

Direct Dial: 020-7901-7327

16 May 2001

The National Grid Company, BSC Signatories and
Other Interested Parties

Your Ref:
Our Ref : MP No: P06

Dear Colleague,

Modification Proposal P6: Removal of the obligation to publish price data in FT

The Gas and Electricity Markets Authority (the "Authority") has carefully considered the issues raised in modification proposal P06 'Removal of obligation to publish price data in FT'.

The Balancing and Settlement Code Panel (the "Panel") recommended to the Authority that: (i) it should approve the proposed modification, (ii) if the proposed modification is approved it should have immediate effect, and (iii) ELEXON should develop reliable contingency arrangements to cover the situation where it is not possible to publish price data via the BSC Website.

The Authority agrees with the Panel's recommendation. The Authority hereby directs The National Grid Company plc (NGC) to make the modification to the Balancing and Settlement Code ("BSC"), as the Authority considers that the proposal will better facilitate the relevant objectives of the BSC. The modification should be made and implemented today (16 May 2001).

In this letter, we explain the background to the modification proposal and give the Authority's reasons for its decision.

Background to the proposal

There is a requirement in Section V4.2.6 of the BSC to publish System Sell Price and the System Buy Price both in the Financial Times ("FT") (or other newspaper as the Panel considers appropriate) and on the BSC Website.

Following the designation of the BSC in August 2000, ELEXON identified that the cost associated with price publication in the press was significant (a six figure sum per annum) and was set to rise sharply in coming years under the existing contract with the FT under which Electricity Pool prices had been published previously. Given that imbalance price information would be made available daily on the BSC Website and the BM Reports Website, ELEXON concluded that a modification to the BSC to remove the obligation to publish price information in the press was justified since it would promote efficiency in the implementation and administration of the balancing and settlement arrangements by greatly reducing costs to participants without any significant reduction in the transparency of price information.

ELEXON therefore recommended that the Panel raise the appropriate Modification Proposal under its powers set out in section F2.1.1(d)(i) of the BSC.

The Modification Proposal

Modification Proposal P06 removes the obligation for ELEXON to publish SBP and SSP in the FT (or other newspaper), such that ELEXON is only obliged to publish price information on the BSC Website.

ELEXON published a Draft Modification Report on 11 April 2001 which invited respondents' views by 25 April 2001.

Respondents' views

In total, ELEXON received nine responses to the consultation on Modification Proposal P06. Of the responses, seven expressed support for the proposed modification and the remaining two were neither in favour nor opposed to the proposed modification.

Panel's Recommendation

The Panel met on 3 May 2001 and considered the Modification Report, the views of the Modification Group and the consultation responses received.

The Panel recommended that the Authority should approve the Proposed Modification and that, if approved, the Proposed Modification should be implemented with immediate effect. Moreover, the Panel recommended that ELEXON should develop reliable contingency arrangements to cover the situation where it is not possible to publish price data via the BSC Website.

Ofgem's view

Ofgem¹ considers that Modification Proposal P06 will better facilitate the relevant objectives of the BSC given that the information will be available to all interested parties on the BSC Website. In particular, the proposed modification will promote efficiency in the implementation and administration arrangements of the balancing and settlement arrangements.

Ofgem agrees with the Panel's recommendation that ELEXON should give some consideration to reliable contingency arrangements in the event that it is not possible to publish price data via the BSC Website.

The Authority's decision

The Authority agrees with the Panel's recommendation that Modification Proposal P06 should be made and implemented on 16 May 2001. Moreover, Authority agrees with the Panel's recommendation that ELEXON should give some consideration to reliable contingency arrangements in the event that it is not possible to publish price data via the BSC Website

If you have any queries in relation to the issues raised in this letter, please feel free to contact me on the above number.

Yours sincerely,



Stephen Smith

Director, Trading Arrangements

Signed on behalf of the Authority and authorised for that purpose by the Authority

¹ Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.