

INITIAL WRITTEN ASSESSMENT for Modification Proposal P154 Rectification of Inconsistencies in the Application of BSC Change Management Processes

Prepared by: ELEXON¹ Limited

Date of issue:	5 December 2003	Document reference:	P154IR
Reason for issue:	For Panel Decision	Issue/Version number:	1.0

This document has been distributed in accordance with Section F2.1.10² of the Balancing and Settlement Code.

RECOMMENDATIONS

On the basis of the initial assessment BSCCo recommends that the Panel:

- **DETERMINE that Modification Proposal P154 should be submitted to the Assessment Procedure;**
- **AGREE the Assessment Procedure timetable such that an Assessment Report should be completed and submitted to the Panel for consideration at its meeting of 11 March 2004;**
- **DETERMINE that the Assessment Procedure should be undertaken by the Governance Standing Modification Group; and**
- **AGREE any refinement to the Modification Group Terms of Reference.**

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¹ ELEXON Ltd currently fulfils the role of the Balancing and Settlement Code Company ('BSCCo'), pursuant to Annex X-1 of the Balancing and Settlement Code (the 'Code').

² The current version of the Code can be found at www.elexon.co.uk/ta/bscresel_docs/bsc_code.html

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as BSCCo has been able to assess the following parties/documents have been initially identified as being potentially impacted by Modification Proposal P154.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" 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 checked="" type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input checked="" type="checkbox"/>	F <input checked="" 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 checked="" 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 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 checked="" type="checkbox"/>	V <input type="checkbox"/>	BSCCo
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
Certification Agent <input type="checkbox"/>	X <input type="checkbox"/>	Other Documents
MIDP <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
TFLA <input type="checkbox"/>		
Other Agents		
SMRA <input type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

Estimated cost for progressing P154 through Modification Procedures	65 ELEXON man days
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1 DESCRIPTION OF PROPOSED MODIFICATION

1.1 Modification Proposal

Modification Proposal 154 "Rectification of Inconsistencies in the Application of BSC Change Management Processes" (P154) (Reference 1), raised on 1 December 2003 by Npower Limited, proposes to modify the change management procedures for Code Subsidiary Documents (CSDs) contained in Section F3 of the Code.

1.1.1 Proposed Change

The Proposer believes that Section F3 of the Code should be modified to clarify that the procedures therein apply in full to all changes to CSDs, including those related to Modification Proposals, and that the scope of those procedures should be expanded to cover documents related to CSDs which impose rights or obligations (e.g. test scripts referred to in BSCPs).

1.1.2 Issue/Defect

According to the Proposer, changes to CSDs, because they relate to the detailed systems and business processes which Parties and Party Agents are required to operate, may often have a more significant impact on Parties than changes to the Code itself. Moreover, the Proposer believes that ELEXON appears to have been interpreting Section F3 of Code in an inconsistent manner. Changes to CSDs made as a consequence of a Modification Proposal do not appear to always have been subjected to the full change management procedures or be made the subject of a new Modification Proposal when identified after the approval of the Modification Proposal in question. In addition, changes to CSD-related documents, imposing rights and obligations on Parties, appear not to require any formal and transparent change management procedures or approved by the Panel or a Panel Committee in all instances.

The Proposer outlines five key procedural steps, essential to a transparent change management procedure, which do not always appear to have been taken either at the right time or at all. The five steps identified are as follows:

- raising of a Change Proposal (CP);
- publication of a CP on the BSC Website;
- updating of the Change Register;
- presentation of a CP to the relevant Panel Committee for a decision; and
- presentation of revised CSDs (or related documents) to the relevant Panel Committee for approval and confirmation of the Implementation/Effective Date.

Two examples of failure to carry out some of the key procedural steps outlined above are provided by the Proposer:

- Approved Modification 99 "Changes to Accreditation and the PARMS Serials and Standards, resulting from the Performance Assurance Framework (PAF) Review (Phase 1)" : the development of and changes to 'PARMS Calculation Guidelines', which is part of BSCP533, were not subject to the change management procedures specified in Section F3 of the Code.
- Implemented Modification 62 "Changes to Facilitate Competitive Supply on the Networks of New Licensed Distributors": the 'Trading Arrangements Change Compliance' document, which introduced significant rights and obligations which were not identified during the Modification Procedure, was not subject to the change procedures specified in Section F3 of the Code or approved by any Panel Committee.

1.1.3 Justification Against the Applicable BSC Objectives

Implementation of P154 would, according to the Proposer, better facilitate the achievement of Applicable BSC Objectives (c) and (d), by ensuring that good 'Quality Management' is adhered to in the operation of the change management procedures contained in Section F3 of the Code. Achievement of those two Applicable BSC Objectives would be better facilitated as follows:

- Applicable BSC Objective (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': P154 would reduce the risk of onerous new obligations being imposed, which are likely to have a larger impact (in relative terms) on smaller Suppliers.
- Applicable BSC Objective (d) 'Promoting Efficiency in the implementation and administration of the balancing and settlement arrangements': P154 would ensure that all proposed changes to CSDs, and related documents, are subject to proper scrutiny and that the need for costly revisions and unjustified BSCCo operational costs are avoided.

1.2 Issues raised by the Modification Proposal

An initial assessment of P154 has identified the following potential areas of impact and issues which will need to be considered and addressed in progressing the Modification Proposal. These impacts and issues are as follows:

- Is it the intention of P154 that proposed changes to CSDs, as a consequence of a Modification Proposal, are developed in detail and consulted upon as part of the Modification Procedure? If so, the impact of such a change on BSCCo will need to be assessed.
- Does paragraph F3.2.2 of the Code not already specify that the provisions of BSCP40 "Change Management" apply to all changes to CSDs, whether resulting from a Modification Proposal or otherwise?
- Are the CSD change management procedures in Section F3 of the Code clear and sufficiently detailed? If not, what clarifications should be made and/or details added?
- What impact would a more detailed CSD change management procedure in the Code have on the transparency of the procedure, scrutiny over the procedure and the efficiency of the procedure?
- Would the scope of the definition of a CSD (Section H1.2.4 of the Code) need to be expanded to include 'related documents'? If so, what constitutes a 'related document'?
- Would extension of the scope and clarification of BSCP 40 "Change Mangement" constitute an adequate alternative to P154? If so, a Modification Proposal would not be required to achieve the aim of P154.

These issues should be put into the Modification Group's Terms of Reference.

2 INITIAL ASSESSMENT OF IMPACTS OF MODIFICATION PROPOSAL

2.1 Impact on BSC Systems and processes

An initial assessment has been undertaken in respect of all BSC Systems and processes and no impact has been identified.

2.2 Impact on other systems and processes used by Parties

Initial assessment suggests that Party impact assessment of any solution developed to give effect to P154 will be required, to establish the impact, if any, that this would have on Party change management processes.

2.3 Impact on documentation

2.3.1 Impact on 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:

Section	Potential Impact of Proposed Modification
Section H	Depending on the solution adopted, the definition of CSDs in Section H1.2.4 may need to be expanded to include 'related documents'.
Section F	Any clarification and additional detail identified as beneficial would need to be made to Sections F3.1 and F3.2.

2.3.2 Impact on Code Subsidiary Documents

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

Item	Potential Impact of Proposed Modification
BSCP 40 "Change Management"	Any changes in the nature and scope of the procedures in Section F3 of the Code might need to be reflected in this BSCP.

2.4 Impact on Core Industry Documents

An initial assessment has been undertaken in respect of Core Industry Documents and no impact has been identified.

2.5 Impact on other configurable items

An initial assessment has been undertaken in respect of other configurable items and the following have been identified as potentially being impacted by the Modification Proposal.

Item	Potential Impact of Proposed Modification
All	Depending on the solution adopted, the nature of the expansion in scope of the Section F3 procedures, configurable items could be brought under the direct governance of the Code in respect of change management.

3 IMPACT ON BSCCO

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

Area of Business	Potential Impact of Proposed Modification
BSCCo Procedures	P154 may have an impact on the change management processes operated by BSCCo's Assurance and Change Delivery departments, depending on the solution adopted. If a solution which required all changes to CSDs associated with Modification Proposals to be fully developed and consulted upon during the Modification Procedure was adopted, the development and analysis of such changes would be brought forward in the life-cycle of the change management

	process. This may have implications for the structure of BSCCo.
Other (e.g. costs, staffing, etc.)	Depending on the solution adopted (e.g. the level of expansion of the scope of the F3 procedures), the cost of and staff required to operate the change management procedures may increase. For example, the level of potentially nugatory work carried out by BSCCo would increase – i.e. in the instance where a Modification Proposal is rejected and significant changes to CSDs had been developed and consulted on as part of the Modification Procedure.

4 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

An initial assessment has been undertaken in respect of BSC Agent contractual arrangements and no impact has been identified.

5 RATIONALE FOR BSCCO'S RECOMMENDATIONS TO THE PANEL

BSCCo recommends that P154 should be progressed to a three-month Assessment Procedure, such that an Assessment Report would be completed and submitted to the Panel for consideration at its meeting of 11 March 2004.

Although BSCCo is of the opinion that P154 is unnecessary because Section F3 already specifies that the procedure prescribed in BSCP 40 applies to all changes to CSDs and a mechanism for bringing 'related documents' under the control of that procedure already exists³, a three-month Assessment Procedure is recommended to enable the issues surrounding the governance of change to CSDs (see Section 1.2) to be fully and openly explored. However, it should be noted that, should the Panel agree with BSCCo's opinion that P154 is unnecessary, the option of sending P154 directly to the Report Phase with a recommendation to reject exists.

To complete the proposed Assessment Procedure, BSCCo believes that one consultation and a Party/Party Agent impact assessment will be required.

6 PROCESS, TIMETABLE AND COST FOR PROGRESSING THE MODIFICATION PROPOSAL

BSCCo recommends that P154 should be submitted to the Governance Standing Modification Group (GSMG) for further assessment. The GSMG should be actioned to provide its report to the Panel by 11 March 2004.

It is anticipated that four Modification Group meetings will be required, over the 3 month period (7th and 21st of January 2004, and 11 and 25 February 2004). A meeting of the GSMG cannot be convened prior to early January 2004 because of the commitments of the existing members of the Groups. The cost of progression is 65 ELEXON man days. This estimate is based on current information and is subject to change. See Gantt chart in annex 2.

7 DOCUMENT CONTROL

7.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	04/12/2003	Roger Salomone	Change Delivery	Initial Draft for Review
0.2	04/12/2003	Roger Salomone	Change Delivery	Final Draft for Review

³ The Baseline Statement on the BSC Website provides a list of all documentation and system designs, including non CSDs, which are managed under the change control of BSCP 40 – such items are know as 'Configurable Items'.

1.0	05/12/2003	Roger Salomone	BSC Panel	Final Version
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7.2 References

Ref	Document	Owner	Issue date	Version
1	Modification Proposal P154 "Rectification of Inconsistencies in the Application of BSC Change Management Processes"	BSCCo	01/12/2003	N/A

ANNEX 1 MODIFICATION PROPOSAL

Modification Proposal	MP No: 154 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Rectification of Inconsistencies in the Application of BSC Change Management Processes	
Submission Date <i>(mandatory by proposer):</i> 1 December 2003	
Description of Proposed Modification <i>(mandatory by proposer):</i> <ol style="list-style-type: none"> 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 <i>(mandatory by proposer):</i> <p>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).</p> <p>The issue is that BSCCo appears to have been interpreting the Code requirements as meaning that:</p> <ol style="list-style-type: none"> 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. <p>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:</p> <ul style="list-style-type: none"> • 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.) <p>Recent examples of this problem include:</p> <ul style="list-style-type: none"> • 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 	

Modification Proposal	MP No: 154 <i>(mandatory by BSCCo)</i>
<p>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.</p> <ul style="list-style-type: none"> 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 <i>(optional by proposer):</i>	
Impact on Core Industry Documents <i>(optional by proposer):</i>	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i>	
Impact on other Configurable Items <i>(optional by proposer):</i>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i></p> <p>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.</p> <p>This Modification would facilitate better achievement of the following Applicable BSC Objectives:</p> <p>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</p> <p>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.</p>	

Modification Proposal	MP No: 154 <i>(mandatory by BSCCo)</i>
Details of Proposer:	
Name: David Tolley	
Organisation: Npower Limited	
Telephone Number: 07989-493874	
Email Address: David.Tolley@npower.com	
Details of Proposer's Representative:	
Name: Terry Ballard	
Organisation: RWE Innogy	
Telephone Number: 01905-340507	
Email Address: Terry.Ballard@npower.com	
Details of Representative's Alternate:	
Name: Richard Harrison	
Organisation: Npower Limited	
Telephone Number: 07989-494374	
Email Address: Richard.Harrison@npower.com	
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.

ANNEX 2 GANTT CHART

