

## Section F (Version 4.0)

Paragraph 1.4.2 of Section F shall be amended as follows:

- 1.4.2 The Monthly Progress Report shall contain:
- (a) details of any proposal which has been refused pursuant to paragraph 2.1.3 or paragraph 2.1.4;
  - (b) the current version of the Modification Register;
  - (c) details of:
    - (i) the priority which the Panel is proposing to accord or is according to the Modification Proposals contained in the Modification Register (in accordance with paragraph 2.2.3);
    - (ii) the scheduling and timetable for consideration of each Modification Proposal and completion of the Modification Report in respect thereof in the context of all other current Modification Proposals;
    - (iii) the impact of the priority accorded to each Modification Proposal by reference to each other pending Modification Proposal;
  - (d) details of any decision to amalgamate Modification Proposals in accordance with paragraph 2.3;
  - (e) details of any decision to suspend a Definition, ~~Procedure or an~~ Assessment or Evaluation Procedure in relation to a particular Modification Proposal and to proceed directly to the Report Phase in accordance with paragraph 2.2.410;
  - (f) details of any circumstances which lead the Panel to believe that the Implementation Date for an Approved Modification is unlikely to be met or should be brought forward and, if so, why;
  - (g) such other matters as the Authority may request to be included from time to time; and
  - (h) the basis for each of the decisions referred to above (including, where applicable, the cost and other implications of those decisions).

Paragraph 1.4.3 of Section F shall be amended as follows:

- 1.4.3 If, following discussion with the Panel, the Authority issues a notice to the Modification Secretary requesting the Panel (in relation to developments and changes highlighted in the Monthly Progress Report):
- (a) not to reject a Modification Proposal pursuant to paragraph 2.1.4; and/or
  - (b) not to amalgamate Modification Proposals as set out in the Monthly Progress Report; and/or
  - (c) to accord a different priority to particular Modification Proposals from that set out in the Monthly Progress Report; and/or
  - (d) to amend the timetable for definition and/or assessment, ~~and or~~ evaluation of a Modification Proposal,

the Panel shall comply with such notice.

*Paragraph 2.2 of Section F shall be amended as follows:*

2.2.1 The provisions of this paragraph 2.2 are subject to:

- (a) paragraph 2.9; and
- (b) paragraph 2.12.

2.2.2 The Proposer's representative shall attend the Panel meeting at which its Modification Proposal is first to be considered and the Panel may invite the Proposer's representative to present his Modification Proposal to the Panel.

2.2.3 In relation to each new Modification Proposal, the Panel shall determine:

- (a) whether to amalgamate the Modification Proposal with any other Modification Proposal in accordance with paragraph 2.3;
- (b) whether to:
  - (i) submit the Modification Proposal to the ~~Definition~~ Evaluation Procedure pursuant to paragraph ~~2.52.6A~~; or
  - ~~(ii) submit the Modification Proposal to the Assessment Procedure pursuant to paragraph 2.6; or~~
  - (ii) proceed directly to the Report Phase pursuant to paragraph 2.7;
- (c) where the Modification Proposal is to be submitted to the ~~Definition~~ Evaluation ~~Procedure~~ or the Assessment Procedure pursuant to paragraph (b):
  - (i) the composition or identity and terms of reference of the Modification Group in accordance with the provisions of paragraph 2.4;
  - (ii) subject to paragraphs ~~2.2.82.2.7~~ and ~~2.2.92.2.8~~, the priority to be accorded to the Modification Proposal (as compared with other Pending Modification Proposals) and the timetable to apply for completion of the relevant procedure; and
- (d) where the Modification Proposal is to proceed directly to the Report Phase pursuant to paragraph (b):
  - (i) whether the draft Modification Report shall contain a recommendation of the Panel to make the Proposed Modification; and
  - (ii) the proposed Implementation Date for implementation, subject to the consent of the Authority, of the Proposed Modification (whether or not the Panel recommends the making of such Proposed Modification).

2.2.4 For the avoidance of doubt, it is expected that the Panel would usually proceed directly to the Report Phase pursuant to paragraph 2.2.3(b)(ii) where the Modification Proposal is of a minor or inconsequential nature and/or where the recommendation which the Panel

should make to the Authority in relation to such Modification Proposal would generally be considered to be self-evident.

2.2.5 If the Panel considers that there is insufficient information available to it to enable it to take a decision referred to in paragraph 2.2.3 in respect of a particular Modification Proposal, the Panel may in exceptional circumstances and having regard always to the requirements of paragraph 1.2.2 defer consideration of the relevant issue until the next succeeding Panel meeting provided that, in so doing, the Panel shall prescribe the steps which need to be taken (by the Modification Secretary, BSCCo or otherwise) to enable the Panel to decide the matter at such subsequent meeting (including completion, where necessary, of an initial ~~assessment~~evaluation by BSCCo pursuant to paragraph 2.1.8).

~~2.2.6 If the Panel determines that a Modification Proposal is to be submitted to the Definition Procedure or the Assessment Procedure pursuant to paragraph 2.2.3, the Modification Secretary shall send a notice to that effect to each of the persons listed in paragraph 2.1.10(a) and shall invite them to provide comments to the Modification Group in respect of such Modification Proposal.~~

~~2.2.7~~2.2.6 At each Panel meeting, the Panel shall consider in turn and vote (if appropriate) on any Modification Business which is outstanding at that time (including any new Modification Proposals, the report of any Modification Group and any draft Modification Reports).

~~2.2.8~~2.2.7 In setting the timetable referred to in paragraph 2.2.3(c)(ii), the Panel shall exercise its discretion such that, in respect of each Modification Proposal, a Modification Report may be submitted to the Authority as soon after the Modification Proposal is made as is consistent with the proper ~~definition and/or assessment and~~ evaluation of such Modification Proposal, taking due account of its complexity, importance and urgency.

~~2.2.9~~2.2.8 Without prejudice to paragraph ~~2.2.8~~2.2.7, the Panel shall set the timetable referred to in paragraph 2.2.3(c)(ii) such that the Evaluation Procedure is no longer than 5 months :

~~(a) in respect of a Definition Procedure, it is no longer than 2 months; and~~

~~(b) in respect of an Assessment Procedure, it is no longer than 3 months~~

unless the particular circumstances of the Modification Proposal (taking due account of its complexity, importance and urgency) justify an extension of such timetable (and provided that the Authority has not issued a contrary direction in accordance with paragraph 1.4.3 in respect thereof).

~~2.2.10~~2.2.9 Having regard to the complexity, importance and urgency of particular Modification Proposals, the Panel may determine the priority of Modification Proposals and may (subject to paragraph 1.4.3) adjust the relevant modification timetable for each Modification Proposal accordingly.

~~2.2.11~~2.2.10 The Panel may decide at any time, including following such a recommendation from the Modification Group, to stop a Definition Procedure and/or an Assessment Procedure or an Evaluation Procedure and proceed, in ~~either any~~ case, directly to the Report Phase.

*Paragraph 2.4.1 of Section F shall be amended as follows:*

2.4.1 A Modification Group ~~may be~~is a group established in order to carry out a Definition Procedure pursuant to paragraph 2.5, ~~or a group established in order to carry out~~ an Assessment Procedure pursuant to paragraph 2.6, or an Evaluation Procedure pursuant to paragraph 2.6A.

*Paragraph 2.4.2 of Section F shall be amended as follows:*

- 2.4.2 Where the Panel decides to submit a Modification Proposal to the ~~Definition Procedure or the Assessment Evaluation~~ Procedure, the Panel shall establish a Modification Group (or designate an existing Modification Group) to carry out such Procedure in accordance with the provisions of this paragraph 2.4.

*Paragraph 2.4.3 of Section F shall be amended as follows:*

- 2.4.3 A single Modification Group may be responsible for the definition, ~~and/or~~ assessment and/or evaluation of more than one Modification Proposal at the same time and the Panel may establish one or more Modification Groups on a standing basis to carry out ~~definition and assessment~~ evaluation of Modification Proposals (which may from time to time be submitted) whose subject-matter falls into a particular area or areas.

*Paragraph 2.4.6(a) of Section F shall be amended as follows:*

- 2.4.6 Prior to establishing the composition of a Modification Group:
- (a) each proposed member of the Modification Group shall be required to confirm to the Panel that he will be available as required throughout the relevant ~~Definition Procedure or Assessment Evaluation~~ Procedure (or, in the case of a standing Modification Group, during such period as the Panel may specify) to attend Modification Group meetings and to carry out work to be undertaken outside those meetings as necessary;

*Insert new paragraph 2.5.10 as follows:*

2.5.10 This paragraph 2.5, and all references to it and its sub-provisions, shall cease to apply, and shall be treated as removed from the Code, with effect from the date that the last Modification Proposal being progressed in accordance with the provisions of paragraph 2.5 is either:

- (a) submitted to the Assessment Procedure in accordance with paragraph 2.5.9(b);  
or  
(b) progressed to the Report Phase in accordance with paragraph 2.5.9(c).

*New paragraph 2.6.14 of Section F shall be inserted as follows:*

2.6.14 This paragraph 2.6, and all references to it and its sub-provisions, shall cease to apply, and shall be treated as removed from the Code, with effect from the later of:

- (a) the date that the last Modification Proposal being assessed in accordance with the provisions of paragraph 2.6 is progressed to Report Phase in accordance with paragraph 2.6.13(a)(ii); or  
(b) the date that paragraph 2.5 ceases to apply in accordance with paragraph 2.5.10.

*New paragraph 2.6A of Section F shall be inserted as follows:*

## **2.6A Evaluation Procedure**

2.6A.1 The provisions of this paragraph 2.6A shall only apply where the Panel decides to submit a Modification Proposal to the Evaluation Procedure pursuant to paragraph 2.2.

2.6A.2 The purpose of the Evaluation Procedure is to evaluate whether the Proposed Modification identified in a Modification Proposal better facilitates achievement of the Applicable BSC Objective(s) and whether any alternative modification would, as compared with the Proposed Modification, better facilitate achievement of the Applicable BSC Objective(s) in relation to the issue or defect identified in the Modification Proposal.

2.6A.3 The Panel shall establish or designate a Modification Group and shall determine its terms of reference in accordance with the provisions of paragraph 2.4.

2.6A.4 The Modification Group shall:

- (a) where appropriate, develop the scope and detail of the information provided within the Modification Proposal (but only to the extent that such detail is not already provided within the Modification Proposal or such scope is unclear) where such development is, in the opinion of the Modification Group, necessary to enable the Modification Group to undertake the activities specified in this paragraph 2.6A.4;
- (b) consider such other matters as the Panel may require in the terms of reference of such Modification Group; and
- (c) evaluate the Modification Proposal for the purpose set out in paragraph 2.6A.2;
- (d) where appropriate, develop an alternative proposed modification (the "**Alternative Modification**") which, as compared with the Proposed Modification, would better facilitate achievement of the Applicable BSC Objective(s);and
- (e) prepare a report for the Panel (in accordance with the timetable determined by the Panel pursuant to paragraph 2.2) which shall set out, in relation to the Proposed Modification and any Alternative Modification, the matters referred to in Annex F-1, to the extent applicable to the proposal in question.

2.6A.5 In preparing its report pursuant to paragraph 2.6A.4(e), the Modification Group shall:

- (a) conduct such consultation with Parties and interested third parties as may be required by its terms of reference or, subject to the Panel's prior approval, as it considers necessary, provided that there should always be at least one consultation in respect of a Modification Proposal during the Evaluation Procedure;
- (b) analyse the comments made in response to such consultation;
- (c) where appropriate (and subject to any requirement for Panel approval as set out in its terms of reference), request BSCCo to commission an analysis from BSC Agents and/or external consultants and/or advisers with relevant specialist knowledge;

(d) where such views have been obtained, consider the views expressed by those referred to in paragraphs (a) to (c) and by those referred to in paragraph 2.6A.6(a) to (c).

2.6A.7 In respect of each Evaluation Procedure, BSCCo shall (after appropriate consultation with the Modification Group):

(a) commission an analysis and impact assessment from the Transmission Company in accordance with paragraph 2.8;

(b) if requested by the Modification Group, commission an impact assessment from relevant BSC Agents;

(c) if requested by the Modification Group, commission an analysis from external consultants and/or advisers with relevant specialist knowledge;

(d) if requested by the Modification Group, commission an analysis from relevant Core Industry Document Owners;

(e) prepare a project brief for the implementation of the Proposed Modification and any Alternative Modification setting out the proposed steps, timetable and programme plan for such implementation consistent with the proposed Implementation Date in accordance with the Code, BSCP 40 and the IS Policies.

2.6A.7 The preceding provisions of this paragraph 2.6A shall be subject to the provisions of paragraphs 2.6A.8 and 2.6A.10 and the requirements of the report to be prepared by the Modification Group pursuant to paragraph 2.6A.4 in respect of a particular Modification Proposal shall be amended in consequence of any directions issued by the Panel under paragraphs 2.6A.8 or 2.6A.10.

2.6A.8 Prior to the taking of any steps in an Evaluation Procedure which would result in the incurring of significant costs (as determined by the Panel in each case in the relevant terms of reference) for BSCCo, the Modification Group shall seek the views of the Panel as to whether to proceed with such steps and, in giving its views, the Panel may consult with the Authority in respect thereof.

2.6A.9 For the purposes of paragraph 2.6A.8, the steps include:

(a) the commissioning of detailed impact assessments;

(b) the commissioning of legal text to modify the Code in order to give effect to a Proposed Modification and/or an Alternative Modification.

2.6A.10 At any stage during an Evaluation Procedure:

(a) the Panel may request the Modification Group to prepare an interim report setting out its provisional findings in respect of the matters referred to in paragraph 2.6A.4 (or such of those matters as it has been able by then to evaluate); and

(b) the Panel may seek the views of the Authority as to whether the findings of such report are consistent with the Authority's provisional thinking in respect thereof; and

(c) the Panel may issue such directions as it sees fit to the Modification Group in consequence of the Authority's views.

2.6A.11 Upon completion of the Modification Group's report prepared in accordance with paragraph 2.6A.4, the Modification Secretary shall promptly:

- (a) copy the report to each of the persons referred to in paragraph 2.1.10(a);
- (b) place such report on the agenda for the next following Panel meeting.

2.6A.12 The chairman or another member (nominated by the Chairman) of the Modification Group shall attend the next following Panel meeting and may be invited to present the findings of the Modification Group to the Panel and/or answer the questions of Panel Members in respect thereof; other members of the Modification Group may also attend such Panel meeting.

2.6A.13 The Panel shall consider the Modification Group's report at the next following Panel meeting and shall determine:

- (a) whether to:
  - (i) submit the Modification Proposal back to the Modification Group for further analysis (in which case, the Panel shall determine the timetable and terms of reference of such further analysis); or
  - (ii) proceed to the Report Phase in accordance with paragraph 2.8; and
- (b) where the Panel decides pursuant to paragraph (a)(ii) to proceed to the Report Phase:
  - (i) whether the Panel proposes to recommend (subject to paragraph 2.7.5) to the Authority that the Proposed Modification or any Alternative Modification should be made;
  - (ii) the reasons (if different from those contained in the report prepared by the Modification Group) why the Proposed Modification and any Alternative Modification would or would not, in the Panel's opinion, better facilitate achievement of the Applicable BSC Objective(s); and
  - (iii) the proposed Implementation Date to be included in the draft Modification Report (whether or not the Panel recommends that the Proposed Modification or any Alternative Modification should be made).

*Paragraph 2.7.1 of Section F shall be amended as follows:*

2.7.1 The provisions of this paragraph 2.7 shall apply where the Panel decides, pursuant to paragraphs 2.2.3(b)(iii), ~~2.2.142.2.10~~, 2.5.9(c), ~~or~~ 2.6.13(a)(ii) or 2.6A.13(a)(ii), that a Modification Proposal should proceed to the Report Phase.

*Paragraph 2.7.2 of Section F shall be amended as follows:*

2.7.2 If:

- (a) in deciding that a Modification Proposal should proceed to the Report Phase, the Panel determines that it proposes to recommend to the Authority that the Proposed Modification or any Alternative Modification should be made; and

- (b) no proposed text to modify the Code in order to give effect to such Proposed Modification or Alternative Modification was commissioned during any Assessment or Evaluation Procedure,

the Modification Secretary shall forthwith commission the drafting of proposed text to modify the Code in order to give effect to such Proposed Modification or Alternative Modification and shall seek the views of the relevant Modification Group(s) on such text.

*Paragraph 2.7.3 of Section F shall be amended as follows:*

- 2.7.3 Where the Panel is proposing to recommend to the Authority that a Proposed Modification or Alternative Modification should not be made and no proposed text to modify the Code was commissioned during ~~the any~~ Assessment or Evaluation Procedure, the Panel shall consult with the Authority as to whether the Authority would like the Modification Report to include such text and, if the Authority indicates that it would, the Modification Secretary shall forthwith commission the drafting of proposed text to modify the Code in order to give effect to such Proposed Modification or Alternative Modification and shall seek the views of the relevant Modification Group(s) on such text.

*Paragraph 2.11.1 of Section F shall be amended as follows:*

- 2.11.1 BSCCo shall be responsible for implementing the Approved Modification in accordance with the project brief prepared pursuant to either paragraph 2.6.6(e) or 2.6A.6(e) in relation to that Modification.

*Paragraph 2.11.5 of Section F shall be amended as follows:*

- 2.11.5 BSCCo shall promptly provide a report to the Panel where:
- (a) it appears, in BSCCo's reasonable opinion, that problems may arise, or have arisen, in the implementation of an Approved Modification in accordance with the project brief prepared pursuant to paragraph 2.6.6(e); or 2.6A.6(e); and/or
  - (b) BSCCo has reason to believe that the changes necessary to BSC Systems and processes will not have been completed by the Implementation Date; and/or
  - (c) BSCCo becomes aware of any circumstances which might otherwise prevent or delay the full and timely implementation of the Approved Modification.



## Annex F-1

*Annex F-1 to Section F shall be amended as follows:*

### ANNEX F-1: CONTENTS OF REPORTS

1. The matters referred to in paragraph 2.6.4 and 2.6A.4(e) of Section F are (to the extent applicable to the proposal in question):
  - (a) an analysis of and the views and rationale of the Modification Group as to whether (and, if so, to what extent) the Proposed Modification would better facilitate achievement of the Applicable BSC Objective(s);
  - (b) a description and analysis of any Alternative Modification developed by the Modification Group which, as compared with the Proposed Modification, would better facilitate achievement of the Applicable BSC Objective(s) and the views and rationale of the Group in respect thereof;
  - (c) an assessment, evaluation or estimate (as the case may be) of:
    - (i) the impact of the Proposed Modification and any Alternative Modification on BSC Systems;
    - (ii) any changes and/or developments which would be required to BSC Systems in order to give effect to the Proposed Modification and any Alternative Modification;
    - (iii) the total development and capital costs of making the changes and/or delivering the developments referred to in paragraph (ii);
    - (iv) the time period required for the design, build and delivery of the changes and/or developments referred to in paragraph (ii);
    - (v) the increase or decrease in the payments due under the BSC Agent Contracts in consequence of the Proposed Modification and any Alternative Modification;
    - (vi) the additional payments (if different from those referred to in paragraph (v)) due in connection with the operation and maintenance of the changes and/or developments to BSC Systems as a result of the Proposed Modification and any Alternative Modification;
    - (vii) any other costs or liabilities associated with BSC Systems attributable to the Proposed Modification and any Alternative Modification;
  - (d) an assessment or evaluation of:
    - (i) the impact of the Proposed Modification and any Alternative Modification on the Core Industry Documents;
    - (ii) the changes which would be required to the Core Industry Documents in order to give effect to the Proposed Modification and any Alternative Modification;
    - (iii) the mechanism and likely timescale for the making of the changes referred to in paragraph (ii);

- (iv) the changes and/or developments which would be required to central computer systems and processes used in connection with the operation of arrangements established under the Core Industry Documents;
- (v) the mechanism and likely timescale for the making of the changes referred to in paragraph (iv);
- (vi) an estimate of the costs associated with making and delivering the changes referred to in paragraphs (ii) and (iv),

together with a summary of representations in relation to such matters;

- (f) an assessment or evaluation of:
  - (i) the likely increase or decrease in BSC Costs (to the extent not already taken into account in paragraph (c) above) in consequence of the Proposed Modification and any Alternative Modification;
  - (ii) the changes required to Systems and processes of BSCCo in order to give effect to the Proposed Modification and any Alternative Modification; and
  - (iii) the BSC Costs which are expected to be attributable to the implementation of the Proposed Modification and any Alternative Modification, to the extent not taken into account under any other provision of this Annex F-1;
- (f) to the extent such information is available to the Modification Group, an assessment or evaluation of the impact of the Proposed Modification and any Alternative Modification on Parties in general (or classes of Parties in general) and Party Agents in general, including the changes which are likely to be required to their internal systems and processes and an estimate of the development, capital and operating costs associated with implementing the changes to the Code and to Core Industry Documents;
- (g) an assessment or evaluation of the Proposed Modification and any Alternative Modification in the context of the statutory, regulatory and contractual framework within which the Code sits (taking account of relevant utilities, competition and financial services legislation);
- (h) a summary of the representations (pursuant to paragraph ~~2.2.6 or~~ 2.6.5(b) or 2.6A.5(a) of Section F) made by Parties and interested third parties during the consultation undertaken in respect of the Proposed Modification and any Alternative Modification and the views and comments of the Modification Group in respect thereof;
- (i) a summary of the analysis and impact assessment prepared by the Transmission Company pursuant to paragraph 2.6.6 or 2.6A.6(a) and the views and comments of the Modification Group in respect thereof;
- (j) a summary of the impact assessment prepared by relevant BSC Agents and the views and comments of the Modification Group in respect thereof;
- (k) a summary of any impact assessment prepared by Core Industry Document Owners and the views and comments of the Modification Group in respect thereof;

- (l) a copy of the terms of reference and any report or analysis of external consultants or advisers engaged in respect thereof;
- (m) a list of the key assumptions which the Modification Group has made in formulating its views;
- (n) any other matters required by the terms of reference of such Modification Group;
- (o) any other matters which the Modification Group consider should properly be brought to the attention of the Panel to assist the Panel in forming a view as to whether the Proposed Modification and any Alternative Modification would better facilitate achievement of the Applicable BSC Objective(s);
- (p) subject to paragraph 2.6.8, 2.6.9, 2.6A.8 and 2.6A.10 (as appropriate) of the Section F, the proposed text to modify the Code in order to give effect to the Proposed Modification and any Alternative Modification, together with a commentary setting out the nature and effect of such text and of other areas of the Code which would be affected by the changes;
- (q) the Modification Group's proposed Implementation Date(s) for implementation (subject to the consent of the Authority) of the Proposed Modification and any Alternative Modification;
- (r) an executive summary of the project brief prepared by BSCCo pursuant to either paragraph 2.6.6(e) or 2.6A.6(e);
- (s) a recommendation (where applicable) as to whether, if the Proposed Modification or Alternative Modification is approved, Settlement Runs and Volume Allocation Runs carried out after the Implementation Date of such Approved Modification in respect of Settlement Days prior to that date should be carried out taking account of such Approved Modification or not;
- (t) the proposed text (if any) to modify the Memorandum and Articles of Association of BSCCo and/or the BSC Clearer in order to give effect to the Proposed Modification and any Alternative Modification, together with a commentary setting out the nature and effect of such text and of other areas of the Memorandum and Articles of Association and/or the Code which would be affected by the changes; and
- (~~t~~u) a summary of any changes which would be required to Code Subsidiary Documents as a consequence of such Proposed Modification or Alternative Modification.

2. The matters referred to in paragraph 2.6A.4(e) of Section F also include (to the extent applicable to the proposal in question) a statement of any additional scoping and/or detailing of the Proposed Modification undertaken in accordance with paragraph 2.6A.4(a).

**Annex X-1** (version 9)

*Annex X-1 shall be amended as follows:*

<b><u>“Alternative Modification”</u></b>	has the meaning given to that term in Section F2.6.4 and <u>F2.6A.4</u> ;
<b><u>“Evaluation Procedure”</u></b> :	<u>means the procedure described in Section F2.6A</u> ;