



MODIFICATION REPORT for Modification Proposal P191

Revised Definition of Balancing Mechanism Unit to Include Power Park Module

Prepared by: P191 Modification Group

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This document has been distributed in accordance with Section F2.1.10¹ of the Balancing and Settlement Code.

RECOMMENDATIONS

Having considered and taken into due account the contents of draft P191 Modification Report, the Balancing and Settlement Code Panel recommends:

- **that Proposed Modification P191 should be made;**
- **the P191 Implementation Date of 10 Working Days after an Authority Decision; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

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¹ The current version of the Balancing and Settlement Code (the 'Code') can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being potentially impacted by Modification Proposal P191.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Transmission Company <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>
Interconnector <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Non-Physical Traders <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents		
	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Core Industry Documents
Data Collectors <input type="checkbox"/>	J <input type="checkbox"/>	Grid Code ² <input checked="" type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	K <input checked="" type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
ECVNA <input type="checkbox"/>	L <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	M <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
BSC Agents		
SAA <input type="checkbox"/>	N <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
FAA <input type="checkbox"/>	O <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	Q <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
CDCA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
TAA <input type="checkbox"/>	S <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
CRA <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	U <input type="checkbox"/>	BSCCo
SVAA <input type="checkbox"/>	V <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
BSC Auditor <input type="checkbox"/>	W <input type="checkbox"/>	Other Documents
Profile Administrator <input type="checkbox"/>	X <input checked="" type="checkbox"/>	Transmission Licence <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
MIDP <input type="checkbox"/>		
Other Agents		
SMRA <input type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

X = Identified in Report for last Procedure
N = Newly identified in this Report

Acronyms

Frequently used Acronyms in this document:

BSC – Balancing and Settlement Code

PPM – Power Park Module

TC – Transmission Company

² The Grid Code is not impacted by this Modification Proposal, but makes a direct reference to the definition of Power Park Module in the Grid Code

1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Modification Proposal P191 'Revised definition of Balancing Mechanism Unit to include Power Park Module' ('P191') was raised on 25 July 2005 by RWE npower (the 'Proposer').

1.1.1 Background

The current wording of Section K3.1.4 (a) of the BSC states that a single Balancing Mechanism (BM) Unit may be comprised of any Generating Unit or Combined Cycle Gas Turbine (CCGT) Module which has one or more Metering Systems whose exports are registered in the Central Meter Registration Service (CMRS). As such, each individual wind turbine on a wind farm would qualify as a BM Unit and thus be subject to all procedures associated with BM Units. Parties can apply for non-standard BM Unit configuration(s), however the process of applying for non standard BM Unit configuration entails the Panel³ making a determination on the proposed BM Unit configuration, taking into account any representations by the relevant Party and the electrical configuration of the proposed BM Unit (with the aid of the TC).

1.1.2 Proposed Solution

P191 proposes that Section K3.1.4 (a) of the BSC be amended to allow a single BM Unit to be comprised of a 'Power Park Module' (PPM). In addition, a definition of 'Power Park Module' should be added to Annex X-1 of the BSC which will refer directly to the definition in the Grid Code. The current Grid Code definition is as follows:

"A collection of Non-synchronous Generating Units (registered as a Power Park Module under the Planning Code) that are powered by an Intermittent Power Source, joined together by a System with a single electrical point of connection to the GB Transmission system (or User System if Embedded). The connection to the GB Transmission System (or User System if Embedded) may include a Direct Current Converter."

This definition includes the majority of wind farms⁴. An example of a PPM is shown in Figure 1. Each 'T' represents an individual wind turbine.

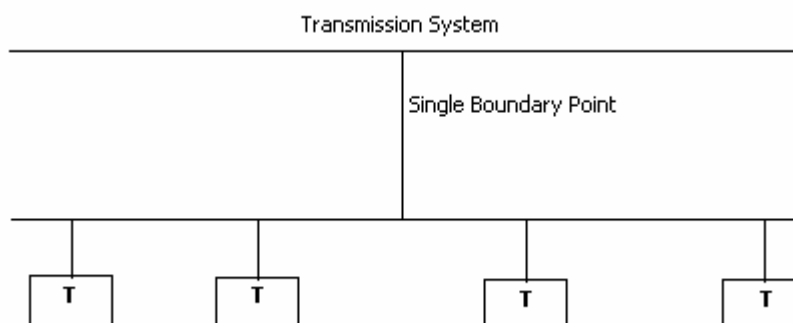


Figure 1: A Power Park Module as defined in the Grid Code

The Proposer believes that allowing PPMs to be registered in the CMRS in this manner would simplify the current administrative arrangements in this area. In addition it is also believed that P191 would align the BSC with the Grid Code which has already been updated to reflect the increasing number of PPMs in the UK.

³ This is currently delegated to the Imbalance Settlement Group (ISG)

⁴ A wind farm could be comprised of multiple Power Park Modules

1.1.3 Modification Process

The P191 Initial Written Assessment was presented to the Panel on 11 August 2005, where it was agreed that P191 would be submitted to the Assessment Procedure, such that an Assessment Report could be presented to the Panel at the 13 October 2005 Panel meeting.

The P191 Modification Group (the 'Group') met for the first time on 23 August 2005. Following the meeting, the views of the Group were captured in the Assessment consultation document and questionnaire which were both sent to industry. The responses to the consultation were discussed at the second and final Group meeting held on 21 September 2005.

The Assessment Report was submitted to the Panel on 13 October 2005, where it was agreed that P191 should proceed to the Report Phase with the recommendation that it be approved. The Panel agreed that a draft Modification Report should be issued for consultation, returning to the Panel for decision on 10 November 2005.

At the Panel meeting of 10 November 2005, the Panel considered the responses to this consultation and confirmed their recommendation that P191 should be approved.

1.2 Proposed Modification

The Group believed that there is an issue with the requirement for generators owning PPMs to apply for non-standard BM Unit status as it is not only inefficient from an administrative point of view, but it may also present a barrier to entry to potential new generators wishing to build PPMs because of the complex registration process and uncertainty over BM Unit configuration.

The solution described in section 1.1.2 has been agreed by the Group to be the Proposed Modification.

1.3 Issues Raised by the Proposed Modification

The following issues were considered during the Assessment of Proposed Modification P191:

- Existing methods of registration for wind farms;
- Quantitative analysis of potential benefits;
- Impact of Grid Code definition;
- Potential Alternative solutions; and
- Legal text drafting

These issues are discussed in the Assessment Report (Annex 3) and are not covered further here.

1.4 Assessment of how the Proposed Modification will Better Facilitate the Applicable BSC Objectives

The Panel unanimously agreed with the Groups view that P191 better facilitates Applicable BSC Objectives:

d) The promotion of efficiency in the implementation and administration of the balancing and settlement arrangements

as P191 would remove the current inefficient requirement for generators to apply for non standard BM Unit configurations in respect of their PPMs; and

c) The promotion of effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;

as P191 removes a potential barrier to entry for generators because of the current complex registration process and a lack of certainty over their BM Unit configurations.

1.5 Modification Group's Cost Benefit Analysis of Proposed Modification

In assessing the Proposed Modification the Group believed that the Proposed Modification would save on average at least 2 man days of BSCCo effort per standard BM Unit application being made by PPMs. The Group noted that the implementation costs cover BSC amendments and updates to internal documentation.

1.6 Alternative Modification

There was no Alternative Modification developed by the Group.

1.7 Governance and Regulatory Framework Assessment

There is no impact on the Governance and Regulatory Framework.

2 COSTS⁵

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£ 1,000
Legal/expert Cost	£ 0
Impact Assessment Cost	£ 3,000
ELEXON Resource	25 Man days equating to £ 4,560

IMPLEMENTATION COSTS

	Stand Alone Cost	P191 Incremental Cost	Tolerance
ELEXON Implementation Resource Cost	5 Man days £ 1000	5 Man days £ 1000	+/- 0%
Total Implementation Cost	£ 1000 ⁶	£ 1000	+/- 0%

⁵ Clarification of the meanings of the cost terms in this section can be found in annex 7 of this report

⁶ Please note that 2 additional man days have been added to the implementation cost to the figure which was in the P191 Assessment Report, to account for amendments made to the BSC.

ONGOING SUPPORT AND MAINTENANCE COSTS

There are no ongoing support and maintenance costs.

3 RATIONALE FOR PANEL'S RECOMMENDATIONS

3.1 Panel Discussion

3.1.1 Panel Discussion of Assessment Report

One Panel Member felt any Modification which could potentially increase the efficiency in which BM Units could be registered was welcomed. The member felt that the estimated two days of effort that could be saved per non standard BM Unit application not being made under P191 was understated. The member stated that from the experience of processing a non standard BM Unit application, each application could potentially take far longer than two days to progress.

The member also raised a concern that there was no specific input into the Assessment Report from Distribution Network Operators (DNOs), and felt that they should be specifically asked to comment on the Proposed Modification when the draft Modification Report is sent for industry consultation.

The Panel noted that the Transmission Company were present at the Modification Group meetings and that they were supportive of the Proposed Modification.

3.1.2 Panel Discussion of draft Modification Report

The Panel noted that BSCCo had contacted DNOs to comment on the draft Modification Report consultation and that the representatives who had responded were supportive of P191. The Panel also noted that the Panel DNO representative supported the Panel's views on P191 because of the efficiency savings for embedded generators owning PPMs and because of a removal of a potential barrier to entry for embedded generation.

The Panel noted that the respondent to the Assessment Report consultation who disagreed with P191 did not respond to the draft Modification Report consultation.

3.2 Panel Recommendation

The Panel unanimously believed that Proposed Modification P191 would better facilitate the achievement of Applicable BSC Objectives c) and d), and should be approved for the reason outlined by the Group in section 1.4.

The Panel unanimously agreed that the recommended Implementation Date for Proposed Modification P191 should be 10 Working Days after an Authority decision is made. The Panel also agreed the legal text.

4 IMPACT ON BSC SYSTEMS AND PARTIES

An assessment has been undertaken in respect of BSC Systems and Parties and the following area has been identified as potentially being impacted by the Proposed Modification.

4.1 BSCCo

P191 does not impact any BSC Systems. BSCCo internal procedures and guidance documentation will need to be updated by the relevant teams to recognise the P191 baseline.

Service Delivery has indicated that if implemented, P191 will not increase the department workload but would reduce the bureaucracy associated with registering PPMs as BM Units and may result in a reduced number of non-standard BM Unit applications. It is estimated that 2 man days effort could be saved per application made, if P191 were approved.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

Item	Potential Impact of Proposed Modification
K	Section K will need to allow a BM Unit to be comprised of a Power Park Module
X	Annex X-1 will need to define the term 'Power Park Module' as defined in the Grid Code.

5.2 Code Subsidiary Documents

No impact identified.

5.3 BSCCo Memorandum and Articles of Association

No impact identified

5.4 Impact on Core Industry Documents and Supporting Arrangements

No impact has been identified. The BSC will directly reference the Grid Code definition of a PPM.

6 SUMMARY OF CONSULTATIONS

A consultation on the draft Modification Report was issued to the industry on 17 October 2005 with responses due on 28 October 2005. 7 responses were received, representing 40 Parties. The responses may be seen in full in annex 5 of this document.

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you agree with the Panel's views on P191 and the provisional recommendation to the Authority contained in the draft Modification Report that P191 should be made?	7 (40)	0	0
Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	7(40)	0	0
Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P191?	7(40)	0	0

The Report Phase consultation responses contained no new arguments in addition to those previously expressed during the Assessment Procedure. The respondents indicated that they supported P191 as it better facilitated Applicable BSC Objectives c) and d) for the reasons outlined in the draft Modification Report. All respondents agreed with the recommendations in the draft Modification Report, and that the draft legal text addresses the issues identified in the report.

There were two responses representing three Distribution Network Operators, both of which agreed with the Panel's views on P191.

The Panel noted the unanimous support from respondents for the Proposed Modification, and for the draft legal text and Implementation Date.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

The TC analysis (See Annex 4 of the P191 Assessment Report (Annex 3)) on P191 has revealed the following points:

- No impact has been identified from the Proposed Modification on the ability of the TC to discharge its obligations under the Transmission Licence;
- The TC believes that P191 would better facilitate Applicable BSC Objective d);
- No impact has been identified on the computer systems of the TC;
- No costs have been identified as a result of the implementation of the Proposed Modification;
- The proposed amendment will enable the current Grid Code definition of "Power Park Module" to be reflected in the BSC and no consequential changes on Core Industry Documents have been identified;
- There are currently over 250 Connection Offers from wind farms, which may not all come to fruition. Of these 80 are proposed to be directly connected and approximately 60 are expected to elect to enter into a Bilateral Embedded Generation Agreement (BEGA) and will need to register their PPMs as BM Units; and
- Of the 250+ wind farms National Grid has Connection Offers for, between 15 and 20 may have connections similar to the Blacklaw configuration.

7.2 Comments and Views of the Panel

The Panel had no comments on the Transmission Company analysis.

8 SUMMARY OF EXTERNAL ADVICE

No external advice was sought.

9 IMPLEMENTATION APPROACH

The recommended Implementation Date of P191 is 10 Working Days following an Authority decision if approved.

It is proposed that Parties could make applications to register their PPMs as BM Units prior to the P191 Implementation Date if it is approved.

If a BM Unit registration is received prior to the P191 Implementation Date but after P191 has been approved, with a registration Effective From Date which occurs after the P191 Implementation Date, (and the configuration matched that of a PPM), the Party would not be requested to complete the non-standard BM Unit configuration approval process, as the BM Unit would be considered standard for the purposes of the BSC from the time it is due to be registered.

A BM Unit registration (with the same configuration) received prior to the P191 Implementation Date with an Effective From Date which occurs prior to the P191 Implementation Date would need to go through the non-standard process, as at the time of registration the BM Unit would be non-standard for the purposes of the BSC.

10 DOCUMENT CONTROL

10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	13/10/05	Sakib Azam	Sarah Jones	Initial Review
0.2	17/10/05	Sakib Azam	Consultation	Industry Consultation
0.3	28/10/05	Sakib Azam	Sarah Jones	Technical Review
0.4	31/10/05	Sakib Azam	Martin Thompson	Quality Review
0.5	04/11/05	Sakib Azam	Panel	Panel Decision
1.0	11/11/05	Sakib Azam	Authority	Authority Decision

ANNEX 1 LEGAL TEXT

Attachment 1 contains the legal text for Proposed Modification P191

ANNEX 2 MODIFICATION GROUP DETAILS

Member	Organisation	Email	23/8	21/9
Ben Willis	RWE npower (Proposer)	ben.willis@npower.com	✓	✓
Thomas Bowcutt	ELEXON (Chairman)	thomas.bowcutt@elexon.co.uk	✓	✓
David White	ELEXON (Lead Analyst)	david.white@elexon.co.uk	✓	n/a
Sakib Azam	ELEXON (Lead Analyst)	Sakib.azam@elexon.co.uk	n/a	✓
Andrew Colley	Scottish & Southern	Andrew.colley@scottish-southern.co.uk	✓	✓
Man Kwong Liu	SAIC	MAN.KWONG.LIU@saic.com	X	X
Steve Drummond	EDF Trading	steve.drummond@edftrading.com	X	X
Stephen Moore	EDF Energy	Stephen.Moore@edfenergy.com	✓	X
Danielle Lane	Centrica	danielle.lane@centrica.co.uk	✓	✓
Ian Calvert	British Sugar	icalvert@britishsugar.co.uk	✓	X
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David Lane	Clear Energy	david@clearenergy.co.uk	✓	✓
David Lewis	EDF Energy	David.Lewis@edfenergy.com	✓	✓
Mark Duffield	National Grid	mark.duffield@ngtuk.com	✓	✓

Attendee	Organisation	Email		
Richard Hall	Ofgem	richard.hall@ofgem.gov.uk	✓	✓
Richard Dunn	National Grid	richard.dunn@ngtuk.com	✓	X
Melanie Henry	ELEXON (Lawyer)	melanie.henry@elexon.co.uk	✓	✓

ANNEX 3 ASSESSMENT REPORT

Attachment 2 contains the Assessment Report for P191.

ANNEX 4 CLARIFICATION OF COSTS

There are several different types of costs relating to the implementation of Modification Proposals. ELEXON implements the majority of Approved Modifications under its CVA or SVA Release Programmes. These Programmes incur a base overhead which is broadly stable whatever the content of the Release. On top of this each Approved Modification incurs an incremental implementation cost. The table of

estimated costs of implementing the Proposed/Alternative Modification given in section 2 of this report has three columns:

- **Stand Alone Cost** – the cost of delivering the Modification as a stand alone project outside of a CVA or SVA Release, or the cost of a CVA or SVA Release with no other changes included in the Release scope. This is the estimated maximum cost that could be attributed to any one Modification implementation.
- **Incremental Cost** - the cost of adding that Modification Proposal to the scope of an existing release. This cost would also represent the potential saving if the Modification Proposal was to be removed from the scope of a release before development had started.
- **Tolerance** – the predicted limits of how certain the cost estimates included in the template are. The tolerance will be dependent on the complexity and certainty of the solution and the time allowed for the provision of an impact assessment by the Service Provider(s).

The cost breakdowns are shown below:

PROGRESSING MODIFICATION PROPOSAL	
Meeting Cost	This is the cost associated with holding Modification Group meetings and is based on an estimate of the travel expenses claimed by Modification Group members.
Legal/expert Cost	This is the cost associated with obtaining external expert advice, usually legal advice.
Impact Assessment Cost	Service Provider Impact Assessments are covered by a pre-determined monthly contractual charge. Therefore the cost included in this report is an estimate based on the level of impact assessment that the modification is expected to require and may not reflect the actual cost attributed to the modification, which will be based on a percentage of the contractual impact assessment costs for each month that it is assessed.
ELEXON Resource	This is the ELEXON Resource requirement to progress the Modification Proposal through the Modification Procedures. This is estimated using a standard formula based on the length of the Modification Procedure.

TOTAL DEMAND LED IMPLEMENTATION COSTS
This is calculated as the sum of the total Service Provider(s) Cost and the total Implementation Cost. The tolerance associated with the Total Demand Led Implementation Cost is calculated as the weighted average of the individual Service Provider(s) Costs and Implementation Costs tolerances. This tolerance will be rounded to the nearest 5%.
ELEXON IMPLEMENTATION RESOURCE COSTS
Cost quoted in man days multiplied by project average daily rate, which represents the resources utilised by ELEXON in supporting the implementation of the release. This cost is typically funded from the "ELEXON Operational" budget using existing staff, but there may be instances where the total resources required to deliver a release exceeds the level of available ELEXON resources, in which case

additional Demand Led Resources will be required.

The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.

ANNEX 5 CONSULTATION REPONSES

Attachment 3 contains the responses to the draft Modification Report consultation.