

Draft MODIFICATION REPORT for Modification Proposal P165

Housekeeping Modification – Removal of Approved Modification P125

Prepared by: ELEXON

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

RECOMMENDATIONS

The Balancing and Settlement Code Panel recommends:

- **that Proposed Modification P165 should be made;**
- **the P165 Implementation Date of 10 working days after an Authority decision;**
and
- **the proposed text for modifying the Code, as set out in the draft Modification Report.**

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¹ The current version of the Balancing and Settlement Code (the 'Code') can be found at www.elexon.co.uk/ta/bscrel_docs/bsc_code.html

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being potentially impacted by Modification Proposal P165.

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

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

1.1 Modification Proposal

Modification Proposal P165 'Housekeeping Modification – Removal of Approved Modification P125' (P165) was raised on 23 February 2004 by the BSC Panel, on the recommendation of ELEXON. P165 seeks to remove the legal text of Approved Modification P125 from the Balancing and Settlement Code.

1.2 Proposed Modification

Modification Proposal P125 (Apportionment of the Scottish Interconnector flows to the Northern and North West GSP Groups for the purposes of calculating losses) (P125) was raised to supplement the then Approved Modification P82 (Introduction of Zonal Transmission Losses on an Average Basis) ('P82'), and was approved by the Authority on 8 August 2003 with an Implementation Date of 1 April 2004. However, P82 was rejected by the Authority on 30 January 2004 which leaves Approved Modification P125 supplementing parts of the Code that no longer exist.

P165 seeks to remove the legal text introduced by P125 from the Code in accordance with Section F 2.1.1(d)(iv), which states that the Panel can raise a Housekeeping Modification to "rectify manifest errors in or to correct minor inconsistencies (or make other minor consequential changes) to the Code". The inclusion of P125 legal text would create a number of manifest errors and minor inconsistencies as the text would not be operationally feasible or meaningful in the absence of P82.

1.3 Issues raised by the Proposed Modification

The following issues were considered during the Assessment of Proposed Modification P165:

- Assessment against the Applicable BSC Objectives;
- Exact form of the timeliness criteria;
- Exact nature of the materiality criterion;
- Definition of the 'trigger';
- Inclusion of an 'exception clause';
- Legal text drafting; and
- Implementation Date.

These issues are discussed in the Assessment Report and are not covered further here.

1.4 Assessment of how the Proposed Modification will better facilitate the Applicable BSC Objectives

P165 was raised by the BSC Panel in accordance with section F2.1.1(d)(iv) of the Code to rectify manifest errors, to correct minor inconsistencies, and make other minor consequential changes to the code. The Panel believe that P165 would better facilitate BSC Objective (d):

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

1.5 Alternative Modification

There is no Alternative Modification.

2 COSTS²

PROGRESSING MODIFICATION PROPOSAL

Demand Led Cost	£ 0
ELEXON Resource	Man days 10 £ 2000

IMPLEMENTATION COSTS

		Stand Alone Cost	P165 Incremental Cost	Tolerance
Service Provider³ Cost	Change Specific Cost	£ 0	£ 0	0
	Release Cost	£ 0		0
	Incremental Release Cost	£ 0	£ 0	0
	Total Service Provider Cost	£ 0	£ 0	0
Implementation Cost	External Audit	£ 0	£ 0	0
	Design Clarifications	£ 0	£ 0	0
	Additional Resource Costs	£ 0	£ 0	0
	Additional Testing and Audit Support Costs	£ 0		0
Total Demand Led Implementation Cost	£ 0	£ 0	0	

² Clarification of the meanings of the cost terms in this section can be found in annex 3 of this report

³ BSC Agent and non-BSC Agent Service Provider and software Costs

ELEXON Implementation Resource Cost		Man days 5 £ 2000	Man days £ 0	0 0
Total Implementation Cost		£ 2000	£ 0	0

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P165 Incremental Cost	Tolerance
Service Provider Operation Cost	£ 0 p.a	£ 0 p.a	0
Service Provider Maintenance Cost	£ 0 p.a	£ 0 p.a	0
ELEXON Operational Cost	£ 0 p.a	£ 0 p.a	0

3 RATIONALE FOR PANEL'S RECOMMENDATIONS

P165 seeks to remove the legal text of Approved Modification P125. The inclusion of P125 legal text would create a number of manifest errors and minor inconsistencies as the text would not be operationally feasible or meaningful in the absence of P82.

The Panel believes that P165 would better facilitate the achievement of Applicable BSC Objective (d), of the Applicable BSC Objectives contained in Condition 7A of the Transmission Licence. P165 would remove a source of potential error and would increase efficiency therefore meeting Applicable BSC Objective (d) - '*promoting efficiency in the implementation and administration of the balancing and settlement arrangements*'. The proposal has no impact on any of the other objectives.

4 IMPACT ON BSC SYSTEMS AND PARTIES

The suggested changes have no systems impact. The effect of the changes is to increase efficiency in the administration of BSC processes and, accordingly, they have been raised under BSC C3.8.8 with a view to better achieving the objective in Condition 7A(3)(d).

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

An initial assessment has been undertaken in respect of all Sections of the Code and the following Sections have been identified as potentially being impacted by the Modification Proposal.

Item	Potential Impact of Proposed Modification
Section T	Changes to address manifest errors
Section X Annex X-2	Changes to address manifest errors

5.2 Code Subsidiary Documents

No impacts have been identified.

5.3 BSCCo Memorandum and Articles of Association

No impact identified.

5.4 Impact on Core Industry Documents and supporting arrangements

No impact identified.

6 SUMMARY OF CONSULTATIONS

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you agree with the Panel's views on P165 and the provisional recommendation to the Authority contained in the draft Modification Report that P165 should be made?			
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?			
Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P165?			
Do you believe that there are any impacts that have not been highlighted?			

6.1 Summary of the consultation responses

[To be inserted after industry consultation]

6.2 Comments and views of the Panel

[Include commentary agreed by the Panel on the views of the consultees. This should set out majority/minority views if necessary.]

7 SUMMARY OF EXTERNAL ADVICE

No external advice sought.

8 IMPLEMENTATION APPROACH

The changes will be implemented 10 working days after the Authority's decision.

9 DOCUMENT CONTROL

9.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	16/03/04	Adam Lattimore	David Osborne	

ANNEX 1 DRAFT LEGAL TEXT

SECTION T (version 11.0 including all Approved Modifications awaiting implementation)

Delete all text in paragraph 4.1 of Annex T-2

- ~~4.1 (a) (i) it~~
- ~~(ii) for the purposes of calculating TLFs for Interconnector BM Units associated with the Interconnector connecting the Transmission System to transmission systems in Scotland, the single additional Zone (not comprising any geographical area) in respect of which the TLFs shall be calculated by reference to:~~
- ~~(1) the Zonal TLF calculated in accordance with paragraph 7 for such other Zones as determined by the Panel; and~~
- ~~(2) the factor to be applied to each such Zonal TLF as determined by the Panel.~~
- ~~(b) (or in relation to)~~
- ~~(s)~~
- ~~(or in relation to)~~
- ~~(d) described in paragraph 4.1(a)(i)~~

Delete all text in paragraph 4.3 of Annex T-2:

- ~~4.3 (a) (i) and other than the Volume Allocation Unit that represents the Interconnector connecting the Transmission System to transmission systems in Scotland,~~
- ~~(ii) for the Volume Allocation Unit that represents or best represents the Interconnector connecting the Transmission System to transmission systems in Scotland, the Node which represents or best represents the Volume Allocation Unit or (as the case may be) the Boundary Point(s) at which that Volume Allocation Unit is connected to the Transmission System (it being recognised that one Node may represent several such points) and the proportion of such representation:~~
- ~~i~~
- ~~provided that no Node shall lie in the Zone described in paragraph 4.1(a)(ii):~~
- ~~and (iii)~~
- ~~-~~
- ~~(v)~~
- ~~i~~

~~(3) Interconnector BM Units associated with the Interconnector connecting the Transmission System to transmission systems in Scotland shall be deemed to lie in the Zone described in paragraph 4.1(a)(ii);~~

~~(v) the Zones to be used for the purposes of the calculation of the Zonal TLF for the Zone described in paragraph 4.1(a)(ii); and~~

~~(vi) the factor to be applied to each of the Zonal TLFs for each of the Zones referred to in paragraph (v);~~

(b) any

~~any change to the proportion referred to in sub-paragraph (ii) of paragraph 4.3(a) and any changes in the Zones or factors referred to in paragraph (a)(iv) and (v);~~

.

Delete all text in paragraph 4.4 of Annex T-2:

4.4 s

~~and (iii)~~

Delete all text in paragraph 7.3 of Annex T-2:

~~7.3 (described in paragraph 4.1(a)(i))~~

~~for Zones established in accordance with paragraph 4.1(a)(i);~~

Delete all text in paragraph 7.4 of Annex T-2:

~~7.4 (described in paragraph 4.1(a)(i))~~

Delete all text in paragraph 7.5 of Annex T-2:

~~7.5 (described in paragraph 4.1(a)(i))~~

Delete all text in paragraph 7.6 of Annex T-2:

~~7.6 For each BSC year BSCCo shall:~~

~~(a) determine the Adjusted Annual Zonal TLF (ATLF^{Z,y}) for the Zone (described in paragraph 4.1(a)(ii)) according to the following formula:~~

$$\text{ATLF}_{Z,y} = \sum_z P_{nz} \cdot \text{ATLF}_{Z,y}$$

~~where:~~

~~\sum_z is summation by Zone as provided in the network mapping statement.~~

~~P_{nz} is the weighting factor (described in paragraph 4.3(a)(ii) and shall be equal to the proportion of the Volume Allocation Unit that flows into a Node(s) within a relevant Zone;~~

~~(b) not later than three Business Days prior to 1st December in the preceding BSC Year, send such Adjusted Annual Zonal TLF to the TLFA.~~

Delete all text paragraph 7.7 of Annex T-2:

~~7.7 and $ATLF_{zy}$~~

SECTION X Annex X-2 (version 15 including all Approved Modifications awaiting implementation)
Delete the following definitions from Table X – 2 of Annex X – 2:

Defined Term	Acronym	Units	Definition/Explanatory Text
Adjusted Annual Zonal TLF	$ATLF_{zy}$		The factor determined in accordance with Annex T-2.
Annual Zonal TLF	TLF_{zy}		The factor determined in accordance with Annex T-2.
Nodal TLF	TLF_{nj}		The factor specified in Annex T-2.
Zonal TLF	TLF_{nj}		The factor determined in accordance with Annex T-2.

ANNEX 2 CONSULTATION RESPONSES

ANNEX 3 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. In order to give Stakeholders a feel for the estimated cost of implementing an Approved Modification the templates shown in Attachment 1 have 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	
Demand Led Cost	This is the third party cost of progressing a Modification Proposal through the Modification Procedures in accordance with Section F of the Code. Service Provider Impact Assessments are covered by a contractual charge and so the Demand Led cost will typically be zero unless external Legal assistance or external consultancy is required.
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.

SERVICE PROVIDER⁴ COSTS	
Change Specific Cost	Cost of the Service Provider(s) Systems development and other activities relating specifically to the Modification Proposal.
Release Cost	Fixed cost associated with the development of the Service Provider(s) Systems as part of a release. This cost encompasses all the activities that would be undertaken regardless of the number or complexity of changes in the scope of a release. These activities include Project Management, the production of testing and deployment specifications and reports and various other standard release activities.
Incremental Release Cost	Additional costs on top of base Release Costs for delivering the specific Modification Proposal. For instance, the production of a Test Strategy and Test Report requires a certain amount of effort regardless of the number of changes to be tested, but the addition of a specific Modification Proposal may increase the scope of the Test Strategy and Test Report and hence incur additional costs.

IMPLEMENTATION COSTS	
External Audit	Allowance for the cost of external audit of the delivery of the release. For CVA BSC Systems Releases this is typically estimated as 8% of the total Service Provider Costs, with a tolerance of +/- 20%. At present the SVA Programme does not use an external auditor, so there is no External Audit cost associated with an SVA BSC Systems Release.
Design Clarifications	Allowance to cover the potential cost of making any amendments to the proposed solution to clarify any ambiguities identified during implementation. This is typically estimated as 5% of the total Service

⁴ A Service Provider can be a BSC Agent or a non-BSC Agent, which provides a service or software as part of the BSC and BSC Agent Systems. The Service Provider cost will be the sum of the costs for all Service Providers who are impacted by the release.

	Provider Costs, with a tolerance of +/- 100%.
Additional Resource Costs	<p>Any short-term resource requirements in addition to the ELEXON resource available. For CVA BSC Systems Releases, this is typically only necessary if the proposed solution for a Modification Proposal would require more extensive testing than normal, procurements or 'in-house' development.</p> <p>For SVA BSC Systems Releases, this will include the management and operation of the Acceptance Testing and the associated testing environment.</p> <p>This cost relates solely to the short-term employment of contract staff to assist in the implementation of the release.</p>
Additional Testing and Audit Support Costs	<p>Allowance for external assistance from the Service Provider(s) with testing, test environment and audit activities. Includes such activities as the creation of test environments and the operation of the Participant Test Service (PTS). For CVA BSC Systems Releases, this is typically estimated as £40k per release with at tolerance of +/-25%. For SVA BSC Systems Releases this is estimated on a Modification Proposal basis.</p>

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.

ONGOING SUPPORT AND MAINTENANCE COSTS

ELEXON Operational Cost	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
Service Provider Operation Cost	Cost in £ per annum payable to the Service Provider(s) to cover staffing requirements, software or hardware licensing fees, communications charges or any hardware storage fees associated with the ongoing operation of the revised systems and processes.

Service Provider Maintenance Cost	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems.
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