the charge intended to recover the development, implementation and operational costs associated with the Modification. The CNMG agreed that this approach would be appropriate for Modification Proposal P66. However, the CNMG noted that the prospective number of notification agents wishing to utilise the report could be quite small, which could make the charge level significant.

The CNMG also noted that there was an administration impact on ELEXON in the recovery of the charge for receipt of the report, as well as in administering the process for enabling the distribution of the notification agent Forward Contract Report from the BSC Central Service Agent on payment of the charge. The CNMG noted that this element of the cost should be assessed.

The CNMG noted that Modification Proposal P17 had incurred development and implementation costs, on the basis that the development and implementation required to give effect to the new Forward Contract Report had been undertaken by ELEXON, with the authorisation of the Panel, pending the Authority decision on the Modification Proposal. The CNMG agreed that these costs should be recovered.

The CNMG noted that the responses from the assessment consultation indicate that there is support for inclusion of the development and implementation costs associated with Modification Proposal P17 in the cost allocation of Modification Proposal P66 (from those BSC Parties who support the principle of cost allocation).

In conclusion, the CNMG believe that, given the Authority decision letter on Modification Proposal P17, all development and implementation costs (including those from Modification Proposal P17) and operational costs associated with Modification Proposal P66 should, in principle, be recovered from users of the new notification agent Forward Contract Report.

3.2.3 Charging for Modification Proposal P66

The CNMG noted that the responses to the first consultation indicate that take up of the new notification agent Forward Contract Report was likely to be small (at least initially) and on this basis, agreed that any cost allocation should take into consideration the fact that a significant charge may impact the level of take up by notification agents. The CNMG also agreed that any charging mechanism should be as simple as possible, and not introduce further operational costs for Modification Proposal P66 in the administration of the charging mechanism.

Therefore the CNMG agreed that, where a notification agent wishes to receive the notification agent Forward Contract Report, the associated charge should be levied annually, in advance. t

The CNMG then looked at the costs to be recovered via the levying of the charge to determine the most appropriate charge level. The costs are as follows:

'One off' Activities	Cost
Development and Implementation of Modification Proposal P17	£200,000²
BSC Central Service Agent development and implementation of Modification P66	£27,000
ELEXON Development and Implementation Costs	£45,000
Total Development and Implementation Costs	£272,000

Annual Charges	Cost
Operational and Maintenance costs	£12,000

² It should be noted that this sum is based on the original costs identified for the implementation of Modification Proposal P17 (taken from the Assessment Report). The exact development and project costs associated with Modification P17 cannot be isolated from the overall ELEXON BSC Systems Release project in which P17 was included.

The CNMG then looked at the differing charge levels if the development and implementation costs were to be recovered over one year, three years and five years. The CNMG also assumed a take up of five notification agents. The costs broke down as follows:

	One Year	Three Years	Five Years
Per Notification Agent Charge (£ p.a.)	<u>£56,800</u>	<u>£20,533</u>	<u>£13,280</u>

These costs are calculated as follows:

- **One Year:** Per Year = [£272,000 (dev and impl) + £12,000 (op)] / five notification agents;
- **Three Years:** Per year = [(£272,000 / 3 years) + £12,000 (op)] / five notification agents; and
- **Five Years:** Per year = [(£272,000 / 5 years) + £12,000 (op)] / five notification agents.

Although the CNMG supported the principle of allocating the costs associated with Modification Proposal P17 to Modification Proposal P66, for the reasons laid out above, the CNMG recognised that this principle may not be supported by the Panel and / or the Authority. Therefore the CNMG agreed that the charge level for the recovery of costs associated with Modification Proposal P66 alone, should be calculated. These are as follows:

'One off' Activities	Cost
BSC Central Service Agent development and implementation of Modification P66	£27,000
ELEXON Development and Implementation Costs	£45,000
Total Development and Implementation Costs	£72,000

Annual Charges	Cost
Operational and Maintenance costs	£12,000

The CNMG then looked at the differing charge levels if the development and implementation costs were to be recovered over one year, three years and five years . The CNMG again assumed a take up of five notification agents. The costs broke down as follows:

	One Year	Three Years	Five Years
Per Notification Agent Charge (£ p.a.)	<u>£16,800</u>	<u>£7,200</u>	<u>£5,280</u>

These costs are calculated as follows:

- **One Year:** Per Year = [£72,000 (dev and impl) + £12,000 (op)] / five notification agents;
- **Three Years:** Per year = [(£72,000 / 3 years) + £12,000 (op)] / five notification agents; and
- **Five Years:** Per Year = [(72,000 / 5 years) + £12,000 (op)] / five notification agents.

It should be noted that these costs do not include any ELEXON administrative overhead in managing the cost recovery and provision of reports, as it is envisaged that these overheads will be marginal, and will therefore be absorbed (see section 9).

With both of these approaches, once the recovery of the development and implementation costs has been achieved, then the operational costs (of £12,000 per annum) will be recovered, and split across all 'subscribing' notification agents.

This charging approach will create the issue whereby the development and implementation costs will be levied on those notification agents signing up early, and thus will encourage notification agents to wait until the development and implementation costs have been recovered until they sign up for the Forward Contract Report. This therefore introduces the risk that the notification agent Forward Contract Report will not be utilised on the basis of the associated charge.

As a consequence of:

- The principle of cost recovery – i.e. whether the costs associated with Modification Proposal P17 are to be recovered under Modification Proposal P66 or not; and
- The differing lengths of time the costs could be recovered over,

the CNMG agreed that the Panel should be responsible for determining the charge level. The CNMG agreed that, were a specific charge and principle to be embodied into the solution to Modification Proposal P66 which the Panel and / or Authority were not to agree with, the Modification Proposal runs the risk of being rejected. However, if the solution to the Modification Proposal were to enable the Panel to determine the appropriate charge level on implementation of the Modification, then the Panel determination of the charge could take into consideration any Authority view expressed in the Authority Decision letter for Modification Proposal P66, and / or the views of the Authority at the Panel when the decision is taken.

On this basis, the CNMG agreed that they should make an initial recommendation to the Panel as to the principle to be adopted and the associated charge level, recognising that the Panel would have the responsibility of determining the actual charge to be levied (on an annual basis) on implementation of Modification Proposal P66.

The CNMG also recognise that the level of the charge should not deter it being requested by notification agents. Therefore as part of the second consultation, notification agents were requested to provide an indication of the potential take up of the report on the basis of these costs.

The responses from the second assessment consultation for Modification Proposal P66 indicate that there is no requirement for the new notification agent Forward Contract Report. As there had been no response to (either) consultation from exchanges / third party notifiers, three exchanges were canvassed, at the request of the CNMG, to determine whether they had a requirement for the report. Only two responded, and confirmed that they had no requirement.

On this basis, the CNMG agreed, by e-mail and telephone, to amend the recommendations of the CNMG such that the recommendation with regards to the Proposed Modification P66 would be that it should not be made.

The CNMG acknowledges that the majority of BSC Parties support the principle of the Modification and believe that it better facilitates the Applicable BSC Objectives. However, the CNMG also recognise that

it is not cost beneficial to proceed with the development and implementation of a Modification which is not likely to be taken up, and therefore for which costs are not likely to be recovered.

The CNMG also noted that the lack of take up / requirement is not attributable to the associated charge for receipt of the report, but is mainly a factor of internal notification agent development costs for receipt of the report considered in conjunction with the fact that the majority (all but one) of current notification agents are also BSC Parties and therefore receive the BSC Party variant of the Forward Contract Report.

3.3 Modification Group Details

This Assessment Report has been prepared by the Contract Notification Modification Group. The Membership of the Modification Group was as follows:

Member	Organisation
Justin Andrews	ELEXON (Chair)
Richard Humphreys	ELEXON (Finance)
Mandi Francis	ELEXON (Analyst)
Phil Russell	TXU (UK) Limited (Proposer)
Murray Dyer	PowerEx
Andrew Foster	OM London Exchange
Simon Hadlington	Centrica
Martyn Hunter	St. Clements Services
Sharif Islam	TotalFinaElf
Tim Johnson	PowerGen
Paul Mott	London Electricity
Mark Simons	BP Gas Marketing
Chris Teverson	The European Power Source Company (UK)
Ben Willis	Yorkshire Electricity Group
Jerome Williams	Ofgem

4 PROPOSED MODIFICATION

4.1 Description of the Proposed Modification

4.1.1 Notification Agent Forward Contract Report

Modification Proposal P66 seeks to implement a 'Forward Contract Report' specific to Notification Agents (ECVNAs and MVRNAs). The key features of this report are as follows:

- It will contain confirmation of only those notifications sent by the recipient notification agent. This will be in a similar format to the BSC Party variant of the Forward Contract Report, (see table below);
- It will be produced to the same service levels as the existing Forward Contract Report; and
- It will be 'kept in step' with any developments to the existing BSC Party Forward Contract Report (unless the development is not pertinent to the notification agent version).

The following table provides the proposed format of the new variant of the Forward Contract Report. This format reflects what was developed under Modification proposal P17 and it is intended that this be implemented as is.

E0222 ECVAA-I022: Forward Contract Report: Sub-flow 2

FC2	Forward Contract Header
N0191	Report Start Date
N0188	Report End Date
N0368	Report Snapshot Time
<i>N0369</i>	<i>Transaction³</i>
N0373	Report Start Period
OE2	Originator ECVNAA Data
N0080	ECVNAA Id
N0078	ECVNA Id
N0068	ECV Party 1 Id
N0071	ECV Party 1 Production/Consumption Flag
N0072	ECV Party 2 Id
N0075	ECV Party 2 Production/Consumption Flag
N0357	ECVNAA Effective From Date
N0358	ECVNAA Effective To Date
ECD	ECVN Data
N0310	ECVN ECVNAA Id
N0077	ECVN Reference Code
EDD	ECVN Detail Data
N0359	ECVN Effective From Date
N0360	ECVN Effective To Date
N0078	ECVNA Id

³ This is the data item added to the notification agent Forward Contract report by Alternative Modification P4 – see section 6.2 of this Assessment Report.

N0080	ECVNAA Id
N0357	ECVNAA Effective From Date
N0358	ECVNAA Effective To Date
ECP	ECVN Period Data
N0361	From Settlement Period
N0362	To Settlement Period
N0085	Energy Contract Volume
OM2	Originator MVRNAA data
N0147	MVRNAA Id
N0145	MVRNA Id
N0034	BM Unit Id
N0127	Lead Party Id
N0129	Lead Party Production/Consumption Flag
N0208	Subsidiary Party Id
N0209	Subsidiary Party Production/Consumption Flag
N0364	MVRNAA Effective From Date
N0365	MVRNAA Effective To Date
MVD	MVRN data
N0311	MVRN MVRNAA Id
N0144	MVRN Reference Code
MDD	MVRN detail data
N0366	MVRN Effective From Date
N0367	MVRN Effective To Date
N0145	MVRNA Id
N0147	MVRNAA Id
N0364	MVRNAA Effective From Date
N0365	MVRNAA Effective To Date
MVP	MVRN Period Data
N0361	From Settlement Period
N0362	To Settlement Period
N0140	Metered Volume Fixed Reallocation
N0141	Metered Volume Percentage Reallocation

It should be noted that the existing Forward Contract Report for BSC Parties is unaffected by the implementation of this notification agent variant of the report.

The notification agent Forward Contract Report will provide information on notified Energy Contract Volume Notifications (ECVNs) and Metered Volume Reallocation Notifications (MVRNs) to notification agents who request it.

4.1.2 Provision of the Notification Agent Forward Contract Report

Where a notification agent wishes to receive a copy of the notification agent Forward Contract Report, then the notification agent will provide a request to ELEXON, via a call to the ELEXON Helpdesk.

On receipt and processing of this request, ELEXON will immediately invoice the notification agent to recover the charge associated with the provision of the report.

The charge is made for receipt of the report on an annual basis (i.e. the charge covers receipt for a year from the date of the request to the CRA to switch the report on for the notification agent). If the notification agent chooses to switch the report off part way through the year, the charge, or part thereof, will not be refunded. Towards the end of the year, ELEXON will invoice the following years charge to the notification agent, who will then have the opportunity to pay the invoice and thus 'sign up' for receipt for the following year.

Once ELEXON has recovered the charge from the notification agent (i.e. the notification agent has paid the invoice), ELEXON will provide the BSC Central Service Agent (the Central Registration Agent (CRA)) with a completed copy of Form BSCP41/01 'Changes to Individual Reporting Requirements' signed and Authorised by ELEXON and containing the details of the notification agent which is to receive the report.

On receipt and processing of this request, the BSC Central Service Agent will 'switch on' the notification agent Forward Contract Report for the relevant notification agent. The notification agent will then receive the Forward Contract Report to the same schedule as the existing report until either:

- The notification agent requests that ELEXON switch the report off (again via a call to the ELEXON Helpdesk); or
- The year that the previous charge was payable for expires and the notification agent has not paid the charge for the following year.

In both cases, ELEXON will submit a completed copy of the Form BSCP41/01 'Changes to Individual Reporting Requirements' signed and Authorised by ELEXON and containing the details of the notification agent and the request to switch the report off for that notification agent, to the Central Registration Agent, who will action the request.

It should be noted that the BSC Central Service Agent will continue to provide the report to the notification agent until a request to switch it off is received from ELEXON. A new request from ELEXON need only be submitted where there is a new notification agent wishing to receive the report, or where the report has previously been switched off for a notification agent who wishes to receive it again.

4.2 Charging Mechanism and Cost Recovery

4.2.1 Charging Mechanism

The CNMG agreed that the charging mechanism should be consistent with principles established for cost allocation / recovery via existing mechanisms. The CNMG cited Alternative Modification Proposal P30 'Availability of Market Information to BSC Parties and non BSC Parties' (Reference 4) as a precedent, on the basis that Modification P30 addresses the allocation of costs to non BSC Parties. It should be noted that the Authority has directed that Alternative Modification P30 be made. Alternative Modification P30 implemented a charging mechanism whereby a charge, reflecting the costs associated with the Modification, is levied periodically on non BSC Parties wishing to receive the information. Therefore the CNMG agreed that this was an appropriate precedent to follow in developing the charging strategy for Modification Proposal P66.

The CNMG agreed that the charging mechanism for Modification Proposal P66 should be implemented as an annual 'up front' charge, such that there is no administration overhead from recovery of costs – if the notification agent fails to pay the charge, then the report is either not 'switched on' for them (i.e.

on an initial request), or is 'switched off' on the expiry of the previous charging period (i.e. on an ongoing invoice which has not been paid).

The CNMG reviewed the level of the likely charge and agreed that, as a consequence of the potentially differing charge levels, the Panel should be responsible for setting the most appropriate charge based upon the associated costs of providing the report (see section 4.2.2), utilising supporting information from ELEXON.

4.2.2 Cost Recovery

The charge for provision of the notification agent Forward Contract Report is aimed at recovering the costs of developing and implementing the notification agent Forward Contract Report and of operating and maintaining it.

The CNMG reviewed the development, implementation and operational costs associated with the provision of this report, and these are summarised below:

'One off' Activities	Cost
Development and Implementation of Modification Proposal P17	£200,000⁴
BSC Central Service Agent development and implementation of Modification P66	£27,000
ELEXON Development and Implementation Costs	£45,000
Total Development and Implementation Costs	£272,000

Annual Charges	Cost
Operational and Maintenance costs	£12,000

The CNMG agreed that the development and implementation costs associated with Modification Proposal P17 should be allocated into the costs associated with Modification Proposal P66, on the grounds that these costs would be incurred in the development and implementation of Modification Proposal P66 if work on Modification Proposal P17 had not been undertaken, and therefore are a necessary component of the P66 costs.

5 APPLICABLE BSC OBJECTIVES

As part of the assessment of the Modification, the CNMG reviewed the objectives of the Modification against the Objectives of the BSC, as defined in the Transmission Licence Condition C3, paragraph (3).

The CNMG agreed that Modification Proposal P66 better facilitates achievement of the Applicable Objectives of the Balancing and Settlement Code than the current arrangements, as the Modification could be deemed to facilitate 'promoting effective competition in the generation and supply of electricity and (so far as is consistent therewith) promoting such competition in the sale and purchase of electricity', by:

⁴ It should be noted that this sum is based on the original costs identified for the implementation of Modification Proposal P17 (taken from the Assessment Report). The exact development and project costs associated with Modification P17 cannot be isolated from the overall ELEXON BSC Systems Release project in which P17 was included.

- Redressing an inequality in the provision of reports from ECVAAs, by providing the Forward Contract Report to notification agents;
- Reducing the risks associated with notifying / incorrect notifications; and
- Enabling notification agents to determine errors and omissions in the notifications submitted by them to ECVAAs and therefore enabling them to rectify such errors. This should increase BSC Party confidence in the quality of data with regards to contract notifications and may have an associated affect of increasing liquidity in notifications by increased confidence in utilisation of third party notification agents.

The majority of the BSC Party consultation responses also support the assertion that Modification Proposal P66 better facilitates achievement of the Applicable BSC Objectives for the above reasons (see section 12.1).

CNMG also agree that the Modification better facilitates achievement of the Transmission Licence Condition C3 3(d) 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements', by potentially reducing the number of Trading Queries and Trading Disputes raised with BSCCo, as a result of the notification agent being able to identify and rectify such errors and omissions before they necessitate such a dispute.

6 IMPACT ON BSC AND BSCCO DOCUMENTATION

6.1 BSC

The Balancing and Settlement Code (BSC) requires amendment as follows:

- Section V, 3.2.2 requires amendment to reflect the restriction of the new report to the recipient notification agent (for the purposes of data confidentiality); and
- Section V 'Reporting', ANNEX V-1 Table 3 requires amendment to include the new version of the Forward Contract Report to the relevant notification agent, reflecting the restriction of that report to the recipient notification agent.

The BSC may require amendment to reflect the charge to notification agents for the receipt of this information, and to the requirement for the charge to be reviewed and amended by the Panel. However this will be reflected in the legal drafting when it becomes available.

The legal drafting will be provided in ANNEX 1 of this Assessment Report when available.

6.2 Code Subsidiary Documents

The Code Subsidiary Documents require amendment as follows:

- **ECVAAs Service Description (V2.0)**: The 'ECVAAs Outputs' table should be amended such that the '7 Day Credit Report' is renamed 'Forward Contract Report', and the recipient for this report should be expanded to include ECVNAs and MVRNAs;
- **NETA Data File Catalogue**: Requires amendment to include the new variant of the Forward Contract Report (the E0222) to notification agents;
- **Reporting Catalogue**: Requires amendment to section 4.5 'Forward Contract Report' to include the new variant of the Forward Contract Report to notification agents;

- **ECVAA User Requirements Specification (V2.5)**: Requires amendment to include the new variant of the Forward Contract Report to notification agents; and
- **Interface Design Definition (IDD) Part 1 (V3.6)**: Requires amendment to include the new variant of the Forward Contract Report to notification agents.

7 IMPACT ON BSC SYSTEMS

7.1 Registration

The Central Registration Agent (CRA) is not directly impacted by the implementation of the new notification agent Forward Contract Report. However, once the new report is implemented, it will be included in the flexible reporting arrangements (defined in BSCP 41 'Report Requests and Authorisations') and as such, CRA will be required to manage the process of switching the report on / off for notification agents.

It should be noted that ELEXON will be the instigator of this process, as the notification agent Forward Contract Report will not be released to notification agents until the relevant charge has been levied and received by ELEXON. Therefore CRA will receive the 'go-ahead' from ELEXON to switch the report on for the relevant notification agent.

Therefore there is an additional resource burden on the CRA, although this is reflected in the BSC Central Service Agent impact assessment, which is consistent with this approach.

7.2 Contract Notification

The Energy Contract Volume Aggregation Agent (ECVAA) is impacted by the requirement to develop and implement the new notification agent variant of the Forward Contract Report. Once this report is implemented, it is envisaged that the new report will be kept consistent with developments to, and the service levels of, the existing Forward Contract Report (to BSC Parties – E0221).

It should be noted that the new notification agent Forward Contract Report has already been developed (under Modification Proposal P17) and the associated functionality exists in the ECVAA BSC System, but is currently disabled ('configured out'). The intent is that the report format and structure developed for Modification Proposal P17 is to be utilised unchanged. This introduces a (minor) discrepancy between the notification agent Forward Contract Report and the existing BSC Party Forward Contract Report.

This (minor) discrepancy is a result of concurrent development and implementation of Modification Proposal P17 and Alternative Modification P4 (Enhanced ECVAA Reporting). Both Modifications were developed for implementation as part of the ELEXON BSC Systems Release 2 Project (with an associated implementation date of March 2002). Alternative Modification P4 required a change to the BSC Party Forward Contract Report to add in a data item to indicate the last notification received which made it into the report.

As a consequence of the concurrent development, the notification agent Forward Contract Report reflected the structure and format of the Forward Contract Report proposed under Alternative Modification P4. Therefore this new data item was included in the development for P17, to ensure consistency between the two reports. However, this introduces a discrepancy between the existing BSC Party Forward Contract Report and the new notification agent variant of the Forward Contract Report which will exist until Alternative Modification P4 (or equivalent Change Proposal) is implemented.

Amending the new variant of the notification agent Forward Contract Report to reflect the existing baseline was considered, however, as:

- This amendment incurred material costs and extended timescales;
- The discrepancy between the reports is not material; and
- When / if Alternative Modification P4, or equivalent Change Proposal, is implemented, then the notification agent variant of the Forward Contract Report would require subsequent amendment at that time, incurring additional development costs for ELEXON and notification agents.

Therefore, incurring additional development and implementation costs was not deemed to be appropriate and it was determined that the new report should be implemented as developed.

7.3 Reporting

The Energy Contract Volume Aggregation Agent (ECVAA) is impacted by the requirement to develop and implement the new notification agent variant of the Forward Contract Report, as detailed in the Contract Notification impact (section 7.2)

7.4 BSC Central Service Agent Impact Assessment

The BSC Central Service Agent impact assessment (provided in full in ANNEX 3) indicates that there is additional development and implementation required to support Modification Proposal P66. This is a consequence of the proposed mechanism for implementation of the new report, namely that the new report should be switched off for all recipients, and then switched on as and when required for individual notification agents, under the existing flexible reporting arrangements.

The (detailed level) impact assessment provided by the BSC Central Service Agent proposes two options for implementing this aspect of Modification Proposal P66:

Manual – the ECVAA database is configured such that the report is switched off for all notification agents, and where it is required to be switched on for a specific notification agent (after payment of the appropriate charge to ELEXON), then ELEXON will provide a request (in accordance with BSCP41) to the BSC Central Service Provider who will enable (switch on) the report for that notification agent. The same process will be followed for switching the report off, where required.

The costs and timescales associated with the development and implementation of the manual approach are as follows:

Development and Implementation	<u>£26,901</u>
Operate	<u>£683 per month</u>
Maintain	<u>£314 per month</u>
Development Timescales	<u>3 weeks</u>

Automated – As per the process detailed for the manual solution above, but automated.

The costs and timescales associated with the development and implementation of the automated approach are as follows:

Development and Implementation	<u>£38,102</u>
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Operate	<u>£683 per month</u>
Maintain	<u>£445 per month</u>
Development Timescales	<u>4 weeks</u>

The CNMG considered the impact assessments from the BSC Central Service Agent and agreed that, as the manual approach is consistent with the existing processes in place and the number of requests to switch the report on / off were likely to be relatively small (estimated, at least initially, to be in the region of five to ten per year), the manual solution would be sufficient for the purposes of supporting Modification Proposal P66.

It should be noted that:

- The costs and timescales are exclusive of external testing (i.e. include only internal testing of the BSC Central Service Agent systems);
- The development undertaken for Modification Proposal P17 will be utilised unchanged and will not be subject to any further testing;
- The BSC Central Service Agent is not responsible for the collection / provision of any statistics used for determining the charge for the service and
- All costs are exclusive of VAT and do not reflect the indexation of daily rates, effective from 1 April 2002.

8 IMPACT ON CORE INDUSTRY DOCUMENTS AND SUPPORTING ARRANGEMENTS

Modification Proposal P66 has no impact on the following Core Industry Documents and their supporting arrangements:

- Grid Code;
- Connection and Use of System Code (CUSC);
- Supplemental Agreements;
- Ancillary Services Agreements (ASAs);
- Master Registration Agreement (MRA);
- Data Transfer Services Agreement (DTSA);
- British Grid Systems Agreement (BGSA);
- Use of Interconnector Agreement;
- Pooling and Settlement Agreement (PSA);
- Settlement Agreement for Scotland (SAS);
- Distribution Codes;
- Distribution Use of System Agreements (DUoSAs); and
- Distribution Connection Agreements.

9 IMPACT ON ELEXON

ELEXON Impact Assessments are provided in full in ANNEX 4 of this Assessment Report.

9.1.1 Development and Implementation Impact

Modification Proposal P66 has the following impacts:

- | | |
|----------------------------------------------|------------------|
| – Industry Documentation | 12 man days; |
| – ELEXON Internal processes | 2 man days; |
| – Participant and regression testing | 16 man days; and |
| – Project documentation (testing plans etc.) | 20 man days. |

Total	60 man days	£30,000⁵
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Additional Audit Requirements (PWC)	£10,000
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Implementation of a charging mechanism	£5,000
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<u>Total Development and Implementation Costs</u>	<u>£45,000</u>
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The above impacts are based on the following assumptions:

- Implementation is within a full release;
- Implementation, documentation and testing is identical to that for Modification Proposal P17; and
- Implementation of a charging mechanism.

9.1.2 Operational Impact

ELEXON will be impacted by the requirement to administer the process of charging notification agents for receipt of the new report, recovering the charge, and for notifying the BSC Central Service Agent when a notification agent is to receive the new report / terminate the new report. This has a potential resource burden on ELEXON.

However, in terms of the charging mechanism, it is envisaged that the number of requests will be small, initially believed to be in the region of five to ten requests, therefore the costs associated with the administration should be marginal and can therefore be absorbed.

ELEXON will be required to develop a process for notifying the BSC Central Service Agent when a notification agent is entitled to receive this new report, or the report should be terminated for a notification agent, both achieved via use of the BSCP 41 form(s). Again, as the number of requests is envisaged to be small, initially believed to be in the region of five to ten requests, the costs associated with this administration should be marginal and can therefore be absorbed.

10 IMPACT ON PARTIES AND PARTY AGENTS

A request for an impact assessment of Modification Proposal P66 was provided to BSC Parties and notification agents via CPC 119 'Detailed Level Impact Assessment for P66 – ECVNAs and MVRNAs to Receive the ECVA Forward Contract Report'. The responses are provided in ANNEX 2(b) of this Assessment Report and are summarised below.

⁵ Based on ELEXON standard project costs of £500 per man day.

10.1 Parties

All responses to CPC119 indicate that there is no impact on BSC Parties.

10.2 Party Agents

It should be noted that no third party notification agents or power exchanges responded to this CPC.

The responses to CPC 119 indicate that responding notification agents (who are also BSC Parties and therefore receive the existing variant of the Forward Contract Report) do not wish to receive the new notification agent Forward Contract Report and therefore there is no impact identified. This is consistent with the development and implementation approach of the Modification Proposal, which seeks to remove any impact on parties other than recipients of the report (by switching it off for all notification agents by default).

However, if a notification agent wished to receive the new variant of the Forward Contract Report, then they would be impacted by the requirement to develop and implement the new report, and any associated processing requirements. It is envisaged that this would be relatively material in terms of development and implementation timescales and costs. One response indicated that thirty days notification would be required, and it is assumed that this is the requisite timescale for development and implementation of the new interface within that organisation.

It should be noted that the new notification agent variant of the Forward Contract Report differs from the existing BSC Party variant, and therefore a notification agent who receives the BSC Party variant wishing to receive the new report would be required to develop and implement the new interface and associated processing.

11 LEGAL ISSUES

None identified at this time.

12 SUMMARY OF REPRESENTATIONS

12.1.1 BSC Party P66 Consultation Responses Summary

Ten responses (on behalf of 48 Parties) were received in response to the consultation on Modification Proposal P66.

The consultation consisted of a questionnaire containing six questions relevant to BSC Parties. The rationale for the response provided was also requested. The responses received are summarised against each question:

Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?

- 2 no comments (5 Parties); and
- 8 support (43 Parties).

Rationale for supporting the principle of Modification Proposal P66 are as follows:

- It (the Modification) provides equality of access to information for all notification agents;

- It reduces trading risk on Parties and potentially improves trading efficiency by reducing notification errors;
- It reduces risk on party agents and therefore could encourage new party agent services and competition and could potentially reduce the costs of third party notification services; and
- It has no impact on existing arrangements and better facilitates achievement of the Applicable BSC Objectives.

Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?

- 3 no comments (5 Parties);
- 5 support (38 Parties); and
- 2 not support (5 Parties).

Rationale for supporting the principle of cost allocation to notification agents using the report are as follows:

- Given the Authority decision on Modification Proposal P17, and the principle established by Modification Proposal P30 (charging of non BSC Parties for receipt of information), the principle should be maintained;
- It constitutes a new flow of data and as such the costs incurred introducing this report should be paid for by the notification agents requesting it; and
- The development and implementation costs should be recovered from those participants using the services.

Rationale for not supporting the principle of cost allocation to notification agents using the report are as follows:

- Notification agents are 'employed' by BSC Parties and provide a valuable service, any increase in agent costs will be passed onto BSC Parties;
- If costs are levied on notification agents then this could disadvantage new and small players, which in turn could stifle their development;
- Other facilities, such as flexible reporting, are available uncharged, which could also be considered to be over and above normal operation, therefore for consistency, operational charging should be implemented for all such facilities;
- It is an oversight that the Forward Contract Report was not made available to notification agents at NETA Go Live and it seems unfair to penalise them for this; and
- A charging mechanism for recovering costs from notification agents who do not take up the report on implementation, but take it up later (i.e. when the costs of the report are reduced) could be over complicated.

Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?

- 2 no comments (2 Parties);
- 6 support (41 Parties); and

- 2 not support (5 Parties).

The same rationale as that provided in the responses for Q2 was provided for Q3.

Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?

- 2 no comments (5 Parties);
- 3 support (8 Parties); and
- 5 not support (35 Parties).

Rationale for supporting the principle that parties should pay for the report via the BSCCo cost recovery mechanism are as follows:

- The Modification potentially benefits all parties by promoting third party services, and therefore costs should be borne by all parties;
- All parties benefit from increased confidence in notification arrangements; and
- Notification agents provide a service to parties and it is important that notifications are accurate, and that such accuracy can be confirmed, with the Forward Contract Report key to this confirmation.

Rationale for not supporting the principle that parties should pay for the report via the BSCCo cost recovery mechanism are as follows:

- Under this mechanism, all parties would be smeared over all parties in proportion to their Credited Energy rather than being passed through to the parties using the notification agent services;
- BSC Parties will not be using the report, and as there is a commercial arrangement with notification agents which BSC Parties pay for, the notification agent should bear the costs;
- Although the principle is supported, it is recognised that the Authority rejected the solution (P17) and therefore a cost recovery mechanism should reflect the requirements of the Authority; and
- The charge should be levied on the notification agent receiving the service, who can then pass the charges on to users of their services, thus targeting costs on the users / beneficiaries.

Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?

- 2 no comments (2 Parties) and 1 depends (20 Parties);
- 4 support (15 Parties); and
- 3 not support (11 Parties).

Rationale for supporting the recovery of costs associated with the development and implementation costs associated with Modification Proposal P17 are as follows:

- On the grounds that these costs were incurred in the implementation and development of the report required to give effect to Modification Proposal P66, then they should be allocated to Modification Proposal P66. However, in practice, the report might not be taken up by notification agents, in which case these costs will be recovered via the BSCCo cost recovery mechanism from all parties.

Rationale for not supporting the recovery of costs associated with the development and implementation costs associated with Modification Proposal P17 are as follows:

- In this case it is not appropriate that costs already largely incurred as a result of a previous BSC Panel decision should be allocated on a different basis than that previously envisaged.

Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?

- 3 no comments (6 Parties); and
- 7 support (42 Parties).

Rationale for believing that Modification Proposal P66 better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation are as follows:

- It enables third party notification agents (third party) to have access to the same information as other notification agents, which allows participants (probably new entrants) to choose whether to notify themselves or use a third party;
- Modification Proposal P66 reduces the trading risk on BSC Parties and potentially improves trading efficiency by helping to reduce notification errors and could encourage new party agent services and competition; and
- It should reduce the costs of third party notification services thus supporting objectives 3(c) and (d).

12.1.2 Notification Agent P66 Consultation Responses Summary

Nine responses were received in response to the notification agent consultation on Modification Proposal P66. It should be noted that no responses were received from third party notification agents, or power exchanges.

The consultation consisted of a questionnaire containing two questions relevant to notification agents. The rationale for the response provided was also requested. The responses received are summarised against each question:

Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?

- 3 no comments;
- 5 indicated that they did not wish to receive the report; and
- One response indicated 'possibly' on the grounds that receipt would depend upon the cost of the report.

Rationale for not wishing to receive the report is that the majority of respondents indicate that they receive the existing BSC Party variant of the report and therefore their systems are set up to receive and process this, and they receive all the information they require from this report.

Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?

- All no comments.

12.1.3 CPC119 Impact Assessment Responses Summary

See section 9 of this Assessment Report.

12.1.4 BSC Party P66 Second Assessment Consultation Responses Summary

Seven responses (on behalf of 40 Parties) were received in response to the consultation on Modification Proposal P66.

The consultation consisted of a questionnaire containing three questions relevant to BSC Parties. The rationale for the response provided was also requested. The responses received are summarised against each question:

Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.

- 6 responses (35 Parties) indicated that there was no change to their previous response; and
- 1 response (5 Parties) indicated that although they still supported the principle expressed in their original response, i.e. that the costs associated with the service should be recovered from the recipients of the service, the view was expressed that if this principle made the service prohibitively expensive and no one receives the report, then it would be better to lower the charge such that some of the costs are recovered, rather than none at all.

The previous responses are summarised in section 12.1.1 of this Assessment Report and provided in full in Annex 2. In summary, the majority of responses supported the principle of Modification Proposal P66 and believed that it better facilitated achievement of the Applicable BSC objectives. The majority of responses also supported the recovery of the development, implementation and operational costs associated with Modification Proposal P66 (including those associated with Modification Proposal P17) from the recipients of the report.

Q2. What do you believe a fair / justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?

- 1 response (20 Parties) believes a £35,000 p.a. charge to be appropriate. The supporting rationale is given as the development and implementation costs spread over three years and three notification agents;
- 1 response (5 Parties) believes a £10,000 to £20,000 p.a. charge to be appropriate. The supporting rationale is given as this charge level being a reasonable contribution to the cost of the report, but will not be so expensive that it prevents notifications agents receiving the report. This is also based on a take up of three notification agents;

- 1 response (4 Parties) believes that a charge of less than £5,000 p.a. is appropriate. No supporting rationale was provided;
- 1 response (6 Parties) indicated that the charge should be dependent upon take up of the report; and
- 3 no comments (5 Parties).

Q3. How many years do you think the development and implementation costs should be spread over?

- 2 responses (24 Parties) support development and implementation cost recovery over three years. Supporting rationale is given as 3 years is more equitable than 1 year, and more practical than 5 years;
- 1 response (5 Parties) support development and implementation cost recovery over 5 years;
- 1 response (1 Party) supports a zero recovery of development and implementation costs as they support the allocation of the costs associated with this Modification Proposal over all BSC Parties; and
- 3 no comments (10 Parties).

Further comments were requested regarding Modification Proposal P66, and are as follows:

- One response (5 Parties) indicates that although they support Modification Proposal P66, they would like to see a commitment from notification agents that they will pay for the report before any further costs are incurred;
- One response (1 Party) indicates that they still have concerns regarding the cost recovery arrangements, in that the arrangements proposed may cause an over or under recovery and it is not clear how this would be dealt with. The same response also indicates that given the low level of interest in this Modification it is not certain that there will be any interest in the service should it be implemented; and
- One response (3 Parties) indicates that the Modification has some benefit and therefore should be made, but subject to there being a demand for the service at a price related to the development and implementation costs yet to be incurred, plus the ongoing operational costs, with the recovery of these costs being a one off payment.

12.1.5 Notification Agent P66 Second Assessment Consultation Responses Summary

Seven responses were received in response to the notification agent consultation on Modification Proposal P66. It should be noted that no responses were received from third party notification agents, or power exchanges.

The consultation consisted of a questionnaire containing three questions relevant to notification agents. The rationale for the response provided was also requested. The responses received are summarised against each question:

Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?

- All seven responses indicated that there was no requirement for the report.

Rationale for not wishing to receive the report is that the majority of respondents indicate that they receive the existing BSC Party variant of the report and therefore their systems are set up to receive and process this, and they receive all the information they require from this report.

- Q2.** At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?
- 5 responses provide a no comment response on the grounds of the nil requirement; and
 - 2 responses indicate that any charge means that the cost of the report outweighs its benefit.
- Q3.** Are you expecting to pass through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds?
- All 7 responses provide a no comment response on the grounds of the nil requirement.

13 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

The Transmission Company provided a 'Neutral – No Impact' response to CPC119 'Detailed Level Impact Assessment for P66 – ECVNAs and MVRNAs to Receive the ECVAA Forward Contract Report'.

ANNEX 1 – PROPOSED TEXT TO MODIFY THE BSC

Pending drafting

ANNEX 2 – CONSULTATION AND CPC RESPONSES

a Responses from P66 Assessment Consultation

Consultation issued 22 February 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	TXU Europe	P66_ASS_001	20
2.	GPU Power UK	P66_ASS_002	1
3.	British Energy Group	P66_ASS_003	3
4.	SEEBOARD Energy Limited	P66_ASS_004	1
5.	SEEBOARD Power Networks	P66_ASS_005	1
6.	Powergen	P66_ASS_006	4
7.	Scottish & Southern Energy	P66_ASS_007	4
8.	Calanais Ltd	P66_ASS_008	5
9.	Centrica	P66_ASS_009	4
10.	LE Group	P66_ASS_010	5

P66_ASS_001 – TXU Europe

BSC Party Consultation Questions

Philip Russell

TXU Europe (20 BSC Parties)

Question	Response
Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?	YES Rationale: It provides equality of access to information for all notification agents.
Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?	YES Rationale: It is unfortunate that this functionality was not delivered at the time of Go-Live but given the Authority decision on P17 and the establishment of the principle in the P30 Mod we agree that the principle should be maintained.
Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the	YES – In theory Rationale: but in practice we believe these will

report?	be indistinguishable or very small and the administrative cost would outweigh the benefit.
Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?	NO Rationale: In this case the costs would be smeared over all Trading Parties in proportion to their Credited Energy rather than being passed through to the Parties who were using the notification agents services.
Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?	In practice does it make any difference ? Rationale: On the grounds that they were incurred in order to develop this report we believe they should be allocated to it. In practice it may well be that no one takes it. If this is true then the costs will be recovered from all BSC Parties in proportion to their Credited Energy as Elexon can not make a loss (or profit).
Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?	YES – although somewhat tenuously Rationale: It would allow participants (in reality probably new entrants) to choose whether to notify themselves or seek the services of a 3 rd Party Notification Agent which would have access to the same information available to other Notification Agents.
Any further comments:	

Respondent: Philip Russell

Notification Agent: TXU Europe Energy Trading Ltd

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: Our systems are already designed around receiving the BSC Party version of the Forward Report.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale:
Any further comments:	

P66_ASS_002 – GPU Power UK

Please find that GPU Power UK Response to P66 - ECVNAs and MVRNAs to receive the ECVAAs forward Contract Report is 'No Comment'.

Rachael Gardener

Deregulation Control Group & Distribution Support Office

GPU POWER.NETWORKS (UK) plc

P66_ASS_003 – British Energy Group

BSC Party Consultation Questions

Responses in role as BSC Party:

British Energy Power & Energy Trading Ltd

British Energy Generation Ltd

Eggborough Power Ltd

Question	Response
<p>Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?</p>	<p>YES - Reduces the trading risk on BSC Parties and potentially improves trading efficiency by helping to reduce notification errors; reduces risk on BSC Party Agents and could encourage new Party Agent services and competition.</p>
<p>Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?</p>	<p>YES / NO – Each modification must be considered on its merits. The potential benefits to BSC Parties collectively of promoting third party services need to be considered, and in future the costs and their method of allocation need to be established before proceeding. In circumstances of this case, we believe the development and implementation costs should be borne by BSC parties, but a sharing of costs between BSC Parties and those non-parties wishing to use the reports might have been more appropriate if considered from the outset.</p>
<p>Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?</p>	<p>YES – In general, we support the principle that operational costs should be borne by those using the relevant service.</p>
<p>Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo</p>	<p>YES - In this particular case, we consider that the development and implementation costs should be borne by BSC Parties. See response to Q2.</p>

cost recovery mechanism?	
Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?	NO – In this case, we do not think it appropriate that costs largely already incurred as a result of a previous BSC Panel decision should be allocated on a different basis than originally envisaged. However, in future we expect the Panel to consider cost allocation at an early stage of the assessment and consultation process.
Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?	YES – See response to Q1.
Any further comments: Our views on this modification are influenced by the fact that a significant part of the costs of this modification have already been incurred, and the benefits would be lost if the costs to those requesting the service are prohibitive. In future, we expect the allocation of costs to be considered as early as possible in the modification process for each proposal.	

Notification Agent Consultation Questions

Response to questions in role as a Notification Agent:

British Energy Power & Energy Trading Ltd

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO – not at this time or in the near future.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. – N/A
Any further comments:	

P66_ASS_004 - SEEBOARD Energy Limited

Question	Response
<p>Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?</p>	<p>YES Rationale: Forward Contract Report is a key tool for all parties involved in checking that notifications made match their intent.</p>
<p>Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?</p>	<p>NO Rationale: See answer to question 4</p>
<p>Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?</p>	<p>NO Rationale: See answer to question 4</p>
<p>Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?</p>	<p>YES Rationale: Notification Agents are employed by BSC Parties and provide a valuable service. It is of great importance that notifications are made accurately and that this can be confirmed. Forward Contract Report is key to this confirmation. Any increase in an Agent's costs will be passed on to BSC Parties. If costs are laid at the door of Agents this could disadvantage new and small players, which in turn would stifle their development.</p>
<p>Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?</p>	<p>YES Rationale: But only if it is targeted at all players</p>
<p>Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?</p>	<p>YES Rationale:</p>
<p>Any further comments:</p>	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: We operate as a "Self Notifier" only and as such receive all information we require as a BSC Party.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale: We do not need this report but support the suggestion that costs should be met by all BSC Parties for the common good.
Any further comments:	

P66_ASS_005 - SEEBOARD Power Networks plc

Question	Response
Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?	Yes Rationale: As a PDSO this report is not used, but we understand that this is of use to Suppliers.
Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?	Rationale: See Q4.
Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?	Rationale: See Q4.
Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?	No Rationale: As a PDSO we do not receive such services and as such would need to be confident that any cost recovery mechanism excludes contributions from PDSOs. Therefore, not all Parties should contribute to these costs.
Q5. Do you believe that the development and	

implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?	Rationale: No views.
Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?	Rationale: No views.
Any further comments:	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	N/A Rationale:
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	N/A Rationale:
Any further comments:	

P66_ASS_006 – Powergen

Respondent: Tim Johnson
Representing (please list all parties): Powergen UK plc, Powergen Retail Limited, Diamond Power Generation Limited and Cottam Development Centre Limited

BSC Party Consultation Questions

Question	Response
Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?	YES Rationale: ECVNAs and MVRNAs will need this report to be able to confirm that they have made notifications correctly, and to be able to make full use of the facilities that might be available if P4 is implemented. Access to this risk mitigation facility should reduce the cost of 3 rd Party Notification services.

<p>Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?</p>	<p>NO</p> <p>Rationale: It was an oversight that the Forward Contract Notification report was not made available to Notification Agents from Go-Live, and it seems unfair to penalise them for this. In addition, the mechanism for recovering the costs from Notification Agents who decide not to use the report at implementation, but subsequently change their minds, or from new Notification Agents and reimbursing the original set of Agents who paid for the report looks excessively complicated.</p>
<p>Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?</p>	<p>NO</p> <p>Rationale: A progressive (and inherently partial) implementation of charging for use of BSC facilities seems unfair. There are many other BSC facilities that are currently uncharged (e.g. BSCP 41 reports) which it could be argued are over and above some sort of basic level of operation, but which are not currently charged for. Any introduction of charging for this sort of reporting should be carried out for all such facilities.</p>
<p>Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?</p>	<p>YES</p> <p>Rationale: All parties benefit from increased confidence in notification arrangements.</p>
<p>Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?</p>	<p>NO</p> <p>Rationale: see Q2</p>
<p>Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?</p>	<p>YES</p> <p>Rationale: It should lead to reduced costs of 3rd Party Notification services, supporting objectives c and d.</p>
<p>Any further comments:</p>	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: Currently do not act as a 3 rd Party Notifier, so all data required is on Forward Contract Report sent to Party.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale: N/A
Any further comments:	

P66_ASS_007 – Scottish & Southern Energy

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the Initial Assessment consultation document contained within your note of 22nd February 2002 concerning Modification P66, and in particular the six main BSC Party Consultation questions, our answers are as follows:-

Q1 Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?

We agree that this consultation should go through the full consultation assessment process, to enable us to have more details upon which we can make a more considered response at a future date.

Q2 Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?

Yes

Q3 Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?

Yes

Q4 Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?

No

Q5 Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?

Yes

Q6 Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?

Regards

Garth Graham

Scottish & Southern Energy plc

P66_ASS_008 – Calanais Ltd.

Name: Man Kwong Liu

Organisation: Calanais Ltd.

Response Provided on behalf of (BSC Parties): Scottish Power UK Plc.; ScottishPower Energy Trading Ltd.; Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.

Question	Response
<p>Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?</p>	<p>YES</p> <p>Rationale: it has no impact on existing arrangement for BSC Parties and betters the applicable BSC objectives.</p>
<p>Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?</p>	<p>YES</p> <p>Rationale: it constitutes a new flow of data. The costs required to introduce this report should be paid for by the ECVNAs and MVRNAs requesting it, so the cost burden should fall on those agents to develop and operate the report.</p>
<p>Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?</p>	<p>YES</p> <p>Rationale: See comments in Q.2 above</p>
<p>Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?</p>	<p>NO</p> <p>Rationale: BSC Parties will not be using it. There is already a commercial arrangement with Agents, which BSC Parties already paid for.</p> <p>Also, see comments in Q2 above</p>
<p>Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed</p>	<p>YES to attribution to P66 but No to cost recovery on BSC.</p> <p>Rationale: Costs borne by agents requesting</p>

to Modification Proposal P66 and included in the costs targeted for recovery?	the reports.
Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?	YES Rationale: BSC Objective (d).
Any further comments: We will not be using this report but would support this Mod in principle. As P17 before it was rejected by OFGEM on the ground that it should be paid for by those agents requesting the variant report, any costs associated with this and any additional costs to Elexon to administer the report, should be met by those third party agents.	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	YES / NO Rationale:
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale:
Any further comments:	

P66_ASS_009 - Centrica

BSC Party Consultation Questions

This response is on behalf of British Gas Trading Ltd, Accord Energy Ltd, Centrica King's Lynn Ltd and Centrica Peterborough Ltd.

Question	Response
Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?	YES Rationale: The mod would increase equability in information between BSC and non BSC Parties.
Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?	YES Rationale: The development and implementation costs should be recovered from those participants

	<p>who chose to take up the service. This should perhaps be done through a 'registration' fee. The question of whether this charge should also apply to new entrants if the total cost of development and implementation has been recovered must be addressed. If this is felt to be correct then it must also be decided where this income goes. Should it be smeared back to those who originally funded the development? And if so on what basis?</p>
<p>Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?</p>	<p>YES</p> <p>Rationale:</p> <p>As this service is optional it is appropriate that those companies wishing to use the service should bear the ongoing cost of operation.</p>
<p>Q4. Do you support the principle that, as notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?</p>	<p>YES / NO</p> <p>Rationale:</p> <p>Although the principle is correct this appears to be the same solution presented by P17 and subsequently rejected by Ofgem? If so it does not seem to be the best way forward for cost recovery for this modification.</p>
<p>Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?</p>	<p>NO</p> <p>Rationale:</p>
<p>Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?</p>	<p>YES</p> <p>Rationale:</p> <p>This should better facilitate c) as the modification should reduce risk to BSC Parties who have non BSC Party notification agents are not currently receiving the forward contract report (ECVAA-IO22).</p>
<p>Any further comments:</p>	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	Possibly, depending on the cost. Rationale:
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale:
Any further comments: It is difficult to provide an answer to question 2 when no indication of the likely costs of development, implementation and operation have been provided. Some indication to these costs would allow a reasoned judgement to be made.	

P66_ASS_010 – London Electricity

Please find attached our response to CPC0119. The response is from LE Group on behalf of London Electricity, South Western Electricity, Jade Power, Sutton Bridge Power and TXU Europe West Burton Ltd.

Apologies for the delay in our response, I hope you will still consider our comments.

Fran Benoy-Deeney

Change Analyst

Market Governance

Question	Response
Q1. Do you support the principle of Modification Proposal P66, namely to introduce a variant of the Forward Contract Report for notification agents (ECVNAs and MVRNAs)?	YES Rationale: More information allows greater efficiency within the market with a more level playing field.
Q2. Do you support the principle of allocating the development and implementation costs of introducing this new report to those notification agents receiving the report?	YES Rationale: As we discussed in our response to P17 those receiving the report should pay for its development.
Q3. Do you support the principle of allocating the operational costs of providing the new report to those notification agents receiving the report?	YES Rationale: As we discussed in our response to P17 those receiving the report should pay the ongoing costs of providing it.
Q4. Do you support the principle that, as	NO

notification agents provide a service available to all BSC Parties, and this report is aimed at improving this service, it is appropriate for all parties to pay for the new report via the BSCCo cost recovery mechanism?	Rationale: The charge should go to the ECVNA receiving the service who will then be able to pass through charges to any user of their service. This way the costs are targeted on the users.
Q5. Do you believe that the development and implementation costs associated with Modification Proposal P17 should be attributed to Modification Proposal P66 and included in the costs targeted for recovery?	YES Rationale: Although these are sunk costs they would otherwise have to have been spent assessing P66 so they should be included.
Q6. Do you believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives (see below) than the current situation?	YES Rationale: It increases the efficiency of the trading arrangements through better information.
Any further comments:	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: We receive the Party version and do not want to receive a duplicate
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. NA Rationale:
Any further comments:	

b Responses to CPC00119 (Impact Assessment Request)

CPC00119: Detailed Level Impact Assessment (DLIA) for P66 - ECVNAs and MVRNAs to Receive ECVAA Forward Contract Report.

The CPC took the following format:

I agree / disagree with the change proposed for the original Modification.

How much notification would you require to implement P66? ___ no. of days.

Does the Modification give rise to any implementation issues within your organisation?

Responses for CPC 119

Carried out by	Approve	Reject	Comments
Lina Shah Siemens Metering Services (Wollaton, Nottingham)	✓		I agree with the change proposed for the original Modification. Does the Modification give rise to any implementation issues within your organisation – No.
Stephen Mooney Bridge of Cally Energy Investments Ltd			Notification required – zero days. Impact – No.
Corrina Harvey IMServ Europe			Does the Modification give rise to any implementation issues within your organisation? – No . Comments: NO IMPACT
Helen Lees Npower Ltd		✓	I disagree with the change proposed for the original Modification. Comments: Does the Modification give rise to any implementation issues within your organisation? – No . We would not implement, or use this report, therefore there are no implementation issues within our organisation
Helen Lees Npower Direct Ltd.		✓	I disagree with the change proposed for the original Modification. Comments: Does the Modification give rise to any implementation issues within your organisation? – No . We would not implement, or use this report, therefore there are no implementation issues within our organisation

Carried out by	Approve	Reject	Comments
Lesley Mulley Npower Northern Ltd.		✓	<p>I disagree with the change proposed for the original Modification.</p> <p>Comments:</p> <p>Does the Modification give rise to any implementation issues within your organisation? – No.</p> <p>We would not implement, or use this report, therefore there are no implementation issues within our organisation</p>
Ros Parsons Npower Yorkshire Ltd.		✓	<p>I disagree with the change proposed for the original Modification.</p> <p>Comments:</p> <p>Does the Modification give rise to any implementation issues within your organisation? – No.</p> <p>We would not implement, or use this report, therefore there are no implementation issues within our organisation</p>
Rachel Ace British Energy Power & Energy Trading British Energy Generation Eggborough power Ltd.			<p>Comments: We have no requirement for this report nor are we intending to request receipt of it therefore there are no systems impacts. We will comment on the level of support for this modification in our response to consultation P66.</p>
Rachael Gardener GPU POWER NETWORKS (UK).			No Comment.
Dave Morton SEEBOARD			<p>I agree with the change proposed for the original Modification.</p> <p>Notification required – 0 days.</p> <p>Does the Modification give rise to any implementation issues within your organisation? No</p>
Sara Ames TXU			<p>I agree with the change proposed for the original Modification.</p> <p>Notification required – 30 days.</p> <p>Does the Modification give rise to any implementation issues within your organisation? No.</p>
Man KwongLiu Scottish Power UK Plc. ScottishPower Energy Trading Ltd. Scottish Power Generation Ltd. Scottish Power Energy Retail Ltd. SP Transmission Ltd.			<p>I agree with the change proposed for the original Modification.</p> <p>Notification – none.</p> <p>Does the Modification give rise to any implementation issues within your organisation? No.</p> <p>Comments:</p> <p>We will not be using this report but would support this Mod in principle. As P17 before it was rejected by OFGEM on the ground that it should be paid for by those agents requesting the variant report, any costs associated with this and any additional</p>

Carried out by	Approve	Reject	Comments
			<p>costs to Elexon to administer the report, should be met by those third party agents.</p> <p>Please also see our response on the P66 consultation.</p>
<p>Phil Lawton National Grid</p>			<p>I agree/disagree* with the change proposed for the original Modification. Neutral</p> <p>Does the Modification give rise to any implementation issues within your organisation? No impact</p>
<p>Fran Benoy-Deeney LE Group on behalf of: London Electricity South Western Electricity Jade Power Sutton Bridge Power TXU Europe West Burton Ltd.</p>			<p>I agree with the change proposed for the original Modification.</p> <p>Notification required – Not applicable as we do not intend to receive the report.</p> <p>Does the Modification give rise to any implementation issues within your organisation? No</p>

c Second Assessment Consultation Responses

Consultation issued 8 April 2002 to BSC Parties and notification agents. The associated consultation document is available on the BSC Website:

www.elexon.co.uk/ta/modifications/modsprops/P066/P66_Agent_Consult_V1_0.doc

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1	TXU Europe	P66_ASS2_001	20
2	LE Group	P66_ASS2_002	5
3	SEEBOARD Energy Ltd	P66_ASS2_003	1
4	British Gas Trading	P66_ASS2_004	1
5	Scottish and Southern Energy	P66_ASS2_005	4
6	British Energy plc	P66_ASS2_006	3
7	Scottish Power	P66_ASS2_007	6

P66_ASS2_001 – TXU Europe

BSC Party Consultation Questions

Question	Response
Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.	NO Rationale: It currently works fine for us – changing anything will cost us more money and have no added benefit.
Q2. What do you believe a fair / justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?	£35k Rationale: 3 Notification Agents, costs recovered over 3 years.
Q3. How many years do you think the development and implementation costs should be spread over?	3 Years Rationale: seems more equitable than 1 year and more practical than 5 years.
Any further comments:	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: We already manage the issue by using the Party Report – it would cost us more money to change to using the Agent version.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ anything Rationale: it already works for us and changing anything will cost us more money to implement in addition to the cost of the report.
Q3. Are you expecting to pass-through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds?	Rationale: We do not notify for 3 ^d parties and we do not expect to renegotiate the role of ECVNA with existing counterparties.
Any further comments:	

P66_ASS2_002 – LE Group

Please find attached LE Group's response to the above consultation, on behalf of London Electricity, SWEB, Jade Power, Sutton Bridge Power and TXU Europe West Burton Ltd

Rachel Walker

Energy Strategy and Regulation

BSC Party Consultation Questions

Question	Response
Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.	In principle, we still believe that cost should be recovered from those who receive a service. However, if this makes the service prohibitively expensive and therefore no one receives the report it would be better to charge a lower amount to recover at least some of the costs than recover none at all.
Q2. What do you believe a fair / justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?	Between £10k and £20k p.a. Rationale: This is a reasonable contribution towards the cost of the report but will not be so expensive to prevent a potentially small number of Notification Agents from receiving the report. We have based this calculation on

	a more realistic number of three ECVNAs requiring the report.
Q3. How many years do you think the development and implementation costs should be spread over?	5 Years Rationale: This will be in line with other NETA reporting cost recovery timescales.
Any further comments: Although we have supported this modification, we are keen to see a commitment from ECVNAs that they will pay for the report at the specified level before further costs are incurred.	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: We already receive the BSC Party version
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. NA Rationale:
Q3. Are you expecting to pass-through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds?	Rationale: NA
Any further comments:	

P66_ASS2_003 – SEEBOARD Energy Ltd

BSC Party Consultation Questions

Question	Response
Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.	NO Rationale: We continue to believe that these costs should be spread across all parties and not just Notification Agents.
Q2. What do you believe a fair / justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?	£ p.a. Rationale: See above comment.
Q3. How many years do you think the development and implementation costs should be spread over?	0 Years Rationale: Based on costs being apportioned to all BSC Parties.
Any further comments:	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: We do not wish to use this report irrespective of charges.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale: We do not believe a charge should be made to Notification Agents for this report
Q3. Are you expecting to pass-through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds?	Rationale: No as we do not require this report.

Any further comments:

We still firmly believe that all costs for this report should be spread evenly amongst all BSC parties. Notification Agents are employed by BSC Parties and provide a valuable service. It is of great importance that notifications are made accurately and that this can be confirmed. This Forward Contract Report is key to such confirmation. Any increase in an Agent's costs will be passed on to BSC Parties. If costs are laid at the door of Agents this could disadvantage new and small players, which in turn would stifle their development.

P66_ASS2_004 – British Gas Trading

Response is on behalf of British Gas Trading Ltd.

BSC Party Consultation Questions

Question	Response
<p>Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.</p>	<p>NO Rationale:</p>
<p>Q2. What do you believe a fair / justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?</p>	<p>£ p.a. Rationale:</p>
<p>Q3. How many years do you think the development and implementation costs should be spread over?</p>	<p>Years Rationale:</p>
<p>Any further comments:</p> <p>We still have concerns regarding the arrangements for cost recovery. We do not believe it is appropriate to charge costs over a 3 or 5 year period and still require any new entrants who enter the market, with one year of the recovery period to run for example, to pay the full amount. This would cause an over recovery and it is unclear what the arrangements for this would be.</p> <p>The converse of this is also true. Whilst the Panel may be setting the cost recovery charge on an annual basis it is unclear what the arrangements will be if Notification Agents withdraw from the scheme.</p> <p>Considering the low level of interest in this modification from notification agents it is far from certain that there would be any interest in this service should the modification be implemented. So, although we believe there is merit in this proposal we do not believe the cost recovery mechanism that has been developed addresses all of the issues involved.</p>	

Notification Agent Consultation Questions

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO Rationale: The cost at this level outweighs the benefits of receiving the report.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale:
Q3. Are you expecting to pass-through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds?	Rationale:
Any further comments:	

P66_ASS2_005 – Scottish and Southern Energy

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

Further to your note of 8th April 2002, and the associated Assessment Report for P66, we have the following comments on the six questions posed:-

BSC Parties

Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.

At this moment in time we do not see the need for us to receive additional reports.

Q2. What do you believe a fair/justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?

No more than £5k/annum.

Q3. How many years do you think the development and implementation costs should be spread over?

We support the spreading of the cost over a three year timeframe. If, however, the report is not going to endure that long then the cost need to be reduced somehow to reflect the maximum annual amount over the required period.

Notification Agents

Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?

As we already receive this as a BSC party, we have no additional requirements for further 'copies'.

Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?

£1

Q3. Are you expecting to pass-through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds

NA

Garth Graham

Scottish & Southern Energy plc

P66_ASS2_006 – British Energy plc

Please find attached British energy's response to the above consultation

Rachel Ace

On behalf of

British Energy Generation

British Energy Power and Energy Trading

Eggborough Power Ltd

BSC Party Consultation Questions

Response on behalf of British Energy Power & Energy Trading Ltd, British Energy Generation Ltd and Eggborough Power Ltd as BSC Trading Parties.

Question	Response
<p>Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.</p>	<p>NO Rationale:</p>
<p>Q2. What do you believe a fair / justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?</p>	<p>£ p.a. Rationale:</p>
<p>Q3. How many years do you think the development and implementation costs should be spread over?</p>	<p>Years Rationale:</p>

Any further comments:

Provision of a forward contract report for notification agents would assist in eliminating errors from the settlement process and might facilitate new services and increased competition in notification agency services. Ordinarily, we would expect the likely costs and demand to be considered at an early stage of the process to inform a decision on the cost versus benefit and thence efficiency. In this case it appears that most of the development costs have already been incurred, and the modification clearly has some benefit. In these circumstances we believe the modification should be made, subject to demand for the service at a price related to those development and implementation costs which are yet to be incurred, plus ongoing operational costs. We think it reasonable to recover these development and implementation costs as a one-off payment, since they are relatively small compared with the other costs a notification agent is likely to incur in its development and day-to-day operation. We hope that in future the Panel and Elexon will give more consideration to the cost of modifications before proceeding with software developments.

Notification Agent Consultation Questions

Response by British Energy Power & Energy Trading Ltd as a Notification Agent.

Question	Response
Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?	NO: British Energy does not currently perform notifications for contracts other than those for which it is a party and in which capacity it receives the data already.
Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?	£ p.a. Rationale:
Q3. Are you expecting to pass-through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds?	Rationale:
Any further comments:	

P66_ASS2_007 – Scottish Power

BSC Party Consultation Questions

Name: Man Kwong Liu, **Organisation:** Calanais Ltd.

Response Provided on behalf of (BSC Parties): For and on behalf of: - *ScottishPower UK Plc.; SP Manweb Plc.; ScottishPower Energy Trading Ltd.; ScottishPower Generation Ltd.; Scottish Power Energy Retail Ltd; SP Transmission Ltd.*

Question	Response
<p>Q1. Please indicate whether the information provided regarding the indicative costs and the discussions of the CNMG regarding the cost allocation, provided in more detail in the attached P66 Assessment Report, affect your previous responses to the consultation on Modification Proposal P66.</p>	<p>NO</p> <p>Rationale: We still consider it appropriate that those notification agents wishing to receive the new version of the Forward Contract Report should pay for it. BSC Parties already pay for the current Forward Contract Report.</p>
<p>Q2. What do you believe a fair / justifiable (annual) price for receipt of the Forward Contract Report to be, taking into consideration the number of notification agents likely to take up the report?</p>	<p>£ p.a.</p> <p>Rationale: We cannot suggest a figure because this will depend upon the actual take up of the Report. The indicative numbers produced by Elexon appear to be reasonable for the level of take up suggested and are reflective of the current and anticipated spend to create the Report. Any reduction would hint at some subsidisation by BSC Parties, which has been ruled out by the Authority decision on P17.</p>
<p>Q3. How many years do you think the development and implementation costs should be spread over?</p>	<p>Years</p> <p>Rationale: Again we are satisfied with the Elexon analysis. Three years appears to be a reasonable period of time over which to effect cost recovery.</p>

Notification Agent Consultation Questions

Name: Man Kwong Liu, **Organisation:** Calanais Ltd., For and on behalf of: *ScottishPower Energy Trading Ltd*

Question	Response
<p>Q1. If a notification agent variant of the Forward Contract Report were introduced, and a charge for receipt was levied, would you want to receive the report?</p>	<p>NO</p> <p>Rationale: Already receives report as BSC party.</p>
<p>Q2. At what charge would the cost of the report begin to outweigh its benefit (in £ per annum)?</p>	<p>£ p.a.</p> <p>Rationale: See BSC party response.</p>
<p>Q3. Are you expecting to pass-through the costs of this service to the BSC Parties for whom you are a notification agent, or would you expect to absorb the costs from existing funds?</p>	<p>Rationale: See BSC party response.</p>

ANNEX 3 – BSC AGENT IMPACT ASSESSMENTS

NETA Change Form	MP/CP/TP No: MP66
	Logica reference: ICR341
Title: ECVNAs and MVRNAs to receive ECVAA Forward Contract Report	
Identified by: TXU UK Ltd	Date received: 25-Feb-2002

Statement of requirement	
Baseline affected: NETA Service Definition Baseline (V1.0)	
Assumed changes over baseline: None	
Description of Change: See attached summary, also ELEXON document ref. IWA066, Version 1.0, dated 14 th February 2002.	
Proposed solution: See attached summary, also ELEXON document ref. IWA066, Version 1.0, dated 14 th February 2002.	
Justification for Change: See attached summary, also ELEXON document ref. IWA066, Version 1.0, dated 14 th February 2002.	
Proposed changes to Service Levels: None.	
Proposed changes to the Agreement: None.	
Attachments/references: Summary, also ELEXON document ref. IWA066, Version 1.0, dated 14 th February 2002.	

To be completed by Logica			
	High Level Impact Assessment	Detailed Level Impact Assessment	Quotation
Tick which stage is being completed:		✓	
Signed by Logica Contract Manager:			
Date:		14-Mar-2002	
HLIA category: Small/Medium/Large/Other		Price for DLIA:	
If this is a Quotation, are consequential modifications needed to the DLIA? Yes/No.			

Logica's proposal	
Logica's understanding of the requirement: See below.	

Logica's proposed design solution:

The solution implemented for P17 (previously rejected by OFGEM) for the report contents will be used unchanged.

Recharging to agents will be ELEXON's responsibility. The service provider will simply be informed when agents are to start and stop receiving the ECVAAs forward contract reports.

The implementation of the generation of the ECVAAs Forward Contract Report (ECVAAs-I022) was completed as part of P17 and is already in the Release 2 build. It is currently configured out but can be easily restored. P66 has an additional requirement over P17 that requires further implementation effort: this is to ensure reports only go to those agents requesting the report. This is contrary to how, by default, reports generated by the NETA central systems are directed to all possible recipients, and recipients have to elect not to receive reports. ie P66 requires "opt in", rather than the hitherto standard "opt out".

We have proposed two approaches to report direction: a manual approach having minimal implementation changes but requiring use of manual procedures and therefore liable to manual errors; and a much more automated approach whereby reports can be configured to only be received by those who choose to receive them (ie opt in). This latter approach requires some system changes but reduces the risk of reports being sent to recipients incorrectly. Moreover, the implementation will be sufficiently general so that future reports can be easily configured the same way.

These two approaches are now explained in more detail.

1. Manual Approach

The steps of this approach are as follows:

- Before P66 goes live, a one-off configuration of the database will be necessary to configure all possible recipients of ECVAAs-I022 are set so as to not receive it (ie all are configured to opt out).
- Whenever an agent wishes to receive the ECVAAs-I022 report, they will contact ELEXON.
- Assuming ELEXON accept the agent's request, ELEXON will send a BSCP41 flow to the service provider who will set the database so that the agent begins receiving reports from that time (ie the opt out for this agent is cancelled).
- At some later time, when reports are no longer to be sent to the agent, ELEXON will send a BSCP41 flow to the service provider who will set the database so that the agent no longer receives reports (ie the opt out for this agent is reinstated). The agent will receive the report until this notification is received.

Advantages

- Based entirely on existing mechanisms
- Least cost
- Can be implemented at the same time as Release 2

Disadvantages

- Entirely manual process so liable to mistakes
- ELEXON must inform the service provider when reports are to stop for an agent.
- Any similar new reports will require the same one-off database reconfiguration

2. Automatic Approach

The steps of this approach are as follow:

- A change is introduced to the NETA central systems software so that reports can be configured only to be sent to recipients who ask for them (ie opt in, rather than opt out)
- Whenever an agent wishes to receive the ECVAA-I022 report, they will contact ELEXON.
- Assuming ELEXON accept the agent's request, ELEXON will send a BSCP41 flow to the service provider informing them of the start and end dates for the requesting agent. The service provider will set the database so that the agent receives the ECVAA-I022 reports between the requested dates.
- If a change to the end date occurs, ELEXON will send a BSCP41 flow to the service provider informing them of the change. The service provider will update the database so that the agent receives the ECVAA-I022 reports until the new end date.

Advantages

- Much more automated process, less liable to mistakes
- Start and end dates can be specified in the initial request so there is no need for ELEXON to stop reports explicitly (although changes to the end date are possible).
- A general approach applicable to future "opt in" reports

Disadvantages

- Cannot be implemented in time for Release 2 (but can be patched shortly afterwards)
- Greater cost

Consequential changes to Project Deliverables:

CRA URS, ECVAA URS, IDD, ECVAA System Specification, Generic Operations Manual, ECVAA Software, Infrastructure software

Consequential impact on BSC Service Users or Other Service Providers:

None

Testing strategy:

- Testing will only be performed on our own system with external interfaces being simulated as necessary. No allowance has been made for testing with external systems.
- The P17 functionality has already been tested and so will not be tested
- Testing of processes will be through a walkthrough of the process
- No allowance has been made for ELEXON to witness testing.

Management plan for developing the Change:

Project plan for developing the Change:

The estimated time to complete the development of this change is three weeks for the Manual Approach and four weeks for the Automatic Approach.

Method of deployment:

Patch/Release

Is a planned outage required? Yes/~~No~~ (auto only)

Price for Design and Build:		
Item description:	Price (ex VAT)	Type of price:
1. Manual approach	£26,901	Fixed
2. Automated approach	£38,102	Fixed
Price for Operate and Maintain:		
Item description:	Price (ex VAT)	Type of price:
1. Operate (Manual approach)	£683	Fixed per month
1. Maintain (Manual approach)	£314	Fixed per month
2. Operate (Automated approach)	£683	Fixed per month
2. Maintain (Automated approach)	£445	Fixed per month
If this is a DLIA or Quotation, is a price breakdown in the agreed format attached? Yes/ No		
Terms attaching to the offer		
Validity period of offer: 30 days	Type of offer: Firm	
Assumed start date:		
Payment milestones: Logica will invoice in full for this change on deployment, or within one month of the change being ready for deployment.		
Document turnaround time: 5 days		
Impact on Service Levels: None		
Impact on performance of the System:		
Other terms:		
If this is a Quotation, is a draft contract amendment attached? Yes/No		
Responsibilities of ELEXON: ELEXON must provide the service provider with advanced notice of agents requiring the starting and stopping of their intention to receive the ECVAAs forward contract report. The service provider is not responsible in any way for the collection and provision of any statistics that may be used for the charge of this service.		
Assumptions made by Logica: <ul style="list-style-type: none"> • Price includes a provision of 5% for indexation of daily rates with effect from 1st April 2002. • Change P17 (which has been developed and tested but is not yet live, will be used unchanged for the contents of the report) will not be subject to any further tests. • The Service Description will have been updated by ELEXON and agreed with Logica prior to commencement of work. • For all formal documentation, which is subject to review, Logica, shall provide one draft issue and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in the price. • Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change. 		

Options and alternatives:

Two options (a manual and an automatic approach) have been proposed.

ANNEX 4 – CORE INDUSTRY DOCUMENT IMPACT ASSESSMENTS

Mod No.	P66	Title:	Son of P17		
Assessor Name		Assessor Team	BSC Systems Release 2 Project	Date	26/02/02
Modification Summary: see mod					
Summary of solution(s): Assumes change identical to P17 solution already developed and included in full release, plus need to implement whatever charging mechanism is agreed					
Product Affected Reference This should include:			Target Issue	Cost of Embodying CP – Man Days	
<ul style="list-style-type: none"> • Impact on NETA Services; (review) <ul style="list-style-type: none"> • ECVAA Service Description • ECVAA URS • IDD Part 1 • ECVAA System Spec • ECVAA Design Spec • The legal framework <ul style="list-style-type: none"> • BSC (check for issues & incorporate) • Business definition documents (review) <ul style="list-style-type: none"> • NDFC • Reporting Catalogue • CRD • Impact on flows (new/amended/deleted/BSC party impact); (manage party/NGC communications) <ul style="list-style-type: none"> • ECVAA_I022 (new variant) • Impact on BSCCo systems/processes (review/manage) <ul style="list-style-type: none"> • Charging Mechanism – liaison with Finance • Other <ul style="list-style-type: none"> • Participant Testing • Regression testing • Charging mechanism 			Release 2	5 md	
				1md	
				6 md	
				2md	
				10md	
				6md	

Additional Project documentation <ul style="list-style-type: none"> • Exception plan • Test Strategy • BRS • Participant Test spec • Test report 		10md 10md
Additional Audit activities (PwC)		£10K
Max 60 md effort from project (£30,000) min 5K for charging mechanism if all assumptions true + potentially additional audit costs		
Impact on other Systems –		
Assumptions – <ol style="list-style-type: none"> 1. Implementation date is with full release 2. Implementation identical to that proposed for P17; testing identical to that proposed for P17 3. Need to implement charging mechanism 4. Minimal cost/impact if done alongside P4 and full release £30k + logica costs if done as patch. 5. P17 has been built into full release and FR documentation. 		
Issues and Risks – <ol style="list-style-type: none"> 1. Ofgem decision so late that cannot implement with full release or ofgem reject 2. Ofgem reject – we then have to unpick 		
Related CPs P17, P4, CP755		
Comments		

MP No.	066	Title:	ECVNAs and MVRNAs to Receive the ECVAAs Forward Contract Report		
Assessor Name		Assessor Team	Trading Development	Date	12/03/02
Modification Proposal Summary:					
<p>Modification Proposal P66 follows on from Modification Proposal P17 'ECVNAs to receive 7-Day Report', which was rejected by the Authority on the grounds of inappropriate cost allocation. Modification Proposal P66 seeks to address the issue of cost recovery and associated allocation.</p> <p>Modification Proposal P66:</p> <ul style="list-style-type: none"> ▪ Seeks to implement a 'Forward Contract Report' specific to Notification Agents (ECVNAs and MVRNAs); and ▪ This report will provide the notification agent with information on notified Energy Contract Volume Notifications (ECVNs) and Metered Volume Reallocation Notifications (MVRNs). <p>This Impact Assessment has been undertaken against the following documentation:</p> <ol style="list-style-type: none"> 1. ELEXON Impact Assessment Request 'Modification Proposal P66 'ECVNAs and MVRNAs to Receive the ECVAAs Forward Contract Report' Version 1.0 2. IWA for Modification Proposal P66 'ECVNAs and MVRNAs to Receive the ECVAAs Forward Contract Report'. (IWA066) 					
Summary of solution(s):					
To provide the Forward Contract Report to ECVNAs and MVRNAs who wish to receive it. The new variant of the Forward Contract Report will be the ECVAAs-I0222 data flow.					
Comments					
Impacted Parties					
Parties are not impacted by Modification Proposal P66, as the existing variant of the Forward Contract Report will be retained.					
Impacted BSC Agents					
<ol style="list-style-type: none"> 1. CRA to receive and input the reporting requirements into the relevant systems in line with the existing processes described in BSCP38/41. The new ECVAAs-I0222 report will potentially increase in the number of requests which may involve additional CRA workload. 2. ECVAAs will produce a new variant of the Forward Contract Report (ECVAAs-I0222) and provide this to notification agents at the same service levels as the existing Forward Contract Report for Parties. ECVAAs will also need to provide additional information to support the cost recovery mechanism 3. BSC Auditor will be required to assess the auditability of the process proposed for P66 including the new charging mechanism for cost recovery from the notification agents involved. 					
Impacted Party Agents					
Party Agents (ECVNAs and MVRNAs) who wish to receive the Forward Contract Notification Report will be impacted. Those notification agents choosing to receive the notification agent version of the Forward Contract Report (E0222) will be required to develop and implement the new interface. However, those notification agents who do not wish to receive the notification agent version of the Forward Contract Report will not be impacted.					
Products Affected				Cost of Embodying - Man Days	
BSC: Section D 'BSC Cost and Recovery Participation Charges' is not impacted as the same approach in P30 will be used for charging Party Agents who require the ECVAAs-I0222 report (see Related Modification Proposals).					
BSC: Sections V 'Reporting' requires amendment to include the reference to the new variant of the Forward Contract Notification Report (E0222) and to constraining this data to the recipient notification agent (ECVNAs and MVRNAs). Also a change of terminology is required to refer to Forward Contract Report not Forward Notification Summary to be consistent and Code Subsidiary Documents.				1.0	

ECVAA Service Description to include a reference to the new variant of the Forward Contract Notification Report -in the 'ECVAA Outputs' table to a 'Forward Contract Report' for ECVNA and MVRNA recipients.	2.0
ECVAA User Requirement Specification requires amendment to develop and implement the new variant of the Forward Contract Report to the same service levels as the existing Forward Contract Report.	Logica
Logica IDD Part 1 requires amendment to develop and implement the new variant of the Forward Contract Report to the same service levels as the existing Forward Contract Report.	Logica
NETA Data File Catalogue to include a reference to the new variant of the Forward Contract Notification Report	Design Authority
Reporting Catalogue to the new variant of the Forward Contract Notification Report	Design Authority
BSCCo is impacted by the requirement to develop, implement and operate a solution to the cost allocation associated with this Modification Proposal. (ELEXON Finance Department)	
<p>Assumptions</p> <ol style="list-style-type: none"> 1. BSC Agents will undertake an impact assessment of P66. 2. No changes to the BSC Website / URS to support P66. 3. No impact on the BPM but Design Authority to confirm. 4. No impact on Core Industry Documents / Supporting Arrangements. 5. No impact on BSCP 41 and 38 because the documents are written generically. 6. Communication Requirement Document does not require the ECVAA-I0221 report be tested therefore the same has been assumed for the ECVAA-I0222 data flow. 7. Forward Notification Summary should also be renamed to the Forward Contract Report to provide consistency between the BSC and Code Subsidiary Documents. 	
<p>Issues and Risks</p> <p>If P66 was implemented as a standalone change, then the following products would be impacted when P4 is implemented:</p> <ol style="list-style-type: none"> (a) ECVAA User Requirement Specification (b) Logica IDD Part 1 (c) NETA Data File Catalogue (d) Reporting Catalogue <p>The implementation of P4 will introduce three changes to the ECVAA-I0222 data flow (see MP4 Requirements for Enhanced ECVAA Reporting section 2.1.2).</p>	
<p>Related Modification Proposals</p> <ul style="list-style-type: none"> • Modification Proposal P66 was raised because Modification Proposal P17 was not made on the grounds of inappropriate cost allocation associated with the development, implementation and operational costs. Party Agents such as ECVNAs and MVRNAs do not contribute to BSCCo costs (under Section D of the BSC) and therefore the costs of developing and implementing Modification Proposal P17 would have been apportioned to BSC Parties, not the notification agents utilising the report. Therefore, Modification Proposal P66 seeks to introduce the report and allocate the costs of provision to those notification agents who wish to receive the report. • P30 relates to the output of reports, some of which go to non-BSC Parties. The charging convention for P30 should be adopted for P66 wherever possible (including costs already spent on P17). 	