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The National Grid Company, BSC Signatories and
Other Interested Parties

17 December 2004

Our Ref: MP No P168

Dear Colleague,

**Modification to the Balancing and Settlement Code ("BSC") - Decision and notice in relation to
Modification Proposal P168 "Publication of BMU GC and DC values on ELEXON website"**

The Gas and Electricity Markets Authority (the "Authority")¹ has carefully considered the issues raised in the Modification Report² in respect of Modification Proposal P168, "Publication of BMU GC and DC values on ELEXON website".

The BSC Panel (the "Panel") recommended to the Authority that:

- Proposed Modification P168 should be made; and
- An Implementation Date for Proposed Modification P168 of 10 Working Days after the Authority's decision;

Having carefully considered the Modification Report and the Panel's recommendation and having regard to the Applicable BSC Objectives³ and the Authority's wider statutory duties,⁴ the Authority has decided not to direct a Modification to the BSC.

This letter explains the background and sets out the Authority's reasons for its decision.

¹ Ofgem is the office of the Authority. The terms "Ofgem" and "the Authority" are used interchangeably in this letter.

² ELEXON document reference P166MR, Version No. Final/1.0, dated 18 May 2004

³ The Applicable BSC Objectives, as contained in Standard Condition C3 (3) of NGC's Transmission Licence, are:

- a) the efficient discharge by the licensee of the obligations imposed upon it by this licence;
- b) the efficient, economic and co-ordinated operation by the licensee of the licensee's transmission system;
- c) promoting 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;
- d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements
- e) the undertaking of work by BSCCo (as defined in the BSC) which is:
 - (i) necessary for the timely and effective implementation of the proposed British Electricity Trading and Transmission Arrangements (BETTA); and
 - (ii) relevant to the proposed GB wide balancing and settlement code;and does not prevent BSCCo performing its other functions under the BSC in accordance with its objectives.

⁴ Ofgem's statutory duties are wider than the matters that the Panel must take into consideration and include amongst other things a duty to have regard to social and environmental guidance provided to Ofgem by the government.

This letter constitutes notice by the Authority under section 49A Electricity Act 1989 in relation to the direction.

Background

Generation Capacity (GC) and Demand Capacity (DC) values are currently received by BSCCo's Trading Operations Market Analysis System (TOMAS) from the Central Registration Agent (CRA), as part of the CRA-I020 data flow (Operations Registration Report). These values had previously been published by BSCCo on the BSC Website following NETA GO-Live, but were withdrawn in December 2003 following legal advice that the data falls within the category of Confidential Information under the Balancing and Settlement Code (BSC) and may not be disclosed by BSCCo.

SmartestEnergy, the Proposer, raised Modification Proposal P168 on 27 July 2004. The Proposer argued that making GC and DC values available would aid market analysis, furthering openness and transparency of the electricity market.

The P168 Initial Written Assessment was presented at the Panel Meeting of 12 August 2004. The Panel determined that P168 should be submitted to a one month Assessment Procedure by a new Modification Group composed of members of the Governance, Settlement and Volume Allocation Standing Modification Groups (the Group). The Group met twice during the Assessment Procedure on 16 August and 1 September 2004. At its meeting on 2 September the Panel agreed the Assessment Procedure for P168 should be subject to a GB consultation following BETTA Go-Active and accordingly extended the consultation period by one month. The Group held its last meeting in 22 September, following the GB consultation.

Modification Proposal P169 "Publication of BMU Names on Elexon website" was also raised by SmartestEnergy on 27 July 2004. The defect identified in P169 was similar to that of P168 and so the Panel agreed that both Proposals should be considered by the same Modification Group but requested that the P168 discussions should focus only on developing the solution for publishing GC and DC values and with any broader issues relating to confidential information or data publication to be considered under P169.

The Modification Proposal

In accordance with section V4.2.3 of the Code, the BSCCo currently publishes the Party Name and Identification Number of each BM Unit. This information is extracted from the CRA-I020 flow received by TOMAS and published on the BSCCo Website, on the Registered BMU spreadsheet.

The Group developed a Proposed Modification such that V4.2.3 would be amended to add GC and DC values to the list of information required to be published on the BSCCo Website. It was confirmed that data published under Section V is not regarded as Confidential Information for the purposes of Section H4.2 of the BSC Code.

BSCCo would therefore be required to additionally extract GC and DC values from the CRA-I020 flow, and publish them as part of the existing 'Registered BMU' spreadsheet. The Group agreed that the 'Registered BMU' spreadsheet should continue to be updated on a weekly basis.

The unanimous view of the Group was that Proposed Modification P168 would enhance Applicable BSC Objective (c) as compared to the current Code baseline in that it would promote transparency of the market; help Parties in monitoring their own data and aid participants in undertaking market analysis.

The Group also considered that lack of transparency of the data could potentially act as a barrier to participation in the market – particularly for small players and new entrants who might not have the resources or knowledge needed to derive the information from other existing sources.

The Group noted that this solution would reinstate the format and frequency under which GC and DC values had previously been published prior to their withdrawal from the website.

The Group acknowledged that if Alternative Modification P169 was approved then it would deliver the benefit of both P168 and Proposed Modification P169 at no extra cost, and would also go further towards achieving a fully transparent market and facilitating competition.

Responses to ELEXON Consultation

Four responses were received to the ELEXON consultation. All four responses (representing 35 Parties) expressed support for the Proposed Modification.

All respondents considered that publishing GC and DC values would increase the transparency of the market and thereby better facilitate competition and BSC Code objective (c).

All respondents agreed with the Panels provisional recommendation to the Authority that Proposed Modification P168 should be made.

One respondent expressed a preference for the approval of P169 Alternative Modification compared to Proposed Modification P168.

The respondents' views are summarised in the Modification Report for Modification Proposal P168, which also includes the complete text of all respondents' replies.

Panel's recommendation

The Panel considered the P168 Assessment Report at its meeting on 14 October 2004.

The Panel unanimously recommended that the Authority should approve the Proposed Modification and that, if approved, the Proposed Modification should be implemented 10 Working Days after the Authority's decision.

The Panel agreed the Modification would aid Parties in monitoring their own data, and participants in undertaking market analysis. They also agreed that lack of transparency of the data could potentially act as a barrier to participation in the market – particularly for small players and new entrants who might not have the resources or knowledge needed to derive the information from other existing sources.

The Panel also acknowledged a preference for Alternative Modification P169, which if approved would negate the need for P168.

Ofgem's view

Ofgem has carefully considered P168 in the context of the Modification Report for the Proposed Modification, the Panel's recommendation, the Applicable BSC Objectives and its own Statutory Duties.

The Authority issued a letter formally approving Alternative Modification P169 on 17 December 2004 which addressed the publication of a wider range of data including GC and DC values. Therefore Ofgem considers that as a result of this letter P168 has been rendered redundant and the implementation of P168 would not contribute to the better facilitation of the Applicable BSC Objectives, and as such the Authority has determined it appropriate to reject Proposed Modification P168.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. Simpson', written over a horizontal line.

Nick Simpson
Director, Modifications

Signed on behalf of the Authority and authorised for that purpose by the Authority