

March 2002

**MODIFICATION REPORT**  
**MODIFICATION PROPOSAL P50**  
**Distribution of BM Aggregation**  
**Report Data to Non-BSC Parties**

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

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### a Authorities

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0.1	19/03/02	Trading Strategy		Review
0.2	21/03/02	Parties		Consultation

### 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

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## 1 SUMMARY AND RECOMMENDATIONS

### 1.1 Recommendation

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 BSC Panel recommends that:

**Neither the P50 Proposed Modification nor the P50 Alternative Modification should be made; and**

**Should either the P50 Proposed Modification or the P50 Alternative Modification be made it should have an Implementation Date of the release date for BSC Systems which first occurs not less than 3 months after the date of the Authority's decision.**

### 1.2 Background

Modification Proposal P50 was raised by UK Coal Mining Ltd on 8 November 2001. The Proposed Modification sought to make the data contained within the 'BM Aggregation Report' (i.e. the Aggregated Data Report in Annex V-1, Table 5) available to non-BSC parties. This report provides information on the metered volumes associated with each CVA-registered BM Unit for each settlement period, and is sent to BSC Parties, ELEXON and the Transmission Company.

The Modification Proposal stated that the information contained in the 'BM Aggregation Report' had been available to non-BSC Parties under the Pooling & Settlement Agreement but it was no longer available under NETA. Provision of the information to non-BSC Parties would improve transparency. During the Assessment Procedure an Alternative Modification was identified that would make both generation and demand data available to non-BSC Parties. The Assessment Report submitted to the Panel meeting on 14 March 2002 recommended that the Proposed Modification should be rejected and that the Alternative Modification should be accepted.

### 1.3 Rationale for Recommendations

Although the Group had recommended rejection of the Proposed Modification and acceptance of the Alternative Modification, the Panel believed that the economic case for approval of either the Proposed Modification or the Alternative Modification had not been proved. Firstly, the Panel felt that the only non-BSC party known to be interested in either the Proposed Modification or the Alternative Modification was the Proposer. The only response received from a non-BSC Party to the consultation on the Modification Proposal during the Assessment Procedure had stated that they would not be interested in either the Proposed Modification or the Alternative Modification. Secondly, the Panel felt that Parties, the majority of which had indicated that they would not be interested in either the Proposed Modification or the Alternative Modification, would have to take on the risk of under-recovering any development or operational costs. One Panel member stated that, if a mechanism could be established so that the relevant data could be provided to the non – BSC Party requesting it at no cost to Parties, the Panel might look more favourably on the modification Proposal.

In addition, the Panel believed that, when considering the costs and benefits of any Modification Proposal, any wider public benefit had to be considered in addition to the impact on market participants.

In the light of these considerations, the Panel did not consider that either the Proposed Modification or the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives and should be rejected. However, the Panel recognised that the Authority might decide that either the Proposed Modification or the Alternative Modification should be made. In this event, the Panel agreed that the Implementation Date should be the first release date for BSC Systems at least 3 months after the date of the Authority's decision.

## **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.

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](http://www.elexon.co.uk)

## **3 HISTORY OF PROPOSED MODIFICATION**

UK Coal Mining Ltd raised Modification Proposal P50 on 8 November 2001. The Proposed Modification seeks to make the data contained within the 'BM Aggregation Report' available to non-BSC parties. This report provides information on the metered volumes associated with each CVA-registered BM Unit for each settlement period, and is sent to BSC Parties, ELEXON and the Transmission Company.

ELEXON presented an Initial Written Assessment (IWA) to the Panel on 13 December 2001, and the Panel endorsed ELEXON's recommendation to submit the Modification Proposal to the Assessment Procedure. The Panel agreed that an Assessment Report should be presented to the Panel meeting on 14 February 2002.

The Modification Proposal was assessed by the Volume Allocation Modification Group ('the Group') which held its first meeting on 8 January 2002. The Group sought legal advice on potential legal issue, carried out an impact assessment of the potential delivery options for the Proposed Modification and consulted with BSC Parties on the Proposed Modification. Following consideration of the legal advice received and the responses to the impact assessment and consultation, a further meeting of the Group on 5 February 2002 decided that the Proposed Modification would not better facilitate achievement of the Applicable BSC Objectives. As a consequence, the Group formulated an Alternative Modification that they believed would better facilitate achievement of the Applicable BSC objectives.

The Group requested the Panel meeting on 14 February 2002 to grant a one-month extension to the Assessment Procedure; the Panel agreed to this request. The Group then carried out an impact assessment and consultation on the Alternative Modification. The consultation included Directly Connected Demand Sites<sup>1</sup> (DCDSs) and Licence Exempt Generators (LEGs), via the relevant trade associations.

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<sup>1</sup> Directly connected demand sites' is not a Code defined term and refers to directly connected importing BM Units (i.e. CVA registered) such as large industrial demand premises (i.e. BM Units where import exceeds export for all or the vast majority of Settlement Periods).

The Group met a final time on 5 March 2002 to consider the impact assessment and consultation responses. On the basis of the responses, and the principles established during previous meetings of the Group, the Group decided that the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives and should be approved.

## **4 DESCRIPTION OF PROPOSED MODIFICATION**

### **4.1 Description of the Proposed Modification**

The Proposed Modification seeks to make the data contained within the 'BM Aggregation Report' (i.e. the Aggregated Data Report in Annex V-1, Table 5) available to non-BSC parties. This report provides information on the metered volumes associated with each CVA-registered BM Unit for each settlement period, and is sent to BSC Parties, ELEXON and the Transmission Company. The report refers to generation data and not demand data.

### **4.2 Description of the Alternative Modification**

The concept behind the Alternative Modification is the provision of sufficient and appropriate metered volume data to non BSC Parties so as to increase market transparency, whilst at the same time protecting the anonymity of individual DCDSs.

The Alternative Modification would make a new report, based on the Transmission Company's variant of the Settlement Report (i.e. SO142) available to non-BSC Parties. This report contains metered volume data relating to the entire market. The report would contain generation and demand data, including the period, day and runs to which it pertains, available and protect the anonymity of DCDSs data by aggregating their metered volumes to an anonymous level.

The new report would contain the following data:

- Generation metered volumes by BMU (including the relevant BM Unit ID)
- Demand metered volumes aggregated by supplier for each GSPG (including the relevant Supplier ID)
- DCDS metered volumes aggregated into a single figure
- The date, day, period and run-types to which the metered volumes pertain

All other data items would be removed from the Settlement Report

## **5 RATIONALE FOR PANEL RECOMMENDATIONS**

Although the Group had recommended rejection of the Proposed Modification and acceptance of the Alternative Modification, the Panel believed that the economic case for approval of either the Proposed Modification or the Alternative Modification had not been proved. Firstly, the Panel felt that the only non-BSC party known to be interested in either the Proposed Modification or the Alternative Modification was the Proposer. The only response received from a non-BSC Party to the consultation on the Modification Proposal during the Assessment Procedure had stated that they would not be interested in either the Proposed Modification or the Alternative Modification. Secondly, the Panel felt that Parties, the majority of which had indicated that they would not be interested in either the Proposed Modification or the Alternative Modification, would have to take on the risk of under-recovering any development or operational costs.

In addition, the Panel believed that, when considering the costs and benefits of any Modification Proposal, any wider public benefit had to be considered in addition to the impact on market participants.

In the light of these considerations, the Panel did not consider that either the Proposed Modification or the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives and should be rejected. However, the Panel recognised that the Authority might decide that either the Proposed Modification or the Alternative Modification should be made. In this event, the Panel agreed that the Implementation Date should be the first release date for BSC Systems at least 3 months after the date of the Authority's decision.

## 6 LEGAL TEXT TO GIVE EFFECT TO THE MODIFICATION PROPOSAL;

The changes to the legal text of the Code in the following sections are based on version 4.0 of Section V to the Code, which is to be implemented on 1 April 2002. This will incorporate approved Modifications P30 and P49 (as version 3.0 to be released on 27 March 2002) and P22. 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.

### 6.1 Code Changes for Proposed Modification

Annex V-1, Table 5 shall be amended as indicated below:

Name of Report	Frequency	Recipient	General Description
Aggregated Data Report	For each Relevant Party and any Party (on request): Daily	Relevant Party	A report relating to the Registrant containing Metered Volumes for each BM Unit, Interconnector or GSP Group
	For any person (on request) who is not a Party: Once a week (in weekly batches for each day of the preceding week)	Any person (on request)	

### 6.2 Code Changes for Alternative Modification

*Amend paragraph V3.2.7 to read as follows:*

".... and providing (inter alia):

(a) for the payment .... ; and

(b) where the Panel so decides (having regard to whether Parties are bound by Section H4.2 in relation to such data), for obligations to BSCCo of confidentiality (equivalent to those binding on Parties pursuant to Section H4.2) on the part of such person in relation to such data.

*Insert new paragraph 4.3.3 as follows:*

4.3.3 The report entitled [External Aggregated Data Report] specified in Table 5 in Annex V-1 shall not be provided by the CDCA but shall be made available by BSCCo, by such means (taking account of paragraph 3.2.7(b)) as the Panel shall decide.

*Insert new row in Annex V-1 table 5 after 'Aggregated Data Report':*

[External Aggregated Data Report] <i>Note: the report is provided by BSCCo – see Section V4.3.3</i>	Weekly	Any person on request	A report containing Metered Volumes for each Production BM Unit, aggregated Metered Volumes for all Consumption BM Units directly connected to the Transmission System, and aggregated Metered Volumes by Supplier and GSP Group for other Consumption BM Units.
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## 7 ASSESSMENT

The Group, convened to assess the Modification Proposal, first met on 8 January 2002. At the meeting, the Group decided to seek impact assessments for the four potential delivery options identified<sup>2</sup>, to seek advice on several potential legal issues discussed and consult BSC Parties on the merits of the Modification.

The Group considered the impact assessments, consultation responses and legal advice received at a meeting held on 5 February 2002. On the basis of the feedback received, the Group decided that the Modification as submitted would not better facilitate achievement of the Applicable BSC Objectives. As a consequence, an Alternative Modification was formulated that the Group believed would both rectify the defect identified by the original proposal and facilitate achievement of the Applicable BSC objectives.

Given that the Alternative had been formulated close to the next Panel meeting, the Group requested a one-month extension to the Assessment Procedure at the Panel meeting held on 14 February 2002. The Panel granted the extension, and the Group issued the Alternative Modification for impact assessment and consultation on 19 February 2002 – as part of the consultation exercise DCDSs and LEGs, via the relevant trade associations, were invited to comment on the proposal.

The Group met a final time on 5 March 2002 to consider the consultation responses and BSC Agent impact assessment received for the Alternative Modification. On the basis of the feedback and the principles established during previous meetings, the Group decided to recommend that the Alternative Modification be approved.

The Group believe that implementation of the Alternative Modification would rectify the original defect, by making generation metered volumes available to non-BSC parties, and facilitate achievement of the Applicable BSC Objectives, by creating a more competitive environment through an increase in market transparency. In addition, the competition-enhancing gain in transparency would not compromise either the discharge by the transmission licensee of its obligations, the efficient and economic operation by the licensee of the transmission system or the efficient implementation of the balancing and settlement arrangements.

The Group believed that the Proposed Modification as submitted should be rejected because, whilst rectifying the defect identified in the proposal, it would not facilitate achievement of the Applicable BSC Objectives – disclosure of information would be asymmetric and market transparency would not be significantly increased. Unlike the Alternative Modification, which would make generation and demand data available, the Proposed Modification as submitted would only make generation data available. Therefore, the original proposal would not make enough data available and interest enough non-BSC parties to significantly increase market transparency – data would only be released on certain portions of market activity.

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<sup>2</sup> The four potential delivery options identified were as follows – report published on the BMRS, report made available by the BSC Agent over the Low Grade Service, ELEXON email the report to requesting non-BSC parties and the report published on the ELEXON website.

## **8 SUMMARY OF REPRESENTATIONS**

[Insert summary of responses to consultation on Draft Modification Report. Insert copies at Annex 1.]

A summary and copies of the original representations received and considered by the Modification Group under the initial consultation on this proposal can be found in the Assessment Report on this proposal. This Modification Report should be read in conjunction with that Assessment Report.

## **ANNEX 1 – REPRESENTATIONS**

[Insert copies of representations on Draft Modification Report]