

Stage 04: Draft Modification Report

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

▶ 04 Report Phase

P260: Extension to data provided to the Transmission Company in the TUoS Report

The Transmission Company receives the TUoS Report from SVAA for use in its invoicing system. It is proposed to expand net GSP Group data in the TUoS report to provide gross GSP Group data.



Initially the Panel recommends **rejection** of both the P260 Proposed and Alternative Modifications.



Low Impact:
BSC Section V, BSC Annex V-1 and SVA systems

Contents

1	Summary	3
2	Why Change?	5
3	Solution	7
4	Alternative Solution	8
5	Impacts & Costs	10
6	Implementation	11
7	The Case for Change	13
8	Assessment Consultation Responses	15
9	Panel Discussions	16
10	Recommendations	20
11	Modification Group Information	21
12	Further Information	23
	Attachment A: Legal Text Proposed and Alternative	23
	Attachment B: Consultation Questions	23

About this document:

This document is a Draft Modification Report, which ELEXON is issuing for a Report Phase Consultation.

The Consultation seeks your views on:

- The Panel's initial majority recommendation that neither the P260 Proposed Modification nor the P260 Alternative Modification should be made;
- The Panel's initial recommended Implementation Dates for the Proposed and Alternative Modifications (if approved) of:
 - **31 March 2011** if an Authority decision is made by 19 November 2010; or
 - the **Next Available Release**, allowing for a minimum 4 month implementation period, if an Authority decision is made after 19 November 2010.
- The Panel's proposed redlined changes to the BSC (Attachment A).

This is the final opportunity to comment on P260 before it is submitted to the Authority. The Panel invites you to respond to the questions in the attached response form (Attachment B).

The Panel will consider your responses at its meeting on 14 October 2010, when it will agree its final recommendations. ELEXON will then submit a Final Modification Report to the Authority.

You can download further P260 documents [here](#), including the Transmission Company's impact assessment and copies of the full industry responses to the Group's previous Assessment Consultation.



Any questions?

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P260
Draft Modification Report

14 September 2010

Version 0.3

Page 2 of 23

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Why Change?

The Transmission Company currently receives the Transmission Use of System (TUoS) Report from Supplier Volume Allocation Agent (SVAA) which contains, by Supplier BM Unit (BMU), net Half Hourly and Non Half Hourly demand/generation data for each GSP Group.

The Transmission Company has requested Half Hourly and Non Half Hourly data to be reported on a gross basis rather than a net one. This is to support its development of an enduring Charging Methodology for Scottish 132kV-connected generation in time for 1 April 2011, as currently required by its licence obligations.

Solution

Proposed

The Proposed solution amends the TUoS Report to include NHH and HH Allocated Import and Export Volume data per Supplier per GSP Group as separate data items.

Alternative

The Alternative solution would, further to the amendments to the TUoS report suggested under the Proposed solution, produce a second report containing the same data items being added to the TUoS Report, but aggregated up to GSP Group level rather than Supplier BMU. This second report will be made accessible to interested BSC Parties via the ELEXON Exchange and the BSC Central Services File Transfer Protocol (FTP) server.

Impacts & Costs

This Modification **will not impact BSC Parties** as the TUoS report is only sent between National Grid and SVAA. Under the Alternative, accessing the new report is optional.

- The estimated implementation cost for the Proposed Modification is £76,840 (£56,840: ELEXON, £20,000: Transmission Company)
- The estimated implementation cost for the Alternative Modification is £99,600 (£79,600: ELEXON, £20,000: Transmission Company)

Implementation

If approved, the Panel's initial recommended Implementation Dates for the Proposed and Alternative are:

- **31 March 2011** if an Authority decision is made by **19 November 2010**; or
- In the **Next Available Release**, allowing for a minimum 4 month implementation period, if an Authority decision is made after **19 November 2010**.

The Case for Change

The Modification Group unanimously believed that the Alternative solution should be made. A majority of Assessment Consultation respondents supported this view. All Group members believed that the Alternative solution would better facilitate the achievement of Applicable BSC Objective (c), and a minority also believed there would be benefit to Objective (a).

The majority of the Panel disagrees with the Group's recommendation.

The Panel's initial **majority** view is that both the P260 Proposed and Alternative solutions are not better than the current baseline and will not better facilitate the achievement of **Applicable BSC Objective (a) and (c)**.

The majority of the Panel have voiced concerns that it is not possible to support either the Proposed or Alternative solutions, due to uncertainty about the outcome of the wider review of the Charging Arrangements which DECC/Ofgem have recently announced.

A minority of Panel Members support the Proposed solution and believe it will better facilitate Applicable BSC Objective (a), providing that the Transmission Company still needs the data despite the wider Charging Review.

A minority of Panel Members support the Alternative Modification. Some agree with the Group that it will better facilitate Applicable BSC Objective (c). Others believe it will also better facilitate Applicable BSC Objective (a), but only if the Transmission Company continues to need the data once the scope of the wider Charging Review is known.

Those Panel Members who do not support either solution, or who support only the Proposed solution, are unconvinced that the value of the additional data to Parties under the Alternative would outweigh the cost of producing it. These Panel Members believe it is already possible for Parties to derive this information using existing data flows.

We invite your views generally on the Panel's initial recommendations as part of this consultation. On the Panel's behalf, we also invite your views on whether the new P260 Alternative report would benefit your organisation and, if so, the specific benefits it gives. The Panel will then take your views into account when making its final recommendations.

Recommendations

The Panel therefore initially by a majority recommends that the P260 Proposed and Alternative Modifications should not be approved.

Background

Currently in England and Wales, generators with plants connected at 132kV are classed as embedded generators. Depending on their registered capacity, these generators do not pay generator **Transmission Network Use of System** (TNUoS) charges and receive embedded benefits.

However, the definition of transmission in Scotland means that generators with plants connected at 132kV, irrespective of their registered capacity, are not treated as embedded. Therefore, these generators are liable for TNUoS charges.

To compensate for the difference in treatment in charging between Scotland and England/Wales, an interim charging solution was introduced at BETTA. This interim solution is that 132kV generation connected in Scotland receives the 'small generator discount'. The arrangements for this discount will be removed on 31 March 2011.

The Transmission Company has a licence obligation (Standard Licence Condition C13) to develop and implement enduring arrangements prior to the expiry date of the Scottish 132kV connected discount arrangements.

How does this impact the BSC?

The Transmission Company receives a Transmission Use of System (TUoS) Report from the Supplier Volume Allocation Agent (SVAA) on a daily basis. The TUoS report contains Half Hourly (HH) and Non Half Hourly (NHH) Allocated Volume data for Supplier Balancing Mechanism Units (BMU) for each Grid Supply Point (GSP) Group. Section V of the BSC states that this data is provided on the basis of demand net of generation.

The Transmission Company is currently progressing (outside the BSC) charging proposals to develop an enduring arrangement for Scottish 132kV-connected generation. These proposals would require a breakdown of Half Hourly (HH) gross demand (import) and generation (export), by Supplier BMU, in each GSP Group rather than the current net basis.

Changes to BSC Section V and SVAA systems are required to reflect/include this additional information.

Timescales

The Transmission Company raised P260 so that it could be progressed in tandem with the final stages of the Charging Methodology work they were undertaking. This would allow the Authority to make its final decision on the charging proposals at the same time as considering the P260 Final Modification Report. If approved, the necessary BSC changes could then be in place in time for the new methodologies to take effect from April 2011.

New independent review of the Charging Arrangements

During the Assessment Phase of P260, the Department of Environment and Climate Change (DECC) and Ofgem announced a new independent review of the Charging Arrangements.

As a consequence, the Transmission Company's work on developing an enduring solution for the replacement of the 'small generator discount' is currently on hold with the final methodology consultation postponed as a result of the new review.

The Proposer has decided to continue with the progression of the Modification. This is a pragmatic approach, as if the Charging Methodology review continues soon, the Authority



The **Transmission Network Use of System** charge published for the relevant year as set out in the statement provided for in Standard Licence Condition C4 of the Transmission Licence held by National Grid.



A **Grid Supply Point** is a Systems Connection Point at which the Transmission System is connected to a Distribution System.

has the ability to approve the P260 solution in time for April 2011 if appropriate. The fall back Implementation Date also provides the Authority with the scope to delay its decision on P260 if the resolution of the review takes longer than November 2010. At that point, it could then decide to approve P260 (if needed) or reject it (if not).

You can find further information on timescales in Section 6 'Implementation'.

The TUoS Report (P0210 file) will need to be updated to include gross HH import and export volume, providing the Transmission Company with its required data.

The TUoS report will therefore require the following changes:

- 1) Rename the 'Period BMU HH Allocated Volume' to 'Net Period BMU HH Allocated Volume';
- 2) Insert two columns next to the renamed column: 'Gross Period BMU HH Allocated Import Volume' and 'Gross Period BMU HH Allocated Export Volume'.

Additional NHH import and export data

Although the Transmission Company's current work to develop an enduring Charging Methodology solution only requires disaggregated HH data, the Group questioned why the proposed solution only included disaggregated HH data, and not NHH data as well.

The Group voiced concerns that by not including disaggregated NHH data, you immediately exclude the ability for all Embedded Generation to be covered (i.e. NHH) and may result in further changes being required to the TUoS Report at a later point. Furthermore, by including disaggregated NHH data in this solution would remove the cost to progress and implement a future Modification. In the interim, the Transmission Company could simply ignore the additional NHH data.

Following this discussion the Proposer agreed to include disaggregated NHH data in the Proposed solution, thus future-proofing the Proposed changes to the TUoS Report.

Therefore the following changes will also be required to the NHH data to mirror the HH data changes:

- 3) Rename the 'Period BMU NHH Allocated Volume' to 'Net Period BMU NHH Allocated Volume'; and
- 4) Insert two additional columns next to the renamed column: 'Gross Period BMU NHH Allocated Import Volume' and 'Gross Period BMU NHH Allocated Export Volume'.

The table below shows the proposed structure of the new TUoS report using random BMU sample data:

Record Type	Sett Prd	End Time	<u>NET</u> HH Allocated Volume	<u>Gross HH Allocated Import Volume</u>	<u>Gross HH Allocated Export Volume</u>	<u>NET</u> NHH Allocated Volume	<u>Gross NHH Allocated Import Volume</u>	<u>Gross NHH Allocated Export Volume</u>
HHA	1	00:30	4.0352	6.5869	2.5517	95.0969	131.2337	36.1368
HHA	2	01:00	5.1674	8.7669	3.5995	89.7166	117.9773	28.2607
HHA	3	01:30	4.6250	9.2500	4.6250	86.8399	117.6299	30.7900
HHA	4	02:00	4.7330	7.333	2.6000	84.3064	126.4596	42.1532
HHA	5	02:30	3.7095	5.8185	2.1090	79.8298	108.7652	28.9354

Provision of this data will allow the Transmission Company to undertake its duties regarding the development of charges on a more cost reflective basis. In addition, it would help to facilitate a review of the charging arrangements for embedded generators which, as a result of Standard Licence Condition C13 of the Transmission Licence, will need to conclude and be implemented by April 2011.

The Group has developed an Alternative solution. As well as making the changes to the TUoS report which Section 3 describes, this Alternative additionally seeks to make some of the data in the TUoS report available to all interested Parties as a separate new report.

Proposed Alternative

Making the content of the TUoS report more widely available

The Group discussed the transparency of the information contained in the TUoS Report and whether the report should be made more widely available. The majority of the Group agreed that making the content more widely available should be explored and a solution developed to achieve it.

Confidentiality of data

The TUoS report contains HH and NHH import and export Volumes disaggregated by Supplier BMU. The Group were concerned that this level of disaggregation may give rise to confidentiality issues if the content was made more widely available.

To address this issue, the Group agreed that the more widely available version of the TUoS Report should aggregate the Gross HH and NHH Allocated Import/Export Volume per Settlement Period within each GSP Group. By aggregating up to this level the information provided in the 'GSP Group Import and Export Totals' Report will still prove useful to Parties, increase the transparency of the TUoS report content, while avoiding any issues around Supplier data confidentiality.

How will the report be published?

Once generated, the 'GSP Group Import and Export Totals' report will then be available to download via the BSC Central Services **File Transfer Protocol (FTP)** server and via the **ELEXON Exchange**.

The report will be generated every day after the TUoS Report, and will then be accessible for 7 days by interested Parties. After the 7 day period it will be replaced with a newer report. Making the data available via these methods means that accessing it is optional, so BSC Parties can use the report if they choose to.

Is the Alternative within scope?

Under the BSC, any Alternative Modification must address the defect/issue as detailed in the original Modification Proposal form. There was discussion within the Group as to whether making the content of the TUoS report more widely available addressed the defect identified by P260 (i.e. providing the Transmission Company with sufficient data to allow them to develop and implement an enduring charging methodology and meet their licence obligation).

It was noted that the Modification Proposal stems from the need for the Transmission Company to receive the additional import/export data. However, the majority of the Group argued that making the TUoS report more widely available (in addition to the required changes to the existing report) would allow the Transmission Company to receive the extra data they need, whilst additionally allowing interested Parties to use the data to assist the Transmission Company in meeting their licence obligation. The Group therefore concluded that making the TUoS report available to a wider audience would meet the original defect identified.



What is File Transfer Protocol (FTP)?

File Transfer Protocol (FTP) is a standard network protocol which the BSC Parties use to transfer files to and from the BSC Systems. This service requires login credentials which are supplied during the registration process. Full details on FTP can be found in the Section 3 of Participant Communications Overview Guide (PCOG) which can be accessed on the ELEXON website [here](#).



What is the ELEXON Exchange?

The ELEXON Exchange, previously called 'NETA Exchange' is accessed via the [ELEXON Portal](#). It is a site that allows you to browse, search and download files relevant to BSC Central Services, and to send messages with file attachments to other users of the system.

P260
Draft Modification Report

14 September 2010

Version 0.3

Page 8 of 23

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Other approaches considered

Report using D0276 flow

Whilst the conclusion of the Group was to develop an Alternative solution involving the publication of an aggregated TUoS report via FTP and the ELEXON exchange, the Group did consider utilising the D0276¹ as the basis for the report generation. They considered the D0276 flow as it contains similar information as the P0210 (TUoS Report). The content of the D0276 could have been collated together to provide the same level of information as the 'bolt on' report. However, the Group decided that whilst this was a viable approach to generate the information, it made sense that the any additional report was generated in the same manner as the P0210. This was in order to keep it closely related to the TUoS report, maximise implementation efficiencies and therefore minimise the cost to implement the Alternative solution.

Is there a more manual approach?

As part of previous work to aid the Transmission Company with its Charging Methodology work, ELEXON developed a manual script to provide the Transmission Company with 3 years of relevant historic data as a one-off exercise. The Group considered if this script could form the basis of an enduring manual solution to the issue.

The Group discussed a manual solution where a script would be run on a daily basis, negating the need for direct changes to the SVA systems. The ELEXON costs for implementing this change were provisionally estimated at £15K. However there was likely to be significantly larger cost for the Transmission Company to change its systems to receive the new file. Additionally the manual approach would involve ongoing costs to run plus a degree of risk, as it would not have the same level of checks in place that exist in the SVA Systems. The Group agreed the risk of human error was not desirable, given that the data would be used to set generator's charges.

The Group therefore decided not to progress with a manual solution.

The Panel also discussed the manual workaround when considering the Assessment Report, and you can find more details in Section 9.

¹ D0276 - GSP Group Consumption Totals Report

5 Impacts & Costs

Costs

Proposed			Alternative						
ELEXON Cost			Total ELEXON cost	Total National Grid Costs	ELEXON Cost			Total ELEXON cost	Total National Grid Costs
Man Days	Cost	Service Provider			Man Days	Cost	Service Provider		
28.5	£6,840	£50,000	£56,840	£20,000	40	£9,600	£70,000	£79,600	£20,000

Impacts

Impact on BSC Systems and process

BSC System/Process	Potential impact
SVA system and process	To provide the additional disaggregated HH and NHH data and to create the new 'GSP Group Import and Export Totals' Report

Impact on BSC Parties and Party Agents

Proposed Solution: None - the Proposed Modification affects data that ELEXON provides to the Transmission Company. However, indirectly, the extra information will be used in the Transmission Company's new approach to Charging.

Alternative Solution: Parties will have access to the information being added to the TUoS Report (aggregated at GSP Group level) via the BSC Central Services FTP Server and the ELEXON Exchange.

Impact on Transmission Company

The Transmission Company needs to make the necessary software modifications required to receive, process and store the additional data. The costs associated of putting the Proposed and Alternative modifications in place are:

- Requirements and Design Stage: £8,000
- Development and Implementation Stage: £12,000
- Total estimated costs: £20,000

Impact on Code

Code section	Potential impact
Annex V-1	Amendments to Table 7 of Annex V-1 to capture additional information that the TUoS report will contain. (Alternative only) Add details of the new Aggregated TUoS (GSP Group Import and Export Totals) Report. Please refer to Attachment A for the Proposed and Alternative legal text.

Impact on Code Subsidiary Documents

CSD	Potential impact
SVA Data Catalogue Volume 1 + 2	Addition of the Data Item Names to reflect the separation of 'import' and 'export' of the Period BMU HH and NHH Allocated Volume in Appendix B. (Alternative only) Capture the new accessible aggregated GSP Group Import and Export Totals Report.

Question 1

Do you agree that the Panel's recommended legal text delivers the solutions agreed by the Modification Group?

The Panel invites you to give your views using the response form in Attachment B.

Why has P260 been raised now?

At its first meeting, the Group questioned why the Transmission Company had raised this Modification now when its (non-BSC) charging proposals to replace the existing Scottish 'small generator discount' had not yet been agreed.

The Proposer explained that:

- 1) The extra data in the TUoS report will be needed for all of the potential charging solutions which it is considering to replace the existing discount arrangement;
- 2) They have raised P260 now so it can be considered by the Authority at the same time as it reaches a determination on the Charging Methodology recommendations made by the Transmission Company; and
- 3) Raising and progressing P260 now means that (if approved) it can be implemented and in place in time for when the new Charging Methodology would take effect from April 2011.

This discussion was in the original context in which P260 was raised (i.e. the Transmission Company's work to meet its licence obligation by April 2011). During the Group's subsequent assessment, DECC/Ofgem announced that there will be a wider review of the charging arrangements. There is uncertainty over the scope of this review, and its impact on any existing charging proposals which are already in development. However, the Proposer has decided to continue to progress P260, as there is still a possibility it will be needed and it still has a licence obligation to put in place arrangements by April 2011. You can find more detail on the Proposer's views in Section 9.

When will P260 be implemented?

The Group recommended that P260 should be implemented:

- On **31 March 2011** if an Authority decision is made by **19 November 2010**; or
- In the **Next Available Release**, allowing for a minimum 4 month implementation period, if an Authority decision is made/reached **after 19 November 2010**.

The initial date will ensure that the Transmission Company can implement necessary changes in time to meet its licence obligation if needed. The fall back date will be in place to make sure that no work is undertaken until the scope of the wider Charging Review (and its interaction with the Transmission Company's own charging proposals) is known.

Examples of fall back date implementation

The Group thought it would be prudent to provide examples of when implementation would occur if a decision was made in line with the fall back date, using the currently published BSC Release dates.

BSC Release	Decision by date for Release	Actual implementation date
June 2011	11 February 2011	30 June 2011
November 2011	17 June 2011	03 November 2011
February 2012	07 October 2011	23 February 2012
June 2012	10 February 2012	28 June 2012
November 2012	15 June 2012	01 November 2012

Question 2

The Panel has initially recommended an implementation approach for the Proposed and Alternative solutions (if either is approved) of:

- **31 March 2011** if an Authority decision is made by 19 November 2010; or
- the **Next Available Release**, allowing for a minimum 4 month implementation period, if an Authority decision is made after 19 November 2010.

Do you agree with the Panel's recommended Implementation Dates?

The Panel invites you to give your views using the response form in Attachment B.



Description of BSC Objectives

a) Efficient discharge of the obligations of the Transmission Licence.

b) Efficient, economic and co-ordinated operation of the national electricity transmission system.

c) Promoting effective competition in the generation and supply of electricity and in the sale and purchase of electricity.

d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

Why will P260 be better than the existing BSC Requirements?

The Group's unanimous recommendation is that **P260 Alternative** will better facilitate the achievement of **Applicable BSC Objective (c)**, with some members also believing there is some additional benefit under **Objective (a)**.

Proposed Modification vs. Current Arrangements

The Group was **split** on whether or not the Proposed Modification would better facilitate the Applicable BSC Objectives when compared to the current arrangements.

Half of the group believed that, whilst the Proposed Modification was a sensible change, it was **neutral** against the Applicable BSC Objectives. This was because no new Charging Methodology has yet been approved by the Authority that would specifically require this data. Therefore, it is not guaranteed that BSC changes will be required. Implementing the Proposed Modification could result in nugatory work if a different Charging Methodology was to eventuate. Were the data to be required, a manual workaround could be used to provide the requested data to National Grid on an ad hoc basis in order for an enduring solution (such as the Proposed Modification) to be taken forward.

The other Half of the Group did however believe that the Proposed Modification would better facilitate **Applicable BSC Objective (a)**. The additional data provided by the Proposed solution would enable the Transmission Company to develop a Charging Methodology, and therefore meet its licence obligation SLC C13. Additionally, the extra data would help the Transmission Company to better validate user demand forecasts, and hence more accurately set TNUoS tariffs.

The table below summarises the views of half of the Group on how the Proposed Modification better facilitates the Applicable BSC Objectives:

Objective (a)	
Benefits	Disadvantages
<ul style="list-style-type: none"> Provision of data helps the Transmission Company meet its licence obligation to develop and implement an enduring Charging methodology; and Additional data would enable the Transmission Company to better validate user demand forecasts, which would result in the better setting of TNUoS tariffs. 	None

Alternative Modification vs. Current Arrangements

In a similar manner to the Proposed solution, half of the Group noted that it was difficult to consider the change in isolation, with regard to Objective (a). However due to the increases in data transparency that the Alternative solution provides, they believe the solution will aid competition and therefore better facilitates **Applicable BSC Objective (c)**.

The Group's unanimous views against Applicable BSC Objective (c) and the minority Group views against Applicable BSC Objective (a) are summarised below:

P260
Draft Modification Report

14 September 2010

Version 0.3

Page 13 of 23

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Objective (a)	
Benefits	Disadvantages
<ul style="list-style-type: none"> Provision of data helps the Transmission Company meet its licence obligation to develop and implement an enduring Charging methodology; Additional data would enable the Transmission Company to better validate user demand forecasts, which would result in the better setting of TNUoS tariffs; and Making the additional content of the TUoS Report more widely available will help Parties assist the Transmission Company in meeting its licence obligations. 	None

Objective (c)	
Benefits	Disadvantages
Making the additional data contained in the TUoS Report accessible to Parties benefits competition for the market, due to the publication of the information increasing market transparency and understanding.	None

Proposed Modification vs. Proposed Alternative

The Group believes that the Alternative solution increases transparency and competition by providing an aggregated version of the new data to Parties, in addition to the benefits identified by half of the Group under the Proposed solution. The Group therefore **unanimously** believes that the Alternative solution is better than the Proposed solution.

The **majority** of Assessment Consultation respondents supported the Group's recommendations. The main points raised are detailed below, and you can find the full consultation responses on the ELEXON website [here](#).

Assessment Consultation Responses

Should the data be more widely available?

The Group consulted on whether there was benefit in making some of the data contained in the TUoS Report more widely available (via the Alternative solution), and whether aggregating the data up to GSP Group level would address any concerns over confidentiality.

A majority of respondents supported the Alternative, and the publication of some of the data contained in the TUoS report. They agreed that publishing the data at an aggregated GSP Group level would address any issues of confidentiality.

One respondent indicated that they did not support P260 generally, or the wider publication of some of the additional data via the Alternative. They believed that the Modification was not necessary, particularly as it is unknown what the outcome of the Transmission Company's charging proposals or the wider Charging Review will be.

Timeliness and Nugatory work

A number of responses to the Assessment Consultation raised concerns on the timeliness of the Modification. They highlighted that P260 should not be implemented, if approved, until the resolution of wider charging work (the Transmission Company's own work and/or the wider Charging Review) to avoid nugatory cost. Noting the recent announcement by Ofgem and DECC to undertake a new review of charging arrangements, concerns were also raised that the Modification is no longer needed.

The Group considered these views, with one member suggesting that P260 should either be put on hold pending the outcome of the new Charging Review or withdrawn entirely. As mentioned previously, the Proposer has decided to not withdraw P260 as the Modification provides benefits in addition to helping put in place a new Charging Methodology.

Also the implementation approach has been constructed to allow sufficient flexibility for the Authority to make a decision on P260 once the resolution of the Charging Review has been reached. This would then avoid nugatory cost being undertaken.

Transmission Company Analysis

The Transmission Company Analysis was supportive of the findings of the Group. It agreed that the Proposed and Alternative solutions would resolve the identified 'defect', through the provision of the additional data the Transmission Company requires.

The additional information that the P260 Proposed and Alternative solutions would provide would enable the Transmission Company to better validate user demand forecasts and therefore more accurately set TNUoS tariffs to collect allowed revenue. Additionally, it would improve their ability to develop a cost reflective Charging Methodology – thus meeting their Transmission Licence obligations, particularly the obligation to use best endeavours to develop and implement an enduring solution to the small generator discount by 1 April 2011.

Therefore the Transmission Company believes that both the Proposed and Alternative solutions will better facilitate the achievement of Applicable BSC Objective (a). The Transmission Company agrees with the Modification Group that the Alternative solution would also better facilitate Applicable BSC Objective (c), for the reasons identified by the Group. You can download the full response [here](#).



What is the Panel's view?

The majority of the Panel initially disagrees with the Group, and believes neither the Proposed or Alternative Modifications will help to better facilitate the Applicable BSC Objectives.

Does the Panel agree with the Group's view?

The majority of the Panel initially **disagrees** with the findings of the Group. By majority, the Panel initially believes that neither of the P260 Proposed and Alternative solutions better facilitate the Applicable BSC Objectives, and that both solutions should therefore be **rejected**.

Panel's views on the Applicable BSC Objectives

Proposed Modification

The **majority** of the Panel initially believes that the Proposed Modification is not better than the current baseline, and would not help to better facilitate Applicable BSC Objective (a) by enabling the Transmission Company to meet its licence obligations, particularly SLC C13.

The Panel's rationale for this is that the outcome of the wider Charging Review is unknown, and it is therefore not possible to determine whether the requested extra data is needed. These Panel Members do not believe there is necessarily a current defect in the BSC. A Panel Member suggested that the defect was that the Transmission Company may not be able to meet its licence obligation by April 2011 without the data. Another Panel Member responded that it is not clear that the licence obligation is still relevant given the announcement of the wider review, and that it might be more appropriate/efficient for the Transmission Company to seek a derogation against its licence obligation until the outcome of the review is known. Other additional data may be required as a result of the Charging Review, and moves to make any data available should therefore wait until the review's conclusion.

A **minority** of the Panel believes that the P260 Proposed solution is better than the current baseline, and that by helping the Transmission Company meet its licence obligations it would benefit Applicable BSC Objective (a). One Member believes that P260 needs to be progressed alongside both the Transmission Company's charging proposals and the wider Charging Review, in order that the Authority can consider everything together. These members note, however, that (while P260 is currently better than the baseline) their ultimate support for P260 is contingent on the Transmission Company continuing to need the data once the outcome of the wider Charging Arrangement review is decided. These members believe that the Authority should therefore only make its decision on P260 once the outcome of the wider review is known.

Alternative Modification

The **majority** of the Panel initially believes that the Alternative Modification is not better than the current baseline, and would not help to better facilitate Applicable BSC Objectives (a) or (c).

These Members questioned whether there is any benefit in making the data more widely available to Parties, considering the costs associated with the Alternative solution and because they believe that the GSP Group Import and Export data can already be derived from the existing D0276 flow.

A **minority** of the Panel believes that the Alternative solution would better facilitate Applicable Objectives (a) and (c). These Members support the arguments against Objective (a) for the same reasons given for the Proposed Modification above. They also believe that making the data more widely available and accessible to Parties would benefit competition. As for the Proposed Modification, these members have caveated that (while the Alternative is currently better than the baseline) the Authority should wait for the outcome of the wider

Charging Review before making its decision. This will ensure that the data is still needed and that P260 does not result in wasted costs.

Those Members who support the Alternative solution prefer it to the Proposed solution because of the additional benefits they identify from the Alternative under Objective (c).

One Panel Member notes that the difference between the Proposed and Alternative Modification implementation costs is in the region of £20k. They consider this is not an unreasonable 'incremental' cost to make the data more widely available to Parties. However, should the data no longer be needed by the Transmission Company because of the Charging Review, then the full implementation cost of c.£100k would be too great to justify its implementation.

Implementation Date and legal text

The Panel has agreed the proposed Implementation Date and legal text subject to any comments received during the Report Phase consultation, and with the strong view that the Authority should delay any decision on P260 until the outcome of wider charging work is known.

Question 3

Do you agree with the Panel's initial majority recommendation that:

- P260 Proposed will not better facilitate the achievement of the Applicable BSC Objectives, when compared with the existing arrangements; and
- P260 Proposed should therefore be rejected?

The Panel invites you to give your views using the response form in Attachment B.

Question 4

Do you agree with the Panel's initial majority recommendation that:

- P260 Alternative will not better facilitate the achievement of the Applicable BSC Objectives, when compared with the existing arrangements; and
- P260 Alternative should therefore be rejected?

The Panel invites you to give your views using the response form in Attachment B.

Did the Panel raise any additional views or comments?

What are the benefits of the Alternative solution?

A Panel Member questioned what the benefit is of creating a new report (via the Alternative Modification) which would provide the Import/Export Allocated Volumes at GSP Group level, when Parties can already do this via data analysis of the D0276 flow.

A Panel Member commented that smaller Parties would not necessarily have the time and resource to derive this data from existing flows. Through the creation of the new report you make the accessibility of this data more readily available and more likely to be used.

ELEXON noted the unanimous support from the Group and that Parties had identified benefits. Although these are unquantified, some Members noted that this is often the case with benefits relating to information transparency. A Panel Member noted that there was little support from small Parties among the consultation responses. ELEXON suggested that the information is more likely to be useful to Parties with a lot of embedded generation (i.e. larger Suppliers). A Panel Member noted that, as a general principle, information transparency is helpful to small Parties seeking to better understand (and compete in) the market.

A majority of the Panel currently does not believe that the benefits of providing the additional data to Parties outweigh the extra implementation costs. It therefore invites you to provide views through this consultation on any benefits of the extra data to your organisation.

Question 5

The Panel currently believes that the benefits of making the Allocated Import and Export Volumes available to Parties at GSP Group level, via a new Report under the P260 Alternative Modification, do not outweigh the costs to implement.

Do you agree?

(Please provide details of any specific benefits to your organisation in your answer, and as appropriate how these benefits relate to the Applicable BSC Objectives).

The Panel invites you to give your views using the response form in Attachment B.

Manual Workaround and the Costs involved

The Panel notes that ELEXON has previously provided the Transmission Company with historic Import and Export data for use in their Charging Methodology development work. This was provided as a one-off response to an information request.

The Panel has requested further clarity on:

- Whether future data is actually required on a daily basis, considering that the Transmission Company issues TNUoS Charges to Parties on a monthly basis; and
- What the costs are in providing the Transmission Company with the additional data they require via a manual workaround, as this may be a more efficient solution.

Daily or Monthly

ELEXON and the Transmission Company can confirm that the data would be required on a daily basis. Even though Transmission Charges are issued on a monthly basis, the Transmission Company would use the daily data to observe trends during each month, in order to determine the Charges.

Manual workaround costs and risks

The historic data provided to the Transmission Company was provided on an ad-hoc basis in line with the ability for the Transmission Company to make requests for data, to aid change development work they are doing.

As explained in Section 4, the Group did consider whether there was a manual alternative to the Proposed automated solution. The Group did not take this forward due to the long term costs of the manual solution being greater than the Proposed solution and the associated risk with manual workarounds of human error.

To help answer the Panel's question, we have provided further details below on the costs and risks of running the manual workaround. We invite you to consider this information as part of this consultation, and to provide your views on the appropriateness of an automated solution compared with a manual approach.

Estimated Annual Cost associated with running the manual solution		
	One-off implementation costs	Annual Ongoing Costs
ELEXON	£15,000 (to develop and implement enduring script)	£6,240 per year (based on 0.5 Man Days (£120) of effort a week x 52)
Transmission Company	£40,000 (to set up systems to receive the additional data separately from the normal TUoS Report)	£4,400 per year (14 Man Days of effort a year to process the additional data)
Totals	£55,000	£10,640

The estimated cost of the manual solution will match the implementation cost of the Proposed Modification (£76,840) in just over 2 years.

Initial Implementation Cost + **2 x ongoing cost** = Total cost of manual solution for 2 years
£55,000 + **(2 x £10,640)** = £76,280.

A manual solution involves the risk of human error, which could introduce errors in the calculations used to inform the proportion of Transmission Owner (TO) revenue collected from Transmission System users.

An approximate total of £1.6 billion in TO revenue will be collected in 2010/11. As 73% of this revenue is collected from Suppliers, an error of only 1% could result in £12m of incorrectly allocated revenue, either collected from the wrong parties or as an over/under recovery of total revenue.

Due to the potential impact of the risks associated with the manual solution, the Transmission Company believes that the minor increase in costs involved in developing an automated solution (the Proposed P260 Solution) is justified. This supports the Group's previous view.

Question 6

As part of this consultation, we have provided additional details of the risks and costs associated with a manual workaround. Taking this into account, do you agree that P260's automated solution is a more appropriate way to provide data to the Transmission Company than a manual option?

The Panel invites you to give your views using the response form in Attachment B.

The Proposer's views on why there is still a defect

Following the presentation of the P260 Assessment Report to the Panel, the Proposer has provided the following explanation of why they believe P260 is still needed to address a defect in the current BSC arrangements – despite the uncertainty over future wider charging work.

The Proposed Modification allows the Transmission Company to progress towards discharging the "best endeavours" obligation placed on it under Standard Licence Condition C13 of its Transmission Licence to "develop and implement" an enduring solution to the small generator discount by 1 April 2011. This licence obligation remains in place.

In addition, through the availability of additional metered data from Supplier BMUs, the Transmission Company will be better able to validate user demand forecasts (as outlined under Section 3.12 of the **CUSC**) and hence more accurately set Transmission Network Use of System (TNUoS) tariffs to collect allowed revenue.

As well as addressing this defect, the Proposer believes that the Alternative Modification also offers extra benefits by providing the additional metered data, at a GSP Group level, to any interested Party.



What is the CUSC?

The Connection and Use of System Code (CUSC) constitutes the contractual framework for connection to, and use of, National Grid's high voltage transmission system.

10 Recommendations



The Panel initially recommends:

- By **majority** that P260 Proposed Modification should not be made;
- By **majority** that P260 Alternative Modification should not be made;
- An Implementation Date for both the Proposed and Alternative Modifications (if either is approved) of:
 - **31 March 2011** if an Authority decision is made by 19 November 2010; or
 - the **Next Available Release**, allowing for a minimum 4 month implementation period, if an Authority decision is made after 19 November 2010.
- The draft BSC legal text contained in Attachment A.

Recommendation

The Panel's initial majority recommendation is that the P260 Proposed and Alternative Modifications should not be made.

11 Modification Group Information

The P260 Modification Group was formed from members of the Volume Allocation Standing Modification Group (VASMG).

Table 1 lists the Terms of Reference considered by the Group, a summary of its conclusions and where in this report you can find details of the Group's discussions/conclusions.

Table 1 – P260 Assessment Procedure Terms of Reference

Area of Terms of Reference	Group's Initial conclusions:	See:
Discuss the transparency of the current TUoS report mechanism	The Group agreed that some of the content of the TUoS report could be made more transparent by making it more widely available on an aggregated basis. This led to the discussion and development of the Alternative Modification.	Section 4
Identify the costs for any manual workarounds	The Group discussed a more manual approach for generating the additional information required by National Grid. However it was not taken forward as the long term costs of this approach were potentially greater and the manual approach could be prone to error as the data would have less rigorous checks than the systems based P0210 file change.	Section 4
Consider any wider Industry issues concerning National Grid receiving the requested data	The Group concluded that there was no reason why the content of the TUoS Report should not be more widely available on an aggregated basis. Hence the development of the Alternative Solution.	Section 4
Consider the effect of P260 on the Applicable BSC Objectives	The Group's unanimous view is that the Alternative solution better facilitates Applicable BSC Objective (c), with some members believing there is some additional benefit under (a).	Section 7
Consider whether an Alternative Modification is required	The Group has developed an Alternative solution, which will make some of the content of the TUoS report more widely available in an aggregated format.	Section 4
Agree the implementation approach for P260	The Group has agreed an implementation approach.	Section 6

Table 2 – P260 Planned Assessment Timetable

Date	Assessment Activity
04 June 2010	National Grid raises P260
10 June 2010	IWA presented to the Panel
07 July 2010	Modification Group meeting 1
26 July 2010	Modification Group meeting 2 (via teleconference)
03 August 2010	ELEXON issues Assessment Phase consultation
17 August 2010	Consultation responses due
24 August 2010	Modification Group meeting 3 (via teleconference)
03 September 2010	ELEXON submits the Group's Assessment Report to the Panel
09 September 2010	ELEXON presents the Group's Assessment Report to the Panel
13 September 2010	ELEXON issues Report Phase consultation
27 September 2010	Consultation responses due
08 October 2010	ELEXON submits the Draft Modification Report to the Panel
14 October 2010	ELEXON presents the Draft Modification Report to the Panel

Table 3 – P260 Modification Group Attendance

Member	Organisation	07/07/2010	26/07/2010 (via teleconference)	24/08/2010
Adam Lattimore	ELEXON (Chairman)	✓	✓	✓
David Barber	ELEXON (Lead Analyst)	✓	✓	✓
Ivo Spreeuwenberg	National Grid (Proposer)	✓	✓	✓
Chris Stewart	Centrica	✓	✓	✓
Paul Mott	EDF Energy	✓	✓	X (confirmed views prior to meeting)
Paul Jones	E.ON UK	✓	✓	✓
Garth Graham	Scottish and Southern Energy	✓	✓	✓
Phil Russell	Independent Consultant	✓	✓	✓
Attendee	Organisation			
Nicholas Brown	ELEXON (Lawyer)	✓	X	X
Mahesh Gogate	ELEXON (Design Authority)	✓	✓	✓
Martin Mate	EDF Energy	X	X	✓

12 Further Information

More information is available in:

Attachment **A**: Legal Text Proposed and Alternative

Attachment **B**: Consultation Questions

Please use the form in Attachment B to submit your consultation response. The Panel invites you to give your views on each of the questions in this form.

You can download further P260 documents [here](#), including the Transmission Company's impact assessment and copies of the full industry responses to the Group's previous Assessment Consultation.