

December 2001

**MODIFICATION REPORT
MODIFICATION PROPOSAL P43
Provision of Annualised Advance and
Estimated Annual Consumption Data**

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

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b Distribution

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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, and the resultant findings of this report, the Panel recommends to the Authority that:

Modification Proposal P43 should be rejected.

1.2 Background

Modification Proposal P43 was submitted on 1 October 2001 by Western Power Distribution (S West). The Modification Proposal seeks to modify the BSC, relevant Code Subsidiary Documents and other Configurable Items so that Non Half Hourly Data Collectors (NHHDCs) send Metering System Annualised Advance (AA) and Estimated Annual Consumption (EAC) data to the relevant Public Distribution System Operator (PDSO).

The Panel agreed that Modification Proposal P43 should be submitted to the Assessment Procedure and assessed by the Volume Allocation Modification Group. The Modification Group assessed the Modification Proposal and prepared an Assessment report that was presented to the Panel meeting on 13 December 2001. The Assessment Report recommended that the Modification Proposal should be rejected.

The Panel considered the Assessment Report, which may be found on the BSC website at www.elexon.co.uk, at its meeting on 13 December 2001. The Panel agreed that the Modification Proposal should proceed to the Report Phase and that the draft Modification Report, to be consulted upon, should contain a recommendation to the Authority that the Modification Proposal should be rejected.

1.3 Rationale for Recommendations

The Panel endorsed the Modification Group's conclusions that the Modification Proposal would not better facilitate the Applicable BSC Objectives as set out in Condition C3 of the Transmission Licence. In particular, the Panel agreed with the views of the Modification Group that the Modification Proposal could possibly lead to reduced distribution costs but there was no strong evidence to support this. The Panel also agreed that even if there were reduced distribution costs they would not necessarily lead to lower Distribution Use of System charges and that it was unclear as to whether the Modification Proposal would better facilitate achievement of the Applicable BSC Objectives. The Panel agreed that the Modification Proposal would not better facilitate achievement of the Applicable BSC Objectives.

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 Modification Group. This Modification Report should be read in conjunction with the Modification Group's Assessment Report.

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. This document should be read in conjunction with the Assessment Report for Modification Proposal P43 which may also 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 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).

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 BSC. 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

Modification Proposal P43 was submitted on 1 October 2001 by Western Power Distribution (S West). An Initial Written Assessment was prepared by ELEXON and presented to the Panel meeting on 18 October 2001. The Panel agreed that Modification Proposal P43 should be submitted to the Assessment Procedure, and that the Assessment Report should be presented to the Panel meeting on 13 December 2002. The Modification Proposal was assessed by the Volume Allocation Modification Group that held two meetings on 25 October 2001 and 22 November 2001 and an Assessment Report was submitted to the Panel meeting on 13 December 2001. The Assessment Report concluded that the Modification Proposal would not better facilitate achievement of the Applicable BSC Objectives and that the Modification Proposal should be rejected.

The Panel meeting on 13 December 2001 considered the Assessment Report and agreed that the Modification Proposal should proceed to the Report Phase and that a draft Modification Report, to be consulted on, should be prepared with a recommendation to the Authority that the Modification Proposal should be rejected.

5 DESCRIPTION OF PROPOSED MODIFICATION

Modification Proposal P43 seeks to modify the BSC, relevant Code Subsidiary Documents and other Configurable Items so that NHHDCs send Metering System AA and EAC data additionally to the Relevant PDSO.

Section S, paragraph 2.3.2 (i), and Annex S-2, paragraph 4.3 1 (i), of the BSC require the NHHDC to provide validated Metered Data and Metering System reports to the relevant Supplier and the Relevant Distribution System Operator (DSO). The reference to validated Metered Data covers the provision of meter readings to DSOs. However, the BSC is unclear as to which specific Metering System reports are to be sent to the DSO and as to whether this includes EAC and AA data.

BSCP504 'Non-Half Hourly Data Collection for SVA Metering Systems Registered in SMRS', PSL120 'Non Half Hourly Data Collection', the SVA Data Catalogue and the MRA Data Transfer Catalogue refer to the NHHDC sending a D0019 data flow containing AA and EAC data to the NHHDA and the relevant Supplier. The relevant DSO is not a recipient of this data flow.

The Modification Proposal stated that, following separation of the Supply and Distribution Businesses, the PDSO no longer has access to AA and EAC data. The PDSO requires an accurate forecast of consumption to enable it to calculate loading on its network and to forecast demand. The Modification Proposal suggests amending the BSC so as to require the NHHDC to send AA and EAC data additionally to the PDSO via the existing D0019 data flow. This would also require modifications to BSCP504, PSL120, the SVA Data Catalogue and the MRA Data Transfer Catalogue to require the NHHDC to send AA and EAC data to the PDSO as well as to the relevant NHHDA and the relevant Supplier. No changes would be required to BSC Systems.

6 RATIONALE FOR PANEL RECOMMENDATIONS

The Panel recognised that some DSOs would benefit from implementation of the Modification Proposal. However, the result of the consultation responses showed that, although some DSOs did support the provision of AA and EAC data, there was no widespread support for such provision. In addition, the consultation responses also showed that the majority of those responding felt that the main beneficiaries of the Modification Proposal and the possible alternatives were the DSOs. Further, the responses showed an even stronger majority in favour of the costs of providing the AA and EAC data being born by the DSOs.

The Panel agreed that the Modification Proposal could possibly lead to reduced distribution costs but that there was no strong evidence to support this. The Panel also agreed that even if there were reduced distribution costs they would not necessarily lead to lower DUoS charges and that it was unclear as to whether the Modification Proposal would better facilitate achievement of the Applicable BSC Objectives.

In the light of the Assessment Report prepared by the Modification Group, the Panel agreed that the Modification Proposal would not better facilitate achievement of the Applicable BSC Objectives and should be rejected.

However, the Panel recognised that, if a DSO felt that it was necessary to receive AA and EAC data, alternative routes to obtain this data were available. In particular, it would be possible for the DSO to propose a change to their Distribution Use of System Agreement to require Suppliers to provide the data. Any such change would then be applicable to all Suppliers and if a Supplier objected to the proposed change an appeal could be made to the Authority.

7 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

No legal text has been drafted during the Assessment Procedure for the Modification Proposal. In accordance with Section F, paragraph 2.7.3 the Panel has consulted with the Authority which has agreed that no legal text for the Modification Proposal should be commissioned at this time.

8 ASSESSMENT

This section of the report summarises the assessment carried out by the Volume Allocation Modification Group during the Assessment Procedure. Full details are contained in the P43 Assessment Report, which may be found on the BSC website at www.elexon.co.uk.

The Modification Group identified two possible alternatives to the provision of AA and EAC data. One required NHHDCs or Non Half Hourly Data Aggregators (NHHDCAs) to provide PDSOs with a regular 'snapshot' of AA and EAC data. The other possible alternative was for PDSOs to install their own metering systems at feeder level in their own networks. The Modification Group carried out a consultation and impact assessment on the Modification Proposal and the two alternatives.

Following receipt of the responses to the consultation and impact assessment, the Modification Group considered whether the Modification Proposal or the possible alternatives better facilitated achievement of the Applicable BSC Objectives. The result of the consultation responses showed that, although some PDSOs did support the provision of AA and EAC data, there was no widespread support for such provision. The consultation responses also showed that the majority of those responding felt that the main beneficiaries of the Modification Proposal and the possible alternatives were the PDSOs and that the costs of providing the AA and EAC data should be born by the PDSOs. The Modification Group did not feel that an Alternative Modification could be identified.

The Modification Group agreed that the Modification Proposal could possibly lead to reduced distribution costs but there was no strong evidence to support this. However, the Modification Group thought that even if there were reduced distribution costs they would not necessarily lead to lower DUoS charges. The Modification Group also felt that it was unclear as to whether the Modification Proposal would better facilitate achievement of the Applicable BSC Objectives and that a recommendation should be made to the Panel that the Modification Proposal should be rejected.

The Modification Group recognised that, if a PDSO felt that it was necessary to receive AA and EAC data, an alternative route would be for the PDSO to propose a change to their Distribution Use of System Agreement to require Suppliers to provide the data. Any such change would then be applicable to all Suppliers and if a Supplier objected to the proposed change an appeal could be made to the Authority.

9 SUMMARY OF REPRESENTATIONS

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

ANNEX 1 – REPRESENTATIONS

[Insert copies of representations on Draft Modification Report]