

## **INTERIM REPORT for Modification Proposal P154**

# **Rectification of Inconsistencies in the Application of BSC Change Management Processes**

**Prepared by: Governance Standing Modification Group**

**Date of issue:** 6 February 2004      **Document reference:** P154IR  
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This document has been distributed in accordance with Section F2.1.10<sup>1</sup> of the Balancing and Settlement Code.

### **RECOMMENDATIONS**

The GSMG invites the Panel to:

- **NOTE the contents of this Interim Report and, in particular, that the GSMG has concluded that a Modification to the Balancing and Settlement Code would be required to address an ambiguity identified by Modification Proposal P154;**
- **DETERMINE that the Assessment Procedure should be stopped pursuant to paragraph F2.2.11 of the Code and that Proposed Modification P154 be submitted to the Report Phase in accordance with section F2.7 of the Code;**
- **AGREE the Report Phase timetable such that a draft Modification Report should be completed and submitted to the Panel for consideration at its meeting of 11 March 2004;**
- **AGREE that the draft Modification Report contain a provisional recommendation that Proposed Modification P154 should be made and an Implementation Date of 5 Working Days after an Authority Determination; and**
- **AGREE that a review of BSCP 40 "Change Management" is carried out.**

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<sup>1</sup> The current version of the Balancing and Settlement Code (the 'Code') can be found at [www.elexon.co.uk/ta/bscres\\_docs/bsc\\_code.html](http://www.elexon.co.uk/ta/bscres_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 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 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"/>
<b>Party Agents</b>		
Data Aggregators <input checked="" type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Data Collectors <input checked="" type="checkbox"/>	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Meter Operator Agents <input checked="" type="checkbox"/>	J <input type="checkbox"/>	<b>Core Industry Documents</b>
ECVNA <input checked="" type="checkbox"/>	K <input type="checkbox"/>	Grid Code <input type="checkbox"/>
MVRNA <input checked="" type="checkbox"/>	L <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
<b>BSC Agents</b>		
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 type="checkbox"/>	V <input type="checkbox"/>	<b>BSCCo</b>
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>	Internal Working Procedures <input type="checkbox"/>
Certification Agent <input type="checkbox"/>	X <input type="checkbox"/>	<b>Other Documents</b>
MIDP <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
TLFA <input type="checkbox"/>		
<b>Other Agents</b>		
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 154 "Rectification of Inconsistencies in the Application of BSC Change Management Processes" (P154) (Reference 1), raised on 1 December 2003 by Npower Limited (the Proposer), seeks to clarify and expand the scope of the change management procedures contained in Section F3 of the Code.

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 Code Subsidiary Documents (CSDs), including those made pursuant to Approved 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).

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 always appear to have been subjected to the full change management procedures or have been 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 approval by the Panel or a Panel Committee in all instances.

The Proposer outlined five key procedural steps, deemed 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 were provided by the Proposer:

- Approved Modification P99 "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 the 'PARMS Calculation Guidelines', which is part of BSCP533, were not subject to the full change management procedures specified in Section F3 of the Code.
- Implemented Modification P62 "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 full change procedures specified in Section F3 of the Code or approved by any Panel Committee.

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.

ELEXON produced an Initial Written Assessment (IWA) (Reference 2) of P154, which was presented to the Panel on 11 December 2003. The Panel agreed with ELEXON's recommendation to submit P154 to a three-month Assessment Procedure, such that an Assessment Report would be presented at the 11 March 2004 Panel meeting. However, the Panel also noted ELEXON's observation that a Modification Proposal might not be required to address the perceived defect. As a consequence, the Panel requested that an Interim Report be provided to its 12 February 2004 meeting, indicating whether or not a Modification Proposal was required.

The Governance Standing Modification Group (GSMG) met twice during January 2004 to consider P154. At those meetings the primary focus was consideration of whether or not any issues, rectification of which would require modification of the Code, had been identified in P154. This Interim Report provides the conclusions of the GSMG.

## **1.2 Proposed Modification**

The GSMG concluded that paragraph F3.2.1 of the Code requires amendment to clarify that all changes to CSDs must be consulted on to a level of detail and according to a timetable deemed appropriate by the Panel, regardless of whether or not consultation had taken place earlier in the Modification Procedure.

To achieve this clarification, the GSMG has developed a Proposed Modification P154 constituting legal text which would remove reference to previous consultation undertaken on a Proposed or Alternative Modification, as the case may be. Note that no change to the Section H definition of a CSD is included in this Proposed Modification, because the GSMG believes expanding the scope of the change management procedures operated by ELEXON would best be addressed, if at all, outside the Code through a change to BSCP40.

Annex 3 contains draft legal text to give effect to the Proposed Modification.

## **1.3 Issues raised by the Proposed Modification**

The GSMG established that there were two main issues identified in P154 – (1) concern that the full Section F3 change management procedure is apparently not required to apply to CSD changes made pursuant to an Approved Modification and (2) the need to provide robust and transparent change management for all documents imposing obligations (or restrictions) on Parties.

### 1.3.1 CSD Changes Pursuant to an Approved Modification

The GSMG noted the Proposer's concern that there had been instances in which the full change management procedure as set out in Section F3 of the Code had not been applied to changes made to CSDs, especially when CSD changes were made pursuant to an Approved Modification. However, the GSMG also noted that ELEXON indicated that it interpreted the Code such that the full change management procedures prescribed in Section F3 applied to all CSD changes, and that this was its operational policy.

ELEXON recognised that, in the specific instance of the changes made to the 'PARMS Calculation Guidelines' made pursuant to Approved Modification P99, the full review and approval processes had not been undertaken at the time P154 was submitted. However, ELEXON confirmed to the GSMG that the changes had now undergone industry review and Panel Committee approval.

Whilst the GSMG concluded that the requirements in Section F3 unambiguously applied to CSD changes, it was of the opinion that there was an ambiguity in the consultation requirements where consultation had taken place as part of the Modification Procedure (i.e. consultation on a Proposed or Alternative Modification). The paragraph containing the ambiguity is F3.2.1:

*"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."*

The GSMG was of the opinion that the first phrase of paragraph F3.2.1 (i.e. "Save where consultation is carried out as part of the evaluation of a Proposed Modification or Alternative Modification pursuant to paragraph 2") created ambiguity in the consultation requirements for CSD changes made pursuant to Approved Modifications. In the GSMG's opinion, it is unclear whether or not CSD changes have to be consulted on as part of the Definition and/or Assessment Procedures and, if so, to what level of detail. The consultation requirements of the Modification Procedure, contained in paragraph F2.2.6, are general and non-specific:

*"If the Panel determines that a Modification Proposal is to be submitted to the Definition Procedure or the Assessment Procedure pursuant to paragraph 2.2.3, the Modification Secretary shall send a notice to that effect to each of the persons listed in paragraph 2.1.10(a) and shall invite them to provide comments to the Modification Group in respect of such Modification Proposal."*

The GSMG believes that deleting the first phrase of paragraph F3.2.1 would remove this ambiguity. Then there would clearly be a requirement to consult on all changes to CSDs, to a level deemed appropriate by the Panel. Deletion would remove the possibility that a general consultation on a Proposed or Alternative Modification would obviate the requirement to consult specifically on CSD changes.

**Conclusion 1: Paragraph F3.2.1. The paragraph requires amendment to clarify that all changes to CSDs always need to be consulted on to an appropriate level of detail.**

The GSMG agreed that it would be undesirable to mandate that all CSD changes are consulted on in full prior to approval of a Modification Proposal. This could lead to inefficiencies – additional, and potentially nugatory, requirements would be added to an already detailed and prescriptive Modification Procedure. Ensuring that consultation always takes place, to an appropriate level of detail, would provide sufficient assurance to and interaction with BSC Parties. However, the GSMG was of the opinion

that at least the principles and the scope of likely changes to CSDs should always, where possible, be identified and consulted on as part of an Assessment Procedure.

In addition, the GSMG concluded that, in recognition of the alleged failures by BSCCO to comply with the full requirements of the change management procedure and consequential delays to the approval CSD changes, highlighted by the Proposer, a review of BSCP40 should be undertaken to identify any changes that could be made to enhance the efficiency and transparency of the Change Management procedures (draft Terms of Reference are attached as Annex 3). In particular, the timing of consultations on changes to CSDs, and the timescales of those consultations, should be reviewed. Several GSMG members expressed concerns that consultation might sometimes take place so close to an Implementation Date such that the Implementation Date may be put in doubt if major impacts are identified as a result of the consultation.

**Conclusion 2: GSMG recommends that a review of BSCP40 should be undertaken.**

### 1.3.2 Change Management Procedure for non-CSD Documents

The GSMG noted that the Proposer was of the opinion that the scope of the CSD change management procedure needed to be expanded to include other important BSC-related documents that imposed rights and obligations on Parties (e.g. test scripts referred to in BSCPs). The GSMG concluded that to achieve this under the Code the definition of what constitutes a CSD in Section H1.2.4 would need to be expanded, but was of the opinion that this would not be desirable.

The GSMG believes that expanding the scope of what constitutes a CSD, to cover the documents identified in P154, is not necessary and would not be appropriate. A mechanism to bring documents, not currently subject to the governance of F3, under the change management of BSCP40 already exists, albeit outside the governance of the Code. ELEXON produces and maintains a 'Baseline Statement' comprising all CSDs and other 'Configurable Items'<sup>2</sup>. All changes to all documents which comprise the 'Baseline Statement' are managed under BSCP40. 'Configurable Items' are those documents which, whilst not CSDs, ELEXON believes require robust and transparent change management. Examples of 'Configurable Items' include the Interface Definition and Design (IDD) and the User Requirement Specifications for each of the BSC Systems. The GSMG is of the opinion that the category of 'Configurable Item' would be more appropriate than that of 'Code Subsidiary Document' for the type of document referred to by the Proposer, firstly, because BSCP40 provides robust and transparent change management. Secondly, inclusion of such documents in the Baseline Statement, without classifying them as CSDs, would provide greater flexibility. Creating an exhaustive statement of all documents describing the rights and obligations on Parties, and classifying them as CSDs as a result, would be undesirable. Every change to the list would require a Code change, and were a general definition added to the list of CSDs (e.g. "all BSC-related documents describing how Parties should fulfil their obligations and/or exercise their rights"); ambiguity would be introduced into the Code.

**Conclusion 3: The scope of the Code definition of "Code Subsidiary Document" should not be expanded in this instance.**

However, the GSMG noted that, at present, there was no formal mechanism for Parties to propose that documents be included in the Baseline Statement. Currently, the decision as to what constitutes the Baseline is taken by ELEXON. Therefore, the GSMG recommends that the proposed review of BSCP40 should include a review of the Baseline Statement, the principles behind its composition and the mechanism through which it is established – in particular, the possibility of introducing, under BSCP40, a formal mechanism for involving Parties in deciding what should be included in the Baseline Statement.

<sup>2</sup> The current Baseline Statement can be viewed on the BSC Website at [http://www.elexon.co.uk/ta/bscrcel\\_docs/index.html](http://www.elexon.co.uk/ta/bscrcel_docs/index.html) .

**Conclusion 4: GSMG recommends that the proposed review of BSCP40 should incorporate a review of the Baseline Statement and the mechanism through which it is established.**

### **1.3.3 Legal Advice**

The GSMG requested that ELEXON seek legal advice on two issues considered germane to the assessment of P154 – its interpretation that ambiguity regarding consultation requirements exists in F3.2.1 and whether or not 'Configurable Items' could impose obligations on Parties. The legal advice received was as follows:

- F3.2.1 should be interpreted to mean that a consultation on a Modification Proposal which addressed the issues associated with changes to any CSDs could, at the discretion of the Panel, obviate the need to separately consult on CSD changes made pursuant to that Modification Proposal.
- Configurable Items' do not impose binding legal obligations on Parties because they are not Code Subsidiary Documents ('CSDs') in accordance with Section H1.2.4 of the Code. Binding legal obligations derive from CSDs.

The GSMG, having considered the legal advice received, concluded that sufficient ambiguity existed in the consultation requirements referred to in F3.2.1.

The GSMG noted that, in practice, a tier of documentation translating CSD requirements into operational procedures exists (e.g. the "TA Compliance" document introduced pursuant to Approved Modification P62). However, the GSMG was of the opinion that certain documents and processes not currently required to undergo formal change management might need to be brought under the governance of BSCP40.

### **1.3.4 Assessment Against Applicable BSC Objectives**

The GSMG is of the opinion that implementation of the Proposed Modification would better facilitate achievement of Applicable BSC Objectives (c) and (d).

Implementation of P154 would enhance the efficiency of the Modification Procedure – ensuring that all changes to CSDs receive appropriate scrutiny would reduce the likelihood of costly revisions needing to be made during implementation. As a consequence, the likelihood of onerous new obligations being imposed during implementation, that would disproportionately affect smaller Parties, would also be reduced.

## **1.4 Modification Group's cost benefit analysis of Proposed Modification**

The GSMG noted that the implementation costs for P154 would be negligible (i.e. those incurred through the deletion of a single phrase from the Code), because the Proposed Modification would clarify the Code in line with ELEXON's operational policy regarding consultation on changes to CSDs.

The GSMG considered it was not possible to put a meaningful Pounds Sterling figure on the benefits that would be provided by Proposed Modification. However, the GSMG was of the opinion that ensuring proper scrutiny of all proposed changes to CSDs offered a significant benefit in terms of the savings that would be realised through avoiding the necessity for potentially costly changes during the implementation of an Approved Modification.

Note that the costs of the review of BSCP40 would be separate from those associated with P154.

## **1.5 Alternative Modification**

No Alternative Modification has been developed by the GSMG.



The GSMG discussed a potential Alternative Modification to enable Approved Modification Proposals to be referred back to the Authority to reconsider its decision where there was a significant change in circumstances (e.g. new impacts with significant cost implications identified after the Authority Determination). However, the GSMG rejected the idea on the grounds that it would undermine governance of change to the Code. Uncertainty regarding the finality of all Authority determinations would be introduced and confidence in Modification Group and Panel recommendations would be undermined. In addition, the GSMG agreed that the objective should be to identify and quantify all impacts early in the Modification Procedure.

## 1.6 Governance and regulatory framework assessment

No impact on the statutory, regulatory and contractual framework within which the Code sits has been identified by the GSMG.

## 2 COSTS<sup>3</sup>

### PROGRESSING MODIFICATION PROPOSAL

<b>Demand Led Cost</b>	£0
<b>ELEXON Resource</b>	65 Man days <sup>4</sup> £18,460

### IMPLEMENTATION COSTS

		Stand Alone Cost	P154 Incremental Cost	Tolerance
<b>Service Provider<sup>5</sup> Cost</b>	Change Specific Cost	£0	£0	+/-xx% (£yy)
	Release Cost	£0	£0	+/-xx% (£yy)
	Incremental Release Cost	£0	£0	+/-xx% (£yy)
	<b>Total Service Provider Cost</b>	£0	£0	+/-xx% (£yy)
<b>Implementation Cost</b>	External Audit	£0	£0	+/-xx% (£yy)
	Design Clarifications	£0	£0	+/-xx% (£yy)

<sup>3</sup> Clarification of the meanings of the cost terms in this section can be found in annex 7 of this report

<sup>4</sup> This resource effort is based on the assumption that a three month Assessment Procedure, including consultation with Industry, would be carried out.

<sup>5</sup> BSC Agent and non-BSC Agent Service Provider and software Costs

	Additional Resource Costs	£0	£0	+/-xx% (£yy)
	Additional Testing and Audit Support Costs	£0	£0	+/-xx% (£yy)
<b>Total Demand Led Implementation Cost</b>		£0	£0	+/- xx%

<b>ELEXON Implementation Resource Cost</b>		5 Man days <sup>6</sup> £2,000	5 Man days <sup>7</sup> £2,000	+/- xx% +/- £yy
<b>Total Implementation Cost</b>		£2,000	£2,000	+/- xx%

## ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P154 Incremental Cost	Tolerance
Service Provider Operation Cost	£0 p.a.	£0 p.a.	+/-xx% (£yy)
Service Provider Maintenance Cost	£0 p.a.	£ p.a.	+/-xx% (£yy)
ELEXON Operational Cost	£0 p.a.	£ p.a.	+/-xx% (£yy)

### 3 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

The GSMG believes that P154 has identified (1) an ambiguity in the Code (clarification of which would better facilitate achievement of the Applicable BSC Objectives at negligible cost) and (2) a need to review BSCP40 to identify possible improvements to the Change Management Procedures. As a consequence, the GSMG recommends that:

1. The Assessment Procedure should be terminated because there no outstanding issues requiring assessment;
2. Proposed Modification P154 should be submitted to the Report Phase, with a provisional recommendation that it should be made and a provisional Implementation Date of 5 Working Days after an Authority Determination; and
3. A review of BSCP40 "Change Management" should be undertaken (draft Terms of Reference for a review are attached as Annex 3).

<sup>6</sup> Note that this resource estimate covers changing the Code, the BSC Website and the Baseline Statement to reflect the Proposed Modification.

<sup>7</sup> See footnote 6 above.

## **4 IMPACT ON BSC SYSTEMS AND PARTIES**

An assessment has been undertaken in respect of BSC Systems and Parties and no impacts have been identified as potentially being impacted by the Proposed Modification.

The clarification proposed by P154 would bring the Code in line with ELEXON's operational policy regarding consultation on proposed changes to CSDs made pursuant to an Approved Modification. Therefore, there would not be an increase in the level of consultation.

## **5 IMPACT ON CODE AND DOCUMENTATION**

### **5.1 Balancing and Settlement Code**

The first phrase in paragraph F3.2.1 would need to be deleted to give effect to the Proposed Modification. Draft legal text is contained in Annex 1.

### **5.2 Code Subsidiary Documents**

No changes would be required to Code Subsidiary Documents as a consequence of the Proposed Modification.

### **5.3 BSCCo Memorandum and Articles of Association**

No impact on the BSCCo Memorandum and Articles of Association as a consequence of the Proposed Modification has been identified.

### **5.4 Impact on Core Industry Documents and supporting Arrangements**

No changes would be required to any of the Core Industry Documents as a consequence of the Proposed Modification.

## **6 SUMMARY OF CONSULTATIONS**

To date, no consultation has been undertaken as part of the Assessment Procedure. The GSMG believes that there are no outstanding Assessment Procedure issues on which to consult and note that BSC Parties would be consulted on the Proposed Modification as part of the Report Phase.

## **7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS**

The Transmission Company indicated that the Proposed Modification would have no impact on either its systems or processes.

## **8 SUMMARY OF EXTERNAL ADVICE**

No external advice has been sought.

## **9 IMPLEMENTATION APPROACH**

Implementation of the Proposed Modification would only require the deletion of a single phrase from the Code, and this could be achieved within 5 Working Days after an Authority determination.

## 10 DOCUMENT CONTROL

### 10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	26.01.2004	Roger Salomone	Sarah Parsons	Change Delivery Review
0.1	26.01.2004	Roger Salomone	David Osborne	Change Delivery Review
0.1	26.01.2004	Roger Salomone	Sandra Wybrow	ELEXON Legal Review
0.2	27.01.2004	Roger Salomone	GSMG	Modification Group Review
0.3	30.01.2004	Roger Salomone	GSMG	Modification Group Review
0.4	04.02.2004	Roger Salomone	Sarah Parsons	Change Delivery Review
0.5	04.02.2004	Roger Salomone	David Osborne	Final Change Delivery Review
1.0	06.02.2004	Roger Salomone	BSC Panel	Decision

### 10.2 References

Ref	Document	Owner	Issue date	Version
1	Modification Proposal P154	-	01/12/2004	-
2	Modification Proposal P154 IWA	ELEXON	05/12/2004	1.0

## ANNEX 1 DRAFT LEGAL TEXT

The following change to paragraph F3.2.1 is proposed to give effect to the Proposed Modification:

~~“Save where consultation is carried out as part of the evaluation of a Proposed Modification or Alternative Modification pursuant to paragraph 2, [T]he 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.”~~

## ANNEX 2 MODIFICATION GROUP DETAILS

The GSMG met twice during the P154 Assessment Procedure. The membership of the GSMG for P154 was as follows:

Member	Organisation	No. of Meetings Attended
Sarah Parsons	ELEXON (Chair)	2
Roger Salomone	ELEXON (Lead Analyst)	2
Richard Harrison	Innogy (Proposer)	2
John Sykes	Scottish and Southern Energy	2
Mark Manley	British Gas Trading	2
James Nixon	Scottish Power	1
Rachel Lockley	British Energy	0
Helen Bray	London Electricity	0
Claire Talbot	National Grid Transco	2

In addition to the GSMG members recorded above, the following attendees were present at least one of the meetings:

Member	Organisation	No. of Meetings Attended
Jerome Williams	Ofgem	2
Alex Grieve	ELEXON (CVA Programme)	1
David Osborne	ELEXON (Change Planning)	1
Robert Finch	British Gas Trading	1

## ANNEX 3 BSCP40 REVIEW TERMS OF REFERENCE

A review of BSCP40 “Change Management” shall be carried out in accordance with the following Terms of Reference:

1. A “Working Group” shall be established by BSCCo comprising volunteers from BSCCo, the Governance Standing Modification Group, the Imbalance Settlement Group (ISG) and the Supplier Volume Settlement Group (SVG);
2. The “Working Group” shall complete and submit a “Review Report” to the May 2004 meetings of the ISG and the SVG; and
3. The “Review Report” shall consider the following:
  - a. Identify any changes that would enhance the efficiency and/or transparency of the Change Management procedures governed by BSCP40;
  - b. Identify any documents or class of documents which are not currently required to be under the governance of BSCP40 but which ought to be;

- c. Identify whether or not a formal procedure is required under BSCP40 to bring additional documents within the scope of that BSCP; and
- d. Identify any changes to BSCP40 and/or the Code which would be required to support implementation of proposals identified under (a) and (b) above.

## 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. 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	
<b>Demand Led Cost</b>	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.
<b>ELEXON Resource</b>	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 Procedures.

SERVICE PROVIDER <sup>8</sup> COSTS	
<b>Change Specific Cost</b>	Cost of the Service Provider(s) Systems development and other activities relating specifically to the Modification Proposal.

<sup>8</sup> 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.

<b>Release Cost</b>	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.
<b>Incremental Release Cost</b>	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

<b>External Audit</b>	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.
<b>Design Clarifications</b>	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 Provider Costs, with a tolerance of +/- 100%.
<b>Additional Resource Costs</b>	<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>
<b>Additional Testing and Audit Support Costs</b>	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.

### 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

<b>ELEXON Operational Cost</b>	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
<b>Service Provider Operation Cost</b>	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.
<b>Service Provider Maintenance Cost</b>	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems.