

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

Request to raise a Modification Proposal

Removal of Main and SVA Specified Charge Amounts from the Code

We are requesting that the BSC Panel raise a Modification Proposal to remove the Main and SVA Specified Charge amounts from the BSC, and replace them with a requirement for ELEXON to publish the current charge amounts on the BSC Website.



ELEXON recommends that:
The attached Modification Proposal is raised and is progressed directly to the Report Phase.



Impact: Low
This Modification will remove any confusion for BSC Parties when determining what BSC Specified Charge amounts/rates are in force.

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Removal of Specified BSC Charge Amounts from the Code

5 March 2010

Version 1.0

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About this document:

This document is a request to raise a Modification Proposal. ELEXON will present this document to the Panel on 11 March 2010. The Panel will consider the recommendations and agree whether to raise the Modification Proposal and how it should be progressed.

If the Panel agree to raise this as a Modification Proposal then this paper should be treated as the Initial Written Assessment (IWA).

Further information is available in the draft Modification Proposal and draft legal text, which are Attachments A and B to this document.



Any questions?

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What is a self-evident change?

The Panel would usually send a change directly to the Report Phase where the Modification Proposal is of a minor or inconsequential nature, and/or where the recommendation which the Panel should make to the Authority on that Modification Proposal would generally be considered to be **self-evident**.

The issue

Specified BSC Charges are levied by the BSC Panel to recover certain ELEXON (BSCCo) costs. There are 3 types of Specified BSC Charges:

- Main Specified Charges;
- An SVA Specified Charge; and
- A Specified NETA Funding Charge

Section D, Annex D-3 of the Code contains details of the amounts/rates for these Specified BSC Charges.

The Panel has the authority to amend the amounts/rates for any of the Main Specified Charges or the SVA Specified Charge without needing to change the Code itself to include the new amounts/rates. Therefore the amounts/rates detailed in the Code are initial amounts/rates and relate to figures used in the BSC Year which ended on 31 March 2002.

Although paragraph 1.2 of Annex D-3 highlights that the amounts/rates shown in the Code are only 'initial', and can be changed by the Panel at any time, it does not help Parties know if the amounts/rates have actually changed or what the current charges are. We publish the latest amounts/rates for each of these Charges on our website¹; however, there is currently nothing in the Code which references this.

Modification P228

In January 2009 the Authority approved Modification Proposal P228 'Replace BMRS High Grade Service charge amounts/rates with references to a BSC website schedule'. P228 removed the amounts/rates shown in the Code for three Main Specified Charges relating to the High Grade Balancing Mechanism Reporting Service (BMRS).

The three charges were replaced with a Code obligation to simply publish the latest amounts/rates approved by the Panel on the BSC Website.

P228 was raised in light of the Panel's earlier decision to amend the actual amounts/rates levied for these charges. It recognised that leaving the old amounts/rates in the Code could cause confusion, since these would have become out of date from 1 April 2009.

Although P228 removed the amounts/rates for three Main Specified Charges from the Code, a number of amounts/rates for other Main Specified Charges and the SVA Specified Charge are still shown in Section D Annex D-3.

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¹ <http://www.elexon.co.uk/participating/costsandcharges.aspx>



What is a self-evident change?

The Panel would usually send a change directly to the Report Phase where the Modification Proposal is of a minor or inconsequential nature, and/or where the recommendation which the Panel should make to the Authority on that Modification Proposal would generally be considered to be **self-evident**.

We recommend that the Panel raise a Modification Proposal to remove the amounts/rates for the remaining 6 Main Specified Charges and the SVA Specified Charge from Annex D-3 of the Code. These charges would be replaced with a requirement to publish the current charge amounts/rates on our website.

The Code would still describe the purpose of these charges, and the Panel would continue to decide the actual charge amounts/rates as now.

To date, the Panel has amended the amounts levied for two of the Specified Charges (the Notified Volume Charge and the SVA Specified Charge). This Modification Proposal will remove any confusion over the current amounts/rates in the Code. It will also remove the potential risk that future amendments to these charges cause further confusion, particularly if Parties assume that the 'initial' numbers in the Code are the latest charges.

Should the Panel decide to raise this as a Modification Proposal, the initial draft BSC legal text is included as Attachment B to this document.

Applicable Objectives

We believe this Modification would better facilitate **Applicable BSC Objective (d)** as:

- It will reduce the potential for confusion over the amounts and rates in force for the Main Specified Charges and the SVA Specified Charge, and will therefore promote transparency and efficiency.

Any confusion caused by the current Code drafting is likely to be greatest among new entrants (or potential new entrants) seeking to understand their financial liabilities under the BSC.

Implementation Approach

If the Panel decide to raise this Modification Proposal it will be a Code-only change, and so we recommend that it is implemented **5 Working Days after an Authority decision to approve**.

3 Proposed Progression

Why direct to Report Phase?

The Panel has the ability to progress a Modification straight to the Report Phase, usually where it considers the Modification Proposal to be self-evident (BSC paragraph F2.2.4).

We are recommending that this Modification proceeds directly to the Report Phase on this basis because:

- It supports the intention of Approved Modification P228 by removing references to 'initial' Specified Charge amounts and rates from the Code to avoid confusion;
- The impact of this Modification Proposal will be minimal: the Specified Charge amounts and rates which currently apply to Parties are those which exist on the BSC Website, not the 'initial' amounts in the Code; and
- If the Modification Proposal is not implemented, this could lead to confusion among Parties.

We therefore recommend that the Panel determines that this Modification Proposal should proceed directly to the Report Phase, pursuant to paragraph F2.2.3(b)(iii) of the Code.

Timetable and Costs

If the Panel agrees to raise this Modification Proposal, and send it directly to the Report Phase, ELEXON will present the Draft Modification Report, together with Report Phase Consultation responses, to the Panel at their meeting on 8 April 2010.

The estimated ELEXON progression costs, based on the proposed timetable, amount to 2.5 man days of effort, equating to £500. There are no other anticipated progression costs.

4 Likely Impacts

Impact on BSC Systems and process

None identified.

Impact on BSC Agent/service provider contractual arrangements

None identified.

Impact on BSC Parties and Party Agents

Low impact. This Modification Proposal would remove any potential for confusion caused by the current Code drafting.

Impact on Transmission Company

None identified.

Impact on ELEXON

Minor effort needed to update the Code and maintain website.

Impact on Code

Code section	Potential impact
Section D Annex D-3	Remove paragraph 1.2, as this becomes redundant once all 'initial' rates/amounts are removed from Annex D-3. Replacement of the 'initial' Main and SVA Specified Charge amounts/rates in 3.1 and 4.1 with a reference to the amounts/rates being published on the BSC Website.

Impact on Code Subsidiary Documents

None identified.

Impact on Core Industry Documents and other documents

None identified.

Impact on other Configurable Items

None identified.

5 Recommendations

We invite the Panel to:

- **NOTE** that the current drafting of Section D Annex D-3 of the Code could lead to confusion among Parties as to the prevailing charge amounts/rates; and
- **AGREE** to raise the Modification Proposal as included in Attachment A.

If the Panel agrees to raise the Modification Proposal, we also invite the Panel to:

- **DETERMINE** that this Modification Proposal progresses directly to the Report Phase;
- **AGREE** a provisional recommendation that the Modification Proposal should be approved;
- **AGREE** a provisional Implementation Date of 5 Working Days after an Authority decision to approve;
- **AGREE** that the draft legal text delivers the intended solution (subject to any consultation responses received during the Report Phase); and
- **AGREE** the timetable such that a Draft Modification Report is completed, issued for consultation, and submitted to the Panel at its meeting on 8 April 2010.