

Draft MODIFICATION REPORT for Modification Proposal P228 'Replace BMRS High Grade Service charge amounts/rates with references to a BSC Website schedule'

Date of Issue: 13 November 2008 **Document Reference:** P228RR
Reason for Issue: For Consultation **Version Number:** 0.1

OVERVIEW AND RECOMMENDATIONS

P228 seeks to:

- 1) Remove the amounts/rates for the Dataline Monthly Charge, TIBCO Set-up Charge and TIBCO Software Support Charge from Annex D-3 of the Balancing and Settlement Code; and
- 2) Replace these with simple Code references to a schedule of amounts/rates which ELEXON will be required to publish on the BSC Website.

The schedule will set out the amounts/rates approved by the Panel from time to time.

The BSC Panel recommends:

- that Proposed Modification P228 should be made;
- an Implementation Date of 1 April 2009 if an Authority decision is received on or before 31 March 2009, or 1 Working Day after an Authority decision if the decision is received after 31 March 2009; and
- the proposed text for modifying the Code, as contained in Appendix 1.

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1 SUMMARY

Why has P228 been raised?

The Panel has raised P228 as a **'housekeeping' Modification Proposal** on ELEXON's recommendation.

Following the Panel's recent decision to amend the amounts/rates levied for the Dataline Monthly Charge, TIBCO Set-up Charge and TIBCO Software Support Charge (see Panel papers [144/10](#) and [146/06](#)), the 'initial' amounts/rates contained in the Code for these charges will be out of date from 1 April 2009.

P228 seeks to resolve this, and cater for any potential further revisions in the future, by removing the amounts/rates from the Code and replacing them with references to a charging schedule which ELEXON will be required to publish on the BSC Website. The schedule will always contain the latest amounts/rates approved by the Panel.

Why will P228 be an improvement over the current arrangements?

The Panel believes that P228 will:

- Reduce any potential uncertainty over the exact amounts/rates in force at a given time;
 - Promote transparency and efficiency; and
 - Thereby better facilitate the achievement of **Applicable BSC Objective (d)** 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.
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What are the costs and impacts?

The implementation costs of P228 are **2 man days** of ELEXON effort (equating to £440) to update the Code/Local Working Instructions and publish the first version of the schedule on the Implementation Date. Ongoing maintenance of the schedule will involve **2.5 man days** (£550) of ELEXON effort per year.

Appendix 1 contains the proposed legal text, which shows the actual changes to the wording of the Code. P228 has no impact on any other industry documents or on any systems.

Participants are not required to take any action as a result of P228, since the schedule published on the Implementation Date will simply contain the amounts/rates which have already been approved by the Panel.

When will P228 be implemented?

The Panel proposes that P228 should be implemented on **1 April 2009** if it is approved on or before 31 March 2009. 1 April 2009 is when the Panel's recent revisions to the charge amounts/rates will become effective. The old amounts/rates shown in the Code will continue to be correct until 31 March 2009.

If P228 is approved after 31 March 2009, the Panel proposes that it should be implemented **1 Working Day** from the date of Ofgem's decision letter.

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2 ISSUE OR DEFECT IDENTIFIED BY P228

At its meeting on 9 October 2008, the Panel agreed with ELEXON's recommendation to revise the amounts/rates levied for the Dataline Monthly Charge, TIBCO Set-up Charge and TIBCO Software Support Charge (see Panel papers [144/10](#) and [146/06](#)). These three charges relate to the provision of the BMRS¹ High Grade Service.

The new amounts/rates agreed by the Panel will become effective on 1 April 2009.

Although Annex D-3 of the Code contains 'initial' amounts/rates for the charges, it allows the Panel to revise these without needing to change the Code itself.² The Code therefore continues to contain the old amounts, which will be out of date from 1 April 2009.

Annex D-3 highlights to participants the possibility that the amounts/rates it contains may be amended at any time. However, this does not help participants determine whether they have actually been revised. This could be confusing (especially for new entrants).

3 P228 SOLUTION

To reduce any potential confusion over the amounts/rates in force at a given time, P228 seeks to:

- 1) **Remove** the amounts/rates (and the specific words relating to these amounts/rates) from the Code for the Dataline Monthly Charge, TIBCO Set-up Charge and TIBCO Software Support Charge; and
- 2) **Replace** these with simple Code references to a schedule which ELEXON will be required to publish on the BSC Website.

The schedule will set out the amounts/rates for these charges as determined by the Panel from time to time.

A copy of the proposed website schedule can be found in Appendix 1. This is provided for information, as the Code will not specify the exact format of the schedule.

Any revisions to the amounts/rates will (as now) require Panel agreement and notification to the industry. The only change introduced by P228 is that the amounts/rates will be published in a schedule that will be referenced in the Code.

4 IMPACTS AND COSTS

Implementation of P228 will require ELEXON to:

- Update the Code in line with the P228 legal text;
- Publish the new charging schedule on the BSC Website;³
- Notify the industry of the new schedule (via Newscast); and
- Update Local Working Instructions to detail the process for maintaining the schedule.

These one-off activities will involve 2 man days of ELEXON effort (equating to £440).

¹ Balancing Mechanism Reporting Service (BMRS).

² See Annex D-3, Section 1.2.

³ ELEXON intends to publish the schedule on the [Market Entry](#) page of the BSC Website. This page already contains an overview of the Section D charges and a spreadsheet enabling participants to calculate the financial impact of the charges on their organisation.

Post-implementation, ELEXON will also be required to update the schedule:

- On an annual basis to reflect the indexation on that year's support element of the Dataline Monthly Charge;⁴ and
- On an ad-hoc basis if TIBCO increases its licence prices.⁵

These operational activities will involve no more than 2.5 man days (£550) of ELEXON effort per year.

P228 has no impact on any other industry documents, on any participants, or on any systems.

5 RATIONALE FOR PANEL'S RECOMMENDATIONS TO THE AUTHORITY

5.1 Panel's Provisional Recommendations

At its meeting on 13 November 2008, the Panel raised P228 and submitted it directly to the Report Phase on the recommendation of ELEXON (see Panel paper [149/04](#)).

At this meeting, the Panel also agreed its provisional recommendations/views as follows:

- P228 will better facilitate the achievement of Applicable BSC Objective (d) by reducing the potential for confusion over the amounts/rates in force, thereby promoting transparency and efficiency;
- P228 should therefore be made;
- The P228 Implementation Date should be 1 April 2009 if an Authority decision is received on or before 31 March 2009, as this will tie the introduction of the website schedule to the effective date of the new charge amounts/rates (until 31 March 2009 the old amounts/rates shown in the Code will continue to be correct);
- If an Authority decision is received after 31 March 2009, then the Implementation Date should be 1 Working Day after an Authority decision in order to minimise any confusion caused by the old amounts/rates remaining in the Code; and
- The draft legal text delivers the intention of the Modification Proposal.

The Panel agreed that removing the details of the High Grade service charges from the Code, and referencing a Charging Schedule, would be a pragmatic change as it provided flexibility for potential future revisions.

The Panel noted that some participants may take comfort from the High Grade Service charges being in the Code as any changes are subject to a robust change process. However, the P228 solution does not alter the mechanism for the way that these charges are revised. Participants are invited to comment as part of the draft Modification Report consultation.

5.2 Results of Report Phase Consultation

[To be completed following the Report Phase consultation]

5.3 Panel's Final Recommendations

[To be completed following the Panel meeting at which the draft Modification Report and Report Phase consultation responses are considered]

⁴ The Panel has agreed the base line support charges and the indexation measures to be used. However, the exact indexed support charge amounts for 2010/11 – 2013/14 will not be known and published until the beginning of the year concerned.

⁵ The Panel has determined that the TIBCO Set-up Charge shall be the TIBCO licence price at the time of purchase, less 10%.

APPENDIX 1: LEGAL TEXT AND WEBSITE SCHEDULE

A copy of the proposed website schedule is included as Attachment 1.

Legal text is provided as Attachment 2.

APPENDIX 2: PROCESS FOLLOWED

Copies of all documents referred to in the table below can be found on the BSC Website at: [Modifications](#).

Date	Event
13/11/08	Modification Proposal raised by the Panel and submitted directly to the Report Phase (see Panel paper 149/04).
14/11/08	Draft Modification Report issued for industry consultation
28/11/08	Report Phase consultation responses returned
11/12/08	Draft Modification Report presented to the Panel
12/12/08	Final Modification Report issued to the Authority for decision

APPENDIX 3: REPORT PHASE CONSULTATION RESPONSES

[To be attached following Report Phase consultation]

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