

December 2001

**INITIAL ASSESSMENT OF
MODIFICATION PROPOSAL P50 -
Distribution of BM Aggregation
Report Data to Non BSC Parties**

Prepared by ELEXON Limited

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I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	30.11.01	Roger Salomone	-	Initial Draft
0.2	4.12.01	Roger Salomone	-	Revised Draft
1.0	7.12.01	Roger Salomone	-	Final Version

Version	Date	Reviewer	Signature	Responsibility
0.1	3.12.01	Richard Humphreys	-	Finance
0.1	3.12.01	Graham Webb	-	Contracts & Commercial
0.1	3.12.01	Kris Clapham	-	Legal
0.1	3.12.01	David Warner	-	Trading Strategy
0.2	5.12.01	David Warner	-	Trading Strategy

b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	Energywatch
Core Industry Document Owners	Various

c Intellectual Property Rights and Copyright

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1 SUMMARY AND RECOMMENDATIONS

Modification Proposal P50 proposes that the BM Unit Aggregation Report (CDCA-I042), or the data contained within it, be 'made available' to non-BSC parties. The report is currently distributed to any requesting Acceded Party via either the Low Grade Service or the High Grade Service.

An initial assessment of the Modification has identified the following potential areas of impact and issues to be considered:

1. **Confidentiality and Intellectual Property Rights (IPRs):** the Assessment Procedure for Modification Proposal P30 established that ELEXON owned the IPRs to CDCA-I042 and the data within it. However, a legal review into the confidentiality of the data contained in the report will need to be conducted prior to considering the merits of its wider availability.
2. **Implementation Cost:** CDCA distribution of CDCA-I042 data, via email or CD-ROM depending on the quantity of data requested, to non-BSC parties was considered under Modification Proposal P30, and rejected by the Panel on the recommendation of the Modification Group on the grounds of cost and timescales. In the NETA Central Service's last Impact Assessment, it gave an indicative price of £85,774 to make CDCA-I042 available outside the Release Two project and £60,000 to make the report available within it (by September 2002). This Impact Assessment is no longer valid, and whilst it is unlikely that the independent implementation price might go up, it is not clear whether this Modification might be approved in time for inclusion into Release 2.
3. **Alternative Implementation Options:** since the Modification Proposal P30 Assessment Report was considered by the Panel, four alternative implementation approaches have been identified. Alternatives that are considered appropriate need to be accurately costed so that the benefit of making the data more widely available can be re-assessed.
4. **"Availability" vs "Distribution":** the text of the Modification uses both words. The words could be interpreted quite differently – one might imply making the data available in the public domain via an appropriate website, whilst the other might imply distribution of the data to non-BSC parties on request. The implications of each interpretation will need to be established, especially in terms of their impact on the confidentiality of the data, as well as which is most appropriate. This analysis could determine which potential implementation options are considered.
5. **Gain in Transparency:** the Proposer cites an increase in the transparency of the market as the rationale for the Modification. Establishing exactly what additional data would be made available to non-BSC parties, and its potential uses, will help assess the potential gain in transparency. For example, BMRS already makes certain types of BM Unit metered volume data available to non-BSC parties. In addition, the potential for BSC Parties to publish and distribute, on a commercial basis, the data contained in CDCA-I042 needs to be factored into the assessment of this Modification.
6. **Impact on the BSC:** making the data contained in CDCA-I042 available to non-BSC parties would require changes to Section V (i.e. 'Reporting') of the Code and charging for the data could require changes to Sections D and N. The changes proposed for Modification Proposal P30 offer a precedent.

7. **Impact on Central Systems:** impact depends on the implementation approach adopted. In general, those options where ELEXON assumes responsibility for making the data available would have the least impact on Central Systems.
8. **Role of ELEXON:** two of the potential implementation options would involve ELEXON in either the distribution or publication of market data. Charging non-BSC parties would require the Finance Department to invoice, credit control and collect payments from requesting parties. It needs to be established whether or not these are appropriate roles for ELEXON to assume.

It is **recommended** that the Modification Proposal be progressed as follows:

- Proceed to the Assessment Procedure, with an Assessment Report to be presented at the Panel Meeting on the 14th of February 2002.

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 PURPOSE AND SCOPE OF THE REPORT

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

The BSC 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 Code 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).

When a new proposal to modify the BSC is made, it is the responsibility of the Panel to determine how it should be progressed. Options include submitting the proposal to a Definition Procedure¹, submitting it to an Assessment Procedure², amalgamating the proposal with another proposal³, or proceeding directly to the Report Phase⁴. With a view to assisting the Panel in taking this decision, ELEXON prepares this initial written assessment of the implications of the Modification Proposal as soon as reasonably practicable after the proposal is made⁵. ELEXON endeavours to complete this initial assessment such that it can be reviewed by the Panel at the Panel meeting at which the relevant Modification Proposal is first to be considered.

This initial assessment provides a preliminary view on the following:

- the potential impact of the proposed modification on BSC systems and processes;
- the potential impact of the proposed modification on other systems and processes used by Parties;
- the potential impact of the proposed modification on the BSC, Code Subsidiary Documents and Core Industry Documents;
- the potential impact of the proposed modification on ELEXON;
- the potential impact of the proposed modification on BSC financial arrangements and budget;
- the potential impact of the proposed modification on BSC Agent contractual arrangements;
- The process and timetable that should be adopted for the progression of the Modification Proposal, in light of its complexity, importance and urgency; and
- Issues that will need to be considered and addressed in progressing the Modification Proposal (including the potential need for impact assessments, consultation and analyses).

It should be noted that, as this document only represents a preliminary assessment of the Modification Proposal, the information contained herein will, in most cases, be superseded by the subsequent analysis and reports produced by the Modification Group to which the Panel assigns the proposal for consideration.

¹ see BSC F2.5

² see BSC F2.6

³ see BSC F2.3

⁴ see BSC F2.7

⁵ see BSC F2.1.8

4 DESCRIPTION OF THE MODIFICATION PROPOSAL

Modification Proposal P50 was submitted on the 8th of November 2001 by *UK Coal Mining Limited* and proposes that the BM Unit Aggregation Report Data, or the data contained within it, be made available to non-BSC parties. The Proposer believes that wider availability of this data would increase market transparency, and hence, better meet Applicable BSC Objective (c) contained in Condition C3 (3) of the Transmission Licence:

- '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'.

A copy of the Modification Proposal, as submitted by the Proposer, can be found at Annex 1 to this report.

5 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC System / Process	Potential Impact of Proposed Modification
Registration	None identified at this stage
Contract Notification	None identified at this stage
Credit Checking	<i>Credit checking process and system for non-BSC parties would be required if they are to be charged for the data</i>
Balancing Mechanism Activities	None identified at this stage
Collection and Aggregation of Metered Data	None identified at this stage
Supplier Volume Allocation	None identified at this stage
Settlement	None identified at this stage
Clearing, Invoicing and Payment	<i>Charging mechanism for non-BSC parties would have to be devised and approved</i>
Reporting	<i>Impact on the distribution mechanism for and recipients of data contained in CDCA-1042</i>
Contingencies	No impact identified
Dispute Resolution	No impact identified

6 IMPACT ON OTHER SYSTEMS AND PROCESSES USED BY PARTIES

System / Process	Potential Impact of Proposed Modification
None identified at this stage	

7 IMPACT ON DOCUMENTATION

7.1 Impact on Balancing and Settlement Code

BSC Section	Potential Impact of Proposed Modification
A: Parties and Participation	None identified at this stage
B: The Panel	None identified at this stage
C: BSCCo and its Subsidiaries	None identified at this stage
D: BSC Cost Recovery and Participation Charges	<i>Amendment required to allow for charging of non-BSC parties</i>
E: BSC Agents	None identified at this stage
F: Modification Procedures	None identified at this stage
G: Contingencies	None identified at this stage
H: General	None identified at this stage
I: Not Used	None identified at this stage
J: Party Agents	None identified at this stage
K: Classification and Registration of Metering Systems and BM Units	None identified at this stage
L: Metering	None identified at this stage
M: Credit Cover and Credit Default	None identified at this stage
N: Clearing, Invoicing and Payment	<i>Charging mechanism for non-BSC parties would have to be devised and approved, might need to be incorporated within this section. However, it could also be dealt with under Section V as has been suggested in the P30 Modification Report</i>
O: Communications	None identified at this stage

BSC Section	Potential Impact of Proposed Modification
P: Energy Contract Volumes and Metered Volume Reallocations	None identified at this stage
Q: Balancing Mechanism Activities	None identified at this stage
R: Collection and Aggregation of Metered Data from CVA Metering Systems	None identified at this stage
S: Supplier Volume Allocation	None identified at this stage
S: ANNEX S-1 Performance Levels and Supplier Charges	None identified at this stage
S: ANNEX S-2 Supplier Volume Allocation Rules	None identified at this stage
T: Settlement and Trading Charges	None identified at this stage
U: Provisions Relating to Settlement	None identified at this stage
V: Reporting	<i>Modification required to extend availability of data contained in CDCA-I042 to non-BSC parties. This could take the form of expanding the eligible recipients of the flow in the relevant column in Table 5 of Annex V-1 (i.e. CDCA Reporting). The charging of non-BSC parties for the flow/data could be dealt with under this section (as suggested for P30).</i>
W: Trading Queries and Trading Disputes	None identified at this stage
X: Definitions and Interpretation	None identified at this stage
X: ANNEX X-1 General Glossary	None identified at this stage
X: ANNEX X-2 Technical Glossary	None identified at this stage

7.2 Impact on Code Subsidiary Documents

Code Subsidiary Document	Potential Impact of Proposed Modification
BSC Procedures	<i>Potential change to BSCP41 ('Report Requests & Authorisation') to reflect changes made to Section V of the Code</i>
Codes of Practice	None identified at this stage
BSC Service Descriptions	<i>Potential impact on the BMRA or CDCA Service Description depending on implementation option chosen</i>
Party Service Lines	None identified at this stage
Data Catalogues	<i>Change to reflect wider distribution of CDCA-I042 (i.e. ELEXON or non-BSC parties depending on implementation option chosen)</i>
Communication Requirements Documents	<i>Change to reflect wider distribution of CDCA-I042 (i.e. ELEXON or non-BSC parties depending on implementation option chosen)</i>
Reporting Catalogue	<i>Change to reflect wider distribution of CDCA-I042 (i.e. ELEXON or non-BSC parties depending on implementation option chosen)</i>

7.3 Impact on Core Industry Documents

Core Industry Document	Potential Impact of Proposed Modification
Grid Code	None identified at this stage
MCUSA	None identified at this stage
Supplemental Agreements	None identified at this stage
Ancillary Services Agreements	None identified at this stage
Master Registration Agreement	None identified at this stage
Data Transfer Services Agreement	None identified at this stage
British Grid Systems Agreement	None identified at this stage
Use of Interconnector Agreement	None identified at this stage
Pooling and Settlement Agreement	None identified at this stage
Settlement Agreement for Scotland	None identified at this stage
Distribution Codes	None identified at this stage
Distribution Use of System Agreements	None identified at this stage
Distribution Connection Agreements	None identified at this stage

8 IMPACT ON OTHER CONFIGURABLE ITEMS

Item	Potential Impact of Proposed Modification
User Requirement Specifications (URSs)	<i>Potential changes to BMRA or CDCA URS depending on implementation option chosen</i>

9 IMPACT ON ELEXON

Area of Business	Potential Impact of Proposed Modification
ELEXON Systems	<i>Potential for changes to TOMAS or ELEXON website depending on implementation option chosen. If non-BSC parties are to be charged, changes to the accounting system would be required, especially invoicing and credit management systems.</i>
ELEXON Procedures	<i>Potential for changes to TOMAS or ELEXON website depending on implementation option chosen. If non-BSC parties are to be charged, changes to the accounting procedures would be required, especially invoicing and credit management procedures.</i>
ELEXON Contracts (Excluding BSC Agent Contracts)	<i>If non-BSC parties are to be charged, they will need to enter into contracts with ELEXON.</i>
Other (e.g. costs, staffing, etc.)	<i>Potential need for additional resources depending on implementation option chosen – if non-BSC parties are charged for the data and/or ELEXON assumes a role in its distribution additional resources will probably be required.</i>

10 IMPACT ON FINANCIAL ARRANGEMENTS AND BUDGET

A means of charging non-BSC parties for access to the data contained in CDCA-I042, and any associated system development or distribution costs, would need to be devised and approved. First, it will need to be determined whether or not the charging mechanism needs to be included in the BSC

Modification Proposal P30 offers a precedent whereby requesting non-BSC parties would share the costs equally on the basis of the estimated annual demand for the data and the related system development required. However, the most appropriate cost recovery mechanism would depend on the implementation approach adopted. For instance, were ELEXON to publish the data on its website, a different means of charging would be required – for example, an access charge to a restricted section of the website could be adopted. In sum, depending on the implementation approach adopted, methods to charge, invoice, credit control and collect payment from requesting non-BSC parties may be required

11 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

BSC Agent Contract	Potential Impact of Proposed Modification
Logica (BMRA, CRA, CDCA, SAA, ECVAA, TAA(CVA))	<i>Potential impact on BMRA or CDCA contracts depending on implementation option chosen</i>
EPFAL (FAA)	None identified at this stage
ESIS (TAA(SVA))	None identified at this stage
Cap Gemini (SVAA)	None identified at this stage
PwC (BSC Auditor, Certification Agent)	None identified at this stage
EASL (Teleswitch Agent, Profile Administrator)	None identified at this stage

12 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

Given that the Modification is clear and precisely defined, ELEXON recommends that Modification Proposal P50 be submitted to the Reporting Modification Group for Assessment. The Reporting Modification Group should be actioned to provide its report to the Panel by 14/02/02.

12.1 Draft Timetable

The recommendation to complete the Assessment Report in time for the 14th February 2002 Panel meeting is based on the following draft timetable. (This timetable has been prepared for planning purposes only. Meeting dates and other details are subject to confirmation by the Modification Group.)

18 th December 2001	Modification Group meets to discuss content of consultation received and establish implementation options to assess.
21 st December 2001	ELEXON sends draft requirement specification(s) to Modification Group members for comment.
28 th December 2001	ELEXON issues requirement specification(s) for assessment.
14 th January 2002	Deadline for assessment responses.
17 th January 2002	Modification Group meets to discuss assessment responses, and content of Assessment Report.
24 th January 2002	ELEXON sends draft Assessment Report to Modification Group members for comment.
1 st February 2002	Assessment Report finalised.
8 th February 2002	Assessment Report issued to Panel.

12.2 Estimate of Assessment Procedure Cost

Progression of the Modification will require at least two meeting of the Modification Group and the commissioning of two impact assessments from Central Service Providers. A budget of £40K should be established to enable progressing the Modification through the Assessment Procedure stage.

13 ISSUES

The following issues will need to be considered and addressed in progressing the Modification Proposal:

1. **Confidentiality and Intellectual Property Rights (IPRs):** the Assessment Procedure for Modification Proposal P30 established that ELEXON owned the IPRs to CDCA-I042 and the data within it. However, a legal review into the confidentiality of the data contained in the report will need to be conducted prior to considering the merits of its wider availability.
2. **Implementation Cost:** CDCA distribution of CDCA-I042 data, via email or CD-ROM depending on the quantity of data requested, to non-BSC parties was considered under Modification Proposal P30, and rejected by the Panel on the recommendation of the Modification Group on the grounds of cost and timescales. In the NETA Central Service's last Impact Assessment, it gave an indicative price of £85,774 to make CDCA-I042 available outside the Release Two project and £60,000 to make the report available within it (by September 2002). This Impact Assessment is no longer valid, and whilst it is unlikely that the independent implementation price might go up, it is not clear whether this Modification might be approved in time for inclusion into Release 2.
3. **Alternative Implementation options:** since the Modification Proposal P30 Assessment Report was considered by the Panel, four alternative implementation approaches have been identified. Alternatives that are considered appropriate will need to be accurately costed so that the benefit of making the data more widely available can be re-assessed. The three alternatives identified are as follows:
 - (a) CDCA make CDCA-I042 available over the High Grade Service. There is another modification, Modification Proposal P52, that aims to make BMRS available to non-BSC parties over the High Grade Service. If approved, then P52 would provide a potential delivery mechanism for CDCA-I042.
 - (b) ELEXON distribute equivalent data contained in the TOMAS database to non-BSC parties (via CD-ROM or compressed file via email depending on the nature of demand for the data)
 - (c) BMRA make CDCA-I042, or the equivalent data, available to BSC Parties and non-BSC parties via the BMRS website
 - (d) ELEXON make CDCA-I042, or equivalent data, available to BSC Parties and non-BSC parties via the ELEXON website
4. **"Availability" vs "Distribution":** the text of the Modification uses both words. The words could be interpreted quite differently – one might imply making the data available in the public domain via an appropriate website, whilst the other might imply distribution of the data to non-BSC parties on request. The implications of each interpretation will need to be established, especially in terms of their impact on the confidentiality of the data, as well as which is most appropriate. This analysis could determine which potential implementation options are considered.
5. **Gain in Transparency:** the Proposer cites an increase in the transparency of the market as the rationale for the Modification. Establishing exactly what additional data would be made available to non-BSC parties, and its potential uses, will help assess the potential gain in transparency. For example, BMRS already makes certain types of BM Unit metered

volume data available to non-BSC parties. In addition, the potential for BSC Parties to publish and distribute, on a commercial basis, the data contained in CDCA-I042 needs to be factored into the assessment of this Modification.

6. **Impact on the BSC:** making the data contained in CDCA-I042 available to non-BSC parties would require changes to Section V (i.e. 'Reporting') of the Code and charging for the data could require changes to Sections D and N. The changes proposed for Modification Proposal P30 offer a precedent.
7. **Impact on Central Systems:** impact depends on the implementation approach adopted. In general, those options where ELEXON assumes responsibility for making the data available would have the least impact on Central Systems.
8. **Role of ELEXON:** two of the potential implementation options would involve ELEXON in either the distribution or publication of market data. Charging non-BSC parties would require the Finance Department to invoice, credit control and collect payments from requesting parties. It needs to be established whether or not these are appropriate roles for ELEXON to assume.

ANNEX 1 – MODIFICATION PROPOSAL

Modification Proposal	MP No: 50 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Distribution Of BM Aggregation Report Data To Non BSC Parties	
Submission Date <i>(mandatory by proposer):</i> 08 November 2001	
Description of Proposed Modification <i>(mandatory by proposer):</i> To make available BM Aggregation Report Data to non BSC parties, (or the data behind it). This proposal formed part of Modification P30 but was dropped because of the cost estimates.	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> Lack of transparency since the introduction of NETA. This information was available under the Pool trading arrangements	
Impact on Code <i>(optional by proposer):</i>	
Impact on Core Industry Documents <i>(optional by proposer):</i>	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i>	
Impact on other Configurable Items <i>(optional by proposer):</i>	

Modification Proposal	MP No: 50 <i>(mandatory by BSCCo)</i>
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i> 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.	
Details of Proposer: Name: Chris McGlen Organisation: UK Coal Mining Limited Telephone Number: 01302 755104 Email Address: cmcglen@ukcoal.com	
Details of Proposer's Representative: Name: Chris McGlen Organisation: UK Coal Mining Limited Telephone Number: 01302 755104 Email Address: cmcglen@ukcoal.com	
Details of Representative's Alternate: Name: Organisation: Telephone Number: Email Address:	
Attachments: If Yes, Title and No. of Pages of Each Attachment:	