



20 July 2000

ASSESSMENT REPORT
MODIFICATION PROPOSAL P008 –
Introduction of a Price Adjuster to
Reflect Option Fees for Balancing
Services Contracts in Setting SBP
and SSP

Prepared by the P008 Modification Group on
behalf of the Balancing and Settlement Code Panel

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Version	Date	Reviewer	Signature	Responsibility
1.0		Chris Rowell		Head of Trading

b Distribution

Name	Organisation
Panel	
P008 Modification Group	

c Changes Forecast

Version 1.0 will be authorised for use and presented as the P008 Assessment Report to the Panel.

d Related Documents

Reference 1	BSAD Methodology
Reference 2	ELEXON Requirements Specification To Support Modification P008 - Incorporation of the BPA/SPA Price Adjusters into the BSC (001RBR)
Reference 3	Modification Proposal P008 Project Brief (006AMB)
Reference 4	Initial Assessment of Modification Proposal P008 (IWA008)
Reference 5	Panel Paper P17/002 – P008: Introduction of a Price Adjuster to Reflect Option Fees (NGC) Panel on 3 rd May 2001
Reference 6	Panel Meeting Minutes 18, Section 10 'Modification Group Progress Reports' (verbal presentation) on 18 th May 2001

Reference 7	Panel Meeting Minutes 19, Section 13 b 'Modification Progress Reports on P004/P008' (verbal presentation) on 31 st May 2001
Reference 8	Workaround 024 'Changes to BSAD Methodology'
Reference 9	Modification P003 'Correction of Price Spikes Generated by De-Minimis NGC Purchases'
Reference 10	Workaround 018 'BMRA Data Corrections'
Reference 11	Transmission Licence for the National Grid Company Plc
Reference 12	CPC 20: P008 Modification – Detailed Level Impact Assessment

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of the Modification Proposal P008 (the Modification), included in Annex 8, during the Assessment Procedure, and the resultant findings of this Assessment Report (Report), the Modification Group (the Group) recommends that the Balancing & Settlement Code (BSC) Panel (the Panel) should:

- 1. Progress the Modification to the Report Phase;**
- 2. Recommend to the Authority that the Modification be approved;**
- 3. Note that the Modification includes automating the interface into the BSC Systems as well as modifying the SAA and BMRA reporting;**
- 4. Recommend to the Authority that the Modification is implemented in August 2002 (this implementation date is derived by including the Modification in the ELEXON BSC Systems Release 2 Project development);**
- 5. Note that ELEXON are currently investigating bringing this implementation date forward as Workaround 024 was originally designed to be replaced prior to the Final Reconciliation Run (first final reconciliation will be performed in May 2002). Consideration will also need to be given to the impact of any other Modification that is approved for development; and**
- 6. Recommend to the Authority that the Modification becomes effective from Settlement Day 5th April 2001, on the basis that correct BSAD data should be reflected in the BSC System in line with the Ofgem determination on Modification P003 (reference 9).**

1.2 Background

On the basis of the Initial Written Assessment (IWA) (reference 4), prepared by ELEXON, the Panel decided that the Modification should proceed to the Assessment Procedure. Consequently the Group on behalf of the Panel has prepared this Report.

The Modification was raised by the Transmission Company on 20th April 2001. It is intended to replace Workaround 024 (reference 8), which was implemented as a temporary solution to Modification Proposal P003 (reference 9). The Authority decision was not to apply the Code changes proposed in Modification Proposal P003 (reference 9). Instead, the Authority agreed to Workaround 024 which involved alterations to the Balancing Services Adjustment Data (BSAD) Methodology (reference 1), the NETA Central Service Agent's processes and ELEXON procedures. Workaround 024 (reference 8) was introduced as an interim solution, to enable a speedy implementation as required by the Authority. The Modification has been raised to implement the same Price Adjuster functionality, but within the BSC Systems. The Modification requires a relatively straightforward amendment to the price calculation formula, introduces new data items and requires extensive changes within the BSC Systems. There will also be an impact on Parties' associated processes and systems.

It should be noted that there are other potential issues with the price calculation mechanism and these are being addressed via the Imbalance Settlement Group (ISG). However, this document only addresses the Modification.

1.3 Rationale for Recommendations

The Group was advised that 5 responses had been received from Parties to the consultation on the IWA (reference 4), of which 2 Parties supported the Modification, 1 Party rejected the Modification, 1 Party provided a 'no comment' return. The other Party stated that insufficient information had been provided on which to return a response.

The Group was also advised that 16 responses were received from Parties, including the Transmission Company, to the Detailed Level Impact Assessment (DLIA). Of these responses, the majority of the Parties (11) agreed to the Modification, no Party rejected the Modification, 1 Party provided a 'no comment' return, 4 Parties indicated that there was no impact on their organisation, and the remaining Party indicated that they did not have time to review or provide an assessment of the Modification.

On the basis of these responses, the Group agreed that the majority view of the Parties responding to the initial consultation and the impact assessment was that the Modification should be implemented.

The Group reviewed the quotation provided by the NETA Central Service Agent, included in Annex 3, and noted that the quotation was subject to further negotiation by ELEXON and did not include market testing costs or timescales. The quotation provided does not take account of any other ELEXON developments which may be initiated eg. the NETA Release 2 Project. The NETA Central Service Agent cost for developing and implementing the Modification as a patch (ie. standalone change) amounted to £393,013 and the ongoing operational and maintenance cost amounted to £5,895 per month. The Group believed that the costs quoted were high and noted that ELEXON would seek to reduce these costs during negotiations with the NETA Central Service Agent. The Group noted the NETA Central Service Agent timescale for development and implementation of 31 weeks.

The Group noted the ELEXON development costs associated with managing the Project which were estimated to be £55,000, resulting in an estimated total project cost of £448,000.

A cost benefit analysis has been undertaken, as follows:

Workaround 024 (reference 8) will continue until either an alternative approach is considered for implementation (as proposed in Modification P003 (reference 9)) or until the Modification is implemented. Therefore, the costs associated with developing and implementing the Modification will be less than the ongoing long term cost of maintaining Workaround 024 (reference 8).

This cost benefit analysis does not take into account the costs that the Transmission Company are exposed to in operating Workaround 024 (reference 8), on the basis that these are not BSC specific costs.

The potential payback period will be 9 months (see Section 5.8).

The Group concluded that the Modification, including the three implementation features, described in Section 5.5, met the objective of "Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements". In reaching this conclusion, the Group has taken due account of the views of the:

- Proposer;
- all representations received from interested Parties; and
- Group.

2 INTRODUCTION

The Report has been prepared by ELEXON Ltd., on behalf of the Panel, in accordance with the terms of the Code. The Code 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 Code.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

2.1 Glossary

The following acronyms have been used throughout this document:

BCA	Buy Price Cost Adjustment
BMRA	Balancing Mechanism Reporting Agent
BPA	Buy Price Price Adjustment
BSAD	Balancing Services Adjustment Data
BSC	Balancing and Settlement Code
BSCo	Balancing and Settlement Company
BVA	Buy Price Volume Adjustment
CSV	Comma Separated Variable
DLIA	Detailed Level Impact Assessment
HLIA	High Level Impact Assessment
II	Initial Information
ISG	Imbalance Settlement Group
IWA	Initial Written Assessment
NGC	National Grid Company
R1	Reconciliation Run 1
R2	Reconciliation Run 2
R3	Reconciliation Run 3
SAA	Settlement Administration Agent
SBP	System Buy Price
SCA	Sell Price Cost Adjustment
SF	Settlement Final
SPA	Sell Price Price Adjustment
SSP	System Sell Price
SVA	Sell Price Volume Adjustment
TC	Transmission Company (including System Operator)
TLM	Transmission Loss Multiplier
URS	User Requirement Specification

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 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.

4 MODIFICATION GROUP

The Membership of the Group was as follows:

Name	Organisation
Justin Andrews	ELEXON (Chairman)
Tony Diccico	Powergen
Paul Mott	London
Ben Willis	Yorkshire
Ian Moss	APX
Martin Mate	British Energy
Libby Glazebrook	Edison Mission Energy
Maurice Smith	Campbell Carr
Mark Trott	British Gas Trading
Paul Dawson	Enron
Andrew Murray	Entergy
Mike Calviou	NGC
Steve Wilkin	St Clements Services
Adam Higginson	Ofgem
Tony Doherty	Ofgem
David Tolley	Innoqy

5 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

5.1 The Proposed Modification

A copy of the Modification can be found at Annex 8 to this Report. The Modification seeks to improve the transparency of calculating SSP and SBP and moves the process into the BSC Systems. It therefore meets the objective of "Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements".

5.2 Applicable BSC Objectives

The Applicable Code Objectives are set out in paragraph 3 of Condition 7A of the Transmission Licence (reference 11), as follows:

- (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- (b) The efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System;
- (c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity; and
- (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

5.3 Initial Written Assessment

ELEXON produced an IWA (reference 4). The IWA (reference 4) identified a number of issues and proposed that these were presented for consideration by the ISG.

The IWA (reference 4) was issued to industry members on 30th April 2001 for initial consultation. Responses were obtained from 5 Parties. A summary of the responses together with the detailed responses are given in Section 12.

The conclusion of the initial consultation is as follows:

- 2 Parties supported the Modification;
- 1 Party objected to the Modification;
- 1 Party provided other responses; and
- 1 Party provided a 'no comment' return.

5.4 Panel's View

On the basis of the IWA (reference 4), the Panel, at their meeting on 3rd May 2001 (reference 5), determined that the Modification should be considered under the Assessment Procedure defined in Section F2.6 of the Code. The Panel also identified a number of key issues at this meeting:

- the main area of impact would be on the BSC Systems and the submission, storage and reporting of the two new data items ie. Sell Price Price Adjustment (SPA) and Buy Price Price Adjustment (BPA);
- there were also resultant impacts on Parties' associated process and systems;

- there was an impact on the BSC, the SBP and SSP imbalance price calculation and subsidiary documentation; and
- that ISG should review the imbalance price process.

On the 18th May 2001 and 31st May 2001, the Panel were provided with a verbal progress report (reference 6 and reference 7 respectively). At the latter meeting, the Panel was advised that a timetable had been established, that the Assessment Report would be completed by 26th July 2001 and that only five responses had been received.

5.5 The Group's Initial View

The responses from the IWA (reference 4) were considered by the Group on 6th June 2001, which agreed that a specification should be produced outlining the requirements. The Group agreed to consider the following issues which had been identified during the initial assessment:

- Submission, storage and reporting of the new SPA/BPA data items within the BSC Systems (ie. Settlement Administration Agent (SAA) and BMRA (Balancing Mechanism Reporting Agent (BMRA))).
- Revision of the BSAD Methodology (reference 1) to include submission of SPA and BPA.
- Discontinuation of the iterative settlement processing and resubmission of BSAD, as required by Workaround 024 (thus replacing the Workaround).
- Changes to BSC Parties' associated processes and systems, due to the changes to reporting of BSAD data within the current Settlement Reports.
- Changes to the Code and subsidiary documents, resulting from amendment to the SBP/SSP imbalance price calculations.

Consequently the Group decided that the scope of the Modification should include the above issues. In addition the Group decided that the Modification should also include the three implementation features contained below, subject to impact assessment cost and timescales.:

- The SAA-I014 'Settlement Report' flow is an automatic output distributed to all Parties, which will require amendment to include the new SPA and BPA variables. The SAA system could be modified in one of three ways, as detailed in the ELEXON Requirements Specification To Support Modification P08 (reference 2) and this would enable Parties to receive the variables used in the imbalance price calculation.
- The Transmission Company to BSC Systems interface for BSAD data is currently a manual interface. It is recommended that this is upgraded to be an automatic interface in order to reduce manual intervention and reduce potential sources of error. There will be no change in the timing of BSAD data submission to the BSC Systems.
- The BMRA currently does not include a facility to report the BSAD data used in the calculation of indicative imbalance prices. It is proposed that such a facility is added to the Web site to improve transparency.

Consequently, on the basis of the Group's views, the ELEXON Requirements Specification To Support Modification P08 (reference 2) was developed and agreed by the Group.

The Group discussed an alternative solution proposed by Innogy. Innogy believe that their solution would result in economically correct and rational allocations of costs. A disadvantage of the Innogy solution was seen to be that it may re-introduce price spikes as it would allow for the allocation of costs to small volumes. This is due to the use of Option Fees divided by the forecast of the number of calls

made against that Option as the basis for the calculation. The proposal of using a forecast in the calculation was seen as being a possible disadvantage as it is based on a subjective figure. It was noted that the BPA & SPA would be defined in the BSAD Methodology (reference 1) and not the Code. Therefore the Group recommended that if the Transmission Company / the Authority hold a separate consultation on the BSAD Methodology (reference 1), the Innogy proposal should be included within this consultation (as well as considering any other alternative mechanisms). The Group concluded that this alternative solution would only change the BSAD Methodology (reference 1) calculation and would not add any further variables or changes to the price calculation, therefore it was outside the scope of the Modification.

The Group also noted that the original recommendation of the P003 Modifications Group, was to remove the cost of options from the imbalance price calculation and the Group still supported this approach. However the Modification was raised based on the Authority direction to implement the Price Cost Adjuster solution associated with Modification P003 (reference 9).

5.6 Detailed Level Impact Assessment

A request to undertake a DLIA was issued to industry participants on 22nd June 2001, via Change Proposal Circular 020 (reference 12). The impact assessment was carried out on the ELEXON Requirements Specification To Support Modification P008 (reference 2). This specification also included the three implementation features highlighted in the previous sub-section.

Responses to the impact assessment were received from 15 Parties, with the majority of the Parties (10) supporting the Modification. A summary of the responses together with the detailed responses is given in Section 12. In relation to the three implementation features, 3 different responses were received. A response was also received from the Transmission Company and this is included in Section 13. No response has been received from the Core Industry Document Owners.

5.7 The Group's Further Views

On 12th July 2001, the Group, at their final meeting, assessed the Modification in light of the responses to the consultation and the DLIA. The Group acknowledged that there was overall support for implementing the Modification.

5.7.1 Implementation Features

The Group discussed the three implementation features, as detailed in Section 5.5 and decided the following:

1. SAA-IO14 Settlement Report

The Group agreed to recommend to the Panel that a new version of the Settlement Report should be introduced and phased in (option 1), so that both the old and new versions of the SAA-IO14 flow could be sent in parallel for a period of three months.

2. Transmission Company to BSC Parties interface for BSAD data.

The Group agreed to recommend to the Panel that the interface between the Transmission Company and the SAA/BMRA Systems should be automated. The Group also agreed that this change should be pursued through the ISG if this implementation feature were to be rejected, as it removed the current manual interface.

3. BMRA Reporting of BSAD data.

The Group agreed to recommend to the Panel that the BMRA should report on the BSAD values and that this issue should be taken forward separately if this implementation feature was rejected.

5.7.2 Review of NETA Central Service Agent Quotation

The NETA Central Service Agent quotation, contained in Annex 3, was then discussed in detail and the following was noted :

1. the cost quoted by the NETA Central Service Agent for developing the SAA/BMRA changes was £393,013. The Group noted that this cost was indicative and subject to review by ELEXON and did not take into account any other developments that ELEXON may initiate eg. The NETA Release 2 Project.
2. The operation and maintenance costs quoted by the NETA Central Service Agent was £5895 per month. The Group noted that this cost was indicative and subject to review by ELEXON.
3. the SAA/BMRA quotation was valid for 30 days. The Group noted that the NETA Central Service Agent could extend this period but obviously this may result in increased costs if the development and implementation were to exceed beyond 1st April 2002. One Group member stated that if any additional costs were to be incurred as a result of changes in the fee charged, then the new fee should only be applied to the outstanding work after this time and not the full amount.
4. the estimated date of initiating any development would be early October 2001, on the basis that the Panel was yet to be presented with the Report, that a Modification Report would need to be drafted and approved by the Panel in the Report Phase and that Modification Proposals P10 and P18A could affect these timescales.
5. the NETA Central Service Agent had only quoted for development and in-house testing (which ELEXON would not be party to). The Group noted that the NETA Central Service Agent had been asked to provide market testing costs.
6. the Group requested that ELEXON:
 - a) obtain costs for 'End to End' testing from the NETA Central Service Agent.
 - b) undertake a cost benefit analysis of implementing the Modification compared with continuing with Workaround 024 (reference 8).

The Group agreed the Modification with the three implementation features, but stated that the cost of development and implementation seemed high and noted that ELEXON were undergoing detailed discussions with the NETA Central Service Agent to reduce the costs and timescales.

7. in relation to the provision of the BSAD data within the BMRA.
 - a) The Group acknowledged that it was planned that the Day Ahead BSAD data would be made available on the BMRA.

The Group requested that ELEXON provide a 'best view' BSAD value similar to that provided for prices.

5.8 Cost Benefit Analysis

In response to the Group's request, a cost benefit analysis of implementing the Modification against continuing with Workaround 024⁴ (reference 8) was undertaken, with the following results:

⁴ This analysis excludes the Transmission Company costs for operating Workaround 024, on the basis that they are not BSC costs.

5.8.1 Workaround 024⁵

Workaround 024 (reference 8) became effective on 23rd May 2001. This workaround is dependent on the:

1. Transmission Company

The Transmission Company will:

- a) provide manually to the BMRA and the SAA the original BSAD;
- b) where appropriate, notify the SAA to update the SAA database (in support of Workaround 018 (reference 10));
- c) apply the two new adjusters (ie. BCA and SCA) to the BCA and SCA previously provided to the SAA; and
- d) provide manually to the BMRA and the SAA the revised BSAD.

2. Balancing Mechanism Reporting Agent

The BMRA will:

- a) receive the original BSAD from the Transmission Company; and
- b) publish the original BSAD on the BMRA website.

3. Settlement Administration Agent

The SAA will:

- a) receive original and revised BSAD from the Transmission Company;
- b) perform the appropriate runs (ie. Interim Information Settlement Run, an Ad-Hoc Run and Settlement Final Run);
- c) where appropriate, update the SAA database in support of Workaround 018 (reference 10); and
- d) provide the aggregate Bid/Offer volume data to the Transmission Company.

Although the Modification P003 was rejected, section 5.12 of the Ofgem determination stated:

"Therefore, whilst we consider that a full solution within the BSC should be developed as a matter of urgency, we consider the BSAD methodology should be amended in the meantime, such that NGC calculates a value for BCA which will achieve essentially the same result as if the full "Ex-Ante Capability Price" solution was implemented"

The temporary nature of the Workaround approach is supported by the following statement in the "BSAD Methodology Statement (price adjusters)" issued on the 10th April 2001:

"Currently these two variables are not specified in the BSC, and until such time as they are, the adjustment mechanism described in Part B section 1.3 of this document will be used to amend the BCA and SCA variables to have the same effect as including the price adjusters.

⁵ Although Workaround 024 states that ELEXON may be required to approve changes prior to them being loaded into the SAA database (see step 7), this activity does not in fact happen. There is therefore no impact on ELEXON for Workaround 024.

It is National Grid's view that this approach should be a temporary solution only, and that the required changes should be made to the Balancing and Settlement Code as soon as possible."

As a result Workaround 024 was never designed or costed as an enduring solution and contains a number of assumptions and approximations, which are only valid assuming that an enduring solution is in place for Final Reconciliation. If these assumptions are altered, then significant changes would be required to implement what would become an enduring solution, based on the process identified for the Workaround. This would need to be sufficiently robust to ensure that accuracy and integrity requirements for the BSC Systems are not compromised. In particular, attention would need to be given to the underlying accuracy of the Workaround to ensure that errors do not creep into the later settlement runs.

The costs associated with maintaining Workaround 024 (reference 8) will continue to accrue until the Modification or an alternative solution is implemented. This cost is currently running at £10,000 per month but it is believed that this figure will increase on the basis that it does not include any Final Reconciliation Run processes, where in fact the Modification does take this additional activity into account. The potential monthly cost will increase to £50,000 per month if the Workaround is to continue indefinitely, taking into account the additional work that the NETA Central Service Agent would be required to perform. The Workaround was originally designed to be a short-term solution (spanning a couple of months) and was based on a number of assumptions and approximations, as follows:

- It does not recalculate the BCA/SCA modifiers after the SF Run and accepts that a small degree of error that may be introduced in subsequent runs, until an enduring solution (ie. the Modification) is implemented prior to the Final Reconciliation Run.
- In a number of places, it rounds data to 2 decimal places, a feature that was considered acceptable for a short-term workaround, but not for an enduring solution required to process Final Reconciliation Run data.
- The Workaround limits the ability to put other fixes and Modifications into the BSC Systems; not only could this increase their development costs but may require additional Workaround runs to correct the BSAD (eg. Modification P10 is about to require 100+ additional runs to correct data for R1, R2 and R3 Runs).
- If the Workaround was not going to be replaced then another iteration of Workaround 024 (reference 10) should be planned for the Final Reconciliation Run, to take into account any Transmission Loss Multiplier (TLM) changes since the SF Run.
- There are only limited checks to ensure that human intervention in the BSAD manipulation does not introduce errors. This is a recognised risk, which expects any errors to be corrected within the R1 Run, which is less than a month later. This does not apply to later runs and certainly not to the Final Reconciliation Run.

5.8.2 Modification P008 – Project Costs

The Modification will:

- a) automate the existing manual interface between the Transmission Company and the BMRA and the SAA;
- b) automate the inclusion of the two new adjusters in the SAA imbalance price calculations; and

- c) report the imbalance price calculations to Parties, via the appropriate SAA / BMRA reporting mechanisms.

Costs will be incurred by the NETA Central Service Agent as well as ELEXON in developing and implementing the Modification.

The development cost quoted by the NETA Central Service Agent amounts to £393,013 to develop and implement this change. The monthly operate and maintain cost quoted by the NETA Central Service Agent amounts to £5,895. The operation and maintenance cost is being reviewed and may be reduced.

In addition there will be other costs (eg. ELEXON costs in implementing the necessary changes to the ELEXON systems and processes and overseeing the Party / NETA Central Service Agent development and NGC development and implementation costs). These costs will amount to £55,000.

The total development and implementation costs will therefore amount to £448,000.

5.8.3 Conclusion

The Modification:

- automates manual flows, which reduces the opportunities for errors to be introduced;
- includes the two new data items in the imbalance price calculations; and
- reports the results of the imbalance price calculations to Parties.

If this Workaround were to continue for the foreseeable future, the:

- risk that errors are introduced will remain;
- the Workaround will not support the Final Reconciliation calculations; and
- NETA Central Service Agent costs will continue to become payable.

Therefore if the Modification is rejected then an alternative solution will need to be implemented in time for the Final Reconciliation Run. The payback period based on the assumptions quoted above (£50,000 per month for Workaround 024) and the project costs (£448,000) is estimated to be 9 months.

6 IMPACT ON BSC AND BSCCO DOCUMENTATION

6.1 BSC

The main business changes for the Modification are to:

- Section Q 'Balancing Mechanism Activities' where the two new data items. BPA and SPA will be added to the BSAD data items, contained in 6.3.2;
- Section T 'Settlement and Trading Charges' where 4.4.5 and 4.4.6 will describe the new formulae for the imbalance price calculation;
- Section V 'Reporting' to bring indicative price calculations in 2.6.5 in line with the changes to Section T and to report on the BSAD data; and
- Section X, Annex X-2 'Technical Glossary' which will define the two new data items.

The proposed changes to the above Sections are attached at Annex 1, A.

6.2 Code Subsidiary Documents

Changes will be required to the following Code Subsidiary Documents as a consequence of the Proposed Modification:

- BMRA Service Description: The automated interface will need to be included.
- SAA Service Description: Sections 3.28 and 3.29 will be modified to reflect the use of the new price adjusters in imbalance price calculations and the automated interface will need to be included.
- NETA Data File Catalogue: The SAA-I014 'Settlement Report' will be modified.
- Reporting Catalogue: The SAA-I014 'Settlement Report' will be modified.
- BMRA User Requirement Specification: The BMRA-F004 'Calculate System Sell and Buy Prices' and BMRA-I012 'Receive System Parameters' will be modified and a new flow will be added which will describe the Transmission Company data.
- SAA User Requirement Specification: The 'SAA-F009 'Calculate Energy Imbalance Prices' and SAA-I023 'Receive System Parameters' will be modified and a new flow will be added which will describe the Transmission Company data.
- NGC BMRA and SAA Interface Specification: The automated interface will need to be included.

An overview of the proposed changes to the above are attached at Annex 1, B.

6.3 BSCCo Memorandum and Articles of Association

No changes are required.

7 IMPACT ON BSC SYSTEMS

The Executive Summary of the Project Brief (reference 3), which is contained in Section 14, outlines the costs associated with implementing changes to the BSC Systems.

7.1 Registration

No impact identified.

7.2 Contract Notification

No impact identified.

7.3 Credit Checking Systems

No impact identified.

7.4 Balancing Mechanism Activities

The current SAA and BMRA Systems receive BSAD data from the Transmission Company in the form of an email containing a spreadsheet compatible CSV file. Automating this interface would ensure that human errors are reduced. There are no Code changes required to support this change.

This change would formalise the data transfer format between the Transmission Company and the NETA Central Service Agent, allow the new data items to be included and the import into the BSC Systems (ie. the BMRA and the SSA) to be automated.

The data file would be sent to the BMRA at 17:00 on a daily basis, although BMRA would always use the latest available version of any data. BSAD could be resubmitted to SAA for any Settlement or Reconciliation Run Type eg. II, Settlement Final, where required.

7.5 Collection and Aggregation of Metered Data

No impact identified.

7.6 Supplier Volume Allocation

No impact identified.

7.7 Settlement

The Modification will require changes to the SAA and BMRA software to utilise the new data items, received from the Transmission Company, in the imbalance price calculations. The Code changes are included in Annex 1A.

7.8 Clearing, Invoicing and Payment

No impact identified.

7.9 Reporting

7.9.1 SAA Reporting

Changes are required to the SAA Settlement reporting. The Group selected option 1, as follows:

Option 1 – Introduce a New Version of the Settlement Report (Phased)

This option would involve the implementation of a new version of the Settlement Report flow. If a new version of the flow was to be developed, the following additional factors would need to be taken into account:

- a) The SAA-I014 flow is an automatic output flow distributed to all Parties. Within the header this contains a version number (currently 001) to allow control changes to be made to the format.
- b) The SAA system does not currently support the ability to simultaneously support two versions of this data.
- c) The SAA Logical Data model contains the entity "Report Type" which currently contains a single item "#Report Type". This entity would need to be enhanced to support both the report type (i.e. I0141) and also the version number (i.e. 002).
- d) In addition the SAA System would need the ability to generate both report versions, depending on the requirements of each Party. This should be done in a manner that would allow easy creation of subsequent versions, and also the easy removal of obsolete versions of the report.

There are no Code changes required to support this change.

7.9.2 BMRA Reporting

Changes are required to the BMRA reporting. Introducing this change would ensure that BMRA would report on the BSAD data used in the calculation of the indicative imbalance prices and improve transparency. The Code changes are included in Annex 1A.

8 IMPACT ON CORE INDUSTRY DOCUMENTS AND SUPPORTING ARRANGEMENTS

8.1 Grid Code

No change will be required to the Grid Code. However a change will be required to the BSAD Methodology (reference 1), produced in accordance with Condition 7B of the Transmission Licence.

8.2 Master Connection and Use of System Agreement (MCUSA)

No impact.

8.3 Supplemental Agreements

No impact.

8.4 Ancillary Services Agreements (ASAs)

No impact.

8.5 Master Registration Agreement (MRA)

No impact.

8.6 Data Transfer Services Agreement (DTSA)

No impact.

8.7 British Grid Systems Agreement (BGSA)

No impact.

8.8 Use of Interconnector Agreement

No impact.

8.9 Pooling and Settlement Agreement (PSA)

No impact.

8.10 Settlement Agreement for Scotland (SAS)

No impact.

8.11 Distribution Codes

No impact.

8.12 Distribution Use of System Agreements (DUoSAs)

No impact.

8.13 Distribution Connection Agreements

No impact.

9 IMPACT ON ELEXON

The Group considered the likely increase or decrease in BSC Costs post implementation of the Modification and concluded that the Modification would not be likely to lead to an increase in BSC Costs. The Group concluded that :

- a) discontinuing Workaround 024 (reference 8), based on the current costs, would result in a saving of approximately £10,000 per month (£120,000 per annum), though noted that a monthly cost of £5,895 (£70,740 per annum) would be incurred for the NETA Central Service Agent to maintain and operate the BSC Systems; and
- b) the number of disputes raised would potentially be reduced as a result of automating the Transmission Company to SAA/BMRA interface.

10 IMPACT ON PARTIES AND PARTY AGENTS

10.1 Parties

10.1.1 Impact on Transmission Company

Changes to the BSAD Methodology (reference 1) are outside the remit of the Modification, which only covers changes to the BSC and BSC Systems. However, changes will be required to:

- remove the section which describes the temporary process for inputting the BPA/SPA data into the BSC Systems using the existing BCA/SCA data items⁶; and
- incorporate the revised BSAD process.

The Transmission Company will be required to submit BSAD data to BMRA and SAA in electronic format. In addition the Transmission Company would be required to provide retrospective data for all Settlement Days from 05th April 2001 to the Modification implementation date, as a one-off exercise.

10.1.2 Impact on Trading Parties

Trading Parties and other recipients of Settlement reports will need to revise their systems and procedures to receive the revised SAA/BMRA reports.

10.2 Party Agents

There is no impact on Party Agents.

⁶ The P008 Modification Group (6th June 2001) considered a proposal by INNOGY that the BPA/SPA values should be derived on the basis of planned utilisation, rather than available capacity. This is a matter for the BSAD Methodology and is outside the scope of the BSC changes within this specification. The only requirement is that any such review of the BSAD Methodology does not change the 6 data items which are provided to the BSC Central Systems, or the formula which use these values in the calculation of the SBP/SSP.

11 LEGAL ISSUES

There are no legal issues associated with this Modification on the basis that the Code and the Transmission Licence will continue to support one another.

12 REPRESENTATIONS RECEIVED

12.1 Responses to Initial Written Assessment

In response to the IWA (reference 4), 5 responses were received, as follows:

No	Company	File Number	For	Against	Other
1.	Scottish & Southern	P8_ASS_001			Believes that Insufficient detail provided at this stage.
2.	Dynegy	P8_ASS_002	✓		
3.	SEEBOARD	P8_ASS_003	✓		
4.	GPU Power	P8_ASS_004			No comment
5.	Innogy	P8_ASS_005		✓	

The detailed responses are contained in Annex 7.

12.2 Responses to Detailed Level Impact Assessment

In response to the DLIA, 16 responses were received.

Below is a summary of the 15 responses which have been received from Parties. The detailed responses are contained in Annex 7.

The additional 1 response, from the Transmission Company, is contained in Section 13.

No	Organisation	Agree	Disagree	Impact on Systems / Processes	Cost of Implementing Changes	Notification Timescale Required	SAA-I014 Preferred Change	Other Comments
1.	GPU Power							No comment.
2.	Deeside Power							Unable to carry out assessment due to lack of resource and large number of assessments received.
3.	Siemans			No				
4.	Logica EPFAL			No				--
5.	Vattenfall AB	✓		Yes		30 Days		Do not want implementation in July or August.
6.	Siemens Metering DataCare	✓		No		0 Days		--
7.	Aquila Energy	✓		Yes		3 Months	Option A – big bang.	Option A selected on basis that: <ul style="list-style-type: none"> ▪ 3 months lead time allowed. ▪ 1 SAA Settlement Run will be undertaken in a pre-production environment, in parallel to an equivalent live-run.
8.	Seeboard	✓		No		0 Days		
9.	Yorkshire	✓						
10.	Npower / Innogy Companies	✓		Yes	£10,000 per organisation	30 Days per organisation		This impacts Npower Direct Ltd, Npower, Innogy, Npower Retail and Npower Ltd.

No	Organisation	Agree	Disagree	Impact on Systems / Processes	Cost of Implementing Changes	Notification Timescale Required	SAA-I014 Preferred Change	Other Comments
11.	Scottish & Southern			Potentially	Circa £13,000 (includes St. Clements charges)	3 Months		May effect SONET.
12.	Barking Power	✓		Yes		90 Days		Timescale indicated is the minimum required following accurate IDD modifications.
13.	TXU-Europe	✓		Yes	Between £5,000 and £10,000	15 Working Days	May be appropriate to phase in multiple versions; big-bang may not be practical.	<ul style="list-style-type: none"> ▪ What are rules for incrementing flow version numbers in NDFC? ▪ ELEXON appear to be assuming a way of working with version numbers in which BSC Parties may not be geared up for. ▪ Is there a mechanism for updating the NDFC akin to DTC updates?

No	Organisation	Agree	Disagree	Impact on Systems / Processes	Cost of Implementing Changes	Notification Timescale Required	SAA-I014 Preferred Change	Other Comments
14.	Scottish Power / Manweb	✓		Yes		60 Days		Require early confirmation as to whether P008 is to be implemented and timescales involved.
15.	British Energy and Energy Trading, British Energy Generation, Eggborough Power Ltd	✓		Yes		3 Months	Prefer proper message version system but big-bang approach unlikely to be practical. Suggest an option c ie. Changes implemented to SAA-I014 v2 with SAA modified to handle multiple versions such that changes can be phased in.	

13 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

A response, dated 6th July 2001, was received from the Transmission Company.

The Transmission Company raised this Modification and therefore agree to its proposals and confirm that none of the changes are difficult to implement. The Transmission Company estimate that the necessary changes will be developed within a matter of days or weeks depending on the changes which will be implemented to the SAA-1014 'Settlement Report' flow.

The Transmission Company have confirmed that they will need to co-ordinate the necessary changes to:

- BSAD Methodology (reference 1).
- Workarounds 018 and 024.
- SAA-1014 'Settlement Report' flow.

The impact assessment can be found at Annex 5.

At the Group meeting on 11th July 2001, the Transmission Company agreed that they would confirm if they could provide the BSAD data electronically to the BMRA and the SAA. The Transmission Company confirmed on 17th July 2001 that they would be able to provide this data to the BMRA and the SAA electronically, though manual intervention would be available under controlled circumstances.

14 PROJECT BRIEF

The detailed costs and timescales in this Report are based on the costs and timescales received from the NETA Central Service Agent.

A Project Brief (reference 3) has been prepared which sets out in high level terms a proposed Project for implementation of the changes required to:

- automate the existing manual interface between the Transmission Company and the BMRA and the SAA;
- automate the inclusion of the two new adjusters in the SAA imbalance price calculations; and
- report the imbalance price calculations to Parties, via the appropriate SAA / BMRA reporting mechanisms.

The NETA Central Service Agent has provided costs and timescales for the development of the above. On the basis that the development commences in August 2001, the NETA Central Service Agent estimates that the development would take approximately 7.5 months and cost in the region of £393,013. This cost does not include the costs of Market Participant testing. Monthly operation and maintenance costs would be £5,895. The quotation provided by the NETA Central Service Agent do not recognise any other developments initiated by ELEXON.

In addition to the NETA Central Service Agent's costs there will be ELEXON costs of £55,000 which including those for changes to Code Subsidiary Documents and Market Participant testing. The costs do not include any project management or audit costs. This gives an estimated total project cost of £448,000.

ELEXON will be responsible for managing implementation of the Modification. It is likely that the Modification could be implemented by including it as part of the NETA Release 2 Project. On the basis that the implementation of the Modification is included in the BSC Systems Release 2 Project and that development starts in October 2001 the proposed Implementation Date for the Modification is 1st August 2002. It should be noted that if the Modification is developed as a stand-alone project, the implementation date could be brought forward but this would then delay implementation of the BSC Systems Release 2 Project.

ANNEX 1 – PROPOSED TEXT TO MODIFY THE BSC

Annex 1A – Impact on BSC

Changes, indicated via italicised text, will be required to the following sections of the Code:

1. Section Q ‘Balancing Mechanism Activities’

Add the two new data items, BPA and SPA to clause 6.3.2 as follows:

‘6.3.2 The Balancing Services Adjustment Data shall comprise the following data in respect of each Settlement Period:

- (a) Sell Price Cost Adjustment SCA
- (b) Sell Price Volume Adjustment SVA
- (c) Buy Price Cost Adjustment BCA
- (d) Buy Price Volume Adjustment BVA
- (e) *Buy Price Price Adjustment BCA*
- (f) *Sell Price Price Adjustment SPA.*

2. Section T ‘Settlement and Trading Charges’

Add the new formula to clauses 4.4.5 and 4.4.6 as follows;

‘4.4.5 In respect of each Settlement Period, if $\{\sum_i \sum^n \{QAO^{n}_{ij} * TLM_{ij}\} + BVA_j\}$ is not equal to zero then the System Buy Price will be determined as follows:

$$SBP_j = \frac{\{\sum_i \sum^n \{QAO^{n}_{ij} * PO^{n}_{ij} * TLM_{ij}\} + BCA_j\}}{\{\sum_i \sum^n \{QAO^{n}_{ij} * TLM_{ij}\} + BVA_j\} + \{BPA_j\}}$$

where \sum_i represents the sum over all BM Units and \sum^n represents the sum over those accepted Offers that are not De Minimis Accepted Offers and not Arbitrage Accepted Offers and not Trade Tagged Offers.

If for any Settlement Period $\{\sum_i \sum^n \{QAO^{n}_{ij} * TLM_{ij}\} + BVA_j\}$ is equal to zero, then:

- (a) if for that Settlement Period $\{\sum_i \sum^n \{QAB^{n}_{ij} * TLM_{ij}\} + SVA_j\}$ is equal to zero, the System Buy Price for that Settlement Period will be equal to zero;
- (b) otherwise, the System Buy Price will be determined as the maximum of System Sell Price and:
 - (i) the Offer Price of the cheapest Offer available in that Settlement Period:
 - (1) which has a positive Bid-Order Pair Number; and
 - (2) which has an Offer Price greater than the Offer Price of any Offer which is an Arbitrage Accepted Offer in respect of that Settlement Period; and
 - (3) for which the value of Bid-Order Volume ($qBO^{n}_{ij}(t)$) is greater than zero for all spot times t in that Settlement Period;
 - (ii) or, if no such Offer exists, zero.

4.4.6 In respect of each Settlement Period, if $\{\sum_i \sum^n \{QAB^{n}_{ij} * TLM_{ij}\} + SVA_j\}$ is not equal to zero then the System Sell Price will be determined as follows:

$$SSP_j = \{ \sum_i \sum^n \{ QAB_{ij}^n * PB_{ij}^n * TLM_{ij} \} + SCA_j \} / \{ \sum_i \sum^n \{ QAB_{ij}^n * TLM_{ij} \} + SVA_j \} + \{ SPA_j \}$$

where \sum_i represents the sum over all BM Units and \sum^n represents the sum over those accepted Bids that are not De Minimis Accepted Bids and not Arbitrage Accepted Bids and not Trade Tagged Bids.

If for any Settlement Period $\{ \sum_i \sum^n \{ QAB_{ij}^n * TLM_{ij} \} + SVA_j \}$ is equal to zero, then:

- (a) if for that Settlement Period $\{ \sum_i \sum^n \{ QAO_{ij}^n * TLM_{ij} \} + BVA_j \}$ is equal to zero, the System Sell Price for that Settlement Period will be equal to zero;
- (b) otherwise, the System Sell Price will be determined as the minimum of System Buy Price and:
 - (i) the Bid Price of the most expensive Bid available in that Settlement Period:
 - (1) which has a negative Bid-Offer Pair Number; and
 - (2) which has a Bid Price less than the Bid Price of any Bid which is an Arbitrage Accepted Bid in respect of that Settlement Period; and
 - (3) for which the value of Bid-Offer Volume ($qBO_{ij}^n(t)$) is less than zero for all spot times t in that Settlement Period;
 - (ii) or, if no such Bid exists, zero.'

The new BPA_j/SPA_j terms will only be used within these two formulae, therefore all other aspects of imbalance price calculations are not impacted by this change (this includes defaulting requirements for SSP/SBP).

3. Section V 'Reporting'

Modify 2.6.5 as follows:

2.6.5 The BMRA shall calculate:

- (a) the Indicative System Buy Price (ISBP), and
- (b) the Indicative System Sell Price (ISSP)

in accordance with the rules in Section T4.4 save that in each case the terms ETLMO⁺, ETLMO⁻, IQABⁿ_{ij}, IQAOⁿ_{ij}, IBCA_j, IBVA_j, **IBPA_j**, ISCA_j, ISVA_j, **ISPA_j**, ISBP_j and ISSP_j, shall (for the purposes of this paragraph 2.6 only) be substituted for the terms TLMO⁺, TLMO⁻, QABⁿ_{ij}, QAOⁿ_{ij}, BCA_j, BVA_j, **BPA_j**, SCA_j, SVA_j, **SPA_j**, SBP_j and SSP_j in Section T.'

Modify Annex V-1: Table 1 to add the following entry after the entry for "System warnings (SYS_WARN)":

Balancing Services Adjustment Data (BSAD)	Daily	Tabular	None
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4. Section X, Annex X-2 'Technical Glossary'

Add the following two new terms:

Defined Term	Acronym	Units	Definition/Explanatory Text
<i>Buy Price Price Adjustment</i>	<i>BPA_j</i>	<i>£/MWh</i>	<i>The amount sent by the Transmission Company as the 'Buy Price Price Adjustment' in accordance with Section Q6.3.</i>
<i>Sell Price Price Adjustment</i>	<i>SPA_j</i>	<i>£/MWh</i>	<i>The amount sent by the Transmission Company as the 'Sell Price Price Adjustment' in accordance with Section Q6.3.</i>

Annex 1B – Impact on Configurable Items

Changes will be required to the following:

Document	Section	Description	Responsibility
BMRA Service Description	Appendix A	Needs to be modified to include the new electronic interface from the Transmission Company to the BMRA	ELEXON
SAA Service Description	3.28, 3.29 Appendix A	Reflect the use of the new Price Adjusters in imbalance price calculations Needs to be modified to include the new electronic interface from the Transmission Company to the SAA	ELEXON
NETA Data File Catalogue	Annex A	Modify the SAA-I014 (output) flow.	ELEXON
Reporting Catalogue	3.1.1 (b), 3.1.1 (h), 3.1.2 (c)	Modify the Interim Information Settlement Report.	ELEXON
SAA URS	SAA-F009	Update the SBP/SSP formulas	Logica Consortium
	SAA-I023	1. The current BMRA-I012 and SAA-I023 flows are manual flows, and in addition cover two physical sources (BSCCo and Transmission Company). It is proposed that these flows are split into two, to allow the Transmission Company flow, which is required for each period, to be updated to an electronic flow to ease the regular processing and reduce the possibility of errors. This will formalise the current bi-lateral agreement on the format. The manual flow format will be retained for non-BSAD data supplied by BSCCo (e.g. Notional Reserve Level). 2. Remove references to BSAD and Transmission Company as originator	Logica Consortium
	SAA-I0xx	A new flow to be added which will contain the Transmission Company data.	Logica Consortium
	Annex B	BSAD data item references	Logica Consortium
BMRA URS	BMRA-F004	Update the SBP/SSP formulas	Logica Consortium

Document	Section	Description	Responsibility
	BMRA-I012	<p>1. The current BMRA-I012 and SAA-I023 flows are manual flows, and in addition cover two physical sources (BSCCo and Transmission Company). It is proposed that these flows are split into two, to allow the Transmission Company flow, which is required for each period, to be updated to an electronic flow to ease the regular processing and reduce the possibility of errors. This will formalise the current bi-lateral agreement on the format. The manual flow format will be retained for non-BSAD data supplied by BSCCo (e.g. Notional Reserve Level).</p> <p>2. Remove references to BSAD and Transmission Company as originator.</p>	Logica Consortium
	BMRA-I0xx	A new flow to be added which will contain the Transmission Company data.	Logica Consortium
	SAA-I014	The precise number and any associated changes will be defined in the future User Requirement Specifications. The current version of the flow is 001 and this will need to be updated to version 002. The SAA will need to be able to generate the flow at either version 001 or version 002, depending on the trading party receiving the flow.	Logica Consortium
NGC BMRA and SAA Interface Specification		Included the new electronic interface of the BSAD data.	Logica Consortium

ANNEX 2 – PROPOSED TEXT TO MODIFY BSCCO MEMORANDUM AND ARTICLES OF ASSOCIATION

No changes are required.

ANNEX 3 – BSC AGENT IMPACT ASSESSMENTS

Below is the DLIA (reference ICR 115) received from the NETA Central Service Agent, relating to the BMRA / SAA Services:

To be completed by the Originator						
Change Request ID (to be provided by the Customer) P8 Logica reference: ICR115			Service affected BMRA/SAA			
Change Request Name:			Modification P08 – Incorporation of BPA/SPA Price Adjusters into the BSC			
Agreement by the customer to proceed to the next stage						
	High Level Assessment	Detailed Level Assessment	Change Quotation	Implement Change	Emergency Fix Report	Change Request under Clause 14.2 (delay)
Tick which stage is being requested		✓				
Signed by Customer Baseline Manager						
Signed by Customer Contract Manager						
Date of agreement to proceed to next stage					n/a	n/a
Date this stage to be completed by		4/07/01				
Configuration of Service(s) (baseline affected)						
Assumed Changes (over baseline)						
Priority	High/Medium/Low					
Identified by : Sandy Blows	Date Submitted: 20/06/01					
Description of Change See attached Requirements Specification To Support Modification P08						
Reason for Change (benefits) See attached Requirements Specification To Support Modification P08						
Implications of not making the change See attached Requirements Specification To Support Modification P08						
Attachments/references	001RBR (ELEXON Requirements Specification To Support Modification P08 – Incorporation of BPA/SPA Price Adjusters into the BSC Version no. 1.0)					
Competition Item Yes/No/n/a	Reasons for Competition					
If Change Request made under Clause 14.2 (delay)	Required supporting information attached					

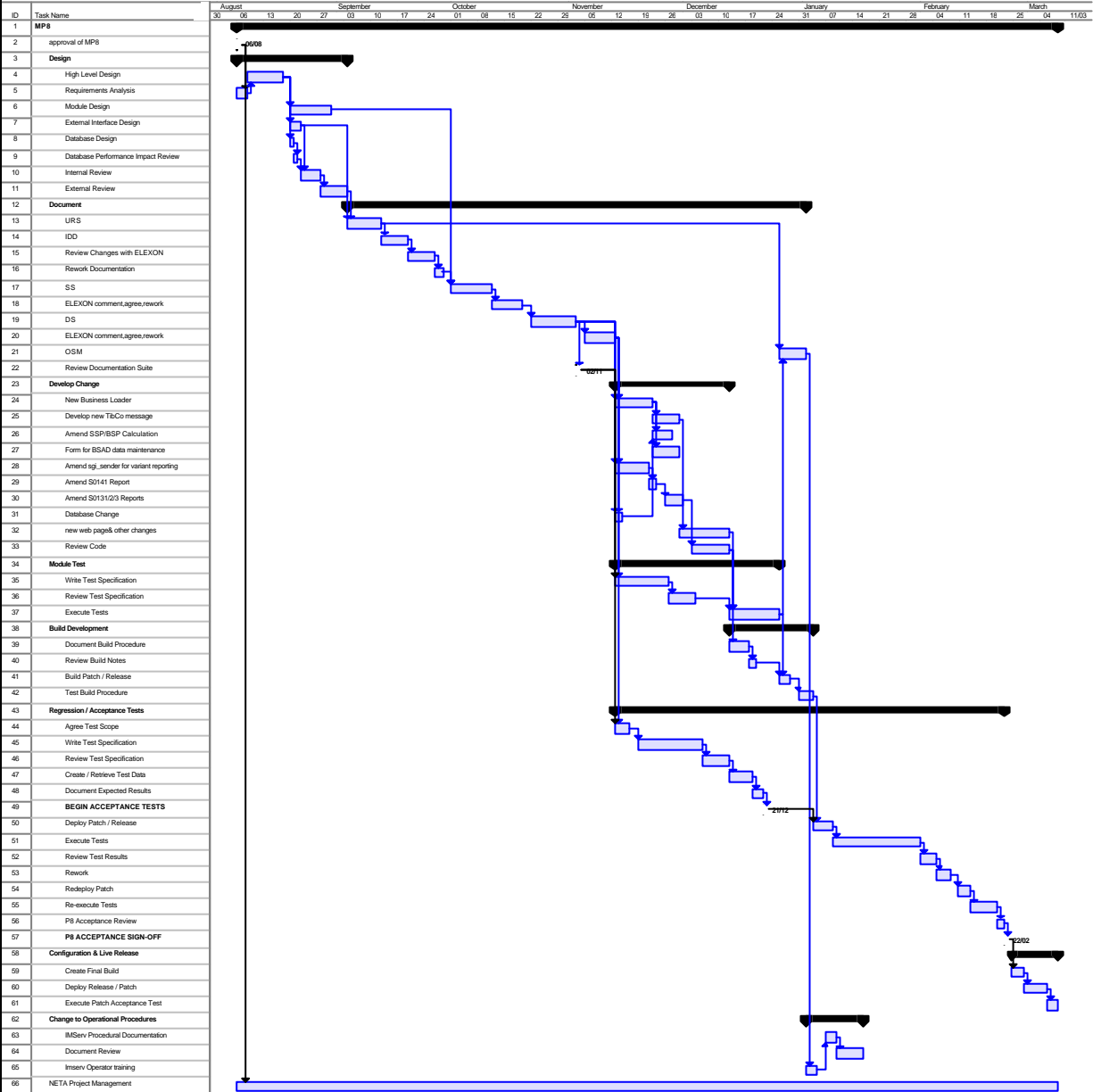
To be completed by the Service Provider				
	High Level Assessment	Detailed Level Assessment	Change Quotation	
Tick which stage is being completed		✓		
Signed by Service Provider Contract Manager				
Date		10/07/01		
Validity period of costs/prices	Change Quotation			
	Change		30 days	
Does the change involve any changes to the System or Services				No
Would the undertaking of a Detailed Level Assessment or Change Quotation delay the Trigger Milestone or the Planned Go-Live Date before Go Live or any Release Date after Go Live				N/a
If Yes – specify which Milestones/Release Dates would be affected	N/a			
Impact on any Milestones of incorporation of change	N/a			
Indicative impact on resources for change incorporation	Phase of the work			
	Design	Build	Test & Trial	Operate
	Labour			
Materials/3rd Party				
Impact on Service Levels	None			
Impact on IDD	Yes			
Price for Detailed Level Assessment				Indicative/firm
Price for Change Quotation				Indicative/firm
Price for Change	£393,013 (ex VAT) – to develop and implement this change as a patch.			Firm
	£5895 (ex VAT) per month to Operate and Maintain			Firm

Assumptions for the above Price:

- Work will commence by 10th August 2001
- Price does not include provision for indexation of daily fee rates with effect from 1st April 2002. It is assumed all work within this quote will be completed by that date in accordance with the attached plan.
- The Service Description will have been updated by ELEXON and agreed with Logica prior to deployment.
- Only the updates to documents will be submitted for review by ELEXON during the development of this change and a maximum of five working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in this price.
- Within reasonable levels, Elexon will make available appropriate staff to assist Logica during the development of this change
- It is assumed that the variant flow will be in NGC format so that the existing flow processor can be used as a basis for the new information. This will reduce the cost to get the data into NETA.
- A new TibCo message will be required, and a new web page to display the information for the low grade users
- Market testing. Given that the new flow is an input between the NETA CS and NGC this is not visible from the outside world and also that the amended flows are optional (participants can take the old version), this CP could be implemented without the need for a single participant to change their system. It would at the participant's discretion to test their systems as and when they wanted against the new TibCo message and amended flows. Logica can provide variant flows to these participants to assist with the testing of their systems, as a separate exercise at T&M rates. No allowance is included in this assessment for market testing.
- Calculation of system Buy / Sell prices needs to be amended
- The process for a participant to request a variant of a report is assumed to be a manual process of contacting NETA (by phone / paper) and an operator entering the data through a screen.
- The old and new variant flows will be supported for three months from deployment of the change, or from the time the patch has completed patch testing, whichever is the earlier.
- This change requires a database change, a form change, a new loader, three amended reports and a new TibCo message, and a new web page.
- No allowance has been made for Elexon to witness testing.
- Regression testing will only be performed on our own system, with external interfaces being simulated as necessary. No allowance has been made for testing with external systems.
- There will be no new Service Levels.
- Logica will invoice 30% on receipt of CN or authorised start of work, 50% on completion of acceptance tests, 20% on deployment or one month after completion of acceptance tests, whichever is sooner.

If the change is to be incorporated after Go Live, is this change proposed to be a patch or release		patch
If patch, expected time of incorporation	The estimated time to complete the development of this change is 31 weeks	
If release - what release number	Release number	
Date	Release Date	
For High Level Assessment only – is it a Detailed Level Assessment Yes/No	If No, estimate of time and resources required to complete	
Resources Required to undertake	Detailed Level Assessment	Change Quotation
Labour		
Materials		
Consequential amendments to base line:		
Proposed method of Change/ Work statement		

Proposed Plan for Change



Has the customer has indicated this is a competitive change		No
	Service Provider Plan for competition	
	Risks/Constraints of competition	
	Service Provider plan for incorporation of change including testing	
	Documentation to be produced by Service Provider to enable competition according to plan above	
	Indicative costs of Service Provider role in competition	

For Change Notice only – to be completed by the Customer
Basis for payment

Agreed Customer Caused Delay: Yes/No	
If Yes, amount of delay	
Date Change to become effective.	Is this to be a Release Date? Yes/No
Other items as required under the Change Management Procedures	

ANNEX 4 – CORE INDUSTRY DOCUMENT IMPACT ASSESSMENTS

No response has been received from the Core Industry Document owners.

ANNEX 5 – TRANSMISSION COMPANY ANALYSIS

Below is the response received from the NGC, dated 6th July 2001:

From: Elder, Louise[SMTP:Louise.Elder@uk.ngrid.com]
Sent: 06 July 2001 15:47
To: ccc@elexon.co.uk
Cc: Lawton, Phil
Subject: CPC020 response

Claire

Please find attached our response to cpc020. <<cpc020.doc>>

Louise, 07770 542912, 020 7620 8398 (CTN 221 8398), louise.elder@uk.ngrid.com

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree/~~disagree~~* with the proposed changes.

How much notification do you require? Days or weeks depending on SAA-IO14 impact_____ No.

Of days.

Do the changes stated impact your organisation *Yes/~~No~~.

Comments:

NGC will need to co-ordinate with changes to

- BSAD methodology.
- Interaction between workarounds 18 and 24
- Depending on implementation details - change to SAA-IO14 file.

None of these are difficult if we have notice.

Name: Phil Lawton
BCA/PACA* BCA
Organisation: NGC
Date: 06/07/01

In addition, the Transmission Company confirmed on 17th July 2001 that 'In relation to the automation of the existing manual interface between the Transmission Company and the BMRA and the SAA. We support the recommendation that the manual interface is upgraded. As this work will require changes to our systems and Logica's we will need to separately discuss and agree timescales for testing and delivery of this functionality with Logica'. The above confirms that an automated interface could be supported in line with the quotation provided by Logica which proposes to automate the interface. In addition the Transmission Company confirmed that there would be the ability for manual intervention to be allowed under controlled circumstances.

ANNEX 6 – TERMS OF REFERENCE AND REPORT/ANALYSIS OF EXTERNAL CONSULTANTS/ADVISERS

No external consultants/advisers were employed by the Group.

ANNEX 7 – DETAILED REPRESENTATIONS

Annex 7A – Responses to Initial Written Assessment

The detailed responses are shown below:

P8_ASS_001 Scottish & Southern

BSC Modification Proposal P8: Introduction of a Price Adjuster in the Calculation of the SBP and SSP Prices.

Scottish and Southern Energy believe there is insufficient detail in the Initial Assessment of Modification Proposal P8 to understand how the modification will be implemented, the scale of the changes likely to be required and hence the likely impact on systems, processes and documents. We would have expected much more detail at this stage. We have also had difficulty getting access to workaround W024.

We agree the next step should be to submit the proposal to the Assessment Procedure but question whether this could be achieved before the 26th July, given the importance of the modification.

Beverley Grubb, Scottish and Southern Energy, 07 May 2001

P8_ASS_002 Dynegy

Mr G Forrester
Elexon
Third Floor
1 Triton Square
London
NW1 3DX

17 May 2001

Dear Gareth,

Modification Proposal P08: Introduction of a price adjuster to reflect option fees for balancing services contracts in setting System Sell Price (SSP) and System Buy Price (SBP).

Dynegy welcomes this modification and believes it is extremely important to ensure that the adjustments made to the Balancing Services Adjusted Data (BSDA) methodology through modification P3, should be reflected within the Balancing and Settlement Code (BSC). The BSC should correctly define the imbalance prices and the calculation undertaken by the central systems, to take into consideration the introduction of two new variables, Buy Price Price Adjuster (BPA) and Sell Price Price Adjuster (SPA). Dynegy would like to stress the importance of ensuring that the BSC is reflective of any changes that may arise through modifications in order to ensure transparency in the market rules. We are already concerned by the number of documents participants have to refer to in order to fully understand the operation of the market. It should be a priority to ensure that the rules and governance for trading in the Balancing Mechanism (BM) and Imbalance Settlement process are contained correctly within the BSC, or clearly cross referenced. Transparency is also enhanced through ensuring that the legal document, the BSC, that governs the electricity market is an up-to-date document for new entrants thus encouraging competition on a level playing field. The issue of where an updated BSC is kept, website or paper copies, and how we track the effective date of any BSC modifications also needs to be addressed. Dynegy support this modification as we believe it better fulfils the relevant objectives, particularly the efficiency with which the market operates once all participants fully understand the rules.

Yours sincerely, Lisa Waters, Senior Regulatory Analyst
cc: Nick Simpson - Ofgem

P8_ASS_003 SEEBOARD

From: Fraser, Sue[SMTP:SFraser@seeboard.com]
Sent: 21 May 2001 13:55
To: 'modifications@elexon.co.uk'
Subject: P8 Assessment Comments - Seeboard Response

Seeboard's response is that we support this proposal.

Sue Fraser, for Dave Morton 0190 328 3465

P8_ASS_004 GPU Power

From: Gardener, Rachael[SMTP:rachael.gardener@gpupower.co.uk]
Sent: 21 May 2001 15:00
To: 'modifications@elexon.co.uk'
Subject: 'P8 Assessment Comments'

Hello

GPU POWER UK would like to return a response of 'No Comment' to Consultation on P8.

Thanks, Deborah Hayward (On behalf of) Rachael Gardener Deregulation Control Group & Distribution Support Office, GPU POWER.CO.UK. 08457 353637 Ext: 09 – 3802, Fax: 01384 405177, Email: rachael.gardener@gpupower.co.uk & dcg@gpupower.co.uk

P8_ASS_005 Innogy

Introduction of a Price Adjuster In the calculation of the SBP and SSP prices

Elexon's initial assessment document notes that Modification Proposal P8 is intended to provide an enduring solution to the changes in the BSAD methodology that were introduced as a result of Modification Proposal (MP) P3. This proposal was concerned with the correction of price spikes created by de-minimis purchases by the Transmission Company in the Balancing Mechanism. However, MP P8 interprets "enduring" as merely codifying workaround W024 in the BSC and the Central Service Provider's processes and systems. Innogy believes that the opportunity should be taken in the more protracted consideration of P8 to address both the principles and codification of the approach in order to achieve an appropriate and enduring solution.

Condition 7A of the Transmission Licence requires the BSC to be designed such that the balancing and settlement arrangements facilitate achievement of the objectives set out below, namely

- (a) the efficient discharge by the Licensee of the obligations imposed upon it by this licence;
- (b) the efficient, economic and co-ordinated operation by the Licensee of the Licensee's Transmission System;
- (c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;
- (d) without prejudice to paragraph 10, promoting efficiency in the implementation and administration of the balancing and settlement arrangements described in paragraph 2.

As promoters of MP P8, NGC have relied on objective (d) to justify the proposal to enshrine the "fix" that was created out of P3. However, as an enduring solution this would not appear to meet either of the prior objectives of operating the transmission system in an efficient manner, or promoting economically efficient competition. For these objectives to be met the Price Adjusters should impact on BM prices in a similar manner irrespective of whether NGC buys an option to purchase energy at a predetermined delivery price plus an option fee, or takes direct action in the BM. If this is not the case then NGC can distort the BM prices by favouring one route over the other.

To create equivalence between the two approaches the price adjusters need to focus the option fees into those settlement periods when the option has value to NGC. Most obviously this will be when the option is called, although NGC may find some value in the option as an alternative to holding additional spinning reserve. If the option fee is not focussed in this fashion then the price signals in

the BM prices will be attenuated to such an extent that they will be ineffective in encouraging additional energy on to the system when the system is most under stress. This in turn will lead to inefficiency in the system's operation and, in the extreme, the risk of market failure.

Focussing the option fees into those periods when the option is utilised has the obvious practical difficulty that the call on the option will not be known with certainty at the start of the period when the option is available. However, there are a number of mechanisms that could be employed to overcome this shortcoming. Most simply prices could be adjusted retrospectively depending upon when the option was called, although this is probably the least desirable method since it would leave prices undetermined for protracted periods.

A pragmatic alternative would be to forecast the number of times the option is likely to be called, and reflect this expected use in the quantity of energy used to calculate the price adjuster. Presumably NGC will have a clear view of the anticipated call on the option when making its evaluation of whether to purchase the option and thus arriving at an estimate should not present any great difficulty. NGC could be provided with an incentive to make a correct forecast at the outset, although further consideration needs to be given to how NGC's costs are recovered through the BSUoS charge.

In conclusion, Innogy does not support the Modification Proposal in its present form since it fails to place an appropriate economic signal in BM prices. Without this signal BM prices will prevent the economic operation of the system, and distort competition in the generation of electricity.

Annex 9B – Responses to Detailed Level Impact Assessment

The responses to the DLIA are shown below:

From: Graham Beale[SMTP:GRAHAM.BEALE@natpower.com]
Sent: 10 July 2001 10:01
To: 'Sahra Abdillahi'
Subject: RE: Confirmation of Email

Sahra

Following a telcon with yourselves, prior to the 25 June, I can confirm Deeside Power was not in a position to perform the HLIA's by the 25 June deadline.

I am concerned that many of the smaller IPP businesses, like Deeside are simply not set up to discharge this volume of work in such short timescales.

Graham Beale, Deeside Power Station

From: Deregulation Control Group[SMTP:dcg@gpupower.co.uk]
Sent: 06 July 2001 11:21
To: 'Sahra Abdillahi'
Subject: GPU Power UK's Response to CPC20 - Detailed Level Impact Assessment - P8 Introduction of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

Sahra,

Please find that GPU Power UK's Response to CPC20 - Modification Proposal P8: Introduction of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price, is 'No Comment.'

Regards,

Jason J Guest, Deregulation Control Group & Distribution Support Office, GPU Power Distribution,
Tel DDI 01384 343772, Tel Int 09 3802, Fax 01384 405177, Email
jason.j.guest@gpupower.co.uk, <<mailto:jason.j.guest@gpupower.co.uk>> & dcg@gpupower.co.uk

From: lina.shah@siemens.co.uk[SMTP:lina.shah@siemens.co.uk]
Sent: 25 June 2001 14:37
To: ccc@elexon.co.uk
Subject: CPCs

No impact on CPC 20.

Regards, Lina

From: Hooley, Sarah[SMTP:HooleyS@logicae.com]
Sent: 25 June 2001 15:05
To: 'Sahra.Abdillahi@elexon.co.uk'
Subject: FW: CPC20 - Detailed Level Impact Assessment - P8 Introduction of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

FOR YOUR INFORMATION

ESIS and EPFAL are now part of Logica. The Internet email addresses of the staff has changed to the following - lastnameinitial@logica.com eg SMITHK@logica.com. Emails using the old format will continue to be delivered until 30th June 2001.

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree/disagree* with the proposed changes.

How much notification do you require? _____ No. Of days.

Do the changes stated impact your organisation No.

Name: _Sarah Hooley
BCA/PACA* ____BCA
Organisation: _____Logica EPFAL
Date: __25/06/01

From: bo.wahrgren@vattenfall.com[SMTP:bo.wahrgren@vattenfall.com]
Sent: 26 June 2001 08:26
To: ccc@elexon.co.uk
Cc: sjur.jensen@vattenfall.com
Subject: CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8

Please see attached Vattenfalls response.

Regards, Bo Wahrgren, Vattenfall AB, SE-162 87 Stockholm, Sweden, phone +46 8 739 50 63, mobile +46 70 539 50 63, fax +46 8 739 50 65, email bo.wahrgren@vattenfall.com, www.vattenfall.com

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree with the proposed changes.
How much notification do you require? 30 No. Of days.
Do the changes stated impact your organisation Yes.

Comments: We do not want implementation during July or August.

Name: Bo Wahrgren
BCA/PACA*
Organisation: Vattenfall AB
Date: 2001-06-26

From: Riley, Victoria[SMTP:RileyV@logicae.com]
Sent: 26 June 2001 10:23
To: 'Sahra Abdillahi'
Cc: Handley, Sarah
Subject: RE: CPC20 - Detailed Level Impact Assessment

FOR YOUR INFORMATION

ESIS and EPFAL are now part of Logica. The Internet email addresses of the staff has changed to the following - lastnameinitial@logica.com eg SMITHK@logica.com. Emails using the old format will continue to be delivered until 30th June 2001.

Sahra,

Please find attached Siemens Metering DataCare's response to CPC020.

Kind Regards, Victoria Riley, Logica ESIS, Customer Solutions, Market Services, Tel: +44 115 9456951
Fax: +44 115 9456641, Rileyv@logica.com <<mailto:Rileyv@logica.com>>

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree with the proposed changes.
How much notification do you require? ____0____ No. Of days.
Do the changes stated impact your organisation? No.

Comments:

Name: ____Victoria Riley
BCA/PACA* _PACA
Organisation: On behalf of Siemens Metering DataCare

Date: _26 June 2001

From: Randhawa, Ravi[SMTP:Ravi.Randhawa@utilicorp.com]
Sent: 05 July 2001 10:33
To: 'ccc@elexon.co.uk'
Subject: Response to CPC 020 re MP8

Please find attached Aquila's response to CPC 020

With thanks.

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree/~~disagree~~* with the proposed changes.
How much notification do you require? _3 months .
Do the changes stated impact your organisation *Yes/~~No~~.

Comments:

With regard to the suggested changes to the SAA-1014 Aquila is in favour of alternative options (a) to implement the changes as a "big bang" i.e. the new version to be effective from the implementation date and version 1 to be discontinued from this date.

This is on the understanding that we have at least 3 months to implement after receiving full details of new file formats for the amended data flow structure. This is also on the understanding as the document suggests that one SAA Settlement run shall be undertaken in a pre-production environment in parallel to an equivalent live-run.

Name: _____Ravi Randhawa
BCA/PACA*
Organisation: _____Aquila Energy
Date: _____5 July 2001

From: Morton, David[SMTP:DMorton@seeboard.com]
Sent: 05 July 2001 11:19
To: 'Elexon Baseline Management'
Subject: CPC 020 - SEEBOARD Response

For the attention of: Claire Power.

Please find attached our response to the above mentioned CPC.

Dave Morton, SEEBOARD, 0190 328 3465.

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree with the proposed changes.
How much notification do you require? ___0_____ No. Of days.
Do the changes stated impact your organisation No.

Comments:

Name: _____Dave Morton
BCA/PACA
Organisation: ___SEEBOARD
Date: ___5th July 2001

From: Emma.Coates@yeg.co.uk[SMTP:Emma.Coates@yeg.co.uk]
Sent: 05 July 2001 13:13
To: ccc@elexon.co.uk
Cc: jenny.birks@yeg.co.uk; helen.lees@npower.com
Subject: CPC20 - Detailed Level Impact Assessment - P8 Introduction of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

Dear CCC,
Yorkshire Electricity agree to the above change. If you have any queries, please let me know.

Cheers, Emma Coates, Business Analyst, Supply Design Authority, Information Systems Services,
Yorkshire Electricity, www.yeg.co.uk, tel internal 780 5710, tel external 0113 289 5710, fax internal
780 5120, fax external 0113 289 5120, e-mail emma.coates@yeg.co.uk

From: Lees, Helen[SMTP:helen.lees@npower.com]
Sent: 05 July 2001 15:59
To: 'ccc@elexon.co.uk'
Cc: NP - Gibson, Chris; 'Emma.Coates@yeg.co.uk'
Subject: Elexon CPC's 20 and 21

Hello

Please find attached below Npower and Npower Direct Ltd's responses to Elexon CPC 20.

My colleagues in the other Innogy Companies (Innogy, Npower Retail and Npower Ltd) have advised that the Npower response to Elexon CPC20 also represents their position, and I would be grateful if you could note this information.

Regards

Helen Lees, Design Authority, Business Services, npower, Office: 01905 613191, Ext. (07) 2064,
Mobile: 07989 493086, e-mail: helen.lees@npower.com

Npower Direct Ltd

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree/~~disagree~~* with the proposed changes.
How much notification do you require? **30** No. Of days.
Do the changes stated impact your organisation *Yes/~~No~~.

Comments:

These changes will require us to make changes to some of our systems – estimated cost £10,000.

Name: Helen Lees
BCA/~~PACA~~*
Organisation: Npower Direct Ltd (NDL)
Date: 5th July 2001

Npower Response

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree/~~disagree~~* with the proposed changes.
How much notification do you require? **30** No. Of days.
Do the changes stated impact your organisation *Yes/~~No~~.

Comments:

These changes will require us to make changes to some of our systems – estimated cost £10,000.

Name: Helen Lees
BCA/~~PACA~~
Organisation: Npower
Date: 5th July 2001

From: Sue Macklin[SMTP:Sue.Macklin@scottish-southern.co.uk]
Sent: 06 July 2001 11:09

To: ccc@elecpool.com
Subject: Exelon Change Proposal Circulars 020 and 021

Claire,
These are the responses for Scottish and Southern Energy.

Change Proposal Circular 020: Detailed Level Impact Assessment - P8 Introduction of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

Modification Proposal P08 could have an effect on SONENT. Scottish and Southern Energy's contribution estimate for changes SONENT plus implementation costs is £3000. (The total estimate from St Clements is £8,000 - £10,000).

Implementation period 3 months.

Sue, Tel: 01256 304123

From: Tanner, Janice[SMTP:jyt@thames-power.com]
Sent: 06 July 2001 11:43
To: ccc@elexon.co.uk
Subject: CPC 20
Importance: High

On behalf of Barking Power, please find the attached reply to CPC 20.

Regards, Janice Tanner, Electricity Contracts Administrator, Barking Power Station, Chequers Lane, Dagenham, Essex, RM9 6PF, Tel: 020 8984 5175, Fax: 020 8984 5174, Email: jyt@thames-power.com

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree/~~disagree~~* with the proposed changes.
How much notification do you require? 90 No. Of days.
Do the changes stated impact your organisation *Yes/~~No~~.

Comments:
90 days is an estimate of time required (minimum) following accurate IDD modifications.

Name: Janice Tanner
BCA/PACA* _____
Organisation: Barking Power
Date: 06 July 2001

From: edward.coleman@txu-europe.com[SMTP:edward.coleman@txu-europe.com]
Sent: 06 July 2001 15:51
To: ccc@elexon.co.uk
Subject: CPC20

(See attached file: CPC20r.doc)

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree with the proposed changes.
How much notification do you require? 15 No. Of (**working**) days.
Do the changes stated impact your organisation *Yes

Comments:

What rules are there for incrementing flow version numbering within the NETA framework? No mention of its implementation and working is present in the NDFC. Is the concept to be introduced without asking the industry how it should be operated?

Elxon appear to be assuming a way of working with version numbers with which BSC Parties may not be geared up for. Is there a mechanism in place for updating the BSC catalogue akin to DTC updates?

The minimum cost to TXU is £5k the maximum £10k.

It may be appropriate to consider another approach: changes implemented as SAAI014 v2 with SAA modified to handle multiple versions such that the changes can be phased in; big-bang may not be practical.

Name: __Edward Coleman

BCA* _____

Organisation: __TXU

Date: __06/07/2001

From: NETA_SPOC[SMTP:NETA_SPOC@Scottishpower.plc.uk]
Sent: 06 July 2001 15:32
To: 'ccc@elxon.co.uk'
Subject: CPC20 Comments from ScottishPower

Please find attached the completed form for CPC20 for ScottishPower and Manweb. If you have any problems with this email, please do not hesitate to contact me.

Steve Field, Calanais for ScottishPower Design Authority, Deregulated Services
Int - 700 2313 Ext - 0141 568 2313

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree/~~disagree~~* with the proposed changes.

How much notification do you require? ____60____ No. Of days.

Do the changes stated impact your organisation *Yes/~~No~~.

Comments:

Due to the high impact on ScottishPower's systems, we require early confirmation as to whether P8 is to be implemented and the timescales involved.

Name: _____David Nawrath_____

BCA/PACA* _____

Organisation: _____ScottishPower / Manweb_____

Date: _____6th July 2001_____

From: Ace Rachel[SMTP:rachel.ace@british-energy.com]
Sent: 06 July 2001 15:33
To: 'ccc@elxon.co.uk'
Subject: CPC 20

Please find attached the modified file with British Energy's response. [* This message has been sent from the British Energy Group.

CPC 20: Detailed Level Impact Assessment (DLIA) for Modification Proposal P8: Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

I agree with the proposed changes.

How much notification do you require? ____3 months____ No. Of days.

Do the changes stated impact your organisation Yes.

Comments:

Our view would be that a proper message version system is the best technical solution but that a "big-bang" implementation is unlikely to be practical. It is therefore worth considering from a

technical view as to whether there should be an option c) i.e. Changes implemented as SAA-I014 v2 with SAA modified to handle multiple versions such that the changes can be phased in

Name: __Rachel Ace_____

BCA/PACA* _____

Organisation: __British Energy Power and Energy Trading, British Energy Generation, Eggborough Power Ltd_____

Date: __6th July 2001_____

ANNEX 8 – MODIFICATION P008

Modification Proposal	MP No: P008 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.	
Submission Date <i>(mandatory by proposer):</i> 20 April 2001	
Description of Proposed Modification <i>(mandatory by proposer):</i> The recent Modification (P3) implemented a Price Adjuster for System Sell Price and System Buy Price by altering the Balancing Services Adjustment Data Methodology and implementing workaround W024. This modification proposes to retain the same functionality, but to implement the Price Adjuster within the BSC and Elexon's central systems. This would be achieved by removing Option Fees from the calculation of Buy Cost Adjustment and Sell Cost Adjustment as described in the Balancing Services Adjustment Data Methodology. Two new variables are then introduced, Buy Price Price Adjuster and Sell Price Price Adjuster. These variables are calculated by dividing the option fees by the total contracted capability. The Price Adjusters are then added on to the System Buy Price or System Sell Price. This modification will need to be mirrored by a corresponding change to the Balancing Services Adjustment Data methodology.	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> The setting of System Buy Price and System Sell Price was originally defined in the BSC and calculated using the audited central systems. The price adjuster was subsequently implemented via the Balancing Services Adjustment Data and workaround W024 as this change could be implemented more quickly. This modification would restore the original intention of imbalance prices being defined in the BSC and calculated by the central systems.	
Impact on Code <i>(optional by proposer):</i> Modifications required to definition of System Buy Price and System Sell Price in Section T Paragraph 4.4 of the Code with corresponding changes to the glossary.	
Impact on Core Industry Documents <i>(optional by proposer):</i> None.	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i> The software calculating System Sell Price and System Buy Price and the form of the Balancing Services Adjustment Data will need altering.	
Impact on other Configurable Items <i>(optional by proposer):</i> National Grid's Balancing Services Adjustment Methodology Statement will also be need to be changed.	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i> This proposal improves the transparency of calculating System Sell Price and System Buy Price and moves the process into the central systems. It therefore meets the objective of "promoting efficiency in the implementation and administration of the balancing and settlements arrangements."	

Modification Proposal	MP No: P008 <i>(mandatory by BSCCo)</i>
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Attachments: NO If Yes, Title and No. of Pages of Each Attachment:	