

1. SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

Modification Proposal P008 seeks to replace Workaround 024 by incorporating Price Adjuster functionality within the BSC Systems. On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal, and the resultant findings of this Modification Report, the Panel recommends to the Authority that:

The Proposed Modification as set out in Section 7 of this Modification Report be approved and implemented on 30th April 2002 and effective from Settlement Day 5th April 2001.

1.2 Background

The Transmission Company raised the Proposed Modification on 20th April 2001. It is intended to replace Workaround 024, which was implemented as a temporary solution to the Price Adjuster functionality proposed by Modification Proposal P003. The Authority decision was not to apply the Balancing and Settlement Code ('the Code') changes proposed in Modification Proposal P003. Instead, the Authority agreed to Workaround 024 which involved temporary alterations to the Balancing Services Adjustment Data (BSAD) Methodology, the NETA Central Service Agent's processes and ELEXON procedures.

At its meeting on 3rd May 2001, the Panel agreed (Panel paper 017/002) that Modification Proposal P008 should be submitted to the Assessment Procedure. The Panel agreed that the Assessment Report should be submitted to the Panel meeting on 26th July 2001.

The Panel considered the P008 Modification Group Assessment Report, which forms attachment 1 to this Modification Report, at its meeting on 26th July 2001 (Panel paper 026/014). The Panel agreed that the Proposed Modification should proceed to the Report Phase, on the basis that the Proposed Modification would better facilitate achievement of the Applicable Code Objectives. The Panel also agreed that the draft Modification Report, to be consulted upon, should contain a recommendation to the Authority that the Proposed Modification should be approved and implemented with effect from the Implementation Date described in Section 1.1.

Nine representations were received in response to the consultation on the Draft Modification Report representing the views of 37 Parties. Eight of the responses, representing 34 Parties, were supportive of the Proposed Modification and the Panel's rationale in recommending the adoption of the revision, stating that it would better facilitate the Applicable Code Objectives. The remaining response, representing 3 Parties, expressed concerns about implementing the Proposed Modification because of possible interaction between the BSC and imbalance prices and NGC's balancing related activities, and the possible software costs of implementation and believed that other workarounds should be considered. The Panel confirmed its recommendation at its meeting on 23rd August 2001.

1.3 Rationale for Recommendations

The Panel endorses the Modification Group's conclusions that the Proposed Modification would better facilitate the Applicable BSC Objectives as set out in the Transmission Licence. In particular, it would meet Objective 7A(3)(d) – 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'. In reaching this conclusion, the Panel took due account of the views of the Proposer, all representations received from interested parties and the views of the Modification Group, which are detailed in Section 5 below. This Modification Report should be read in conjunction with the Modification Group's Assessment Report.