

1. SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

The Proposed Modification P004 seeks to replace the present arrangements for Volume Notifications by a central system that only submits/ notifies valid dual notifications agreed between Parties into the BSC Systems. An Alternative Modification, following a request by the Panel, was raised that seeks to enhance the ECVAAs reporting by providing the following additional/amended reports:

New Acceptance Feedback dataflow; and

Amendments to the existing Forward Contract Report.

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

The Proposed Modification should be rejected.

The Alternative Modification as set out in Section 7 of this report be approved and implemented on 30th September 2002 upon such approval.

1.2 Background

Dynegy raised the Modification on 28th March 2001. At its meeting on 5th April 2001, the Panel agreed (Panel paper 016/004) that Modification P004 should be submitted to the Assessment Procedure, and that the Assessment Report should be completed by 28th June 2001. The Group assessed the Modification and prepared an interim Assessment Report which was submitted to the Panel on 28th June 2001 (Panel paper 022/003) with a request that the Assessment Procedure timetable should be extended. The Panel rejected the extension request and instead requested that the Assessment Report be submitted to the Panel meeting on 26th July 2001 (Panel paper 026/012).

The Panel considered the P004 Modification Group Assessment Report, which forms attachment 1 to this Modification Report, at its meeting on 26th July 2001. The Panel agreed that the Alternative Modification should proceed to the Report Phase and that the draft Modification Report, to be consulted upon, should contain a recommendation to the Authority that the Alternative Modification should be approved and implemented with effect from the Implementation Date described in Section 1.1.

Ten representations were received in response to the consultation on the draft Modification Report representing the views of 38 Parties. Of these responses: -

6 responses, representing 15 Parties, supported implementation of the Alternative Modification and rejection of the original Modification Proposal.

2 responses, representing 19 Parties, supported implementation of the Alternative Modification but on the basis that the original Modification Proposal was implemented as well but at a later date.

2 responses, representing 4 Parties, supported implementation of the original Modification Proposal and did not support implementation of the Alternative Modification.

The Panel confirmed its recommendation at its meeting on 23rd August 2001.

1.3 Rationale for Recommendations

The Panel endorsed the Modification Group's conclusions that the Alternative Modification would better facilitate the Applicable BSC Objectives as set out in Condition 7A(3) of the Transmission Licence. In particular, it would meet primarily objective 7A(3)(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". The Alternative Modification has no impact on the remaining Applicable BSC Objectives set out in Condition 7A(3)(a-b) and 7A(3)(d). In reaching this conclusion, the Panel took due account of the views of the proposer, all representations received from interested parties and the views of the Modification Group, which are detailed in section 5 below. This Modification Report should be read in conjunction with the Modification Group's Assessment Report.