



July 2002

**INITIAL ASSESSMENT OF
MODIFICATION PROPOSAL P95 -
Transitional Amelioration of
Barriers to Licence Exempt
Generators' Market Participation**

Prepared by ELEXON Limited

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I DOCUMENT CONTROL

a Authorities

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b Distribution

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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 Intellectual Property Rights and Copyright

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1 SUMMARY

Modification Proposal P95 'Transitional Amelioration of Barriers to Licence Exempt Generators' Market Participation' (P95), included in Annex 1, was submitted on 12 July 2002 by Slough Energy Supplies Limited.

P95 seeks to ameliorate perceived failings in the market that the proposer believes are damaging the economic viability of both existing and potential Licence Exempt Generators (LEGs). It is suggested that a neutral cash-out price, calculated as an average of System Sell Price and System Buy Price should be applied to all imbalances attributable to each LEG.

An initial assessment has identified the following potential areas of impact and issues to be considered:

- which Parties / BM units / Metering Systems the Modification will apply to and how it will be applied to LEGs who change ownership or status;
- which of the two implementation options detailed within the Modification proposal should be considered as the Modification;
- the impact on the Code, related documentation and systems as identified in sections 4 to 10 will need to be assessed further once the issues associated with the Modification have been further defined; and
- the Modification Proposal suggests that P95 is seen as an interim solution, however as no enduring solution is identified the Modification Proposal will be treated as an enduring solution to the perceived defect until such time that a further Modification Proposal is implemented

The Panel is invited to:

- **NOTE the results of the Initial Written Assessment;**
- **DETERMINE that Modification Proposal P95 should be submitted to a Definition Procedure in accordance with section F2.5 of the Code;**
- **AGREE the Definition Procedure timetable such that a Definition Report should be completed and submitted to the Panel for consideration at their meeting of 12 September 2002;**
- **DETERMINE that the Definition Procedure should be undertaken by a new Modification Group, the P95 Modification Group; and**
- **AGREE any refinement to the Modification Group Terms of Reference.**

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.

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

3 DESCRIPTION OF MODIFICATION PROPOSAL

P95 seeks to ameliorate perceived failings in the market that the proposer believes are damaging the economic viability of both existing and potential Licence Exempt Generators. It is suggested that a neutral cash-out price, calculated as an average of System Sell Price and System Buy Price should be applied to all imbalances attributable to each Licenced Exempt Generator.

P95 envisages that the changes made by the Modification will be superseded at some point in the future by other longer-term solutions to the current barriers faced by Licence Exempt Generators. However it is not clear what such longer-term solutions are or when they will be introduced to the Code.

Within P95 two solutions are proposed, however the Modification does not state which is the most appropriate solution and which should be considered as the Modification Proposal.

The first solution (Option 1) is to create a new registration system for LEG meters which participants would be able to participate in should they wish, under which all imbalance charges would be cashed-out at the average system price.

The second solution (Option 2) is to have a dummy Trading Party through which all notifications relating to LEGs would be notified. The imbalance charges of this dummy Party will then be cashed out at the average system price and it would be up to the dummy Trading party to distribute this back to the individual LEGs.

The Proposer suggested that P95 will better facilitate the Applicable BSC Objectives as follows:

- a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- 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.

The rationale for this is provided within the Modification Proposal in Annex 1.

4 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC Systems and processes that are potentially impacted are listed below. It should be noted that only an indication of the impact is given, as two solutions have been suggested in the Modification Proposal. The Definition Procedure should establish which of these should be considered as the Proposed Modification.

BSC System / Process	Potential Impact of Proposed Modification
Registration	Possible impact on registration systems if it is necessary to distinguish between LEG BM Units and other BM Units. The number of additional BM Units to be registered may have an impact on the Registration systems and processes.
Contract Notification	Possible impact on Contract Notification system if the second solution is to be implemented.

BSC System / Process	Potential Impact of Proposed Modification
Credit Checking	Possible impact on the credit checking process if the second option is to be implemented.
Supplier Volume Allocation	Possible impact on the SVA systems and processed if the second option is to be implemented.
Settlement	Potential impact on the settlement process as ELEXON believe that the proposed mechanism would need to be integrated into the existing Settlement processes.

5 IMPACT ON OTHER SYSTEMS AND PROCESSES USED BY PARTIES

The following areas of impact have been highlighted however there may be others, that will be assessed whilst progressing this Modification. It should be noted that only an indication of the impact is given, as two solutions have been suggested in the Modification Proposal. The Definition Procedure should establish which of these should be considered as the Proposed Modification.

System / Process	Potential Impact of Proposed Modification
Suppliers trading with LEGs	Potential impact on both systems and processes, depending on the implementation option chosen.
ECVNA Systems and Processes	Potential impact on both systems and processes, depending on the implementation option chosen.

6 IMPACT ON DOCUMENTATION

6.1 Impact on Balancing and Settlement Code

The following sections of the Code have been identified as potentially impacted. It should be noted that only an indication of the impact is given, as two solutions have been suggested in the Modification Proposal. The Definition Procedure should establish which of these should be considered as the Proposed Modification.

BSC Section	Potential Impact of Proposed Modification
J: Party Agents	Potential impact if Option 2 is implemented as it refers to using specific ECVNA for trades between a dummy Trading Party and an LEG.
K: Classification and Registration of Metering Systems and BM Units	Potential impact if it is necessary to have a method of identifying LEG metering systems, and also if there is a new registration process for registering an interest in an LEG meter.
L: Metering	Potential impact if the obligations on Third Party Generating Plant changes.
M: Credit Cover and Credit Default	Potential impact if the credit checking process changes for LEGs.

BSC Section	Potential Impact of Proposed Modification
P: Energy Contract Volumes and Metered Volume Reallocations	Potential impact if Option 2 is implemented as it suggests that only certain ECVNA can notify contracts between Suppliers and LEGs
S: Supplier Volume Allocation	Potential impact if additional processes are to be allowed in the SVA market.
S: ANNEX S-2 Supplier Volume Allocation Rules	Potential impact if additional processes are to be allowed in the SVA market.
T: Settlement and Trading Charges	Potential impact if the neutral cash out price is to be used for LEGs and detailed in the Settlement calculations.
X: ANNEX X-1 General Glossary	A definition of who P95 applies to may be necessary in this section.

6.2 Impact on Code Subsidiary Documents

The Code Subsidiary documents that are potentially impacted are listed below. It should be noted that only an indication of the impact is given, as two solutions have been suggested in the Modification Proposal. The Definition Procedure should establish which of these should be considered as the Proposed Modification.

Code Subsidiary Document	Potential Impact of Proposed Modification
BSC Procedures	Potentially significant impact on BSCP's relating to the systems and processes identified in section 4. There is also the potential for new processes and therefore new BSC Procedures.
BSC Service Descriptions	Potentially significant impact on the Service Descriptions if the Central Services Agent processes are to be changed.
Data Catalogues	Potentially impacted if new data flows are to be created for transferring data between Suppliers and the 'LEG Registration' service provider.

6.3 Impact on Core Industry Documents

The following Core Industry documents have been highlighted as being potentially impacted. It should be noted that only an indication of the impact is given, as two solutions have been suggested in the Modification Proposal. The Definition Procedure should establish which of these should be considered as the Proposed Modification.

Core Industry Document	Potential Impact of Proposed Modification
Master Registration Agreement	Potential impact if a dummy Trading Party is to register on behalf of LEGs as is envisaged under option 2.
Data Transfer Services Agreement	Potential impact if Suppliers are required to pass additional data concerning LEG meters as envisage under option 1.
Distribution Codes	Potential impact.

Core Industry Document	Potential Impact of Proposed Modification
Distribution Use of System Agreements	Potential impact.
Distribution Connection Agreements	Potential impact.

7 IMPACT ON OTHER CONFIGURABLE ITEMS

No other items have been highlighted as being impacted.

8 IMPACT ON ELEXON

It should be noted that only an indication of the impact is given, as two solutions have been suggested in the Modification Proposal. The Definition Procedure should establish which of these should be considered as the Proposed Modification.

Area of Business	Potential Impact of Proposed Modification
ELEXON Systems	Potentially significant impact if the additional calculations for rebates are calculated by ELEXON. TOMAS will also be impacted if the Settlement calculations are changes as it replicates the calculations carried out by the SAA.
ELEXON Procedures	Potentially significant impact if the additional calculations and processes are to be carried out by ELEXON
Other (e.g. costs, staffing, etc.)	Potentially significant impact if the additional calculations and processes are to be carried out by ELEXON.

9 IMPACT ON FINANCIAL ARRANGEMENTS AND BUDGET

Potential impact depending on the solution to the Modification Proposal and the obligation this places on ELEXON.

10 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

It should be noted that only an indication of the impact is given, as two solutions have been suggested in the Modification Proposal. The Definition Procedure should establish which of these should be considered as the Proposed Modification.

BSC Agent Contract	Potential Impact of Proposed Modification
Logica (BMRA, CRA, CDCA, SAA, ECVA, TAA(CVA))	Potentially significant impact if the additional registration and settlement activities are placed on the Central System Agents.
EPFAL (FAA)	Potentially significant impact if the rebate calculations are to be carried out outside of the Settlement calculations. Also a potential impact if there are a number of dummy Trading Parties to be introduced.

11 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

This Initial Assessment indicates that further work is required to define Modification Proposal P95. ELEXON therefore recommends P95 be submitted to the Definition Procedure in order to define the issues raised by P95 in sufficient detail to enable the Panel to determine what the next Phase of the Modification process should be. The Definition Report addressing the issues given in section 12 and including consultation responses should be presented to the Panel at their Meeting 12 September 2002.

ELEXON further recommends that P95 be considered by a new Modification Group, the P95 Modification Group. Interested industry experts will be invited to join and a Modification Group meeting is provisionally planned for 29 July 2002.

It should be noted that P95 proposes having a separate set of rules within the Code that apply to a particular sector of the Market and specific participants, they will not be accessible to all Participants. The Panel may wish to consider if it is appropriate to have two sets of rules and whether this would not facilitate the Applicable BSC Objectives (in particular it may be seen to not promote effective competition in the generation and supply of electricity). If the Modification Proposal is seen to be discriminatory then the Panel may wish to submit the Modification Proposal to the Report Phase with a recommendation to reject the proposal.

12 ISSUES

The following issues will need to be considered and addressed in progressing P95 through the Definition Procedure.

- P95 suggests creating special arrangements relating only to LEGs. It is not clear whether this relates to 'Exempt Export BM Units' as currently defined in the BSC or whether a new definition which addresses the actual licence status of the Lead Party for a given BM Unit is necessary. If the former is the case, this would exclude those generators that are registered in SVA as to be an 'Exempt Export BM Unit' it must be registered in CVA. If the latter is the case, this may require the current arrangements for Export Exempt BM Units to be revisited and would constitute a significant change to the Code which does not make any reference to licences other than in Section K 1.2.2. The definition for Exemptable Generators as defined in K1.2.2 (c) could be used however there would be a need to identify plant (BM Unit or Metering Systems) that was considered as Exemptable should the ownership change. Currently a plant is only considered as Exemptable Generating Plant if the owner does not generate electricity at any other Generating Plant and/or does not hold a Generation Licence.
- The Modification Proposal suggests two solutions to the perceived defect. The Definition Procedure will need to determine which of these should be considered as the Modification Proposal and if the other solution should be progressed as a possible alternative implementation option during the Assessment Procedure.
- The Modification Proposal suggests that P95 is seen as an interim solution, however ELEXON propose that it should be treated as an enduring solution to the problem. The rationale for this is that the Modification does not identify a sunset clause, end date or an enduring solution.
- Is this creation of a subset of trading arrangements discriminatory towards other Parties in the market?

In addition, the following issues will be addressed during the Assessment Procedure along with any others progressed from the Definition Procedure.

- The cost of developing and operating a new set of cash out arrangements will need to be considered.
- The Assessment Procedure will need to demonstrate how the Applicable BSC Objectives can be better achieved, given that Parties will see different cash-out prices depending on the status of their BM Units. The rationale behind making the distinction between LEGs and 'Other' will need to be established.

ANNEX 1 – MODIFICATION PROPOSAL

Modification Proposal	MP No: P95 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Transitional Amelioration of Barriers to Licenced Exempt Generators' Market Participation	
Submission Date <i>(mandatory by proposer):</i> 12 July 2002	
<p>Description of Proposed Modification <i>(mandatory by proposer):</i></p> <p>For Licence Exempt Generators (LEGs), a neutral cash-out price calculated as a simple average of System Buy Price and System Sell Price in each settlement period should be applied to all imbalances attributable to each LEG. Trading parties will be obliged to register such LEGs in separate and transparent "LEG accounts" for the purpose of imbalance settlement or by other means ensure that such accounts are capable of identification.</p> <p>Because this proposal is seeking to ameliorate failings in the market that are seriously damaging the economic viability of both existing and potential LEGs, a speedy solution is important particularly if competition is to be maintained. Two potential implementation options which can be put in place quickly are suggested below. They are appropriate solutions to address a market structure which gives LEGs an unjustifiably weak bargaining position on account of the barriers referred to in paragraphs 1.1 to 1.4 below. The proposals are as follows:</p> <p>(1) ELEXON operates or outsources a process (as a service provider) whereby each supplier registers its interest in LEG meters. Up to 1,000 LEG meters could be registered. However, many suppliers may not see a need for registration if they believe that the net residual imbalances from their LEGs are small enough. The supplier then passes a metered and contracted position to the specified service provider for each settlement period. The service provider then calculates rebates to suppliers for imbalances using the proposed average price and credits the supplier with funds provided from the total system energy imbalance cash flow (TCEI):</p> <p>Or</p> <p>(2) A separate dummy Trading Party with a Consumption Account is set up with a base BMU in each grid supply point group ("GSP Group") as well as any number of additional BMUs that might be required. A LEG's meter is registered (in either the Central Volume Allocation ("CVA") or Supplier Volume Allocation ("SVA") as might be preferred) in this account. Suppliers and generators then trade with this account which can be settled as normal. The account is credited with excess imbalance payments made by a simple financial transfer out of the TCEI at the average settlement price calculated under this proposal for LEGs. This account is automatically classified as consumption with a deemed negative demand capacity.</p> <p>The account would need to satisfy all Master Registration Agreement and other accreditation processes. In that respect ELEXON may need to tender to existing suppliers to operate the process, using their own developed processes. In addition, a specified Energy Contract Value Notification Agent may need to be used who could notify contracts made between suppliers and</p>	

Modification Proposal	MP No: P95 <i>(mandatory by BSCCo)</i>
<p>individual LEGs, in order to apportion the residual balances. The dummy Trading Party would use this information to maintain individual imbalance accounts for each LEG (as a de facto parallel registry) for calculating imbalance payments at the single settlement price.</p> <p>An appropriate method of establishing the required level of credit cover would need to be included.</p> <p>It is envisaged that this modification will be superseded by modifications which remove the barriers referred to in paragraphs 1.1 to 1.4 below. However, those modifications are expected to be complex and require a longer period for preparation and deliberation. They may also need to be accompanied by changes outside the BSC. Countervailing measures to these barriers are nevertheless urgent in order not to damage seriously the contribution of LEGs to competition in the market, in the light of the extreme financial consequences of the current position of LEGs and the resulting contraction of this sector (see below).</p>	
<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i></p> <ol style="list-style-type: none"> 1. LEGs are unfairly disadvantaged by NETA as the new arrangements have imposed a number of barriers to LEGs' ability to trade on a fair basis as compared to large generators. These barriers can be identified as follows: <ol style="list-style-type: none"> 1.1 <u>cost reflectivity</u>: namely, the imbalance charges imposed upon LEGs are excessive in comparison to the imbalance costs which they impose on the system. For example, in their report, "NETA – The Next Phase" (March 2002), Ilex Energy Consulting state as follows: "A central theme of the paper is that the dual imbalance prices are not cost reflective, create perverse incentives and inefficient behaviour and drive a substantial and unnecessary increase in the cost and risk of doing business in NETA". A paper by David Milborrow, "Penalties for Intermittent Sources of Energy", demonstrates that imbalance charges as they affect wind energy are unduly high and not cost reflective. For other smaller generation which is not intermittent, the lack of cost reflectivity is yet more extreme. The Combined Heat and Power Association, in their representations in response to the DTI's November 2001 consultation, reported that in the early stages of developing NETA, NGC suggested that variability of plant of less than 100 MW(e) capacity was unlikely to have a significant impact on the system; 1.2 <u>embedded benefits</u>: namely, there is no means for LEGs to realise the value of the embedded benefits associated with their generation output other than by trading with licensed suppliers with sufficient consumer demand within the generator's GSP Group. As a result of the market structure, LEGs have a weak bargaining position relative to the suppliers (see 2 below); 1.3 <u>illiquidity/granularity</u>, namely, there is a limited market for small parcels of power. For example, data from UKPX and APX market reports for the periods April to July in each of 2001 and 2002 show a 13% reduction in volumes delivered via the exchanges in this year compared with last year, together with a slight reduction in volumes traded. The Heren EDEM Report also cited UKPX as suffering from liquidity problems. These facts are of particular concern, given that in its report on the initial impact of NETA on smaller 	

Modification Proposal	MP No: P95 <i>(mandatory by BSCCo)</i>
<p>generators, Ofgem stated: “there is a lack of liquidity in the within day spot day markets”. It follows that the lack of liquidity remains. The UKPX daily report day shows that there was no trading for some periods. There was also no trading on APX for 10 separate days in June 2002.</p> <p>Additionally in March of this year, IPE “suspended indefinitely” its electricity futures contract, due to lack of liquidity; and</p> <p>1.4 <u>administrative burdens</u>: there are administrative burdens on LEGs in participating in short term markets to alleviate the risk of imbalance and imbalance charges. These include set up costs and operation and personnel costs. The difficulties in respect of liquidity and granularity (see above) also introduce a major barrier to being able to trade effectively even if the required investment is made.</p> <p>2. The effects of these barriers are:</p> <p>2.1 LEGs have restricted trading options under NETA, which has led to a deterioration in their ability to earn returns which reflect the value of their generating capacity;</p> <p>2.2 LEGs cannot sell a firm product to suppliers, as can generators in the CVA. This is because LEGs cannot manage their own imbalance risk so as to make it practical to sell the supplier a firm product, namely electricity of a fixed quantity and price. Instead they must rely on the supplier’s evaluation of that imbalance risk under a market structure which leaves LEGs in a weak bargaining position. The result is that LEGs cannot compete on equal terms with generators in the CVA;</p> <p>2.3 the choice of supplier to whom LEGs can sell their generation output is limited. Some suppliers nominally available to purchase LEGs’ generation output have insufficient consumer demand in any particular GSP Group. The result is that they cannot trade with LEGs (in CVA or SVA) without eroding the embedded benefits associated with the LEGs’ generation, which are determined by a supplier’s net position after buying from LEGs in the GSP Group. Only a few large suppliers under each GSP Group are likely to have adequate consumer demand to absorb sufficient negative demand; and</p> <p>2.4 LEGs require some form of adequate backstop price, reflective of the level of prices available to other generators, pending the barriers referred to in paragraphs 1.1 to 1.4 above being removed. LEGs will then be able to negotiate adequate contracts with suppliers without being encumbered by an inequality of market power.</p> <p>3. Pending the barriers described above being addressed on a long term basis so that LEGs can trade with equal facility to larger generators, this modification seeks to provide temporarily an environment in which they can realise the value of their generation capacity in a fair market by improving their trading position with licensed suppliers. This will occur as a result of LEGs no longer selling their generation output under the disadvantages described in paragraph 2.2 above. It is envisaged that the modification will be superseded by long term measures, addressing the issues set out in paragraphs 1.1 to 1.4 above, being put in place.</p>	

Modification Proposal	MP No: P95 <i>(mandatory by BSCCo)</i>
<p>These may include further BSC modifications as well as other measures outside the BSC.</p> <ol style="list-style-type: none"> 4. The need for the trading arrangements to provide incentives to balance is recognised. The proposed modification would retain this incentive as a degree of imbalance risk would remain; namely the neutral cash out price would be subject to fluctuation dependent on the current levels of SSP and SBP. For the period in which this modification would remain in effect, this incentive to balance is likely to be at least as effective as under the current arrangements. 5. The prices currently offered to LEGs through their contracts with suppliers incorporate the full impact of the distortions of the current market introduced by suppliers over-contracting, from which large generators can profit through participation in the Balancing Mechanism. If the market were in balance, the imbalance price would be equivalent to a simple average. This is appropriate to the pricing of spill from LEGs who are unable to influence the balancing process or benefit from it. 6. No effective consolidation services which could effectively mitigate the barriers referred to in paragraphs 1.1 to 1.4 above have emerged. This is accompanied by the absence of any effective consolidation in the SVA. There is also no credible prospect of such consolidation services developing. 7. Other modifications currently being considered (particularly, P74 and P78) are not sufficient to address the effects of the barriers referred to above and still leave the LEGs exposed to an imbalance risk which they do not have the practical opportunity to manage. Modification P12 (which reduces gate closure to one hour) will not assist LEGs in managing their imbalance risk, because of the barriers to LEGs participating in the market referred to above. 	
<p>Impact on Code <i>(optional by proposer):</i> N/A</p>	
<p>Impact on Core Industry Documents <i>(optional by proposer):</i> N/A</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i></p> <p>The impact of this modification is small and constitutes an additional process in respect of existing settlement arrangements rather than any structural change.</p> <p>There are precedents for modifications which are envisaged as interim measures. An example is the "Workaround" undertaken by ELEXON pending the full implementation of modification P18A.</p>	
<p>Impact on other Configurable Items <i>(optional by proposer):</i> N/A</p>	

Modification Proposal	MP No: P95 <i>(mandatory by BSCCo)</i>
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i></p> <p>(a) the efficient discharge by NGC of the obligations imposed upon it by the Transmission Licence: This modification supports the compliance by NGC of its obligation under Condition C3, paragraph 1(b) to have in force a BSC designed so that the balancing and settlement arrangements facilitate achievement of the objectives set out in paragraph 3 of that Condition. In particular, this will support the objective set out at paragraph 3(c) of that Condition to promote effective competition in the generation and supply of electricity, as explained in more detail at (c) below.</p> <p>(b) the efficient, economic and co-ordinated operation by NGC of the Transmission System: N/A</p> <p>(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:</p> <p>The modification promotes competition in the generation and supply of electricity, in that:</p> <p>(i) the effect of the barriers referred to above has been to cause the introduction of NETA to have a disproportionate and damaging effect upon LEGs. This has resulted in withdrawals from the LEG sector and extreme financial consequences for that sector which threaten its continued participation in the generation market. It is not in the interests of competition that the LEG sector, which is up to an estimated 8% of the generation market in England and Wales, should be excluded from the market and its potential economic and environmental benefits as embedded generation denied to consumers;</p> <p>(ii) although this modification proposes a system of settlement which would distinguish LEGs from other generators, it does not discriminate against other generators. Its effect is only to alter the settlement system so that, pending permanent changes being made, the effects of the barriers referred to in paragraphs 1.1 to 1.4 above do not place LEGs at an unfair disadvantage to other generators; and</p> <p>(iii) the modification has the effect of introducing a change to the BSC which assists in causing it to be consistent with:</p> <p>(A) the duty of Member States under Articles 3(g), 10 and 81 of the EC Treaty not to take any measures which could jeopardise the effectiveness of the rules of competition;</p> <p>(B) the requirements of Directive 96/92 (the Electricity Directive) that Member States “ensure that electricity undertakings are operated in accordance with the principles of this Directive, with a view to achieving a competitive market in electricity and shall not discriminate between these undertakings as regards either rights or obligations ...”; and</p> <p>(C) the duties of the Secretary of State and Ofgem pursuant to Section 3A of the Electricity Act 1989.</p> <p>The modification is also consistent with the compliance by NGC of its duties as to competition</p>	

Modification Proposal	MP No: P95 <i>(mandatory by BSCCo)</i>
<p>under the laws of England and Wales and those of the European Union.</p> <p>The modification does not involve any aid favouring particular undertakings, nor aid from the State. The modification rather cures, on an interim basis, an existing distortion of the market.</p> <p>(d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements:</p> <p>This modification promotes efficiency in administration. It introduces a necessary change to the settlement system as it relates to LEGs by means of a modification which is envisaged to be superseded by permanent changes, to give time and opportunity for the permanent changes to be considered with care and in a proper timescale. This will facilitate the finding of the best means of removing the barriers referred to in paragraphs 1.1 to 1.4 above and ensure the efficient implementation of the necessary changes.</p>	
<p>Details of Proposer:</p> <p style="padding-left: 40px;">Name: S P Garrett</p> <p style="padding-left: 40px;">Organisation: Slough Energy Supplies Limited</p> <p>Telephone Number: 01753 213256</p> <p>Email Address: stevegarrett@sloughheatandpower.co.uk</p>	
<p>Details of Proposer's Representative:</p> <p style="padding-left: 40px;">Name: S P Garrett</p> <p style="padding-left: 40px;">Organisation: Slough Energy Supplies Limited</p> <p>Telephone Number: 01753 213256</p> <p>Email Address: stevegarrett@sloughheatandpower.co.uk</p>	
<p>Details of Representative's Alternate:</p> <p style="padding-left: 40px;">Name:</p> <p style="padding-left: 40px;">Organisation:</p> <p>Telephone Number:</p> <p>Email Address:</p>	
<p>Attachments: NO</p> <p>If Yes, Title and No. of Pages of Each Attachment:</p>	