

20 November 2001

URGENT MODIFICATION REPORT
MODIFICATION PROPOSAL

**P15 – “Removal of Price Spikes Associated with System
Balancing From System Prices”**

**P18B – “Removing / Mitigating the Effect of System
Balancing Actions in the Imbalance Price Calculations”**

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

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d Related Documents

Reference: 1 – "P015 P018 Consultation Document" 5 June 2001

Reference: 2 – Modification Group Report to BSC Panel Modification Proposal P18

Reference: 3 – "Urgent Modification Consultation Document 2" 5 July 2001.

Reference: 4 – Authority Decision and Direction in relation to Modification Proposal P18 – 22 August 2001.

Reference: 5 - 30/011 Panel Paper 20 September 2001.

Reference: 6 31/001 – Panel Paper 18 October 2001

Reference: 7 33/007 – Urgent Modification Report to the BSC Panel 7 November 2001.

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

At their 33rd Meeting on 15 November 2001, the BSC Panel (the Panel) concluded that:

- Urgent Modification Proposal P15 does not better facilitate the Applicable BSC Objectives; and
- Urgent Modification Proposal P18B does not better facilitate the Applicable BSC Objectives.

This conclusion was reached on the basis of the analysis, consultation and assessment undertaken in respect of Modification Proposals P15 and P18 – Option B (P18B), and the resultant findings of this report together with the conclusions of the Pricing Issues Modification Group (PIMG).

The Authority is invited to note the Panel conclusions and endorse the decision taken by the Panel to REJECT Urgent Modification Proposal P15; and Urgent Modification proposal P18B.

1.2 Background

Modification Proposals P15 and P18 were raised by Vattenfall A.B. and National Grid Company respectively on 23 May 2001. The Panel and the Authority agreed to grant each proposal Urgent status as defined in Section F2.9 of the Balancing and Settlement Code. During the modification life-cycle and in order not to dilute resources looking at these Urgent modifications, decisions in respect of P15 and P18 Option B were to be deferred whilst efforts were concentrated on assessing the feasibility of developing a solution for Modification proposal P18 Option A (P18A).

On 22 August 2001, the Authority determined that P18A should be implemented with a legal effective date of 25 September 2001. The Authority determination indicated that Modification Proposal P15 and P18B should complete their respective Modification Processes.

At the Panel meeting on 20 September 2001, the Panel agreed a way forward with respect to each Modification Proposal and delegated Authority to the Panel Chairman to agree a timetable on behalf of the Panel with the Authority in order to progress each proposal.

This report has been prepared in accordance with that agreed timetable and presents the recommendations of the Panel to reject the Modification Proposals.

1.3 Rationale for Recommendations

This section summarises the rationale for the Modification Group Report to the Panel. Further, more detailed information related to this can be found in section 6 of the main document.

The Panel, having considered the Urgent Modification Report to the Panel (Reference 7), agreed with the conclusions of the Pricing Issues Modification Group. These are outlined below:

P15

In light of the analysis undertaken by ELEXON, which showed that 75% of instructions to generating plant were made at 2 minutes notice or less, the consultation responses and the views of the members of the Modification Group, the Modification Group felt that it would be difficult to distinguish between “energy” and “system” balancing actions based on a parameter that was based on the time an acceptance was made. The Modification Group therefore believed that the Applicable BSC Objectives were not better facilitated as a result of this. The group further noted that it allowed for NGC’s

influence over Imbalance Price levels to increase, merely by delaying or bringing forward Bid Offer Acceptances and this would not better facilitate the applicable BSC Objectives.

It was noted that some of the group believed that in other market conditions (i.e. short and little partial loading) that the notice period may increase sufficiently to make such a distinction possible, however, it is not possible to provide any evidence to support this hypothesis in current market conditions.

P18B

In light of the analysis undertaken by ELEXON, the consultation responses and the views of the members of the Modification Group, The Modification Group felt that the effect of Modification Proposal P18B was arbitrary and did not efficiently mitigate the impact of P18A incorrectly determining whether a particular BOA was for "system" or "energy" balancing.. The group therefore felt that the Modification Proposal would not better facilitate the applicable BSC Objectives and this is reflected in the recommendation to reject the proposal.

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

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).

The modification procedures culminate in a modification report to the Authority, which normally contains the Panel's recommendation on whether or not a proposed modification should be approved and a proposed date for its implementation, together with a detailed assessment of the proposal in question. The report forms the basis upon which the Authority will decide whether to approve, direct or reject a Modification Proposal.

The Transmission Company or ELEXON may recommend that a Modification Proposal be treated as urgent, subject to approval by the Authority. The procedure for progressing an Urgent Modification Proposal is set out in Sections F2.9 and B4.6 of the Code. These urgent procedures allow the normal modification procedures to be circumvented as necessary to fit with the urgency of the matter. In such cases, the Authority will confirm the timetable and procedure that should apply. The timetable and procedure directed by the Authority must be adhered to, along with any other special instructions. A statement containing the reasons why the Panel (or Panel Chairman) consider the Proposal should be treated as urgent must be included in the Urgent Modification Report, together with a description of the extent to which the procedure followed deviated from the normal modification procedure.

Depending on the urgency of the matter, it may not be possible to establish a Modification Group or undertake detailed assessment of the Modification Proposal. The level of detail and analysis presented in this Urgent Modification Report therefore represents the full extent of relevant information regarding the Modification Proposal that could be collated within the time available.

4 DESCRIPTION OF PROPOSED MODIFICATION

4.1 Modification Proposal P15

Modification Proposal P15 seeks to tag and exclude Bid Offer Acceptances ("BOAs") with an acceptance time less than [30] minutes before the commencement of the real time half hour period, in which the BOA is delivered, from the calculation of Imbalance System Prices.

4.2 Modification Proposal P18

Modification Proposal P18 was submitted with two options to achieve the aims of the proposal.

- Modification P18 Option A proposed to tag and remove from the Energy Imbalance Price calculations, those Balancing Mechanism Units, whose Bid Offer Acceptances have been accepted for a short continuous duration within any Settlement Period. The short duration continuous acceptances are deemed to be for "system" balancing purposes.
- Modification P18 Option B proposes that the Balancing Reserve Level (BRL) should be set as a minimum volume of balancing actions from which the Imbalance Prices can be set. When there is a smaller volume of actions, the Imbalance Prices would be set as the weighted average of the price derived from the current rules, and the default price that would apply if no balancing actions had been taken. The weighting would be in proportion to the volume of balancing actions, and BRL minus this volume respectively. During the discussions of the modification it was agreed that if implemented the parameter would be a BRL like parameter and not directly related to the value of BRL.

5 DETAIL OF PROCEDURE AND TIMETABLE FOLLOWED

5.1 Statement of Urgency

In accordance with the Modifications Process described in Section F paragraph 2.9 of the Balancing and Settlement Code, Modification Proposals P15 and P18 were treated as Urgent. Both Modifications were to be considered by the Pricing Issues Modification Group to the same timetable.

5.2 Procedure and Timetable

The Modification Group first met on 1 June 2001 to discuss the two Modifications, and a consultation document, "The Initial Consultation" (Reference 1) was produced further to the discussions at the meeting. The results of this Initial Consultation were presented to the Panel at their meeting of 14 June 2001. Recognising the need to develop a timely solution to the issues identified by each Modification Proposal and the need not to dilute the resources undertaking the analysis on behalf of the Pricing Issues Modification Group, the Panel determined that:

- An Enduring solution for Modification Proposal P18A be assessed;
- A workaround to reflect the P18A definition be developed;
- BSC amendments should be drafted;
- A further consultation should be undertaken in respect of the above; and
- Further assessment of P15 and P18B were to be deferred pending the feasibility of P18A.

Furthermore the Panel agreed that it would seek the Authority's provisional thinking on the process to be adopted.

5.2.1 Response from Authority

Having considered the Panel's recommendation, the Modification Group Report and the representations made by the respondents to the consultation, the Authority agreed with the Panel's recommendation to progress P18A according to the timetable¹ proposed timetable and defer a decision on P15 and P18B.

5.2.2 Modification Proposals P18A

ELEXON undertook further analysis as described in the timetable and presented the results to the Modification Group at their meeting on 28 June 2001. A further consultation document was issued on 4 July 2001 (reference 3) and the results presented to the Panel in the report from the Modification Group on 11 July 2001.

At their meeting on 13 July 2001, the Panel, mindful of the views expressed in the Modification Group Report and the responses from this second consultation, determined that the BSC Objectives were better facilitated by a separation of "system" and "energy" balancing actions and that Modification Proposal P18A should be recommended for implementation to the Authority. The implementation of the modification should be based on definitional alternative "1a", initially using an Interim Solution developed and tested by ELEXON until the changes to the Central Systems could be developed. The Panel recommended an Implementation date of 5 weeks from 1 August 2001 or the Authority decision, whichever came later.

¹ This timetable is also contained in Section 5.1.3 of the Modification Group Report to the BSC Panel dated 11 July 2001.

On 22 August 2001, the Authority set out its Decision and Direction in relation to Modification Proposal P18A (Reference 4). The Authority agreed with the Panel's recommendation to the Authority that definitional alternative "1A" should be implemented and a value of the Continuous Acceptance Duration Limit (CADL) should be set to 15 minutes but should be kept under review.

The Authority further noted that they had not taken a decision in relation to Modification Proposals P15 or P18 Option B and that these Modification Proposal should "complete their respective Modification Procedures which may include Alternative Modifications".

5.2.3 Progression of P15 and P18B

At their meeting of 20 September 2001, the Panel were presented with Paper 30/011 (Reference 5), which recommended an approach that would allow Modification Proposals P15 and P18B to complete their respective Modification Procedures.

The Panel, concerned with the effort to be expended on these Modification Proposals determined that the number of Modification Group meetings should be reduced and that delegated Authority should be given the Panel Chairman to agree a revised timetable with the Authority. The Panel also discussed the parameters within which P15 and P18B should be assessed against the current baseline of the BSC which included P18A. It was felt that any implementation of P15 and P18B should be complementary to the existing baseline, as it had already determined that Modification Proposal P18A had better facilitated the Applicable BSC Objectives.

A timetable was subsequently agreed and this can be found in Annex 2 of this document. This revised timetable included two further meetings of the Modification Group (1 October 2001 and 2 November 2001), additional analysis to see the effect of P15 and P18B and a further consultation.

The analysis was presented in draft form, to the Panel as Annex D of paper 31/001 (available from 16 October 2001) (Reference 6) and a final version of this analysis was been included as Annex 3 to Paper 33/007 (Reference 7). The Modification Group mindful of the Authority's decision on the Balancing Reserve Level directed ELEXON to concentrate its analysis on Modification Proposal P15 and its effect.

5.2.4 Analysis and Consultation on P15 and P18B

The analysis document (Annex D to Reference 5) included discussion of the ways in which P15 could be combined with the current baseline and the effect it would have dependent on the mechanism chosen. For completeness the analysis included the effect of removing Bid Offer Acceptances (BOA) from the calculation of Imbalance Prices if they met "**EITHER**" the criteria for P15 and P18A or only if they met "**BOTH**" criteria.

For clarity:

- The effect of BOA being removed if they met "**EITHER**" criteria was referred to as "**P15 Increasing P18A**" as it increased the effect of P18A by removing additional BOA that were deemed to be taken for "system" balancing reasons.
- The effect of BOA being removed if they met only "**BOTH**" criteria was referred to as "**P15 Reducing P18A**" as it reduced the effect of P18A by reintroducing back into the Imbalance Price Calculation some BOA that had already been removed under the P18A rules.

The questions included within the consultation document are contained in Annex 1. The questions within the consultation related to the following areas:

- Is further analysis was required into the effects of either Modification Proposal P15 or P18B;

- Is either proposal, when combined with the current P18A baseline of the BSC, better at separating “energy” balancing actions from “system” balancing actions;
- Is either proposal, when combined with the current P18A baseline of the BSC, capable of better meeting the Applicable BSC Objectives; and
- Should each proposal be taken to Report with a recommendation to reject the proposal.

6 RATIONALE FOR RECOMMENDATIONS

The Panel at their meeting on 15 November 2001 agreed with the views expressed by the Modification Group and agreed unanimously that both Modification Proposals, P15 and P18B, should be rejected. The Panel agreed that the report should be sent to the Authority with a small clarification to one of the sentences on Page 13 of the report (Reference 7). The remainder of this section represents the rationale from the Modification Group that was agreed by the Panel.

The results of the consultation were distributed to each of the members of the Modification Group on 30 October 2001. This was three days prior to the meeting of the group and enabled members of the group to review the consultation responses in detail in order to understand the rationale of the respondents.

The group discussed the summary of the consultation responses and highlighting any significant issues they felt were raised by the consultation respondents.

6.1 Modification Group Rationale

The group noted that the respondents to the consultation did not favour the implementation of either modification P15 and P18B.

In relation to P18B, the group recognised the desire expressed by several respondents for a wider review of the pricing mechanisms than the terms of the current Modification Proposal would allow. The group further recognised that P18A has been in place for little over one month and that it was probably too early to understand the full effect of this modification. The group recommended that any wider issues are carried forward into the P18A Review.

6.1.1 P15

The Modification group agreed with the Data Analysis that the current data does not support the use of P15 in either of the suggested forms.

It should be noted that during the discussions on P15 the proposer pointed out that the analysis had not separated bids from offers when analysing the acceptances taken by the system operator. As it is easier for Gensets to reduce output than to increase, the proposer suggested that if the offer stack had been examined in isolation, then there may have been a better correlation between lead time and the purpose of the offer. In particular some of the group felt the market is currently:

- Long, it is suggested that the lead-time on Bids will generally be shorter than for Offers, because it is easier for plant to reduce output than to increase it.
- part loaded, some plant are being run at what is an optimum level to allow an easy increase in output. This encourages NGC to issue BOA with short lead-times.

Conversely, if the market was short, with plant near full output, then the acceptance lead-times may better reflect the difference between system and energy balancing.

In addition the current BSC rules and systems only allow a BMU to submit one set of Bid Offer prices, which will make BMUs reflect the economics of the Grid Code obligation on generating plant to be able to commence delivery of bids and offers within 2 minutes. Only by reducing this restriction, or potentially only by allowing multiple sets of prices and delivery times, will sufficient incentive be given to NGC to make use of longer lead-times when taking BOA.

It was also noted by the Modification Group that any change to when actions occur, such as NGC instructing plant, would be impacted by P12 if the gate closure time was reduced.

It was however acknowledged that such reasoning was hypothetical and it would only be possible to determine if a correlation between lead-time and the purpose and the purpose of the acceptance could exist, if and when the market changed.

P15 Reducing P18A

The group noted that analysis with respect to P15 reducing the effect of P18A and further agreed that in their view was not a valid alternative given that it removed some of the effect of the current P18A baseline. The group unanimously agreed with the consultation responses that this option should not be considered further and that it did not better facilitate the applicable BSC Objectives.

P15 Increasing P18A

In light of the analysis undertaken by ELEXON, the consultation responses and the views of the members of the Modification Group, the Modification Group chairman requested a vote on whether the Modification Group agreed with the majority view of the consultation respondents that P15 did not better facilitate the applicable BSC Objectives. Whilst the proposer of P15 abstained from this vote it was the unanimous view of the remaining members of the group that P15 did not better facilitate the achievement of the applicable BSC objectives. The group therefore took the decision that they would recommend to the Panel that this modification, P15, should be taken to Report with a recommendation to reject the proposal.

6.1.2 P18B

The data analysis for P18B showed two features of the current Balancing Market: there are significant periods when the volume of accepted Offers is small or even non-existent, and secondly in such circumstances the effect of fast response plant, or even system constraints have an undue impact on imbalance prices. This introduces significant volatility into the prices for what are small changes in market conditions.

Although P18B was reasonably effective in dealing with this volatility, the Modification Group felt that this approach was arbitrary and did not attempt to deal with the underlying issues. The increase in support for Question 9b, compared to the more limited support for Question 6, probably has more to do with recognition of the problem that it tries to solve, than for support of P18B as the solution.

In light of the analysis undertaken by ELEXON, the consultation responses and the views of the members of the Modification Group, the Modification Group chairman requested a vote on whether the Modification Group agreed with the majority view of the consultation respondents that P15 and P18B did not better facilitate the applicable BSC Objectives. The proposer of P18B agreed with the unanimous view of the group that given the existing baseline of the BSC which included P18A, that P18B did not better facilitate the achievement of the applicable BSC objectives. The group therefore took the decision that they would recommend to the Panel that this modification, P18B, should be taken to Report with a recommendation to reject the proposal.

7 SUMMARY OF REPRESENTATIONS

A total of 16 responses were received in relation to the consultation on the data analysis. The salient points from the numerical analysis of the responses are summarised below. The detailed responses are contained within also contained within the Annex 4 of this document. A number of respondents gave a rationale for their decisions. These can be found in the detailed responses attached. Two respondents did not complete the pro-forma consultation response form and therefore their textual responses have been interpreted into the summary within Table 7.1 and are denoted by an asterisk (*). A summary of each of the questions is contained below. Table 7.1 summarises the views of the respondents to the consultation with respect to the answers given to each question.

The majority view of respondents was that both P15 and P18B should be taken to the Report Stage and the proposals rejected.

Table 7.1 – Summary of responses to each question

Name		1	2	3	4	5	6	7	8a	8b	9a	9b
NGC		N	N	N	N	N	N	N	N	Y	N	Y
Williams Energy Marketing and Trading Europe Ltd		Y	Y	N	N	N	N	Y	N	N	Y	N*
TXU Europe Energy Trading Ltd		N	N	N	N	N	N	N	N	Y	N	Y
Conoco		Y	Y	N	N	N	N	Y	N	N	Y	N*
SEEBOARD		N	N	N	N	N	?	Y	N	Y	Y	N*
British Energy Power & Energy Trading		N	N	N	N	N	N	N	N	Y	N	Y
British Gas Trading		N	N	N	N	N	N	N	N	Y	N	Y
Enron Europe		N	N	N	N	N	N	N	N*	Y*	N*	Y*
Powergen UK plc		N	N	N	N	N	N	N	N	Y	N	Y
Slough Energy Supplies Ltd		Y	Y	N	?	Y	?	?	Y	N*	?	?
Scottish & Southern		N	N	N	N	N	Y	N	N	Y	N	N
Innogy		N	N	N	N	N	N	N	N	Y	N	Y
Scottish Power		N*	N*	N*	N*	N*	N*	N*	N*	Y*	N*	Y*
Dynegy		N	N	N	N	N	N	N	N	Y	N	Y
TotalFinaElf		N	N	N	N	N	?	Y	N	Y	Y	N
London Electricity		N*	N*	N*	N*	N*	N*	N*	N*	Y*	N*	Y*
Majority Response		N	N	N	N	N	N	N	N	Y	N	Y
Total in favour of majority response		13	13	16	15	15	12	11	15	13	11	10
Total against majority response		3	3	0	1	1	4	5	1	3	5	6

7.1 P15 Increasing Effect of P18A (Questions 1 & 2)

The majority (13 out of 16) of respondents believed that this option did not better separate “energy” Balancing from “system” Balancing Actions.

The majority (13 out of 16) of respondents believed that this option is not capable of better facilitating the applicable BSC Objectives.

7.2 P15 Reducing Effect of P18A (Questions 3 & 4)

All 16 respondents believed that this option did not better separate “energy” Balancing from “system” Balancing Actions.

15 of the 16 respondents believed that this option is not capable of better facilitating the applicable BSC Objectives. The remaining respondent indicated that it could be capable.

7.3 Further Analysis Required on P15? (Question 5)

15 respondents indicated that there was no merit in undertaking any further analysis of the effect of P15 on the current BSC baseline.

7.4 P18B – Capable of achieving the applicable BSC Objectives (Question 6)

The majority of respondents (12 out of 16) did not believe that P18B is capable of better facilitating the achievement of the applicable BSC Objectives.

7.5 P18B Further analysis required? (Question 7)

The majority of respondents (11 out of 16) believed there was no merit in undertaking further analysis of P18B.

7.6 Way Forward - P15 (Question 8)

The majority (15 out of 16) respondents believed that further assessment of P15 was not necessary; the remaining respondent believed that further assessment was necessary.

The majority of respondents (13 out of 16) believed that this modification should be taken to the report stage with a recommendation to reject the proposal. 2 respondents were against this approach and the final respondent declined to answer this question.

7.7 Way Forward - P18B (Question 9)

The majority (11 out of 16) believed that further assessment of P18B was not necessary.

10 out of 15 Respondents believed that P18B should be taken to the Report Stage with a recommendation to reject the proposal.

7.8 General Consultation Comments

Most of the respondents provided some rationale for their views in respect of each modification. This section summarises these views.

7.8.1 P15

One respondent commented that they did not believe that P15 assists in distinguishing “energy” and “system” balancing actions and further stated that if “tuning” of imbalance prices is considered necessary then a review of the value of Continuous Acceptance Duration Limit (CADL) introduced would be preferable. Another respondent, who felt that a better distinction of “system” and “energy” balancing actions could be achieved, supported the lowering of CADL parameter.

One respondent felt that P15 will arbitrarily eliminate balancing actions from the price calculations and further stated that P15 and P18B would result in imbalance prices that bear little resemblance to the fundamentals of supply and demand. The same respondent observed that the lead time would allow “NGC to de facto choose which BM actions are included in the calculation of imbalance prices” and went on to state that this “increases NGC’s discretion over Imbalance Price calculation, reducing transparency and conflicting with the BSC Objective of efficient operation of the transmission system and promotion of effective competition. Another respondent agreed with the arbitrary nature of the separation of “system” and “energy” balancing actions.

One respondent believed that P15 had been assessed and rejected during the early discussions on P15 and P18 and should therefore be sent to the Report Stage with a recommendation to reject the proposal.

One respondent supported proposal P15 because they believed that actions taken after the start of a half hour are made to ensure system security.

Another respondent saw little relationship between notice period and the purpose of the issued BOAs. A number of respondents supported the need for a wider review of the pricing mechanism. This respondent also observed the Grid Code obligates all main generating units to have a Notice to Deliver of no more than 2 minutes.

One respondent made specific comment to the P15 reducing the effect of P18A. In particular they noted that this option had not been discussed by the Modification Group and felt that its provenance lay with the fact that if P15 were applied in series with P18, there would be few, or no acceptances left for the purposes of setting the cashout price.

7.8.2 P18B

One respondent rejected P18B on the grounds that it is not attempt to differentiate between system and energy balancing actions. They further stated that this modification aims at attaining a “reasonable” imbalance price. This respondent believed that P18B was therefore non-transparent since a reasonable price is an arbitrary concept which may suit one party to the disadvantage of another.

One respondent believed that P18B had been assessed and rejected during the early discussions on P15 and P18 and should therefore be sent to the Report Stage with a recommendation to reject the proposal.

One respondent felt that once a clear distinction had been drawn between system and energy balancing actions, then imbalance prices should be calculated from all of the BOAs in a Settlement period irrespective of the number. This respondent further stated that a lower value of CADL could achieve an adequately accurate distinction between system and energy balancing actions and went on to state that P18B is superfluous given the existing baseline that included P18A.

One respondent felt that P18B raised particular concerns because of the complexity P18B would introduce to the settlements process. They further stated that the effect of P18B would vary significantly as the BRL parameter is varied. It was not clear to this respondent how this modification

would lead to an economically rational cashout price calculation. This respondent also observed the increased influence of default prices and suggested that their concerns could be alleviated by improvement in the default cashout rules.

8 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

At the meeting of the Panel on 15 November 2001, no legal text for Modifications P15 and P18B was presented. The Panel agreed with the Modification Group view that it was not appropriate to commission legal drafting given that both Modifications were recommended for rejection. Therefore, no legal text has been prepared for either Modification P15 or P18B and the Authority has confirmed that no legal text is required.

ANNEX 1 – CONSULTATION QUESTIONS

P15

	Question	Yes/No
Q1	Do you believe that this definition “P15 Increasing P18A” better separates Energy Balancing Actions from System Balancing Actions?	
Q2	Do you believe that this definition “P15 Increasing P18A” is capable of better facilitating the achievement of the Applicable BSC Objectives?	
Q3	Do you believe that this definition “P15 Reducing P18A” better separates Energy Balancing Actions from System Balancing Actions?	
Q4	Do you believe that this definition “P15 Reducing P18A” is capable of better facilitating the achievement of the Applicable BSC Objectives?	
Q5	Do you believe that there is any merit in undertaking any further detailed analysis of the effect of P15 on the current baseline in order for you to form a clearer view with respect to Questions 1-4? If so what further analysis do you believe is necessary?	
Rationale		

P18B

		Yes/No
Q6	Do you believe that P18B is capable of better facilitating the achievement of the Applicable BSC Objectives?	
Q7	Do you believe that there is any merit in undertaking any further detailed analysis of the effect of P18B on the current baseline in order for you to form a clearer view with respect to Question 6? If so what further analysis do you believe is necessary?	
Rationale:		

Way forward

Q8	<p>A) Do you believe further assessment of P15 is necessary? If so please state your rationale and areas of further assessment required?</p> <p>B) If NOT Do you believe that P15 should be taken to the Report Stage with a recommendation to Reject the Modification Proposal?</p>	
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Rationale		
Q9	A) Do you believe further assessment of P18B is necessary? If so please state your rationale and areas of further assessment required? B) If NOT Do you believe that P18B should be taken to the Report Stage with a recommendation to Reject the Modification Proposal?	
Rationale		
Q10	Do you have any further views with respect to either Modification Proposal P15/P18B?	No
Please state views: 		

ANNEX 2 – TIMETABLE FOR PROGRESSION OF MODIFICATION PROPOSALS P15 AND P18B

ID	Task Name	Duration	Start	October						
				10	17	24	31	07	14	21
1	Panel Meeting	0 days	20 Sep							
2	P18A Implementation Plan	7 days	21 Sep							
3	P18A Implementation Activities	3 days	21 Sep							
4	P18A Implementation	0 days	25 Sep							
5	P18A Post Implementation Support	4 days	26 Sep							
6	P15 P18B Progression	33 days	01 Oct							
7	P15/P18B Modification Group Meeting	0 days	01 Oct							
8	Undertake Analysis From Modification Group	10 days	01 Oct							
9	Modification Group Review of Analysis	1 day	15 Oct							
10	Develop Consultation Document	3 days	16 Oct							
11	Develop Panel Paper	1 day	10 Oct							
12	Panel Paper	5 days	11 Oct							
13	Panel Meeting	0 days	18 Oct							
14	Consultation	7 days	19 Oct							
15	Collate Consultation Responses	3 days	30 Oct							
16	Modification Group Meeting	1 day	02 Nov							
17	Create report from Modification Group	2 days	05 Nov							
18	Issue interim report to Panel	1 day	07 Nov							
19	Panel Review Period	5 days	08 Nov							
20	Panel Meeting	0 days	15 Nov							

ANNEX 3 – SUPPORTING ANALYSIS

The data analysis supporting the P15 / P18B is included within a separate document.

ANNEX 4 – CONSULTATION RESPONSES

This information is included as a separate document