Modification Proposal

Title of Modification Proposal (mandatory by proposer):

Review Of The Modification Procedures

Submission Date (mandatory by proposer): 22 June 2001

Description of Proposed Modification (mandatory by proposer):

Review of the modification procedures to improve the efficiency of the BSC governance process.

Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by proposer):

Dynegy believes that operation of the BSC modification procedures has shown that a number of areas could be improved to increase the efficiency with which the industry operates the governance of this important multiparty contract. Discussion with other players suggest that they also have concerns, so a review of the procedures should be undertaken with particular focus on making the process quicker and more inclusive of the industry as a whole. Dynegy would want to focus on:

1) The establishment of standing groups, with agreed, regular meeting dates to deal with issues in the same areas. For example a governance group, an imbalance group, an information group and so on. This would help create groups of experts on certain areas, better improving the efficiency of the modifications process.

2) All meetings to made open and the views of all participants to carry equal weight. The concept of group members and attendees seems to be meaningless, as is the idea that participants should act independent of their company views. Options are always influenced by participants companies, as that is the organisation in which they will seek views and look at impacts. As long as all participants, including customers, are free to attend and express their views this is not a problem. In fact it is more of a problem if we develop the industry without looking for pragmatic business solutions.

3) The definition, assessment and report procedures should be shortened, removing unnecessary reports back to the Panel where those reports hold up progress of a modification. All the associated reports should also be significantly reduced in terms of number of pages - for example unused sections should not be in the reports at all. Dynegy would propose that once a raised modification goes to the relevant group and is then worked though to the report stage in as quick a time scale as the group believes still facilitates the main aims of the existing procedures. The Panel would check the modification goes to the correct group and would still make recommendations on modifications to the Authority.

4) BSCCo also needs to review the contracts with service providers such that they work to the timetable of the rest of the industry and implement any necessary system changes in a timely manner.

Looking at the modifications procedures for the Network Code, a similar multi-party contract governing the gas industry, may help steer this debate.

Impact on Code (optional by proposer):

Section F of the BSC to be rewritten.

Impact on Core Industry Documents (optional by proposer):

Review of the service contracts with BSC Agents should also be undertaken.

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties (optional by proposer):

Impact on other Configurable Items (optional by proposer):

Justification for Proposed Modification with Reference to Applicable BSC Objectives (mandatory by proposer):

This modification will better facilitate competition in the generation and supply of electricity by enabling BSC parties, including new entrants and customers, to activley participate in the governance of the BSC, the multiparty contract they are signatories to. This modification would allow all views to be heard in looking at industry developments and would create a more efficient and timely governance regime. In the longer term it will also improve the level of expertise in the industry, by educating a wider audience and will better ensure that modifications put to the Authority provide pragmatic business solutions for the UK electricity industry. This modification will improve the efficiency of the industry and will better meet the applicable objectives, particularly c and d.

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Attachments: NO

If Yes, Title and No. of Pages of Each Attachment: