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**Draft MODIFICATION REPORT
MODIFICATION PROPOSAL P91**

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

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I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1		Change Delivery		For Peer Review
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1.0		Change Delivery		For Authority Decision

Version	Date	Reviewer	Signature	Responsibility

b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
Core Industry Document Owners	Various

c References

Ref.	Document Name
1	Initial Written Assessment for P91 (P091IWA), 12 July 2002
2	Statement of the Use of System Charging Methodology (Issue 2 Revision 0), 1 April 2002
3	Assessment Report for P91 (P091AR), 12 September 2002

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, assessment and consultation undertaken in respect of Modification Proposal P91 (P91) and the resultant findings of this report, the Balancing and Settlement Code Panel (the Panel) recommends that:

P91 should be made with a calendar day Implementation Date of [17 March 2003 if an Authority decision is received by 15 November 2002, and a calendar day Implementation Date of 1 August 2003 if an Authority decision is received after 15 November but before 20 December 2002].

1.2 Background

P91 was raised by National Grid on 8 July 2002 and was submitted to a 2-month Assessment Procedure to be undertaken by the Volume Allocation Modifications Group (VAMG). The Panel considered the Assessment Report for P91 at their meeting on 12 September 2002 and agreed that P91 should progress to the Report Phase with a recommendation that the Proposed Modification be made.

P91 seeks to amend Annex V-1 of the Balancing and Settlement Code ('the Code') in order to enable the Transmission Use of System (TUoS) Report to include the split between half-hourly (HH) and non-half-hourly (NHH) metering data at the Balancing Mechanism Unit (BMU) level in addition to being aggregated to Supplier level.

1.3 Rationale for Recommendations

The Panel agreed that P91 better achieves the following Applicable BSC Objectives as set out in Condition C3 of the Transmission Licence:

- (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; and
- (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.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code 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.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

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

3 HISTORY OF PROPOSED MODIFICATION

P91 was raised by National Grid on 8 July 2002, and the Initial Written Assessment (Reference 1) was considered by the Panel at their meeting on 18 July 2002. The Panel agreed to submit P91 to a 2-month Assessment Procedure to be undertaken by the VAMG.

The VAMG met twice to consider P91. It was determined that the Transmission Company applies different charging methods for the HH and NHH metered demand of Supplier BMUs, as set out in the Statement of the Use of System Charging Methodology (Reference 2). Hence it is important that the Transmission Company is able to determine accurately the apportionment of energy for each Supplier BMU between HH and NHH demand. Currently, the Transmission Company receives a data flow (the D0083 file) from the Supplier Volume Allocation Agent (SVAA) which reports the HH and NHH metering split at the granularity of Market Participant ID, Grid Supply Point Group (GSP Group) ID and Settlement Period. If a Supplier has Base Supplier BMUs only, then the D0083 file contains all the necessary data for calculating the Transmission Network Use of System (TNUoS) Charge for each Supplier. However, if Suppliers register additional Supplier BMUs, all the data necessary for charging is not always contained in the D0083 file, and further data is required when any of the Supplier BMUs are involved in triad trading within a Class 4 Trading Unit. If a Supplier BMU is involved in triad trading, the Transmission Company needs to know the HH and NHH metering split at the BMU level. This is required to implement the TNUoS charging rules covering triad trading as a Trading Unit according to paragraph 4.11 of the Statement of the Use of System Charging Methodology (Reference 2).

As a result of the analysis undertaken, the VAMG concluded that P91 would better facilitate the Applicable BSC Objectives (a), (b) and (c) as identified in Section 1.3 of this report.

The VAMG also determined that the lack of HH and NHH metering data at the BMU level has not, to date, prevented the implementation of the TNUoS charging rules, given the limited number of Suppliers with additional BMUs and the current composition of Trading Units. However, this situation is likely to change as Parties make increasing use of the flexibility introduced by Modification Proposal P7 - 'Allocation of Supplier Demand to the Same BM Unit in a GSP Group for all Suppliers in the Same Company Group'. The expected increase in additional Supplier BMUs and the formation of new Trading Units would give rise to a significant number of cases where the data required for charging is not contained in the current D0083 file. As a result the VAMG determined that the Transmission Company should be allowed to receive a data flow that will represent the HH and NHH metering data at a BMU level in addition to being aggregated to Supplier level. In light of this information, the VAMG discussed whether the costs of implementing P91 should be targeted at BSC Parties or at the Transmission Company. The VAMG decided by a majority that the costs associated with P91 should be recovered

through the usual mechanism from all BSC Parties. The VAMG also issued an Assessment Procedure consultation seeking industry opinion whether P91 better facilitated the achievement of the Applicable BSC Objectives.

The VAMG identified two implementation options that could provide the required data to the Transmission Company. The first option (Option 1) specified an enhancement to the current D0083 file. The second option (Option 2) envisaged the creation of a new data file within the TUoS Report. A Requirements Specification detailing these options was prepared and submitted to the SVAA and the developer of the SVA Systems for Detailed Level Impact Analysis (DLIA).

In view of the DLIA and consultation responses, the VAMG agreed that P91 should be implemented via the cheapest software solution, namely Option 1.

The VAMG also agreed to recommend that P91 should be made with a calendar day Implementation Date of 17 March 2003 if an Authority decision is received by 15 November 2002. However, if an Authority decision is not received by that date, then scheduled upgrades to the SVA System and the impending implementation of P62 entail that the calendar day Implementation Date for P91 would have to be postponed until 1 August 2003¹. A calendar day implementation was justified by the fact that P91 would not affect any settlement calculations and would only enable the Transmission Company to receive additional data in the TUoS Report so that it can comply with its licence obligations. This is in line with the Authority decision on Modification Proposal P61².

After the final discussion of the VAMG, it was recognised that all data relating to the 2002/2003 financial year would not be available in the TUoS Report until some time after the Implementation Date for P91. As the Transmission Company requires the data as soon as possible in order to calculate TNUoS charges, this would require a further ad hoc report post implementation. The VAMG did not discuss the cost associated with such an ad hoc report.

The Panel considered the Assessment Report for P91 (Reference 3) during their meeting on 12 September 2002. A Panel member stated that they were not convinced as a matter of principle that the cost of implementing P91 should be spread across all BSC Parties, even though they recognised that for the purposes of P91 this would be a pragmatic solution. Another Panel member suggested that if the costs were targeted at the Transmission Company, the Transmission Company would in theory be able to recover them from all Parties which required P91. The Transmission Company representative noted that National Grid had in the past incurred costs as a result of Modification Proposals from which it did not directly benefit, and hence targeting P91 costs at the Transmission Company would be inconsistent with the existing practice on cost recovery. In light of this discussion, the Panel noted that cost recovery issues had been considered extensively by the VAMG and voted by a majority to endorse the VAMG recommendation to recover P91 costs from all BSC Parties.

The Transmission Company representative suggested that the Implementation Date should be changed to 'Authority Decision + 10 WD' even if SVA Systems were unable to produce the new report by that date. The representative felt that the proposed legal text allowed the Transmission Company to receive the new data but did not impose a strict obligation on the SVAA to send it on a daily basis. ELEXON felt that there would be concerns lest such a course of action might cause ELEXON to become non-compliant with the Code, but agreed to clarify the issue in time for the next Panel meeting.

¹ Provided that an Authority decision is received by 20 December 2002.

² The Authority decision letter for P61 states that Ofgem did not consider that a calendar day implementation for P61 introduced a real element of retrospection, and any retrospective effect on settlement periods prior to the calendar day on which the proposal was implemented would be purely process related. Ofgem believe that if a rule change cannot affect the behaviour of industry participants in a way that would distort the market in their favour or affect any expected material outcomes, then a calendar day implementation is acceptable.

The Panel decided unanimously that P91 should be progressed to the Report Phase with a recommendation that the Proposed Modification should be made. It was noted that the calendar day Implementation Date proposed by the VAMG did not involve a real element of retrospection because P91 does not affect settlement, but enables the Transmission Company to receive additional data in order to comply with its licence obligations.

4 DESCRIPTION OF PROPOSED MODIFICATION

P91 seeks to extend the data provided to the Transmission Company in the TUoS Report. The requirements for the reporting of information by BSC Agents are described in Section V of the Code. According to Table 7 in Annex V-1, the TUoS Report comprises various reports in respect of each Grid Supply Point (GSP) Group and Supplier. P91 seeks to amend Table 7 in Annex V-1 in order to enable the TUoS Report to include the split between HH and NHH metering data at the BMU level in addition to being aggregated to the Supplier level.

5 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

P91 affects the final row of Table-7 in Annex V-1 of the BSC.

Conformed Version:

TuoS Report	Daily	Transmission Company	Various reports containing GSP Group Take, Supplier Deemed Take by Settlement Period and/or Settlement Day in respect of each GSP Group and Supplier, <u>and half hourly and non-half hourly consumption by Settlement Period and/or Settlement Day in respect of each Supplier BM Unit.</u>
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Clean Version:

TuoS Report	Daily	Transmission Company	Various reports containing GSP Group Take, Supplier Deemed Take by Settlement Period and/or Settlement Day in respect of each GSP Group and Supplier, and half hourly and non-half hourly consumption by Settlement Period and/or Settlement Day in respect of each Supplier BM Unit.
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6 SUMMARY OF REPRESENTATIONS

<to be completed after Industry Consultation>

ANNEX 1 – CONSULTATION RESPONSES

<to be completed>

ANNEX 2 – MODIFICATION PROPOSAL P91

Modification Proposal	MP No: P91 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Extension To Data Provided To the Transmission Company In The TUoS Report	
Submission Date <i>(mandatory by proposer):</i> 08 July 2002	
Description of Proposed Modification <i>(mandatory by proposer):</i> Modification of the TUoS Report provided to the Transmission Company only to include the split between half-hourly and non-half hourly metered data at a BM Unit level rather than being aggregated to a Supplier level.	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> Increasingly, Suppliers are choosing to have more than one BM Unit within a GSP Group and want their TNUoS charges calculating down to this level of detail. Furthermore, where embedded generation has been netted off via the SVA system, this information is required to calculate the Use of System charges. The Modification was submitted previously as a Change Proposal but following internal assessment by Elexon an impact on the Code was identified.	
Impact on Code <i>(optional by proposer):</i> Amendment required to Table 7 of Annex V-1 of Section V of the BSC which describes at a high level what data is contained in the TUoS Report.	
Impact on Core Industry Documents <i>(optional by proposer):</i> None anticipated	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i> The TUoS report is provided to the Transmission Company only by the SVAA as data flow D83. The content of this data flow will need amending to provide the additional level of detail.	
Impact on other Configurable Items <i>(optional by proposer):</i> None anticipated	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i> The change will better facilitate the applicable BSC objectives (b) the efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System and (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. In particular the modification will enable the Transmission Company to charge customers in accordance with the Statement of Use of System Charging Methodology.	

Modification Proposal	MP No: P91 <i>(mandatory by BSCCo)</i>
Details of Proposer: Name: Kevin Broadbent Organisation: National Grid Telephone Number: 024 7642 3873 Email Address: kevin.broadbent@uk.ngrid.com	
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Attachments: NO If Yes, Title and No. of Pages of Each Attachment:	