



Consultation for Modification Proposal P133: Facility to permit BSCCo to undertake the role of the Profile Administrator

A consultation document developed on behalf of the P133 Modification Group.

For Attention of: BSC Parties and all other interested parties.

Date of Issue: 31 July 2003

Responses Due: 17:00 on Thursday 14 August 2003 (To: Modifications@elexon.co.uk)

1. INTRODUCTION

The Profile Administrator is currently defined as a BSC Agent within Section E of the Balancing and Settlement Code (the Code). As such, the role of the Profile Administrator cannot be undertaken by any Party, nor is it obvious within the Code, that the role can be undertaken by BSCCo or any of its subsidiary companies.

The role of the Profile Administrator is currently being undertaken by Electricity Association Services Limited (EASL), appointed by ELEXON. EASL has informed ELEXON informally that as a result of a restructuring process, it intends to cease acting as Profile Administrator during 2003. Although it should be noted that to terminate its agreement with BSCCo, EASL must give 6 months if notice in writing is given to BSCCo and provide up to and additional 12 months of defined exit management services, if required to do so by BSCCo. No such notice has been given as at today's date. However if this notice is not given, BSCCo believe that, unless swiftly resolved, a serious and credible threat to the quality of data entering Settlement would exist as it would be difficult to procure a service "off-the-shelf" from an organisation that would be sufficiently independent of Trading Parties and have the relevant expertise to commence service provision quickly.

The data provided by the Profile Administrator is an integral part of the Settlement system. EASL's intention to cease providing the service could mean that it would not be possible to procure, at a reasonable cost, and in a timely manner, an alternative independent service provider with the relevant expertise to undertake the role of the Profile Administrator. Notwithstanding any contractual commitments, an issue exists in that if no service is in place to provide the data, BSCCo would be in breach of its obligations under the Code and the Settlement system might be compromised.

Modification Proposal P133 (P133) is an "enabling" Modification Proposal, intended to give the option to allow BSCCo flexibility in the way in which it is able to secure the provision of the Profile Administrator service. Without adversely affecting Settlement, it allows BSCCo, or any of its subsidiary companies, to provide a Profile Administrator service itself in the event that a commercial decision to do so is made by the board of BSCCo.

P133 was raised on behalf of the Balancing and Settlement Code Panel ('the Panel') following its June 2003 and an initial written assessment was presented to the Panel at its meeting in July 2003. The Panel submitted P133 to the Assessment Procedure to be undertaken by a new Modification Group (the P133MG) formed from members of the existing Volume Allocation Standing Modification Group and the Governance Standing Modification Group. The P133MG met for the first time on 17 July 2003.

This document describes the discussions of the P133MG to date and seeks views on

- whether or not P133 better facilitates the achievement of the Applicable BSC Objectives;
- whether any of the points raised in the discussion by the P133MG give rise to any Alternative Modification that when compared with the Proposed Modification better facilitate the achievement of the Applicable BSC Objectives; and

- whether there are any substantive issues that need to be brought to the attention of the P133MG to be taken into consideration when undertaking an assessment of P133.

2. MODIFICATION GROUP DISCUSSION

At its first meeting on 17 July 2003, the P133MG discussed the issues raised in the P133 initial written assessment.

Contractual Commitments, Loss of Remedy and Risk to Settlement

An attendee at the meeting asked what contractual remedy existed in the event of the Profile Administrator ceasing to undertake the role, what would happen in the event that no service were to be provided for a period of time and whether there were any changes in the Profiling data on an annual basis.

The contractual commitment of the Profile Administrator was explained as is as outlined in section 1 of this consultation document. It was also explained that in the event that no service from the Profile Administrator is provided then the Profile data will revert to that used during the previous year. On an annual basis BSCCO have noticed significant variations that can occur in the data submitted by the Profile Administrator which will have a consequential impact on the Profiles to be used within Settlement. The P133MG concluded that not having the service as currently provided by the Profile Administrator would introduce inaccuracies into the Settlement system and that this should be avoided.

Respondent's views are sought on whether or not having no service provided by the Profile Administrator, or any successor organisation, would pose an unacceptable risk to the quality of data entering Settlement.

Duration of ability for BSCCO to act as the Profile Administrator

A member of the P133MG stated that currently the role of BSCCo was to manage central contracts, on behalf of the industry, with those other companies providing BSC Agent services as described within Section E of the Balancing and Settlement Code. He further stated that this provides an element of transparency in the process and that this in turn provides comfort to the industry that a level of contract monitoring takes place. It was his belief that the loss of a contractual remedy against a third party provider may be an obstacle to Parties supporting P133.

A member of the P133MG suggested that whilst it may be appropriate for BSCCo to provide the service in an "emergency situation" where insufficient notice were provided by EASL and no other service provider could be found at reasonable cost, but it may be more appropriate to only undertake to provide this service for a limited period of time, whilst tendering out of the BSC Agent contract occurred. It was however recognised that there could be significant ramifications for BSCCo undertaking to provide the Profile Administration Service on a temporary basis as BSCCo would need to employ people with the relevant specialist skill set required to provide the service. It was also recognised by the P133MG that this may form the basis for an Alternative Modification.

A member suggested that once BSCCo started to provide the service it would be difficult for that service ever to be tendered out at a point in the future.

A member of the P133MG suggested that were the role of the Profile Administrator deemed to be profitable then it was possible that EASL would sell the contract to another company. If this were to happen then there would be no need to enact the clauses introduced by P133, however the flexibility introduced by P133 was generally perceived to be a good idea.

Respondent's views are sought as to whether or not the ability of BSCCo to provide the service currently undertaken by the Profile Administrator should be limited to a discrete period of time, for example whilst the tendering out of the BSC Agent contract occurred. Respondents are also asked to comment on any issues that may exist as a result of providing this service for a limited period of time.

Potential Urgent Modification at a Later Date

A member of the P133MG suggested that it may have been more appropriate that a Modification Proposal is raised with a request to be treated as an Urgent Modification at the time when notice is provided by EASL. It was noted that urgency status cannot be guaranteed and that BSCCo had suggested that the Panel raise P133 to ensure that they were in a position to react to the circumstance as and when they arose.

Impact of BETTA

The P133MG noted that were the current Balancing and Settlement Code to be extended to the whole of Great Britain under the British Electricity Trading and Transmission Arrangements (BETTA), the role of the Profile Administrator may need to be expanded to cover Scotland at that time.

3. CONSULTATION

This consultation seeks respondent's views on the issues raised by P133 and in particular, whether the Modification Proposal better facilitates achievement of the Applicable BSC Objectives.

For information the Applicable BSC Objectives are;

- (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- (b) The efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System;
- (c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;
- (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.
- (e) without prejudice to the foregoing objectives and subject to paragraph 3A, the undertaking of work by BSCCo (as defined in the BSC) which is:
 - (i) necessary for the timely and effective implementation of the proposed British Electricity Trading and Transmission Arrangements (BETTA); and
 - (ii) relevant to the proposed GB wide balancing and settlement code;and does not prevent BSCCo performing its other functions under the BSC in accordance with its objectives.

You are invited to provide a response in respect of the questions on the attached pro forma.

Please send your responses entitled 'P133 Assessment Consultation 1' by 17:00 on Thursday 14 August 2003 to the following email address: Modifications@elexon.co.uk

Any queries on the content of the consultation pro-forma should be addressed to Richard Clarke (020 7380 4304) e-mail address Richard.clarke@elexon.co.uk