



MODIFICATION REPORT
MODIFICATION PROPOSAL P052 –
Non Party Access to the BMRS via
the High Grade Service

**Prepared by ELEXON on behalf of the Balancing
and Settlement Code Panel**

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Each BSC Agent	Various
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c Intellectual Property Rights and Copyright

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II CONTENTS TABLE

I	Document Control.....	2
a	Authorities.....	2
b	Distribution.....	2
c	Intellectual Property Rights and Copyright.....	2
II	Contents Table	3
1	Summary and Recommendations	4
1.1	Recommendation.....	4
1.2	Background.....	4
1.3	Rationale for Recommendations.....	4
2	Introduction.....	5
3	Purpose and Scope of the Report	6
4	History of Proposed Modification.....	7
5	Description of Proposed Modification.....	9
6	Rationale for Panel Recommendations	10
7	Legal Text to Give Effect to the Proposed Modification.....	11
7.1	Conformed Version	11
7.2	Clean Version	13
8	Assessment	14
9	Summary of Representations.....	15
9.1	Consultation.....	15
9.2	Consultation on Draft Modification Report.....	15

Attachment 1 – Modification P52 Assessment Report

Attachment 2 – Responses From P52 Draft Modification Report Consultation

1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of Modification Proposal P52 (the Modification Proposal) 'Non Party Access to the BMRS via the High Grade Service' and the resultant findings of this Modification Report, the Panel recommends to the Authority that:

The Proposed Alternative Modification as set out in Section 7 of this Modification Report be approved with an Implementation Date of 20 business days after the Authority determination.

1.2 Background

Modification Proposal P52 was submitted on the 14 November 2001 by Seeboard and proposes that the High Grade Service should be made available to non Parties for access to the BMRS and that they be charged for the Service in accordance with the arrangements for Parties that are currently specified in the BSC. The Proposer believes that by allowing wider access to BMRS data, in a usable form, it will promote understanding of the operation of NETA by both potential new entrants and existing market players and therefore better facilitate effective competition.

1.3 Rationale for Recommendations

The Panel endorses the Group's conclusions that the Alternative Modification Proposal would better facilitate the Applicable BSC Objectives as set out in the Transmission Licence. In particular, it would meet objective 7A(3)(c) 'promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity. The Modification Proposal has no impact on the remaining Applicable BSC Objectives set out in Condition 7A(3)(a - c).

In reaching this conclusion, the Panel took due account of the views of the proposer, all representations received from interested parties and the views of the Group, which are detailed in Section 9 below. This Modification Report should be read in conjunction with the Group's Assessment Report.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Panel, in accordance with the terms of the 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.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

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

3 PURPOSE AND SCOPE OF THE REPORT

BSC Section F sets out the procedures for progressing proposals to amend the Code (known as 'Modification Proposals'. These include procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications.

The Panel is charged with supervising and implementing the Modification Procedures. ELEXON provides the secretariat and other advice, support and resource required by the Panel for this purpose. In addition, if a modification to the BSC is approved or directed by the Authority, ELEXON is responsible for overseeing the implementation of that amendment (including any consequential changes to systems, procedures and documentation).

A Modification Report must be prepared and submitted to the Authority in respect of each proposed modification and must contain:

- (a) The recommendation of the Panel as to whether or not the Proposed Modification or any Alternative Modification should be made;
- (b) The proposed Implementation Date for implementation of the Proposed Modification or any Alternative Modification;
- (c) The matters set out in Annex F-1 of the Code. This will usually be in the form of the relevant Assessment Report where the Proposal has been submitted to a Modification Group prior to the Report Phase;
- (d) An explanation of the Panel's rationale should the Panel form a different view of any matters contained in the Modification Group Report; and
- (e) A summary of the representations made by Parties and interested third parties during the consultation undertaken in respect of the Proposed Modification and any Alternative Modification.

4 HISTORY OF PROPOSED MODIFICATION

The full history of the events that have taken place relating to the Modification Proposal are included in Section 4 'Description and Assessment Against the Applicable BSC Objectives' of the Assessment Report. The Assessment Report forms Attachment 1 to this Modification Report.

Below is a summary of the events which have taken place.

Following the presentation of the Modification Proposal and the Initial Written Assessment to the Panel on 12th December 2002, it was agreed that the Modification Proposal should be submitted to the Assessment Procedure, and that an Assessment Report should be presented to the Panel meeting on 14th February 2002. A consultation was undertaken by Parties the results of which are presented in the Assessment Report.

The Group reviewed the results of the consultation at its first meeting on 5th February 2002 and concluded that:

- The principles of the Modification Proposal provided the ability to make BMRS data available in a potentially more useful form rather than the analogy that non Parties were being given the ability to "cherry pick" services.
- In terms of the benefit of being a Party only a subset of BSC data would be available to non Parties so in this respect there is benefit in being a Party.
- Based on the assertion that access to the High Grade Service should only be made available to Parties, the rights and benefits of being a Party were primarily regarding the ability to Trade Electricity and receive reports and not about the technical means of transferring data.
- Non Parties should be given the same level of service as provided to Parties noting that the level of service is currently based on availability only.
- Non Parties should not be required to participate in Qualification Testing as it considered that the File Transfer Protocol (FTP) testing would be sufficient to test connectivity of the High Grade Service.

The Group considered other possible alternative solutions to the issues raised by P52, and agreed that an Alternative Modification should be progressed which would include a one off Administration charge (£250) to non Parties to cover the costs incurred by ELEXON, and otherwise funded by Parties, for the initial set-up of processing the non Parties' application for the High Grade Service. This would ensure that the charging arrangements for non Parties were of a more cost reflective nature and equivalent to that of Parties who currently pay for the High Grade Service, the charges as specified in Annex D3 of the Code, and contributions to ELEXON's overheads through their Section D invoices.

The Group concluded that the Alternative Modification would better facilitate BSC Objective (c) 'Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;' on the basis that this requirement would allow wider access to BMRS data promoting a better understanding of the NETA operational arrangements by the existence of third party data analysis services. Such third party providers would be better able to provide timely services using the High Grade Service, this in turn may facilitate increased competition in both the generation and supply of electricity.

The Group also concluded that as the changes did not impact BSC Systems significantly, that the Alternative Modification be made with an Implementation Date of 20 business days following the Authority determination which was included in the Assessment Report which was presented to the Panel on 14th February 2002.

Following approval of the Assessment Report by the Panel on 14th February 2002, a previous version of this draft Modification Report was produced by ELEXON on behalf of the Panel to be issued for Consultation on 25th February 2002 allowing 6 working days for consultation with responses due by close of business on 4th March 2002. This version of the draft Modification Report, including any representations received, was then considered and agreed by the Panel meeting on 14th March 2002. The Panel recommended that the Implementation Date be amended to 20 business days following determination by the Authority.

5 DESCRIPTION OF PROPOSED MODIFICATION

The Alternative Modification Proposal will result in non Parties having access to the BMRS via the High Grade Service.

Section 6 'Impact on BSC Systems' of the Assessment Report outlines the changes required to the BSC Systems.

The BSC changes are included in Section 7 of this Modification Report.

6 RATIONALE FOR PANEL RECOMMENDATIONS

On the basis of the analysis, consultation and assessment undertaken in respect of the Modification Proposal, the Panel recommends to the Authority that the Alternative Modification be approved.

The Assessment Report was presented to the Panel at its meeting on 14th February 2002. The Panel:

1. Noted the change of Modification Group from Reporting to the Volume Allocation Modification Group;
2. Noted the Assessment Report and the recommendations of the Group;
3. Agreed the recommendations of the Group and proceed to the Report Phase in accordance with Section F, 2.7 of the Code;
4. Agreed that a draft Modification Report be prepared with a recommendation to the Authority that the Alternative Modification be made with an Implementation Date of one month after the Authority determination; and
5. Agreed that the draft Modification Report be consulted on and presented to the Panel meeting on 14 March 2002.

Although the Panel approved the Assessment Report, it believed that the one off Administration charge to non Parties should not be specified in the BSC as a fixed amount but as agreed by the Panel from time to time.

7 LEGAL TEXT TO GIVE EFFECT TO THE MODIFICATION

The changes to the legal text of the Code in the following sections of this Modification Report are based on the current baseline of the Code as at the date of this Report and are the changes necessary to implement the Alternative Modification only. If the baseline of the Code changes prior to implementation of the Alternative Modification, or if other Modification Proposals are to be implemented at the same time as the Alternative Modification, the legal text may need to be amended.

7.1 Conformed Version

7.1.1 Section D: BSC Cost Recovery and Participation Charges - Annex D-3: Specified BSC Charges.

Insert in paragraph 6.5:

(d) charges are payable by persons (other than Parties) requesting the High Grade Service of the BMRS as provided in Section V2.3.4(a).

7.1.2 Section V: Reporting

Amend paragraph 2.3.1(a) to read:

- (a) a High Grade Service, for which:
 - (i) *a Party (other than BSCCo) is required to pay the relevant Specified BSC Charges in accordance with Section D,*
 - (ii) any other person (other than the Authority) shall be required to make payments as provided in paragraph 2.3.4(a)*

shall be made available to any Party *and (subject to paragraph 2.3.4) any other person,* on request; and

Insert new paragraph 2.3.4:

2.3.4 The High Grade Service of the BMRS will be made available upon request to a person (other than the Authority) which is not a Party:

- (a) subject to the payment by such person of
 - [(i) a one-off administration charge of such amount as the Panel shall from time to time determine (and until the Panel has so determined, of £250);¹*
 - (ii) charges equivalent to (and in amounts the same as those for the time being determined by the Panel for) the BSC Specified Charges in paragraphs 3.1(d) and (e), 3.3 and 3.4 (as applicable) of Annex D-3; and**
- (b) provided that such person has entered into and remains party to an agreement with BSCCo, in such form as BSCCo with the approval of the Panel may from time to time determine, providing for the*

¹ Include for Alternative Modification, delete for original.

payment of the amounts in paragraph (a) and such other matters as BSCCo may determine in relation to the availability of such service, the provision of any associated hardware and software and the use of such hardware and software by such person.

7.2 Clean Version

7.2.1 Section D: BSC Cost Recovery and Participation Charges - Annex D-3: Specified BSC Charges.

6.5 (d) charges are payable by persons (other than Parties) requesting the High Grade Service of the BMRS as provided in Section V2.3.4(a).

7.2.2 Section V: Reporting

2.3.1(a) a High Grade Service, for which:

(i) a Party (other than BSCCo) is required to pay the relevant Specified BSC Charges in accordance with Section D,

(ii) any other person (other than the Authority) shall be required to make payments as provided in paragraph 2.3.4(a)

shall be made available to any Party and (subject to paragraph 2.3.4) any other person, on request; and

2.3.4 The High Grade Service of the BMRS will be made available upon request to a person (other than the Authority) which is not a Party:

(a) subject to the payment by such person of

(i) a one-off administration charge of such amount as the Panel shall from time to time determine (and until the Panel has so determined, of £250);

(ii) charges equivalent to (and in amounts the same as those for the time being determined by the Panel for) the BSC Specified Charges in paragraphs 3.1(d) and (e), 3.3 and 3.4 (as applicable) of Annex D-3; and

(b) provided that such person has entered into and remains party to an agreement with BSCCo, in such form as BSCCo with the approval of the Panel may from time to time determine, providing for the payment of the amounts in paragraph (a) and such other matters as BSCCo may determine in relation to the availability of such service, the provision of any associated hardware and software and the use of such hardware and software by such person.

8 ASSESSMENT

The following is a summary of the impacts identified in the Assessment Report produced by the Group, which forms Attachment 1 to this Modification Report.

- (a) Amendments will be required to a number of Sections of the Code. The relevant legal drafting can be found at Section 7 of this Modification Report;
- (b) There will be no impact on the BSC Systems;
- (c) There will be no impact on the Grid Code and NGC's systems and processes;
- (d) There will be impacts on some Code Subsidiary Documents and other configurable items;
- (e) There will be no impact on Parties;
- (f) There is no impact on Party Agents;
- (g) There will be an increase in the payments due under the NETA Central Service Agent Contract which will be recovered from non Parties;
- (h) There will be no impact on Core Industry Document by the Alternative Modification Proposal;
- (i) There is a minimal impact on the systems and processes of BSCCo as ELEXON will be managing the applications by non Parties for the High Grade Service

There is no impact on the statutory, regulatory and contractual framework within which the BSC sits.

9 SUMMARY OF REPRESENTATIONS

9.1 Consultation

Copies of the original representations received under the consultation carried out in January 2002 and considered by the Group can be found in the Assessment Report.

9.2 Consultation on Draft Modification Report

The draft Modification Report was issued for consultation on February 25th 2002 with responses due by March 4th. A summary of the responses received is set out below. Refer to Attachment 2 (Responses from P52 Draft Modification Report Consultation) for the detailed responses.

9 representations were received in response to the consultation on the draft Modification Report representing the views of 21 Parties.

The result of the consultation is as follows:

- 5 responses (representing the views of 13 Parties) supported the conclusions;
- 1 response (representing the views of 3 Parties) supported the principle of non Party access but had issues with the Modification as proposed;
- 1 response (representing the views of 4 Parties) did not state whether they supported the Modification or not; and
- 1 response (representing the views of 1 Party) had no comment and 1 response (which did not represent any Parties) stated that there would be no impact.

In addition a number of comments were made which fall into the following categories:

- Costs – some concern was expressed that the costs of ELEXON (both financially and the “opportunity cost” of diverting valuable resources) might not be recovered. One respondent thought that this compromised the BSC Objectives with regard to efficiency. Another respondent, whilst supportive of the current level of the fee, wanted to be assured that the fee would be revised in future years to take account of the actual costs incurred;
- Qualification Testing – a couple of respondents felt that without adequate Qualification Testing, assurance of the security and robustness of the system might be compromised;
- Restriction of data – one respondent wanted some assurance that there were adequate controls in place to ensure that a non Party was restricted to the correct subset of data;
- Degradation of service – a couple of respondents expressed concern that the proposed Modification should not be allowed to degrade the current service to Parties in any way; and
- Legal drafting – One respondent wanted a minor change to the drafting, adding “and” at the end of Section V 2.3.1 (a) (i). Having considered this change, it is ELEXON’s view that this change does not add anything to the meaning of the legal drafting.

ATTACHMENT 1 – MODIFICATION P52 ASSESSMENT REPORT

(See separate attachment)

ATTACHMENT 2 – RESPONSES FROM P52 DRAFT MODIFICATION REPORT CONSULTATION

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	Invensys	P52_MR_001	N/a
2.	TXU	P52_MR_002	1
3.	SEEBOARD	P52_MR_003	2
4.	GPU Power UK	P52_MR_004	1
5.	ScottishPower UK plc	P52_MR_005	5
6.	Scottish & Southern Energy plc	P52_MR_006	4
7.	British Gas Trading	P52_MR_007	3
8.	British Energy	P52_MR_008	3
9.	EdF Trading	P52_MR_009	2

P52_MR_001 – Invensys

Subject: P52 Report Comments

NO IMPACT

P52_MR_002 – TXU

We support the conclusions and recommendations as drafted.

P52_MR_003 – SEEBOARD

With respect to the above mentioned modification we agree with recommendations within section 1.1 of draft modification report dated 25th February.

Dave Morton
SEEBOARD Energy Limited
SEEBOARD Power Networks plc

P52_MR_004 – GPU Power UK

Please find that GPU Power UK response to P52 - Non Party Access to the BMRS via the High Grade Service is 'No Comment'.

Rachael Gardener
Deregulation Control Group &
Distribution Support Office
GPU POWER.NETWORKS (UK) plc

P52_MR_005 – ScottishPower UK plc

P52 Draft Modification Report Comments

With reference to the above, I would refer you to our previous comments on the proposal.

In this consultation response, we would like to indicate our support for the Alternative Modification. We believe this meets the Applicable BSC Objective relating to the promotion of effective competition in generation and supply. The provision of the High Grade Service to non-BSC Parties should help to develop data analysis services which would be of use to potential new entrants to the trading arrangements. The additional processing fee of £250 for a non-BSC Party's application to use the Service should also allow for adequate cost recovery in terms of the administration involved. While £250 may be sufficient at the moment, we would, of course, expect that fee to be subject to change after a review if it was deemed no longer adequate for cost recovery in the future.

In our last response, we indicated our support for Qualification testing to be carried out on non-BSC parties' system as a 'pre-condition' for the provision of the High Grade Service, due to the importance of this system. This is not included in the final recommendation. While we note that Elexon's technical

experts believe FTP testing is sufficient in this regard, we would reiterate our concern that the robustness of systems should be a prime consideration when assessing a non-BSC Party's application.

We have considered the legal drafting provided in the Report and are generally satisfied that it is appropriate. We would point out a minor change in V 2.3.1(a) - the addition of "and" at the end of (a)(i)."

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Yours Sincerely,

Man Kwong Liu

Calanais Ltd.

For and on behalf of: - Scottish Power UK Plc.; ScottishPower Energy Trading Ltd.; Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.

P52_MR_006 – Scottish & Southern Energy plc

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 Draft Modification Report for Modification Proposal P52 contained in your note of 25th February 2002; we continue to have concerns regarding making information available to non BSC parties due to the potential complexity and cost of managing all of these arrangements (cost being measured not only in £ notes but also the lost opportunity cost through deployment of key resources at Elexon to address the requirement).

Regards

Garth Graham

Scottish & Southern Energy plc

P52_MR_007 – British Gas Trading

Thank you for the opportunity of responding to this consultation. This response is on behalf of British Gas Trading Ltd, Centrica King's Lynn and Centrica Peterborough Ltd.

We support the implementation of this proposal although we would note the following:

- We are disappointed that the Modification Group did not consider a Qualification Test to be necessary for Non BSC Parties that wish to access the BMRS via the High Grade Service. Suitable test processes should be in place to ensure system security for all participants.
- The access of Non BSC Parties must be restricted to the correct subset of data. We note that this has been discussed by the Modification Group and would seek reassurance and information on how this will be achieved. This must be provided for comment prior to any decision by the Authority.
- We support the principle of an initial, one off administration charge as written in the alternative mod, but we would suggest that the level has been set too low and believe there should be some contingency for the charge to be raised and costs recovered should this prove to be the case. We believe this would address any concerns of unexpected cross subsidy.

- The Assessment report states that no project brief had been issues as no software changes to BSC Systems will be required. Whilst we recognise this may be the case we are concerned that no reassurance has been given that the service can cope with the addition of any number of extra sites requiring the data. We believe it would be helpful for an explicit statement of intent to be given to BSC Parties that should there be any degradation to the service they receive there will either be a termination of non-BSC Party contracts or appropriate upgrades made to central systems. If the latter is the case then BSC Parties should not incur any cost.

We hope these comments are useful. Should you wish to discuss any of the points in more detail please do not hesitate to contact me in the first instance on the number given above.

Yours faithfully
Danielle Lane
Transportation Analyst

P52_MR_008 – British Energy

Modification Proposal P52 - Non-Party Access to the BMRS via the High Grade Service

Whilst supportive in principle of allowing non-party access to the BMRS via the High Grade Service, because of the perceived benefits in achieving BSC competition objectives (through transparency), we have concerns that aspects of the drafted recommended alternative modification will not better meet BSC objectives of efficiency (through not targeting costs on those causing them and not giving market participants priority in service provision).

Particular concerns, which were indicated in our response of 23/01/02 and have not been fully addressed, are:

- (1) the non party should contribute towards the costs of the service, in particular the full incremental cost of their connection,
- (2) non party usage should not be allowed to adversely affect the performance of the service for BSC Trading Parties ie. not a firm service - subject to suspension or termination in the event that the service to Trading Parties is adversely affected.

The issue of costs has been partly addressed (proposed V2.3.4(a)), but we believe the £250 special one-off charge is insufficient to cover the costs of Elexon and its agents preparing and agreeing contracts, advising and assisting non-parties with connection and usage, and administering payment of the standard charges. In practice, the cost per non-party user is likely to depend on the level of demand, which we expect to be low. An initial sum of £5000 (approximately 5 man-day of Elexon effort, including legal) plus ongoing administration and on-demand service charges seem more appropriate (Elexon would need to advise on likely costs). A method also needs to be found to charge non-parties for additional costs arising from BMRS communication system developments in future, in particular any concerned with traffic volume.

Trading Parties should take precedence over Non-Parties in the event of volume or communications difficulties where termination or suspension of service to some parties would resolve the problem, to

ensure smooth and efficient operation of the electricity market as far as possible. This should be made clear in either the BSC or the commercial contract with the non-Party.

Martin Mate
for
British Energy Power & Energy Trading Ltd
British Energy Generation Ltd
Eggborough Power Ltd

P52_MR_009 – EdF Trading

Can you please note that EDF Trading Ltd and EdF (Generation) agree with the findings as expressed in the following consultative Modification Proposal report:

P52.

The report gives appropriate and understandable justifications for the recommendations to which EDFT and EdF concur.

Steve Drummond
EdF Energy Merchants Ltd