

July 2002

MODIFICATION REPORT
MODIFICATION PROPOSAL P86 -
Clarification of frequency and
timing of data submission of
Generating Plant Demand Margin
and Surplus

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

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I DOCUMENT CONTROL

a Authorities

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b Distribution

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The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
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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 (P86) and the resultant findings of this report, the Balancing and Settlement Code (BSC) Panel recommends that:

The Modification Proposal P86 be made and implemented on 30 September 2002 (in parallel with Modification Proposal P33).

1.2 Background

P86 'Clarification of frequency and timing of data submission of Generating Plant Demand Margin and Surplus' was submitted on 31 May 2002 by National Grid.

P86 seeks to clarify the use of three non-defined terms, namely 'day', 'daily' and 'hours' within the BSC. These clarifications are proposed following the development of Modification Proposal P33 'Rectification of inconsistencies in terminology between the BSC and Grid Code OC2' (P33). The clarifications reflect current working practice in relation to the provision of Surplus and are consistent with the intention of P33. The Authority determined that P33 be made, with an Implementation Date of 30 September 2002.

The Panel considered P86 and the Initial Assessment (Panel 47/016) on 13 June 2002. The Panel agreed that P86 was sufficiently well defined, and of an inconsequential nature, such that it would be appropriate to submit it straight to the Report Phase, for consideration at the Panel Meeting on 18 July 2002.

The Panel considered the draft Modification Report (Panel 48/006) on 18 July 2002. The Panel recommended that P86 should be implemented on 30 September 2002. The Panel noted that following implementation of P33 and P86 that Generating Plant Demand Margin and Surplus would be provided by National Grid to BSSCo and Balancing Mechanism Report Agent (BMRA) respectively on a Business Day and a weekly basis.

Following the Panel meeting on 18 July 2002, a minor error was identified in the legal text of paragraph 6.1.3 of Section Q of the Code. This error was presented to the external legal advisors for consideration. Advice given by the legal advisors was that a drafting error had been inadvertently included, which should be corrected on the basis that it did not change the intent or the impact of P86. A note was issued to Parties on 25 July 2002 seeking their views on the proposed correction. Five responses were received, including one from National Grid, the Proposer of P86, each of which stated that they had no issues with the proposed amendment. These responses are included in Annex 2.

1.3 Rationale for Recommendations

The Panel agreed that P86 better achieved the applicable BSC Objectives as set out in paragraph 3 of Condition C3 of the Transmission Licence, as follows:

- (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

Implementing the proposed changes will ensure that the BSC reflects the working practice already in place for the provision of Surplus and also results in the removal of ambiguities that exist within the BSC.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the BSC Panel ('the Panel'), in accordance with the terms of the 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

3 DESCRIPTION OF PROPOSED MODIFICATION

P86 stated that National Grid already provided national Surplus information (although this was incorrectly labelled and prior to the implementation of P33 was referred to as national Generating Plant Demand Margin in the BSC) to the BMRA, on a Business Day basis and also on a weekly basis. The additional provision of the Generating Plant Demand Margin by National Grid to BSCCo would be introduced by the implementation of P33. Under P33 National Grid sought to rectify inconsistencies in terminology between the BSC and Grid Code OC2. National Grid intended that the frequency and timing of the files of both the Surplus and Generating Plant Demand Margin were consistent with the frequency and timing of the BSC requirement for national Indicated Margin prior to the implementation of P33. Prior to the implementation of P33 the BSC requires this data to be submitted weekly and on each Business Day, rather than daily and weekly.

P86 intends that:

- The BSC is clarified so that generic reference to 'day' and 'daily' relating to the provision of both Generating Plant Demand Margin and Surplus are replaced with references to Business Days.
- Other generic references to 'day' are clarified.
- 'Hours' are added after a number of timescale references.

P86 proposed that the above clarifications were included within the following Sections of the BSC:

- Section Q Balancing Mechanism Activities;
- Annex V-1: Tables of Reports, Table 1 – BMRS; and
- Annex X-2: Technical Glossary, Table X-3: Glossary of Acronyms Applying Except In Relation To Section S.

The implementation of P86 will therefore result in Surplus and Generating Plant Demand Margin being provided on a Business Day. In addition Surplus and Generating Plant Demand Margin will be provided on a weekly basis (as agreed for P33).

4 RATIONALE FOR PANEL RECOMMENDATIONS

The Panel at their meeting on 18 July 2002 agreed that the rationale for the above recommendation is that implementing P86 will ensure that the BSC reflects actual working practice in relation to the provision of the Surplus and in addition removes ambiguity; thereby better facilitating achievement of the Applicable BSC Objectives (a) and (d).

The Panel noted a late response received which requested that the Generating Plant Demand Margin and the Surplus should be provided on each day (rather than on Business Days as proposed by P86) particularly as National Grid had access to this data. The Panel was advised that although the data was available to National Grid every day, that it was not able to send this data on non-Business Days because the department responsible for collating this data was only operational on Business Days. The Panel was further advised that no comment had been received during the P33 development nor any additional comment had been received on the draft Modification Report for P86 on this matter. The Panel therefore agreed that no change was required to the scope of P86.

The Panel requested therefore that the Modification Report explicitly state that the Surplus and Generating Plant Demand Margin would be provided by National Grid on Business Days and weekly.

5 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

The legal text (conformed and clean) is included in an addendum to this Modification Report.

6 ASSESSMENT

P86 is of an inconsequential nature and therefore requires minor enhancements to be incorporated within three Sections of the Code to accurately describe the day type on which Surplus and Generating Plant Demand Margin will be provided.

It is desirable that the changes for P86 are implemented coincidentally with P33 on the basis that P33 establishes the principles for the provision of Surplus and Generating Plant Demand Margin. As stated in the Initial Assessment of P86, the costs associated with amending the Code for P86 would be absorbed by the BSC Systems Delivery Programme. However, it should be noted that a minimal cost, in the region of 1 man-day effort, would occur if P86 were approved for implementation post the implementation of P33.

P86 therefore clarifies when the non-weekly data is provided ie. on Business Days only. P33 which has been approved will be implemented on 30 September 2002.

National Grid has confirmed that there is no impact on the Grid Code or any of their systems / processes for P86. In addition National Grid has reviewed the proposed legal text and has confirmed that this legal text reflects the intents of P86.

7 SUMMARY OF REPRESENTATIONS

Following the Panel meeting on 13 June 2002, the draft Modification Report was issued to Parties for consultation. In total eight responses (forty-one Parties) responded to the consultation of which:

- Five responses (thirty-five Parties) supported the approval of P86;
- Two responses (three Parties) provided a 'no comment'; and

- One response (three Parties) provided a late response rejecting P86, the reasons for which are summarised below.

The late response suggested that the Transmission Company data should be provided every day, rather than on Business Days only, particularly as the Transmission Company had access to such data. In addition the response indicated concern over the use of Operational Day when indicating the date and time of data transfers.

National Grid has confirmed that the current practice of providing the Surplus on Business Days only is as a result of the data being collated and distributed by the operational planning team who are available only on Business Days. No other comment has been received indicating that the Surplus and Generating Plant Demand Margin should be provided on a daily basis (and this comment also applies to the consultation which was undertaken on the draft P33 Modification Report).

In relation to the use of Operational Day, where used this is consistent with the Grid Code.

The representations to the consultation on the draft Modification Report are included in Annex 1.

No further changes are proposed to the legal text following the consultation.

ANNEX 1 – REPRESENTATIONS

Representations were received from the following Parties:

No	Company	File Number	Accept	Reject	Other	No. Parties Represented
1.	TXU	P86_MR_001	✓			21
2.	YEDL/NEL	P86_MR_002			No comment	2
3.	LE Group	P86_MR_003	✓			4
4.	SEEBOARD Energy	P86_MR_004	✓			1
5.	Aquila Networks	P86_MR_005			No comment	1
6.	Scottish Power	P86_MR_006	✓			5
7.	Scottish and Southern	P86_MR_007	✓			4
8.	British Energy (late response)	P86_MR_008		✓		3
Total Parties Represented						41

P86_MR_001 – TXU

We confirm that we support the Conclusions and Recommendations as set out in the Draft Modification Report.

Phil Russell, TXU

P86_MR_002 – YEDL/NEL

This response is provided on behalf of YEDL/NEDL.

We note the proposals and believe that they have no impact on distributors. On that basis we have no comments to make.

Sue Calvert, YEDL/NEL

P86_MR_003 – LE Group

Thank you for the opportunity to comment. We would support the clarification to the BSC proposed by P86.

Paul Chesterman, for Liz Anderson, Energy Strategy & Regulation Manager, LEG plc (representing London Electricity plc, Sweb Ltd, Jade Power Generation Ltd, Sutton Bridge Power Ltd).

P86_MR_004 – SEEBOARD Energy

With respect to draft modification report for P86 (Clarification of Frequency and Timing of Data Submission of Generating Plant Demand Margin and Surplus) dated 2nd July. We agree with proposed changes to legal text for this modification and implementation date recommended within section 1.1.

Dave Morton, SEEBOARD Energy Limited

P86_MR_005 – Aquila Networks

Please find that the response from Aquila Networks plc to P86: Clarification of Frequency and Timing of Data Submission of Generating Plant Demand Margin and Surplus is 'No comment'.

Regards,
Jennifer Kelly, On behalf of Rachael Gardener, Deregulation Control Group & Distribution Support Office
AQUILA NETWORKS

P86_MR_006 – Scottish Power

With reference to the above, we agree with the recommendation that the change ensures consistency with the operational process already in place and of an inconsequential nature. We therefore support the implementation of the Modification Proposal. Also, the legal drafting looks appropriate.

Man Kwong Liu, Calanais Ltd.
For and on behalf of: - *Scottish Power UK Plc.; Scottish Power Energy Trading Ltd.; Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.*

P86_MR_007 – Scottish and Southern

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the draft Modification Report for Proposed Modification P86 contained in your note of 3rd July 2002; we agree with the suggested BSC Panel recommendation to the Authority that this Modification proposal P86 be approved, and implemented on 30th September 2002 (in parallel with Modification Proposal P33).

Regards
Garth Graham
Scottish & Southern Energy plc

P86_MR_008 – British Energy

P86 - Clarification of frequency and timing of data submission of Generating Plant Demand Margin and Surplus

Electricity is traded, produced, transmitted and consumed, and the transmission system is balanced and secured, regardless of the kind of day which is current. It seems anomalous that certain information apparently produced to assist the transmission company in meeting its licence obligations, and provided to participants to assist them in planning their own balancing actions, should be produced only on business days.

Regardless of custom and practice, it seems unlikely that the BSC Objectives are so finely balanced that the additional cost of providing the data on non-business days outweighs the benefit which its provision is considered to create.

Assuming the BSC Objectives are better met by providing the data on business days, then I believe they will also be better met by providing it on non-business days, and therefore do not believe the Modification can better meet BSC Objectives than the status quo (with P33 effective).

I would certainly be concerned if the data was produced and available to the Transmission Company for its own use on non Business Days, but not made available to other participants through the BMRA. It is not clear from the proposal whether the difficulty for the transmission company in adopting the P33 modification is creation of the data on non Business days, or its transfer to the BMRA.

At a detailed level, references to "Operational Days" when indicating the date and time that data are be transferred are unnecessary and potentially confusing. 1200 hours on an operational day could be 1200 hours clock time, or 1200 hours into the operational day which starts at 05:00, ie 1700. The only distinction necessary is between "days" or "Business Days". Reference to Operational Days is necessary when the date and time of an action is relative to the Operational Day, or the data are in respect of an Operational Day, distinct from an ordinary day.

Martin Mate

For British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, Eggborough Power Ltd

ANNEX 2 – REPRESENTATIONS TO NOTE ISSUED ON 25 JULY 2002

Representations were received from the following Parties:

From: Morton, David [SMTP:DMorton@seeboardenergy.com]
Sent: 26 July 2002 12:45
To: 'ELEXON-Modifications'
Subject: RE: Proposed Changes to Draft Legal Text for P34, P36, P71, P61 & P86

With respect to legal text changes for above mentioned modifications. We can confirm we have no issues with any of these amendments.

Dave Morton
SEEBOARD Energy Limited
0190 328 3465

From: Garth Graham[SMTP:garth.graham@scottish-southern.co.uk]
Sent: 26 July 2002 12:40
To: ELEXON-Modifications
Subject: Legal Text Comments

Dear Sirs,

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the Legal Text Comments Consultation for Modification Proposals P34, P36, P71, P61 and P86, contained in your note of 25th July 2002, we have no comments to make.

Regards

Garth Graham
Scottish & Southern Energy plc

From: Electricity_SPOC[SMTP:electricity_spoc@scottishpower.plc.uk]
Sent: 26 July 2002 11:22
To: 'modifications@elexon.co.uk'
Subject: Legal Text Comments

With reference to the above, we have considered the proposed changes and believe that these are appropriate.

We therefore agree that the corrected versions of the legal text can be submitted to the Authority and published on the BSC website.

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Regards
Man Kwong Liu
Design Authority, Deregulation Services Calanais Ltd. for ScottishPower/Manweb
External phone: 0141 568 2314, Internal phone: 700 - 2314
<mailto:mankwong.liu@calanais.com>

From: Goldring, Simon[SMTP:Simon.Goldring@centrica.co.uk]
Sent: 26 July 2002 10:20

To: 'modifications@elexon.co.uk'
Cc: Lane, Danielle; Latham, Andrew
Subject: Re: Proposed Changes to Draft Legal Text for Mods P34, P36, P71, P61 & P86

Having considered the revised text circulated yesterday (25th July), British Gas Trading has no objection to the changes proposed in respect of the above.

Regards
Simon Goldring

From: Lavender, Richard[SMTP:Richard.Lavender@uk.ngrid.com]
Sent: 25 July 2002 16:56
To: 'modifications@elexon.co.uk'
Cc: 'ceri.hughes@elexon.co.uk'
Subject: Proposed Changes to Draft Legal Text for P34, P36, P71, P61 & P86 : National Grid Response

National Grid Response

In response to the above consultation, I confirm that we agree with the proposed changes to the draft legal text.