



August 2002

**MODIFICATION REPORT**  
**MODIFICATION PROPOSAL P93 -**  
**Introduction Of A Process For**  
**Amendment Of Proposed**  
**Modification Implementation Dates**

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

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1	BSC Panel Paper 47/010	ELEXON	7 June 2002	FINAL
2	P93 Initial Assessment	ELEXON	18 July 2002	1.0

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## 1 SUMMARY AND RECOMMENDATIONS

### 1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Report Phase, and the resultant findings of this report, the BSC Panel recommends that:

**Modification Proposal P93 should be made with an Implementation Date of:**

- **30 September 2002 if an Authority determination is made on or prior to 9 September 2002; or**
- **15 Working Days after such Authority determination if that determination is made after the 9 September 2002.**

### 1.2 Background

Modification Proposal P93 'Introduction of a Process for Amendment of Proposed Modification Implementation Dates' (P93) was raised on behalf of the BSC Panel on 8 July 2002.

P93 seeks to amend Section F of the Balancing and Settlement Code to enable the Panel to apply to the Authority to amend the proposed Implementation Date in a Modification Report that has already been submitted to the Authority for determination, but where the Authority has not yet made a determination.

### 1.3 Rationale for Recommendations

The unanimous view of the Panel was that P93 would promote efficiency in the implementation and administration of the balancing and settlement arrangements (Applicable BSC Objective (d)). This would be achieved by allowing the Implementation Date of a Pending Modification Proposal, or any Alternative Modification, contained within a Modification Report that is with the Authority for determination, to be amended. The process to be introduced will allow, subject to consultation, the Implementation Date contained within the Modification Report, that is with the Authority for determination, can be either brought forward, where it becomes practical to implement a Proposed Modification earlier than the date specified within the Modification Report, or later, where the date contained within a Modification Report becomes untenable. This introduces a consistent approach, within the Code, for the treatment of Modification Proposals that have already had an Authority determination and for those that are awaiting an Authority determination.

## 2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('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](http://www.elexon.co.uk)

### 3 DESCRIPTION OF PROPOSED MODIFICATION

P93 has been raised to address the issue of the need to change an Implementation Date after submission of a Modification Report to the Authority but before a determination is made with respect to that Modification Report by the Authority.

Section F of the Code requires the Panel to stipulate an Implementation Date for each Proposed Modification and Alternative Modification that it submits to the Authority for determination. Each Implementation Date is intended to reflect the necessary time for systems and processes to be developed, tested and implemented, and where relevant, to be consistent with the BSC Release Strategy. Where a specific Implementation Date is stipulated for a Proposed Modification or Alternative Modification, it will usually be proposed on the basis that the Authority decision will be made by a particular date, the 'latest date'. This means that if the Authority's decision is not made by the 'latest date', the specified Implementation Date may not be achievable. Alternatively, circumstances may change following the submission of a Modification Report, such that an earlier Implementation Date may be possible for a Proposed Modification or Alternative Modification.

Section F2.11.7, F2.11.8 and F2.11.9 of the Code allow the Panel to seek an extension to or bring forward the Implementation Date for an Approved Modification if circumstances arise that are likely to delay or make it possible to advance the Implementation Date.

This Modification Proposal would enable the Panel, after consultation with interested parties, to seek to amend the proposed Implementation Date for a Proposed Modification or an Alternative Modification contained in a Modification Report submitted to the Authority for determination but for which no Authority decision has yet been made.

### 4 HISTORY OF PROPOSED MODIFICATION

P93 was raised on 8 July 2002 on behalf of the BSC Panel following a discussion by the Panel of paper 47/010 (reference 1) at their meeting on 13 June 2002. The Initial Written Assessment (IWA), (reference 2), was presented to the Panel meeting of 18 July 2002. The Panel agreed to the recommendation within the IWA to submit P93 to the Report Phase with a provisional recommendation that the Proposed Modification should be made with an Implementation Date of:

- 30 September 2002 if an Authority determination is made on or prior to 9 September 2002; or
- 15 Working Days after such Authority determination if that determination is made after the 9 September 2002.

A draft Modification Report for P93 was issued to BSC Parties for consultation on 26 July 2002. 12 responses (42 Parties) were received to this consultation and these are summarised within Section 7 of this report. The majority of respondents supported the Panel's provisional view that a recommendation should be made to the Authority to approve P93. On the basis of the support for P93 the Panel recommends to the Authority that the Proposed Modification as set out in this report be made.

## 5 RATIONALE FOR PANEL RECOMMENDATIONS

The Panel agreed with the recommendation of ELEXON as set out within the IWA, together with the majority of responses to the consultation, that approval of P93 would better facilitate the achievement of applicable BSC Objective (d). The rationale for this is that it will allow consistency in the treatment of those Modifications that have been approved and those that are still with the Authority for determination.

## 6 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

P93 requires minor changes to section F of the Code. The changes to the legal text of the Code in the following sections are based on version 4.0 of Section F. If the baseline of the Code changes prior to implementation of P93, or if other Proposed Modifications are to be implemented at the same time as P93, the legal text may need to be amended to realign to the new baseline.

The change-marked Legal text changes are included in Annex 2. In summary:

Section F Inserts new paragraphs after paragraph F2.7.7 to allow the Panel, if they consider that a proposed Implementation Date should be extended or brought forward to apply to the Authority to amend the Implementation Date following a consultation with Parties.

## 7 SUMMARY OF REPRESENTATIONS

12 Responses (42 Parties) were received to the consultation on the draft Modification Report. Of these 9 Respondents (34 Parties) expressed support for the Proposed Modification whilst 1 Respondent (5 Parties) expressed concern with the Proposed Modification and a further two respondents (3 Parties) provided no comment.

The arguments expressed in favour of the Modification Proposal being approved were that it:

- Increases and promotes efficiency in the governance of the Balancing and Settlement Code; and
- Reduces bureaucracy.

One of the respondents, who agreed with the principle of the Proposed Modification, suggested that the Panel should make sparing use of this provision within the Code.

A further response confirmed the need to undertake a consultation in respect to any proposed change to the Implementation Date.

One respondent, Calanais Ltd, (5 Parties) expressed concern with the Proposed Modification and suggested that introducing a formal process to allow Implementation Dates to be changed would not “promote efficiency in the modifications process”. This respondent cited that there would be an increase in the uncertainty over when an Authority Decision might be made. The respondent did however indicate that an acceptable basis for such a change would be where there was a change in relation to the delivery of software changes required to implement such a proposal.

This argument is addressed by the fact that it is anticipated that this process will be used only when essential and, whenever it is used, a formal consultation will be undertaken to seek the views of BSC Parties. ELEXON has contacted this respondent and explained the rationale for this response. The respondent was satisfied with this response but subsequently asked that his views be brought to the Panel's attention.

There were no costs associated with the implementation of P93, identified by respondents to consultation.

## ANNEX 1 – REPRESENTATIONS

The draft Modification Report was sent out for consultation on 26 July 2002 with responses due back on 1 August 2002. The table below gives a summary of the responses and the actual responses received are attached below.

	Responses	Parties
For	9	34
Against	1	5
No Comment	2	3

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	TXU Europe	P93_MR_001	21
2.	Dynergy	P93_MR_002	1
3.	LE Group	P93_MR_003	6
4.	YEDL/NEDL	P93_MR_004	2
5.	SEEBOARD	P93_MR_005	1
6.	British Gas	P93_MR_006	1
7.	Aquila Networks	P93_MR_007	1
8.	British Energy	P93_MR_008	3
9.	Scottish Power	P93_MR_009	5
10.	Scottish and Southern	P93_MR_010	4
11.	Entergy-Koch Trading Limited	P93_MR_011	1
12.	National Grid	P93_MR_012	1

### P93\_MR\_001 – TXU Europe

Thank you for the opportunity to comment on P93 (Introduction of a Process for Amendment of Proposed Modification Implementation Dates). This response is sent on behalf of all TXU Europe companies.

TXU fully supports this proposal. It is a sensible approach which avoids the situation whereby a modification has to be rejected and re-submitted because the implementation date has passed by the time the Authority reaches a decision, and will improve efficiency in the governance of the Balancing and Settlement Code.

Yours faithfully

Nicola Roberts  
Market Development Analyst

TXU Europe Energy Trading Ltd.

#### **P93\_MR\_002 – Dynegy**

Dynegy supports both of these modifications as we believe that they both better fulfil the relevant objectives, particularly by improving the efficiency of the implementation and administration of the BSC. The more we can do to streamline change and to cut the bureaucracy of the modification process the easier it will be for the market to respond to changes and to maintain an efficient system that operates to the benefit of UK customers by promoting competition.

Dynegy hopes that the Panel will recommend to the Authority that both proposals are accepted.

Lisa Waters  
Director Government Affairs

#### **P93\_MR\_003 – LE Group**

LE Group is pleased to support BSC Modification Proposal P93. We believe it should lead to better clarity over expected implementation dates of future changes. It follows that we consider P93 will better facilitate BSC Applicable Objective (d) - Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

This response is made on behalf of the following BSC Parties:

LEG plc (representing London Electricity plc, Sweb Ltd, Jade Power Generation Ltd, Sutton Bridge Power Ltd, London Power Networks plc, and EPN Distribution Ltd).

Yours sincerely

Paul Chesterman  
for Liz Anderson, General Manager Energy Strategy & Regulation. LE Group

#### **P93\_MR\_004 – YEDL/NEDL**

The response for both YEDL and NEDL is no comment regarding P93

Sue Calvert  
Distribution Change  
System Investment

#### **P93\_MR\_005 – SEEBOARD**

With respect to draft modification report on above mentioned proposal, dated 26th July. We agree with recommendation within section 1.1 of that report and implementation dates detailed therein.

Dave Morton  
SEEBOARD Energy Limited

### **P93\_MR\_006 – British Gas**

#### **Modification Proposal 93: Introduction of a Process for amendment of Proposed Modification Implementation Dates**

Thank you for the opportunity of responding to this Draft Modification Report. British Gas supports the aims of the Draft Modification Report. We believe the proposal will better facilitate Applicable BSC Objective d: Promoting efficiency in the implementation and administration of the balancing and settlement arrangements. We are pleased to note the emphasis on consulting on the change of date with the industry. It is essential that the industry is kept fully informed at all stages.

We hope these comments are helpful to you. Should you wish to discuss this issue further please do not hesitate to contact me on the above number.

Yours faithfully

Andrew Latham  
Account Manager

### **P93\_MR\_007 – Aquila Networks**

Please find that Aquila Networks Plc response to P93 Consultation on draft Modification Report is 'No Comment'.

regards  
Rachael Gardener

Deregulation Control Group &  
Distribution Support Office  
AQUILA NETWORKS

### **P93\_MR\_008 – British Energy**

This Elexon modification, which is aimed at allowing implementation dates of modification proposals to be amended by the Panel, seems sensible given the uncertain length of time the Authority take to reach a determination, and should better facilitate the BSC objective relating to efficiency. However the modification is also designed to allow the Panel to bring the implementation date forward where 'circumstances may have changed'. Care needs to be exercised in such circumstances to ensure that all participants have sufficient opportunity to prepare for earlier implementation dates than originally expected, to avoid compromising the BSC objective relating to competition.

Regards

Rachel Ace

on behalf of

British Energy Power and Energy Trading

British Energy Generation Ltd  
Eggborough Power Ltd

#### **P93\_MR\_009 – Scottish Power**

Thank you for the opportunity to respond to this consultation on the P93 Modification Report.

We have some concerns regarding this modification and the process, which it seeks to implement. We appreciate that the Panel wishes to adopt a consistent approach in the Code to the amendment of proposed Implementation Dates when an Authority decision has been made and instances when such a decision has not been made. However, the difficulty lies, in the latter case, in continuing uncertainty surrounding when an Authority decision may be forthcoming. This would impact upon the judgement to be made about an amended Implementation Date. For instance, it would be difficult to envisage the circumstances where a Modification Report would be revised to allow the bringing forward of the proposed Implementation Date in the face of such uncertainty.

We recognise that part of the reason for raising P93 lies in the experience of the Panel in relation to Modification P4. In that case, it was decided to recall the Modification Report and re-consult on the proposed Implementation Date because the Authority eventually indicated that a decision on the modification would not be forthcoming to allow that Date to be met. While this allowed a revision to the proposed Implementation Date in P4, it was neither an efficient nor a cost-effective outcome.

By effectively formalising that process, however, P93 invites the possibility that there will be a continuing need to revise Modification Reports and amend proposed Implementation Dates, which is due more to the lack of a timely Authority decision, rather than any failure of the modification process up to the point that the Modification Report is submitted to the Authority. This, in our view, invites inefficiency into the Code.

We accept that there may, very occasionally, be legitimate reasons why a Report needs to be revised and the proposed Implementation Date amended prior to an Authority decision. There may be substantive issues relevant to the implementation of the Proposal or its Alternative, for example in respect of when software changes can be delivered, which would be an acceptable basis for revision. In those instances, an appropriate process for re-consultation and amendment of Implementation Dates could be undertaken by the Panel without recourse to a formal process.

In conclusion, therefore, we are concerned that the formal process suggested in P93 is being created for reasons which do not promote efficiency in the modifications process and we are unwilling to support this modification.

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Yours Sincerely,

Man Kwong Liu  
Calanais Ltd.

For and on behalf of: - *Scottish Power UK Plc.; Scottish Power Energy Trading Ltd.; Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.*

#### **P93\_MR\_010 – Scottish and Southern Energy**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the draft Modification Report for Proposed Modification P93 contained in your note of 26th July 2002; whilst we agree in principle with the suggested BSC Panel recommendation to the Authority that this Modification proposal P93 be approved, and the suggested implemented date(s); we earnestly desire that the BSC Panel make use of this power very sparingly.

This is because we hope that the Authority will not unduly delay making a decision, on any future Modification proposal, having had the opportunity to avail itself of the pertinent facts as it has progressed throughout the Modification consultation process. It appears inconsistent that the Authority can quickly provide a decision on certain Modifications, whilst taking an inordinate amount of time to consider others; particularly given the relatively brief period we, the market participants, are often given by comparison.

Regards

Garth Graham  
Scottish & Southern Energy plc

#### **P93\_MR\_011 – Entergy-Koch Trading Limited**

Entergy-Koch Trading Limited (“ECTL”) supports the changes outlined in modification proposal P93.

The proposal introduces a useful degree of flexibility for seeking changes to the implementation dates of proposals in some circumstances. ECTL supports the recommendation of the panel.

Yours sincerely,

Adam Cooper  
Regulatory Affairs  
Entergy-Koch Trading Limited

#### **P93\_MR\_012 – National Grid**

We agree with the proposed changes outlined in the Modification Report P93 - Introduction of Process for Amendment of Proposed Modification Implementation Dates.

Clare Talbot  
National Grid

### **ANNEX 2 – LEGAL TEXT**

See attached document.

### **ANNEX 3 – P93 MODIFICATION PROPOSAL**

See attached document.

