

12 July 2001

**Consultation on
MODIFICATION PROPOSAL P20
*Revision of Obligations on Parties in
Relation to BM Unit Registration***

**Prepared by ELEXON Limited on behalf of the P20
Modification Group**

Document Reference	CON 20
Version no.	1.0
Issue	1.0
Date of Issue	12/07/2001
Reason for Issue	Consultation
Author	N. Cohen & D. McGregor

I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
1.0	12/07/01	N. Cohen D. McGregor		Issue for Consultation

Version	Date	Reviewer	Signature	Responsibility
1.0	12/07/01	D. Warner		Trading Strategy

b Distribution

Name	Organisation
BSC Parties	
BSC Panel Members	
The Authority	
BSC Agents	
Core Industry Document Holders	
Energywatch	

c Intellectual Property Rights and Copyright

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1 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.

Electronic responses should be sent to: Modifications@elexon.co.uk by 12:00 hrs on 17 July 2001 and responses sent by post should be addressed to Modifications Department, ELEXON Ltd., 10th Floor, 338 Euston Road, London NW1 3BP, again to arrive by 12:00 hrs on 17 July 2001. Responses should be marked "Response to the P20 Modification Consultation".

If you have any queries about the issues raised in this consultation paper then please contact Neil Cohen on 0207 380 4028 or Drew McGregor at drew.mcgregor@elexon.co.uk.

2 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).

The Panel may decide to submit a Modification Proposal to an 'Assessment Procedure'¹. Under this procedure, a Modification Group is tasked with undertaking a detailed assessment of the proposal to evaluate whether it better facilitates achievement of the Applicable BSC Objectives². The group may also develop an alternative proposal if it believes that the alternative would better facilitate achievement of the objectives.

The Modification Group must prepare a report for the Panel, setting out the results of the assessment of the modification proposal and any alternative. The following matter should be included (to the extent applicable to the proposal in question)³:

- (a) an analysis of and the views and rationale of the Modification Group as to whether (and, if so, to what extent) the Proposed Modification would better facilitate achievement of the Applicable BSC Objective(s);
- (b) a description and analysis of any Alternative Modification developed by the Modification Group which, as compared with the Proposed Modification, would better facilitate achievement of the Applicable BSC Objective(s) and the views and rationale of the Group in respect thereof;
- (c) an assessment or estimate (as the case may be) of:
 - (i) the impact of the Proposed Modification and any Alternative Modification on BSC Systems;
 - (ii) any changes and/or developments which would be required to BSC Systems in order to give effect to the Proposed Modification and any Alternative Modification;
 - (iii) the total development and capital costs of making the changes and/or delivering the developments referred to in paragraph (ii);
 - (iv) the time period required for the design, build and delivery of the changes and/or developments referred to in paragraph (ii);
 - (v) the increase or decrease in the payments due under the BSC Agent Contracts in consequence of the Proposed Modification and any Alternative Modification;
 - (vi) the additional payments (if different from those referred to in paragraph (v)) due in connection with the operation and maintenance of the changes and/or developments to BSC Systems as a result of the Proposed Modification and any Alternative Modification;

¹ See BSC F2.6

² As defined in the Transmission Licence

³ See BSC F2.6.4 and Annex F-1

- (vii) any other costs or liabilities associated with BSC Systems attributable to the Proposed Modification and any Alternative Modification;
- (d) an assessment of:
- (i) the impact of the Proposed Modification and any Alternative Modification on the Core Industry Documents;
 - (ii) the changes which would be required to the Core Industry Documents in order to give effect to the Proposed Modification and any Alternative Modification;
 - (iii) the mechanism and likely timescale for the making of the changes referred to in paragraph (ii);
 - (iv) the changes and/or developments which would be required to central computer systems and processes used in connection with the operation of arrangements established under the Core Industry Documents;
 - (v) the mechanism and likely timescale for the making of the changes referred to in paragraph (iv);
 - (vi) an estimate of the costs associated with making and delivering the changes referred to in paragraphs (ii) and (iv),
- together with a summary of representations in relation to such matters;
- (e) an assessment of:
- (i) the likely increase or decrease in BSC Costs (to the extent not already taken into account in paragraph (c) above) in consequence of the Proposed Modification and any Alternative Modification;
 - (ii) the changes required to Systems and processes of BSCCo in order to give effect to the Proposed Modification and any Alternative Modification; and
 - (iii) the BSC Costs which are expected to be attributable to the implementation of the Proposed Modification and any Alternative Modification, to the extent not taken into account under any other provision above;
- (f) to the extent such information is available to the Modification Group, an assessment of the impact of the Proposed Modification and any Alternative Modification on Parties in general (or classes of Parties in general) and Party Agents in general, including the changes which are likely to be required to their internal systems and processes and an estimate of the development, capital and operating costs associated with implementing the changes to the Code and to Core Industry Documents;
- (g) an assessment of the Proposed Modification and any Alternative Modification in the context of the statutory, regulatory and contractual framework within which the Code sits (taking account of relevant utilities, competition and financial services legislation);
- (h) 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 and the views and comments of the Modification Group in respect thereof;
- (i) a summary of the analysis and impact assessment prepared by the Transmission Company and the views and comments of the Modification Group in respect thereof;

- (j) a summary of the impact assessment prepared by relevant BSC Agents and the views and comments of the Modification Group in respect thereof;
- (k) a summary of any impact assessment prepared by Core Industry Document Owners and the views and comments of the Modification Group in respect thereof;
- (l) a copy of the terms of reference and any report or analysis of external consultants or advisers engaged in respect thereof;
- (m) a list of the key assumptions which the Modification Group has made in formulating its views;
- (n) any other matters required by the terms of reference of such Modification Group;
- (o) any other matters which the Modification Group consider should properly be brought to the attention of the Panel to assist the Panel in forming a view as to whether the Proposed Modification and any Alternative Modification would better facilitate achievement of the Applicable BSC Objective(s);
- (p) subject to paragraph 2.6.8 and 2.6.9 of Section F of the BSC, the proposed text to modify the Code in order to give effect to the Proposed Modification and any Alternative Modification, together with a commentary setting out the nature and effect of such text and of other areas of the Code which would be affected by the changes;
- (q) the Modification Group's proposed Implementation Date(s) for implementation (subject to the consent of the Authority) of the Proposed Modification and any Alternative Modification;
- (r) an executive summary of the project brief prepared by BSCCo;
- (s) a recommendation (where applicable) as to whether, if the Proposed Modification or Alternative Modification is approved, Settlement Runs and Volume Allocation Runs carried out after the Implementation Date of such Approved Modification in respect of Settlement Days prior to that date should be carried out taking account of such Approved Modification or not;
- (t) the proposed text (if any) to modify the Memorandum and Articles of Association of BSCCo and/or the BSC Clearer in order to give effect to the Proposed Modification and any Alternative Modification, together with a commentary setting out the nature and effect of such text and of other areas of the Memorandum and Articles of Association and/or the Code which would be affected by the changes; and
- (u) a summary of any changes which would be required to Code Subsidiary Documents as a consequence of such Proposed Modification or Alternative Modification.

This Assessment Report therefore addresses all of the above items to the extent relevant to the Modification Proposal in question.

3 MODIFICATION GROUP DETAILS

This Consultation Document has been prepared by ELEXON on behalf of the P20 Modification Group. The Membership of the Modification Group was established as that of the ISG, namely:

Panel Sponsor	Employer
Tony Bramley	Tanaris Energy
Barbara Vest	Yorkshire Electricity
Industry Members	Employer
Lisa Waters	Dynegy UK
Ian Moran	Scottish & Southern Energy
Tony Diccico	PowerGen
Paul Mott	London Electricity
Ben Willis	Yorkshire Electricity
Ian Moss	APX
Steve Garrett	Slough Heat & Power
Martin Mate	British Energy Group
Consumer Members	Employer
TBA x2	Consumer
Transmission Member	Employer
Nigel Brooks	Transmission Company
Alternates	Employer
Chris Gibson	Innogy
Duncan Jack	St Clements Services
Sharif Islam	Total Fina Elf Gas & Power
Libby Glazebrook	Edison Mission Energy
Maurice Smith	Campbell Carr
Andrew Foster	UK Power Exchange
Attendees	Organisation
Jonathon Purdy	Distribution System Operator
Steven Hodges	Ofgem
Malcolm Burns	SESL
David McNair (ELEXON)	Group Secretary
Chris Rowell	BSCCo

The following members and attendees were present at the first meeting of the P20 Modification Group held on 10th July 2001:

4 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

4.1 Process

Modification proposal P20 was submitted on the 18 May 2001 by London Electricity. An Initial Written Assessment (IWA) was then issued and responses were subsequently received. Following the BSC Panel decision to undertake an assessment procedure, as detailed in Clause 2.6 of Section F of the BSC, a Modifications Group met on 10th July 2001 to consider the proposal. One comment that was received in response to the IWA was that the timescales for progressing the Modification are too short. The Panel nevertheless have asked for an Assessment Report to be presented at its meeting of 26 July 2001. The following is the outcome of the above deliberations.

4.2 Description and Analysis

The proposal seeks to allow BM Units (and their associated metering systems) to be registered in the name of a BSC Party that is an Affiliate (as defined in the BSC) of the BSC Party that is responsible (pursuant to paragraph K1.2.2 of the BSC) for the exports or imports of electricity at the relevant Boundary Point. A copy of the Modification Proposal is attached in Annex 1.

Before considering the applicable BSC objectives, the Modifications Group considered a number of aspects of the proposal which had not been developed in the original, but which had been raised as a series of specific questions in the IWA. The questions raised were as follows:

- Who is responsible for notifying the appointment/de-appointment of the Affiliate?
- What happens if the Affiliate goes into liquidation?
- What are the credit cover requirements where an Affiliate is registered, rather than the Lead Party?
- Who can authorise affiliate MVRNs?
- Should the status of the Affiliate be monitored?

One respondent to the IWA also raised the question of responsibilities and obligations as between the Affiliate and the Party, particularly in relation to registration of BM Units, metering, energy and imbalances, credit cover, default, licence obligations (see section 6) and provision of information.

In seeking to address these issues, the Modifications Group considered that the Party responsible for the relevant imports or exports would be responsible for establishing the Affiliate as the legitimate nominated Lead Party (and Registrant) and informing the appropriate BSCCo Agent of any subsequent change to that arrangement. It would then be for the nominated Lead Party to comply with any obligations under the BSC, just as any other Lead Party would.

One respondent to the IWA also raised the issue of business separation. However, the Modifications Group were of the view that this was not an issue since consumption and production were still to be accounted for separately.

The proposal suggests that the applicable BSC objective that would be better achieved by P20 is Condition 7A.3 (c); promoting effective competition in the generation and supply of electricity, and (so far as is consistent therewith) promoting such competition in the sale and purchase (as defined in the Transmission Licence) of electricity. The means by which the above is judged to be better achieved is for the following reasons:

- By placing groups of companies that hold generation assets and supply businesses in separate companies in the same position as BSC Parties that hold generation assets and supply businesses in the same company.
- By virtue of the risk management involved in the administration of one BM Unit being necessarily less than the risk management involved in managing two BM Units.
- The IT infrastructure and level of credit cover required to operate via one registration being necessarily less than the infrastructure for two or more separate registrations.
- The risk of IT system failure being less if only one account is operated, rather than two or more separate accounts being operated.

The Modifications Group addressed each of the perceived benefits. Firstly, in so far as the equivalency of corporate groups to single companies was concerned, some Modifications Group members were not convinced that such equivalence was necessarily appropriate. A counter-view was that the ability to act on behalf of another was an established principle in other markets. For example, under the Network Code, governing the wholesale gas arrangements in England and Wales, it was possible for a Shipper to take responsibility for another Shipper's gas. By contrast, the BSC appeared to be restrictive. Some argued against this point suggesting that the Meter Volume Reallocation Notification (MVRN) arrangements fully facilitated the underlying intent of the proposal.

In so far as IWA respondents were concerned, a number agreed with the view that existing arrangements were adequate for the purposes described. One response sought further explanation as to why this might not be the case. One respondent took the view that the issues raised in the proposal were bilateral matters for the relevant Parties. The respondent further suggested that the proposal might be anti-competitive. Broadly speaking, of the four responses to the IWA received, one (representing two signatories) supported the proposal, two did not support it and one (representing four signatories) required further information to justify the proposal.

As to the second point, the proposer acknowledged that the wording in P20 was misleading and the perceived benefit of the proposal was actually that it avoided the complexity and cost associated with the use of the MVRN facility. Members of the Modifications Group recognised that some infrastructure was needed, for example the need to establish and Authorised MVRN Agent, and that there was a cost associated with each notification (detailed in section D of the BSC and currently set at a value of £0.0025 per MWh of notified volume). A counter to this point was that, to give a similar effect to the proposal, required only a single notification (reallocating 100% of the relevant BM Unit). Hence, the

complexity was of a minor degree. It was also suggested that the use of registration arrangements, rather than the MVRN facility, to effect the intent of the Modification proposal implied a standing arrangement, rather than a dynamic one.

The Modifications Group accepted the view that some benefit might accrue in respect of credit cover, although it was unclear how substantial such benefits might be. This benefit might arise in circumstances where, for example, one of two companies in a group might submit an Energy Contract Volume Notification which reduced its indebtedness below zero. This negative indebtedness, or credit, would not be accounted for in indebtedness calculations for the company, taken on its own. However, if the company were affiliated to the second company and the second company was responsible for both companies' activities under the BSC, then a single indebtedness calculation would be appropriate and that negative indebtedness would be accounted for and would reduce the overall indebtedness for the combined companies.

Finally, in respect of the IT issues raised by the Modification, the Modifications Group acknowledged the likelihood that infrastructure and risk of failure would be more complex for two or more registrations than for one. One other comment made was that, with only one set of registrations, a system failure might have greater impact.

4.3 Alternative Modification

In considering the basic elements of the Modification proposal, the Modifications Group considered that there was no particular significance to the concept of an Affiliate acting on behalf of a given Party. The Modifications Group took the view that, so long as the necessary undertakings were given that the Party acting as Lead Party was able to fully discharge all of its obligations under the BSC, then affiliation became a limitation, with no discernable benefit. The Modifications Group, therefore, considered that an Alternative Modification should be established, whereby a Party acting on behalf of another Party, in the manner described in P20, could be any such Party so designated.

One respondent to the IWA (acting on behalf of two signatories) who supported the proposal noted that the above alternative could better achieve BSC objectives. The specific point made was that smaller participants could avoid certain infrastructure costs by allowing other Parties to act on their behalf.

5 IMPACT OF THE PROPOSAL

As described in the IWA, the main impact on the BSC is considered to be in section K. It was also recognised that sections H, L, M, P and X may require certain consequential changes. The specific drafting to give effect to the proposal, and its alternative, are currently being considered by ELEXON. ELEXON are also continuing to check that the use of a nominated Lead Party (and Registrant) can be accommodated in all instances within the BSC where obligations arise.

One respondent to the IWA suggested that on the basis that the nominated Lead Party (and Registrant) would be discharging all relevant obligations under the BSC then changes to the BSC would be minimal. Given the Modifications Group view that obligations should fall in this way, the provisional opinion of ELEXON is that changes to the BSC could be mainly limited to the introduction of the concept of a nominated Party into Clause 1.2.1 of Section K, along with suitable definitions. It should be stressed, however, that a legal view has still to be obtained.

A further issue that the Modifications Group considered was that of consistency with Core Industry Documents and with other relevant legal instruments. On a general level, some members noted that the hierarchy between all of these documents was not always clear, rendering this particular consideration more difficult. Notwithstanding this, there was a view that the proposal might not be consistent with licences, given that a consequence of the proposal was that obligations which ultimately flowed from licences could be transferred to other Parties. A counter-argument was that the proposal merely sought to allow the transfer of commercial obligations and that other obligations flowing from any relevant licences would remain with the principal organisation.

In so far as the impact on the Grid Code was concerned, no issues of principle emerged during Modifications Group discussions. However, it was suggested that NGC may need to consider the impact on its systems, as well as potential drafting changes in the Grid Code itself. It was further recognised that procedural issues, as well as potential drafting changes might arise in respect of the MRA. It should be noted that the assumption is that the nominated Lead Party, rather than the Principal Party, would sign the MRA and would itself, therefore, need to be a Supplier. A particular practical issue that arose was that of NGC (and Distribution businesses) utilising metering from BSC settlement to support billing arrangements. Under the proposal, meter readings would be attributed to the nominated Lead Party, whereas relevant Connection and Use of System charges are assumed to continue to be levied against the Principal Party actually connected to the system. Hence, further processing might be required to identify the Principal Party, if a nominated Party were acting as Lead Party under the BSC.

In so far as Code Subsidiary documents are concerned, the Initial Written Assessment suggested that BSCP 15 (BM Unit Registration) and BSCP 71 (ECVNA and MVRNA Registration, Authorisation and Termination) would require changing. ELEXON are continuing to assess this. The provisional view of ELEXON is that the proposal could be effected without modifying central systems. Instead a separate register would be maintained identifying where Lead Parties had been nominated and by whom. It is anticipated that BSCP15 would form the main vehicle for this process and any relevant pro-forma documents, perhaps with some cross-reference to other procedures. It should be stressed, however, that this view has yet to be subjected to a full assessment.

In order to further develop views on the impact on Core Industry Documents and on BSCCo Agent systems, impact assessments are being undertaken concurrent with this consultation. An update on these assessments will be provided to the BSC Panel when the Panel considers the Assessment Report on P20, at its meeting of the 26 July 2001.

Finally, impact on BSC Parties may be of significance and views are particularly invited in this area.

ANNEX 1 – MODIFICATION PROPOSAL

Modification Proposal – F76/01	MP Number:20 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i> Revision of Obligations of Parties in Relation to BM Unit Registrations	
Submission Date <i>(mandatory by originator):</i> 18 May 2001	
Date Logged <i>(mandatory by BSCCo):</i>	
Description of Proposed Modification <i>(mandatory by originator):</i> London Electricity ('London') proposes to clarify the position in relation to the registration of BM Units in the name of a BSC Party that is an affiliate of the company responsible for the exports or imports connected with that BM Unit.	
Description of Issue or Defect that the Modification Proposal Seeks to Address <i>(mandatory by originator):</i> There is currently some dispute within the industry regarding the complex area of which BSC Party a BM Unit should be registered to. Even Elexon has the need to carefully consider internally what position in response to this question it should take. Clarification of this issue would therefore be very useful for all parties involved. London believes that BSC parties should be able to register BM Units in the name of affiliated companies that are themselves a Party to the BSC, with the capacity of a Trading Party. This should have the following advantages for all such BSC parties: 1. it would place groups of companies that hold generation assets and supply businesses in separate companies in the same position as BSC parties that hold generation assets and supply businesses in the same company; 2. the risk management involved in the administration of one BM Unit is necessarily less than the risk management involved in managing two BM Units; 3. the information technology infrastructure and level of credit cover required to operate via one registration is necessarily less than the infrastructure required for two or more separate registrations; 4. the risk of information technology system failures is less if only one account is operated, rather than two or more separate accounts being operated.	

Modification Proposal – F76/01	MP Number: <i>(mandatory by BSCCo)</i>
<p>Impact on Code <i>(optional by originator):</i></p> <p>Section K1.2 will need to be redrafted to read as follows:</p> <p>1.2 Obligations of Parties in Relation to Exports and Imports</p> <p>1.2.1 Subject to the further provisions of this Section K, the Party responsible (in accordance with paragraph 1.2.2 below) for any Exports or Imports of electricity at a Boundary Point shall:</p> <ul style="list-style-type: none"> (a) install, maintain and operate or secure that there is installed, maintained and operated, subject to and in accordance with Section L, Metering Equipment by which (over periods and otherwise in accordance with the further requirements of the Code) the quantities of such Exports and Imports separately can be measured, but subject to the provisions of Section S8 as to Unmetered Supplies; (b) register or procure the registration of the Metering System(s) which result or will result from installation of such Metering Equipment either in the name of the Party responsible (in accordance with paragraph 1.2.2 below) for any Exports or Imports of electricity, or in the name of a Party that is an affiliate of the Party responsible for any Exports or Imports of electricity (in accordance with paragraph 1.2.2 below); (c) establish and register BM Unit(s) comprising the relevant Plant and Apparatus in accordance with paragraph 3; (d) assign each BM Unit to a Trading Unit established and registered in accordance with paragraph 4. <p>Section K2.2 will also need to be amended as follows:</p> <p>2.2 Registration requirements</p> <p>2.2.1 A Party may apply to register a Metering System in CMRS by submitting a registration application to the CRA specifying:</p> <ul style="list-style-type: none"> (a) the identity of the Party to be registered as the Registrant; (b) the Metering System; (c) the Meter Operator Agent appointed or to be appointed in accordance with Section J6.1; and (d) the date with effect from which the applicant wishes the registration to be effective. 	

Impact on Core Industry Documents *(optional by originator):*

London does not consider that any other Core Industry Documents would require amendment.

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

London does not believe that the BSC systems would need to be adapted, since the BSC systems currently process information in this way.

Impact on Other Configurable Items *(optional by originator):*

London does not believe any other configurable items would be affected.

Modification Proposal – F76/01	MP Number: <i>(mandatory by BSCCo)</i>
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator):</i></p> <p>The Proposed Modification is consistent with the BSC objectives for the following reasons:</p> <ol style="list-style-type: none"> 1. The Proposed Modification promotes effective competition in the generation and supply of electricity in that companies that hold generating and supply business assets in separate companies are placed in the same position as companies holding generating assets and supply businesses in one corporate vehicle in respect of the following factors: <ul style="list-style-type: none"> • the risk management of an equal number of balancing mechanism units; • the costs of its mission technology infrastructure; • the risk of IT system failure. 2. The Proposed Modification will provide efficiency in the implementation and administration of the BSC by reducing risk and costs involved in the implementation and administration of BSC processes for BSC parties. 3. In addition, the Proposed Modification complies with the objective of the BSC Panel to give effect to the Code without undue discrimination between parties or classes of Party. As mentioned above, the purpose of the Proposed Modification is to ensure a level playing field between corporate structures. 	
<p>Details of Proposer:</p> <p>Name Roger Barnard</p>	

<p>Organisation London Electricity plc</p> <p>Telephone 020 7331 3398</p> <p>e-mail address roger-barnard@londonelec.co.uk</p>
<p>Details of Proposer's Representative:</p> <p>Name Roger Barnard</p> <p>Organisation London Electricity plc</p> <p>Telephone 020 7331 3398</p> <p>e-mail address roger-barnard@londonelec.co.uk.</p>
<p>Details of Representative's Alternate:</p> <p>Name</p> <p style="text-align: center;">N/A</p> <p>Organisation</p> <p>Telephone</p> <p>e-mail address</p>
<p>Attachments: Yes (delete as appropriate) (mandatory by originator):</p> <p>If Yes, Title and Number of Pages of Each Attachment:</p> <p>Letter dated 18 May 2001 addressed to BSC Panel Chairman and headed REGISTRATION OF BM UNITS TO TRADING PARTIES AFFILIATED TO BSC PARTIES (three pages)</p>

Mr Nicholas Durlacher
Chairman, BSC Panel
c/o Elexon Limited
Third Floor

RB/MVB

25 May 2001

1 Triton Square
London NW1 3BX

Dear Mr Durlacher

REGISTRATION OF BM UNITS TO TRADING PARTIES AFFILIATED TO BSC PARTIES

As some Panel Members may be aware, London Electricity plc ('London') has been in correspondence with Elexon regarding the registration of balancing mechanism units in the name of London rather than in the name of the wholly owned subsidiaries of London that hold the electricity generation licences in respect of the relevant generating stations.

The purpose of this letter is to ask the BSC Panel to exercise its discretion under Section K1.2.2(a)(iv) of the Balancing and Settlement Code (BSC) so as to clarify the above position. While the facts of this case are specific to London, it should be noted that we are not the only company group that holds generating assets and supply businesses in separate corporate vehicles.

As the Panel Members will be aware, the public electricity supply licence held by London prohibits London from conducting any business or carrying on any activity other than the supply business, the second tier supply business, and the distribution business (Condition 72.1). The effect of this is that London, by virtue of that requirement, is prevented both from carrying on any generation business and from transferring any generation assets to itself.

For ease of reference, Condition 72.2(a) addresses the position of subsidiaries in which the generation assets of the London Group are held.

While London is not questioning the licensing position, we do believe that the BSC should allow London (and, of course, any other company in the same position as London) to register an affiliated company as the party responsible for a balancing mechanism unit. Our view is that, in principle, a BSC Party should be entitled to register balancing mechanism units in the name of an affiliate who as a Trading Party is also a BSC Party.

We also think that this is consistent with BSC requirements. Section K2.2 sets out the registration process. A BSC Party may apply to the Central Registration Agent (CRA) to register a metering system in the Central Meter Registration Service, specifying, inter alia, the name of the applicant party. We maintain that if the only name that can be submitted under these procedures is that of the company making the application, then the requirements would not need to specify that the name of the applicant is required, as the CRA would already have this information.

Although this is a complex issue, Elexon initially concurred with this approach. Having reconsidered the matter, Elexon has now concluded that the BSC does not currently permit this position. London disagrees with this conclusion, and believes that its preferred approach gives the following advantages:

1. It places companies that hold generation assets and supply businesses in separate corporate vehicles in the same position as companies holding generation assets and supply businesses in the same corporate vehicle.
2. The enhanced IT infrastructure costs and sub-optimal credit cover costs involved in the separate registration of balancing mechanism units would be avoided.
3. The risk of IT system failure will be minimised by maintaining only one system, rather than several.
4. The management time and costs of supervising a single registration will necessarily be less than those of maintaining several.

London therefore believes that enabling BSC parties to operate in its preferred manner would meet the following BSC and Panel objectives:

1. It will help to promote effective competition in the generation and supply of electricity by ensuring that parties which have different corporate structures are placed in the same position.
2. It will promote efficiency in the implementation and administration of the Balancing and Settlement Code.
3. It will give effect to the BSC itself without undue discrimination between public electricity suppliers and other energy companies with different corporate structures.

London wishes to emphasise that interpreting the BSC in its preferred manner will not lead to a reduction in the fees paid, in aggregate, by companies within the London Group. Nor are we seeking to avoid or reduce any obligations (including regulatory obligations) borne by London or any affiliated company. The sole purpose of the exercise is to establish the most efficient method of operating the registration and notification procedures under the BSC.

We have received Elexon's notice dated 21 May (to which this submission is our response) that we are in breach of the BSC. Even if that view is correct, which we do not accept, we would not regard the breach of the Code as material within the requirements under Section C for Code enforcement, since it is difficult to see how there could be any material adverse effect on the operation of the BSC consistent with the Section B objectives.

It would be helpful, however, to have the matter resolved beyond any possible doubt. London, therefore, invites the BSC Panel to exercise its discretion under Section K1.2.2(a)(iv) to determine that London's position is not in fact the same as the case set out in Section K1.2.2(a)(i) and that it is in accordance with the objectives of the BSC that London can operate in this way.

As an alternative, we have drafted a modification proposal which would permit BSC parties to register balancing mechanism units in the name of an affiliate who is also a BSC Party. If the Panel is unwilling to exercise its discretion in the manner requested, London will propose the enclosed modification.

If you or other Panel Members have any questions in relation to the above, we would be happy to deal with them. We look forward to hearing from you.

Yours sincerely

Roger Barnard
Roger Barnard
Regulatory Law Manager, London Electricity Group
on behalf of London Electricity, Jade Power
Generation, and Sutton Bridge Power

ANNEX 2 – P20 MODIFICATION GROUP TERMS OF REFERENCE

1. ESTABLISHMENT OF GROUP

1.1 Establishment

1.1.1 The Group is established by the BSC Panel as a Modification Group pursuant to Section F2.4 of the Balancing and Settlement Code (BSC).

1.1.2 The Group will continue until such time as it is dissolved by the Panel.

1.1.3 The Group shall not be a Panel Committee for the purposes of Section B5 of the BSC.

1.2 Role and Objectives

1.2.1 The Group is established in order to carry out a Definition Procedure and/or Assessment Procedure in respect of a single Modification Proposal or a number of Modification Proposals pursuant to section F2.5 and/or F2.6 of the BSC. The details of the Modification Proposal(s) to be considered by the Group, together with any special instructions or guidance from the Panel to be taken into account during its consideration of such Modification Proposal(s) are set out in Annex 1. Those areas of the Group's powers or activities that shall require the prior approval of the Panel are also set out in Annex 1. The Group shall also seek such instructions, clarification or guidance from the Panel as detailed in Annex 1.

1.2.2 In conducting its business, the Group shall have due regard to the following objectives (as if references to the Panel were references to the Group):

- *The Panel shall endeavour at all times to operate the Modification Procedures:*
 - (a) *in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular Modification Proposals; and*
 - (b) *with a view to ensuring that the Code facilitates achievement of the Applicable BSC Objective(s).*

2. Composition and appointment of the Group

2.1 Group Chairman

2.1.1 The Panel shall appoint one of the members of the Group to act as chairman of the Group, and the Panel may change the chairman of the Group from time to time as it sees fit.

2.2 Group Members

2.2.1 The Group shall comprise at least 5 members selected by the Panel for their relevant experience and/or expertise in the areas forming the subject-matter of the Modification Proposal(s) to be considered by such Modification Group (and the Panel shall ensure, as far as possible, that an appropriate cross-section of experience, interests and expertise is represented on such Modification Group).

2.2.2 In addition to the members appointed by the Panel pursuant to paragraph 2.1.1:

- (a) the Proposer of each Modification Proposal to be considered by the Group shall be entitled to appoint one member of the Group;

- (b) the Transmission Company shall be entitled to appoint one member of the Group (unless the Transmission Company is the Proposer, in which case paragraph (a) applies); and
- (c) unless the Panel otherwise determines, the Panel shall appoint at least one additional member of each Modification Group who shall be an employee of BSCCo, and BSCCo shall make appropriately qualified BSCCo staff available for this purpose.

2.2.3 The Panel may add further members to the Group at any time.

2.2.4 The Panel may (but shall not be obliged to) replace any member of the Group at any time if, in the Panel's opinion, such member is unwilling or unable for whatever reason to fulfil that function and/or is deliberately and persistently disrupting or frustrating the work of the Group.

2.3 Group Secretary

2.3.1 There shall be a secretary to the Group who shall be a person nominated and provided by BSCCo and approved by the Group chairman.

2.4 Representative of the Authority

2.4.1 A representative of the Authority may attend and speak any meeting of the Group.

3. Duties of Group Members

3.1 General

3.1.1 Members of the Group shall act in accordance with these Terms of Reference as determined (and, if applicable, changed) by the Panel.

3.2 Impartiality

3.2.1 Members of the Group shall act impartially and shall not be representative of a particular person or class of persons (and, accordingly, no member shall agree to follow or be bound by the instructions of any person or body, other than the Panel pursuant to Section F of the BSC, in the exercise of his functions as a member of the Group).

3.3 Availability

3.3.1 Prior to being appointed as a member of the Group:

(a) each proposed member of the Group shall be required to confirm to the Panel that he will be available as required throughout the relevant Definition Procedure or Assessment Procedure to attend Modification Group meetings and to carry out work to be undertaken outside those meetings as necessary;

(b) where the proposed member is employed, he shall provide to the Modification Secretary a letter from his employer agreeing that he may act as a member of a Modification Group, and that the requirements of paragraph 3.1 shall prevail over his duties as an employee.

4. Indemnity of and protections for Group Members and others

4.1 BSCCo shall indemnify and keep indemnified the Members and Secretary of the Group, in accordance with Section B2.9 of the BSC.

5. Expenses

- 5.1 Each Group Member shall be entitled to be reimbursed by BSCCo for the reasonable expenses properly incurred by such Group Member in attending meetings of or otherwise in the conduct of the business of the Group.

6. APPROVAL OF EXPENDITURE

- 6.1 In addition to any staff made available to act as members of the Group, BSCCo shall provide such staff, facilities and support to the Group (including the engagement of external consultants and advisers) as the Group may reasonably require to assist with the administration and operation of its business provided that any expenditure over £10K, up to a value of £50K, shall require the prior approval of the Panel Chairman (in consultation with BSCCo). Any expenditure over £50K shall require the prior approval of the Panel (in consultation with BSCCo).
- 6.2 Prior to the taking of any steps in an Assessment Procedure which would result in the incurring of costs greater than £10K for BSCCo, the Modification Group shall seek and comply with the views of the Panel Chairman as to whether to proceed with such steps and, in giving its views, the Panel Chairman may consult with the Authority in respect thereof. Prior to the taking of any steps in an Assessment Procedure which would result in the incurring of costs greater than £50K for BSCCo, the Modification Group shall seek and comply with the views of the Panel as to whether to proceed with such steps and, in giving its views, the Panel may consult with the Authority in respect thereof.
- 6.3 For the purposes of paragraph 6.2, the steps include:
- (a) the commissioning of detailed impact assessments;
 - (b) the commissioning of legal text to modify the BSC in order to give effect to a Proposed Modification and/or an Alternative Modification.

7. POWERS AND FUNCTIONS OF THE GROUP

7.1 Definition Procedure

- 7.1.1 The provisions of this paragraph 7.1 shall apply if the Panel decides to submit a Modification Proposal to the Group under the Definition Procedure.
- 7.1.2 The purpose of the Definition Procedure is to define the issues raised by a Modification Proposal in sufficient detail to enable the Panel to determine which of the options set out in paragraph F2.5.9 of the BSC is the most appropriate in all the circumstances.
- 7.1.3 The Group shall review the Modification Proposal for the purpose set out above and shall prepare a written report for the Panel (in accordance with the timetable determined by the Panel) which shall set out, in relation to the Modification Proposal, the following matters:
- (a) an assessment of the issues raised by the Modification Proposal with supporting information and data to explain the effect of such issues by reference to the Applicable BSC Objective(s) and a summary of such assessment;
 - (b) an analysis of and the views and rationale of the Modification Group as to whether (and, if so, to what extent) the issues raised by the Modification Proposal warrant further assessment and evaluation;

- (c) a detailed summary of the representations made by Parties and interested third parties during the consultation undertaken by the Modification Group and the comments and views of the Modification Group in respect thereof;
- (d) a summary of any analysis prepared by the Transmission Company and the comments and views of the Modification Group in respect thereof;
- (e) a summary of any analysis prepared by relevant BSC Agents and the comments and views of the Modification Group in respect thereof;
- (f) a copy of the terms of reference and a summary of any report or analysis of external consultants or advisers; and

(g) such other matters as the Panel may require

7.1.4 In preparing its report, the Modification Group shall:

- (a) analyse the representations made in response to the consultation instigated by the Modification Secretary pursuant to Section F2.2.6 of the BSC;
- (b) conduct such further consultation with Parties and interested third parties as may be required by these terms of reference or, subject to the Panel's prior approval, as it considers necessary;
- (c) where appropriate (and subject to any requirement for Panel approval as set out in these terms of reference), request BSCCo to commission an analysis from BSC Agents and/or external consultants and/or advisers with relevant specialist knowledge;
- (d) where such views have been obtained, consider the views expressed by those referred to in paragraphs (a) to (c) and by those referred to in paragraph 7.1.5 (a) to (c) below.

7.1.5 In respect of each Definition Procedure, BSCCo shall (after appropriate consultation with the Modification Group):

- (a) commission an analysis from the Transmission Company;
- (b) if requested by the Modification Group, commission an analysis from relevant BSC Agents;
- (c) if requested by the Modification Group, commission an analysis from external consultants and/or advisers with relevant specialist knowledge.

7.2 Assessment Procedure

7.2.1 The provisions of this paragraph 7.2 shall apply if the Panel decides to submit a Modification Proposal to the Group under the Assessment Procedure.

7.2.2 The purpose of the Assessment Procedure is to evaluate whether the Proposed Modification identified in a Modification Proposal better facilitates achievement of the Applicable BSC Objective(s) and whether any alternative modification would, as compared with the Proposed Modification, better facilitate achievement of the Applicable BSC Objective(s) in relation to the issue or defect identified in the Modification Proposal.

7.2.3 The Modification Group shall:

- (a) evaluate the Modification Proposal for the purpose set out above;

- (b) where appropriate, develop an alternative proposed modification (the "Alternative Modification") which, as compared with the Proposed Modification, would better facilitate achievement of the Applicable BSC Objective(s); and
- (c) prepare a report for the Panel (in accordance with the timetable determined by the Panel) which shall set out, in relation to the Proposed Modification and any Alternative Modification, the matters referred to in Annex F-1 of the BSC, to the extent applicable to the proposal in question.

7.2.4 In preparing its report, the Modification Group shall:

- (a) analyse the comments made in response to the consultation instigated by the Modification Secretary pursuant to section 2.2.6 of the BSC;
- (b) conduct such further consultation with Parties and interested third parties as may be required by these terms of reference or, subject to the Panel's prior approval, as it considers necessary;
- (c) where appropriate (and subject to any requirement for Panel approval as set out in its terms of reference), request BSCCo to commission an analysis from BSC Agents and/or external consultants and/or advisers with relevant specialist knowledge;
- (d) where such views have been obtained, consider the views expressed by those referred to in paragraphs (a) to (c) and by those referred to in paragraph 7.2.5 (a) to (c) below.

7.2.5 In respect of each Assessment Procedure, BSCCo shall (after appropriate consultation with the Modification Group):

- (a) commission an analysis and impact assessment from the Transmission Company;
- (b) if requested by the Modification Group, commission an impact assessment from relevant BSC Agents;
- (c) if requested by the Modification Group, commission an analysis from external consultants and/or advisers with relevant specialist knowledge;
- (d) if requested by the Modification Group, commission an analysis from relevant Core Industry Document Owners;
- (e) prepare a project brief for the implementation of the Proposed Modification and any Alternative Modification setting out the proposed steps, timetable and programme plan for such implementation consistent with the proposed Implementation Date in accordance with the BSC, BSCP 40 and the IS Policies.

7.2.6 At any stage during an Assessment Procedure:

- (a) the Panel may request the Modification Group to prepare an interim report setting out its provisional findings; and
- (b) the Panel may seek the views of the Authority as to whether the findings of such report are consistent with the Authority's provisional thinking in respect thereof; and
- (c) the Panel may issue such directions as it sees fit to the Modification Group in consequence of the Authority's views.

7.3 Delegation

- 7.3.1 The Group shall not further delegate to any person any of its powers, responsibilities and functions except to the extent so permitted by the Panel.

7.4 Provisions relating to data

- 7.4.1 The Group may use and disclose such data in line with the provisions contained in BSC, Section C, 3.3 for the purposes of discharging its functions and duties.

8. PROCEEDINGS OF THE GROUP

8.1 Open Meetings

- 8.1.1 Unless otherwise determined by the Group Chairman (in consultation with the Panel Chairman) all meetings of the group shall be open to attendance by a representative of any Party and any other person entitled to receive notice of Panel Meetings under Section B4.1.6 of the BSC; and any person so attending such a meeting may speak if invited to do so by the Group Chairman.

8.2 Frequency of Meetings

- 8.2.1 Meetings of the Group shall be held as required, at a time and place agreed by the Chairman. It is anticipated that Group meetings will be predominantly London based.

8.3 Convening Meetings

- 8.3.1 Any meeting of the Group shall be convened by the Group Secretary by notice to each Group Member setting out the date, time and place of the meeting and accompanied any supporting papers available to the Group Secretary at the time the notice is given (and the Group Secretary shall circulate to Group Members any late papers as and when they are received by him).
- 8.3.2 Where the Group Chairman considers it appropriate a meeting of the Group may be validly held by telephone conference call (or other similar means) where all the Group members present at such meeting can speak to and hear each other; and any decision taken at such meeting shall be valid.
- 8.3.3 Where the Group Secretary considers that any BSC Agent is or may be required to attend a meeting of the Group, the Group Secretary shall, with agreement of the Group chairman, send to that BSC Agent a copy of the notice convening the meeting, and such part of the agenda and such accompanying papers as in the Group Secretary's opinion concern that BSC Agent, at the same time at which the notice is given to Group Members.
- 8.3.4 The proceedings of a meeting of the Group shall not be invalidated by the accidental omission to give, or send, notice of the meeting or a copy thereof or any of the accompanying agenda or papers to, or any failure to receive the same by, any person entitled to receive such notice, copy, agenda or paper.
- 8.3.5 If the Group Secretary considers that it may not be appropriate for the agenda for any meeting of the Group or any accompanying paper to be made available to persons on request as provided in the BSC, Section H, 4.9:
- (a) such agenda or paper shall not be sent to persons of such class or made available, on request, to third parties at the time at which it is sent to Group Members;

- (b) the Group shall consider at the meeting whether it is for such agenda or paper so to be sent or made available;
- (c) unless the Group decides that it is not appropriate, such agenda or paper shall be made available on request promptly following the meeting.

8.4 Submission of Papers

- 8.4.1 For the avoidance of doubt any BSC Party, designated body, BSCCo or Group Member may submit papers to the Group. Other bodies wishing to submit papers to the Group will need to submit their papers to a Group Member or BSCCo for sponsorship. All papers should be submitted (in electronic form wherever possible) to the Group Secretary in advance of the meeting at which the paper is to be considered.
- 8.4.2 On receipt of a paper the Group Secretary in conjunction with the chairman shall determine whether the subject of the paper is within the remit of the Group and at which meeting the paper will be tabled. Papers not addressed by the Group will, where practicable, be forwarded to the appropriate body and in all events be reported to the Panel.
- 8.4.3 Other bodies wishing to submit papers to the Group will need to submit their papers to a Group Member or BSCCo for sponsorship.

8.5 Chairmanship of Meetings

- 8.5.1 If the Group Chairman or their agreed alternate is not present after the time for which a Group Meeting has been convened, the Group Members present may appoint one of their number to chair the meeting.

8.6 Reports of Meetings

- 8.6.1 The business day following each meeting of the Group, or as soon as reasonably practicable following each meeting of the Group, the Group Secretary shall prepare and send to Group Members a report outlining the matters conducted at the meeting. This report will exclude any matter that the Group decided was not appropriate for such publication. The Group Secretary shall make such a report available on the BSC Website.

8.7 Publication of Items on the BSC Website

- 8.7.1 In order to promote transparency, the Group Secretary shall make available on the BSC Website the following items relating to each Group Meeting (except where the Group Members decide that a particular item was not appropriate for such publication):
 - (a) The details of forthcoming meeting (agendas, time, location etc.)
 - (b) Papers relating to a forthcoming meeting of the Group;
 - (c) The headline, day after, report outlining the matters conducted at the meeting.

8.8 Decisions of the Group

- 8.8.1 The Group should seek to reach a consensus view on matters that it considers. If the Group is unable to reach agreement on any matter, the report of the Modification Group shall instead include a summary of the views of the members of the Modification Group.

ANNEX 3 – SPECIFIC TERMS OF REFERENCE FOR P20

- An assessment of the impact of the changes to the BSC on the Grid Code as a result of the modification should be performed by NGC.
- Once NGC has completed its review of any possible impacts on the Grid Code in bullet 2, and if impacts are identified as a result of this review, the Modification Group should look at the issue of whether the BSC should require Parties or Affiliates who are also Parties to comply with the Grid Code, and if so, in what circumstances.
- An assessment should be carried out of any changes in responsibility, whether for the Lead Party, or for other Parties as a result of the modification proposal.
- An assessment of any benefits of the proposal is required, with specific reference to the potential efficiencies suggested by the Proposer.
- This Modification requires amendment to the administrative procedure in the Code which may have far reaching consequences for the way the Code is drafted. An assessment of the extent of changes to the administrative procedures and therefore Code drafting ought to be undertaken.
- An assessment of the costs of implementation is required.
- The Modification Group should also define any circumstance not addressed by the Proposer but potentially requiring change to the BSC or subsidiary documents, including the following matters:
 - Who is responsible for notifying the appointment/de-appointment of the Affiliate?
 - What happens if the Affiliate goes into liquidation?
 - What are the Credit Cover requirements where an Affiliate is registered rather than the Lead Party?
 - Who can authorise Affiliate MVRNs?
 - Should the status of the Affiliate be monitored?

ANNEX 4 – RESPONSES TO THE INITIAL WRITTEN ASSESSMENT

P20_ASS_001 – Seeboard

From: Morton, David[SMTP:DMorton@seeboard.com]
Sent: 06 July 2001 11:53
To: 'Elexon Modifications'
Subject: P20 Assessment Comments - SEEBOARD

Prior to our comments on this proposal we feel strongly that the timescales given for this non-urgent modification were much too short. As a number of other issues from Elexon are currently out for assessment we feel that this has placed an unnecessary burden upon parties. We are also concerned that our request for an extension on both this and modification P22 went unanswered. Comments on this specific proposal are as follows:

Under our current ownership we do not feel that this will impact upon us. However, as a general comment of principle we do not agree to potential interchangeable Principals, Subsidiaries and Affiliates within the trading environment. Any arrangement between any Affiliate(s) can quite adequately be enacted outside the trading environment by a bi-lateral understanding between the parties. We do not believe that it is in the interests of BSC Parties to endorse and manage what is in effect an inter business accounting issue between Affiliate parties.

Notwithstanding the 'final obligations' (where does the buck stop?) on issues of non-compliance to BSCPs and/or Grid Code there is also the possibility that such an arrangement could be seen as being anti-competitive and support for such arrangements could fall foul of the Competition Act.

Dave Morton
SEEBOARD
0190 328 3465

P20_ASS_002 – Innogy

Assessment Comments on BSC Modification P20

Generally we would support the intent of the Modification to overcome complications to due particular corporate structures which exist for particular reasons but are really of no interest to either the Balancing & Settlement Code or the Grid Code.

It is not clear to us that the issues raised in Section 13 of the Initial Assessment are necessarily valid since, in legal terms, we believe that the Affiliate could be acting as the agent of the Party in fulfilling the obligations either (as in London's case) under the BSC or (more generally if the Modification were implemented) under the Grid Code etc. This is already explicitly provided for in certain Parties' Supply Licences.

With regard to ensuring the integrity of the arrangements under the BSC, we believe that from the standpoint of the Code that the 'Registrant' implicitly assumes all obligations and rights in respect of a BM Unit or Metering System, and it is their responsibility to ensure that they can meet all obligations, whether directly, through contractual arrangements or otherwise. If this argument is valid, very few (if any) other changes to the BSC or its Subsidiary Documents should be necessary.

Presumably, similar arguments would apply to the Grid Code etc.

[As regards the BSC objective of promoting effective competition in the generation and supply of electricity, it is interesting to note that if the changes proposed to Section K of the BSC were not restricted to Affiliates, this could also potentially open up simpler routes to market for small generators or small suppliers (or Consolidators) since, while still requiring Licences for the relevant activities (which would require accession and compliance with the BSC etc) they would be free to contract with any established players to fulfil their obligations on an agency basis, and would not have to go through the process of qualifying their own market processes.]

Richard Harrison

Innogy Group
(Innogy plc, Npower Limited, Npower Direct Limited and Innogy Cogen Trading Limited, Yorkshire Electricity)

P20_ASS_003 – Scottish and Southern Energy Group

From: Beverley Grubb[SMTP:Beverley.Grubb@scottish-southern.co.uk]
Sent: 09 July 2001 10:50
To: modifications@elexon.co.uk
Subject: P20 Assessment Comments

Following on from my previous e.mail can you please add to my list of queries the issue of business separation. I believe further clarification is required in relation to how these proposals fit with plans for future business separation.

Please find detailed below comments in relation to the above modification on behalf of Southern Electric, Scottish and Southern Energy, Keadby Generation Ltd and SSE Energy Supply Limited. I would be grateful if these comments could be passed to the Working Group for consideration at their next meeting and when preparing the Assessment Report.

Clarification is required in relation to the specific benefits this proposal is seeking to obtain, how they will be achieved and an explanation of why they can't be achieved using existing arrangements e.g ECVN or MVRN. Information is also required on the specific changes required to obtain the benefits being sought and in particular the detailed impact on obligations and responsibilities of the Affiliate and the Lead Party, particularly in relation to the following:

- Registration of BMUs
- Metering
- Responsibility for energy and imbalance
- Credit Cover and Default provisions / obligations
- License obligations
- Responsibility for provision of information - PNs, ECVNs, MVRNs, Dynamics etc.

I hope these comments are useful.

Regards

Beverley Grubb
Market Development

P20_ASS_004 – Powergen

9th July 2001

Dear Gareth,

Proposed Variation to BSC – Modification Proposal No: P20

Powergen welcomes this opportunity to make initial comments on the modification proposed.

1. Powergen do not support this modification raised by London Electricity in respect of BM Unit Registrations.
2. Powergen are satisfied that there are sufficient arrangements already in place to deal with the registration of BM units & thus do not feel that there are any changes necessary to the current arrangements.
3. Powergen would like to seek further clarification as to the nature of the justification from London Electricity from this proposal, furthermore, we are unable to establish the requirements that have led to this modification being raised.

Yours Sincerely
James Hawkins

Strategy & Regulation
Energy Trading
Powergen
02476 42 4737.