1. SUMMARY AND RECOMMENDATIONS

Recommendation

Modification Proposal P20 proposes that Lead Parties be allowed to transfer obligations for registration of BM Units and Metering Systems to Affiliated Parties. An alternative proposal, P20 (alternative), enabled such transfers to any nominated Party.

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:

The Authority reject both Modification Proposal P20 and the alternative proposal described above.

Background

Modification Proposal P20 was submitted by London Electricity plc on 18 May 2001. ELEXON produced an Initial Written Assessment and presented it to the Panel on 28 June 2001. The Panel endorsed ELEXON's recommendation that the Modification be progressed through the Assessment Procedure supported by a Modifications Group and that an Assessment Report be submitted to the panel for its meeting on 26 July 2001.

The proposal was considered by the P20 Modifications Group on 10 July 2001. Following a consultation exercise, the Modifications Group met for a second time on 17 July 2001 to review responses to the consultation along with initial High Level Impact Assessments.

An Assessment Report was presented to the Panel at its meeting on 26 July 2001. Subsequently, a draft of this report was consulted upon and revised accordingly. This paper will be presented to the Panel, at its meeting of the 23 August 2001, prior to being forwarded to the Authority for determination. Further details of the process followed are detailed in Section 4 of this report.

Rationale for Panel Recommendations

The BSC Panel meeting on 26 July 2001 noted the recommendation from the P20 Modifications Group that a further Assessment Process should be undertaken to fully develop P20 since significant further work was required in order to fully understand the ramifications and implications of the proposal (or its alternative). In particular it was noted that detailed consideration of the overall framework of obligations in licences, the BSC and Core Industry Documents would be required. However, Panel members also considered that the lack of consensus as to whether the proposal (or its alternative) would better achieve the Applicable BSC Objectives, or not, was unlikely to change in the light of such further assessment. In addition the Ofgem representative stated that there were concerns in respect of implications for the licensing regime, particularly given that the perceived benefits of the proposal (or its alternative) were very modest.

On the basis of the above considerations, the Panel concluded that P20 and P20 (alternate) should both go to the Report stage, with the recommendation that the proposals should be rejected.