

Modification Proposal

MP No: 154
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Rectification of Inconsistencies in the Application of BSC Change Management Processes

Submission Date (mandatory by proposer): 1 December 2003

Description of Proposed Modification (mandatory by proposer):

- 1) Modify section F of the Code to clarify that the BSC Change Management Procedure should be followed for all changes to Code Subsidiary Documents including those which are related to a Modification Proposal;
- 2) Bring other related documents imposing rights or obligations, e.g. test scripts referred to in BSCPs, within the scope of the Change Management process.

Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by proposer):

Because they relate to the detailed functionality of the systems and business processes of Parties and their Party Agents, changes to Code Subsidiary Documents and other documents referred to in the latter can often have a much more significant impact on Parties (and ultimately on customers, in terms of costs) than changes to the Code itself. There are various provisions in the Code which define or constrain the process to be followed for the creation or modification of Code Subsidiary Documents and other requirements, and the responsibilities of BSCCo in this (the principal ones are reproduced in the Attachment at the end of this Modification Proposal).

The issue is that BSCCo appears to have been interpreting the Code requirements as meaning that:

- 1) Code Subsidiary Document changes raised "in the footsteps of" a Modification Proposal do not have to be subject to the normal Change Management procedures (in particular, BSCP 40) or (in those cases where new requirements are identified subsequent to the consideration of the original Modification Proposal) the raising of a new Modification Proposal.
- 2) Other additional requirements do not have to be subject to any formal and transparent change management process or necessarily have to be approved by the Panel or a Panel Committee.

In particular, the following key procedural steps, which are important to the transparency of the process, do not always appear to have taken place at the time envisaged in the Change Management procedure or at all:

- Raising Change Proposal
- Publication of CP on BSC Website
- Updating of Change Register
- Presentation of Change Proposal to Panel Committee for decision
- Presentation of revised Code Subsidiary Documents (or other documents) to Panel Committee for approval and confirmation of Implementation/Effective Date. (This is crucial because it is the Code Subsidiary Documents which formally define the detailed requirements and may determine the time required for implementation. This may have a significant impact on the case for an associated Modification Proposal or its implementation timescale, and therefore really needs to take place before the Panel finalises its Report on such Modification.)

Recent examples of this problem include:

- Modification P99 – Development of/changes to the PARMS Calculation Guidelines, which have not been subject to the Change Management procedure although are actually part of BSCP533, and which were

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found to be defective at a late stage when they were "issued" by BSCCo just prior to the placing of the new PARMS software development contract.

- Document changes "in the footsteps of" Modification P62 – Specifically the TA Change Compliance document, imposing significant additional obligations on Suppliers (some unrelated to Modification P62) that were not identified or consulted on as part of the P62 Modification process, which has not been subject to the Change Management procedure or, as far as we are aware, approved by any Panel Committee.

Impact on Code *(optional by proposer):*

Impact on Core Industry Documents *(optional by proposer):*

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by proposer):*

Impact on other Configurable Items *(optional by proposer):*

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Justification for Proposed Modification with Reference to Applicable BSC Objectives (mandatory by proposer):

The consequence of BSCCo's apparent interpretation of the Code provisions governing the creation and modification of Code Subsidiary Documents is that changes have been imposed on BSC Parties (or were about to be) which have not been open to proper scrutiny by BSC Parties, and have been defective, onerous and/or arguably inconsistent with the Panel Objectives (Section B 1.2.1) and other provisions of the Code, or insufficient time has been left for implementation of the Code Subsidiary Document requirements if these need to be effective to support an associated Code Modification. Fundamentally, it is to avoid such problems that a Change Management process exists, so bypassing this (or carrying it out by a different 'ad hoc' method) cannot be consistent with good Quality Management practice or be conducive to an efficiently working industry.

This Modification would facilitate better achievement of the following Applicable BSC Objectives:

c) Promoting effective competition in the generation and supply of electricity, and (so far as is consistent therewith) promoting such competition in the sale and purchase of electricity – by reducing the risk from onerous new obligations being imposed, which are likely to have a larger impact (in relative terms) on smaller Suppliers

d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements – by ensuring that all proposed changes to BSC related documents are subjected to proper scrutiny, and that the need for costly revisions and unjustified BSCCO operational costs are avoided.

Details of Proposer:

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Attachments: YES

If Yes, Title and No. of Pages of Each Attachment:

Appendix 1 (1 page)

Appendix 1

Relevant Paragraphs in the Balancing and Settlement Code

Section C:

1.3.1 BSCCo shall exercise its powers and discharge its functions and responsibilities with a view to achieving the objectives set out in Section B1.2.1 (construed as though references to the Panel were to BSCCo).

Section F:

3.1.2 The Panel may only make modifications to existing Code Subsidiary Documents or create additional Code Subsidiary Documents if and to the extent that:

- (a) the modified Code Subsidiary Document or additional Code Subsidiary Document is consistent with, and does not impair, frustrate or invalidate, the provisions of the Code; and
- (b) the modification or addition does not impose new obligations or restrictions of a material nature on Parties or Party Agents (or classes thereof) which are not authorised or envisaged by, or subsidiary to, the rights and obligations of the Parties under, the Code.”,

3.2.1 Save where consultation is carried out as part of the evaluation of a Proposed Modification or Alternative Modification pursuant to paragraph 2, the Panel shall, prior to making any modification to a Code Subsidiary Document or to establishing a new Code Subsidiary Document pursuant to paragraph 3.1.1, consult with Parties and interested third parties in such manner as it considers appropriate, in the light of the complexity, importance and urgency of the proposed change and shall have regard to any representations made and not withdrawn during such consultation.

3.2.2 In complying with paragraph 3.2.1, the Panel shall ensure that the proposed draft changes are copied to each Party and (subject, to the extent applicable, to Section H1.4.3) otherwise published in such manner as it sees fit, and Parties and interested third parties shall be given a reasonable opportunity to comment on the proposed changes, having regard to the urgency of the matter.

3.2.3 The provisions of BSCP 40 shall apply in relation to the modification of any existing or the establishment of any new Code Subsidiary Document pursuant to this paragraph 3.