



Draft MODIFICATION REPORT for Modification Proposal P130

Clarification of the Treatment of Non Half Hourly (NHH) Export Consumption within PARMS Performance Serial 1

Prepared by: BSCCo

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¹ See www.elexon.co.uk/ta/bsc/el_docs/bsc_code.html for latest version of the Balancing and Settlement Code

CONTENTS TABLE

Recommendations	3
Summary of impacted parties and documents	3
1 Description of Proposed Modification and assessment against the Applicable BSC Objectives	4
1.1 Modification Proposal	4
1.2 Proposed Modification	5
1.3 Issues raised by the Proposed Modification	5
1.4 Assessment of how the Proposed Modification will better facilitate the Applicable BSC Objectives.....	5
1.5 Governance and regulatory framework assessment	5
2 Rationale for Panel’s PROVISIONAL recommendations	6
3 Impact on BSC Systems and Parties	6
3.1 BSCCo	6
3.2 BSC Systems.....	6
3.3 Parties and Party Agents	6
4 Impact on Code and documentation.....	6
4.1 Balancing and Settlement Code	6
4.2 Code Subsidiary Documents	7
5 Summary of consultations	7
5.1 Comments and views of the Panel	7
6 Summary of Transmission Company analysis.....	7
7 Summary of external advice	8
8 Implementation approach	8
9 Document control	8
9.1 Authorities	8
9.2 References.....	8
Annex 1 Draft Legal Text	9
Annex 2 Consultation Responses.....	10

RECOMMENDATIONS

The Balancing and Settlement Code Panel recommends that:

- **Proposed Modification P130 should be made; and**
- **The Implementation Date should be 20 January 2004 if an Authority Decision is received by 1 September 2003.**

SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being impacted by Modification Proposal P130.

Parties	Sections of the BSC	Code Subsidiary Documents	
Suppliers <input type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" 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 checked="" 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"/>		
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>		
Certification Agent <input type="checkbox"/>	X <input checked="" type="checkbox"/>		
MIDP <input type="checkbox"/>	Y <input type="checkbox"/>		
TFLA <input type="checkbox"/>	Z <input type="checkbox"/>		
Other Agents			
SMRA <input type="checkbox"/>			
Data Transmission Provider <input type="checkbox"/>			

Cost for progressing P130 through Modification Procedure	£ 0,000 + 10 ELEXON man days
P130 implementation cost	
• Change specific	£0,000
• Operational/maintenance	£0,000
• ELEXON Effort (Development)	10 man days
TOTAL COST	£0,000 + 10 ELEXON man days

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

1.1 Modification Proposal

Modification Proposal P130 'Clarification of the Treatment of Non Half Hourly (NHH) Export Consumption within PARMS Performance Serial 1' (P130) was raised by TXU Sales Direct Limited on 2 June 2003 to remove a perceived ambiguity in PAMRS Serial 1. This ambiguity has emerged as a result of the approval of Alternative Modification Proposal P81 'Removal of the Requirement for Half Hourly Metering on Third Party Generators at Domestic Premises' (P81).

P81 introduces the concept of NHH Export energy. The Proposer believes that the treatment of NHH Export Consumption in PARMS Serial 1 is unclear – i.e. whether NHH Export Consumption should be added or subtracted from the NHH Import Consumption for the purpose of determining the amount of energy settled on the basis of estimates.

The equations for the treatment of NHH Consumption in PARMS Serial 1, contained in Section 2.2.2 Annex S-1 of the Code, instruct that Consumption Component Classes (CCCs) should be 'summed':

$\Sigma_{N(AA)}$ means summed over all Consumption Component Classes (N) that are associated with Annualised Advances

$\Sigma_{N(EAC)}$ means summed over all Consumption Component Classes (N) that are associated with Estimated Annual Consumptions and are not associated with Unmetered Supplies

However, reading the entry for the basic summation term for NHH Consumption in the Technical Glossary of the Code (Annex X-2, Table X-5) suggests Export should be subtracted from Import:

$\Sigma_N =$ summed over all Consumption Component Classes (N) where, in such summation, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be subtracted and values associated with all other Consumption Component Classes shall be added.

The Proposer believes that this discrepancy between the two sections of the Code, and the resulting ambiguity as to how NHH Export Consumption ought to be treated, constitutes a defect in the Code.

Clarification is required to specify that NHH Export Consumption should be added to NHH Import Consumption, rather than the former being subtracted from the latter. Such a clarification would have the benefit of maintaining the accuracy of Supplier Charges.

Supplier Charges are a financial instrument designed to maintain the quality of Settlement data. One component of which is a charge on Suppliers who exceed specified limits on the proportion of NHH data submitted which may be estimated data. Addressing the ambiguity in the Code is essential to avoid undermining the incentive on Suppliers to submit accurate NHH data. Were it to remain, a perverse incentive on Suppliers not to process meter advances for Export metering systems could be created – Export Estimated Annual Consumption (EAC) values would artificially increase the percentage of energy settled on Annualised Advance, through being netted off from Import EAC values.

P130 proposes addressing this defect by clarifying that NHH Export Consumption should be added to NHH Import Consumption for the purposes of PARMS Serial 1 in order to preserve the existing incentive on Suppliers to submit as accurate data as possible into Settlement. Therefore, P130 would better facilitate achievement of the Applicable BSC Objective (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.'

The Proposer notes that implementation of P130 would result in the different treatment of Export energy between PARMS Serial 1, which covers NHH data, and PARMS Serials 2 to 8, which cover HH

data. However, this difference is justified. The rules for NHH Export Estimated Annual Consumption EAC and Default are the same as those for NHH Import EAC and Default. Therefore the effect of both should be seen in the Provision of NHH Data - Serial 1. In the HH market, the Import and Export EACs and Defaults are treated differently and therefore the Export CCCs are excluded from the equivalent Serial.

BSCCo prepared an Initial Written Assessment (IWA) of P130 (Reference 1) and presented it to the Panel on June 12 2003. The Panel agreed with BSCCo's recommendation that P130 should be sent direct to the Report on the basis that it was self evident that the proposed change would better facilitate achievement of the Applicable BSC Objectives (see Section 1.4 for the rationale for BSCCo's recommendations)

1.2 Proposed Modification

Proposed Modification is described in Section 1.1 above.

1.3 Issues raised by the Proposed Modification

No issues were identified during the IWA.

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

BSCCo recommended to that the Panel that P130 should be submitted to the Report Phase with a provisional recommendation that it be made. Initial assessment indicates that it was self evident that achievement of Applicable BSC Objective (c) would be better facilitated by P130 - the ambiguity present in the Code serves no purpose, renders the treatment of NHH Export Consumption unclear for the purposes of PARMS Serial 1 and its removal would increase the probability that accurate charges are levied on Suppliers for breach of data quality standards. In addition, implementation of P130 would have minimal impact confined to minor changes to the Code and a single BSCP.

BSCCo recommended that P130 should be implemented on 20 January 2004, so that it coincides with the implementation of the SVAA software changes necessary to support P81 and P99 'Changes to Accreditation and the PARMS Serials and Standards, resulting from the Performance Assurance Framework (PAF) Review (Phase 1)' (P99).

Whilst the Code changes for P81 are scheduled for implementation on 28 September 2003, the SVAA software development will be implemented on 20 January 2004. Between 28 September 2003 and 20 January 2004 the SVAA software will not be able to deal with Export energy and it will be accounted for as Import energy. This will mean that the data passed from the SVAA to SAA will be incorrect for the Settlement Runs carried out on the calendar days 28 September 2003 to 20 January 2004 for Settlement Days between these two dates. However, as the energy reported will be reported as a total amount against the Import CCC between 28 September 2003 and 20 January 2004, the value that is returned in the Serial 1 calculation will be the same value pre and post implementation of this Modification Proposal, as long as it is implemented on or before the 20 January 2004.

P99 is also scheduled for implementation on 20 January 2004, and will also require changes to BSCP533. Therefore, it would appear efficient to synchronise implementation of P130 with that of P99 so that the respective changes to BSCP533 can be made effective at the same time.

1.5 Governance and regulatory framework assessment

No issues were identified in the IWA.

2 RATIONALE FOR PANEL'S PROVISIONAL RECOMMENDATIONS

The the Panel was of the opinion that implementation of P125 would better facilitate achievement of Applicable BSC Objective (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.'

The Panel agreed with BSCCo's assessment that it is self evident that P130 would better facilitate achievement of Applicable BSC Objective (c)- the ambiguity present in the Code serves no purpose, renders the treatment of NHH Export Consumption unclear for the purposes of PARMS Serial 1 and its removal would increase the probability that accurate charges are levied on Suppliers for breach of data quality standards.

3 IMPACT ON BSC SYSTEMS AND PARTIES

Implementation of P130 would have a minor impact on BSCCo but no impact on either the BSC Systems or BSC Parties.

3.1 BSCCo

During the IWA, the following impacts on BSCCo were identified:

- **Requirement to make necessary changes to the BSC:** the nature of the changes is outlined in Section 4.1.
- **Requirement to make necessary changes to BSCP 533:** the nature of the changes is outlined in Section 4.2.

3.2 BSC Systems

No impact identified.

3.3 Parties and Party Agents

The IWA indicated that implementation of P130 would have minimal impact on BSC Party systems and processes. Trading Party systems and processes would need to be capable of replicating the equations specified under PARMS Serial 1. However, this impact is expected to be minimal at most – systems would have to be capable of adding NHH Export CCCs rather than subtracting. This ought not to be significant given that NHH Import are already being added to each other.

4 IMPACT ON CODE AND DOCUMENTATION

Implementation of P130 would require minor changes to the Code and BSCP533 'PARMS Data Provision'. There would be no impact on either the BSCCo Memorandum and Articles of Association or Core Industry Documents.

4.1 Balancing and Settlement Code

The following changes to the Code would need to be made to give effect to P130:

Item	Potential Impact of Proposed Modification
S: ANNEX S-1 Performance Levels and Supplier Charges	The treatment of NHH Consumption Component Classes, contained in section 2.3.3, would need to be amended to specify that Export is added to rather than subtracted from Import.

X: ANNEX X-2 Technical Glossary	The entry for the basic summation term for NHH Consumption would need to be amended to specify that Export is added to rather than subtracted from Import.
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The Legal text, approved by the Panel, necessary to give effect to P130 is attached as Annex 1 of this report.

4.2 Code Subsidiary Documents

The following changes to BSCP 533 'PARMS Data Provision' would need to be made to give effect to P130:

Item	Potential Impact of Proposed Modification
BSCP 533 'PARMS Data Provision'	The 'Provision of Non Half Hourly Data' portion of the 'Monitoring Implementation Requirements', Appendix 4.13 of BSCP 533, would need to be amended. Under the 'Clarifications' section, the note stating that Licence Exempt Generation is excluded from the calculations would need to be removed and a note inserted to specify that Import and Export CCCs are added together, rather than Export being subtracted from Import..

5 SUMMARY OF CONSULTATIONS

This section will be completed once the consultation on this draft Modification Report has been completed and all responses received collated.

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you agree with the Panel's views on P130 and the provisional recommendation to the Authority contained in the draft Modification Report that P130 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 P130?			
Do you believe that there are any impacts that have not been highlighted?			

5.1 Comments and views of the Panel

This section will be completed once the Panel has considered the consultation responses received on this draft Modification Report.

6 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

No analysis was sought.

7 SUMMARY OF EXTERNAL ADVICE

No external advice has been sought.

8 IMPLEMENTATION APPROACH

On the advice of the BSCCo, the Panel recommends that P130 should be implemented so as to coincide with the implementation of the P81 SVAA software development and the implementation of P99. Therefore, an Implementation Date of 20 January 2004 is recommended, provided an Authority determination is received no later than 1 September 2003.

9 DOCUMENT CONTROL

9.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	18.06.03	Roger Salomone	Justin Andrews	Draft for Peer Review
0.2	20.06.03	Roger Salomone	BSC Parties	Draft for Consultation

9.2 References

Ref	Document	Owner	Issue date	Version
IWA P130	Initial Written Assessment P130	ELEXON	06.06.2003	1.0

ANNEX 1 DRAFT LEGAL TEXT

Attached below are the proposed changes to the Code to give effect to P130. Please note that it is not proposed that the entries in the Technical Glossary of the Code (Annex-2) for the summation of Consumption of Component Classes are changed in line with the proposed changes to Annex S-1. The Technical Glossary provides a high-level description of terms used elsewhere in the Code and the existing entries can accommodate the changes being made to Annex-S-1.

Annex S-1 (version 3.0 including all Approved Modifications awaiting implementation)

Amend the following paragraph as shown:

2.2.2 For the purpose of this paragraph 2.2:

- (a) the percentage of total energy attributable to a Supplier settled on the basis of Annualised Advances shall be calculated in accordance with the following formula:-

$$\left(\frac{A_{HZ}}{A_{HZ} + E_{HZ}} \right) \times 100$$

where:-

A_{HZ} means $\sum_{N(AA)} \sum_j (C_{inj} + CLOSS_{inj})$; and

E_{HZ} means $\sum_{N(EAC)} \sum_j (C_{inj} + CLOSS_{inj})$;

- (b) the following summations shall bear the following respective meanings:

$\sum_{N(AA)}$ means summed over all Consumption Component Classes (N) that are associated with Annualised Advances. For the avoidance of doubt, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be added to those values associated with all other Consumption Component Classes; and

$\sum_{N(EAC)}$ means summed over all Consumption Component Classes (N) that are associated with Estimated Annual Consumptions and are not associated with Unmetered Supplies. For the avoidance of doubt, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be added to those values associated with all other Consumption Component Classes;

- (c) the relevant values shall be those included in the relevant run of Settlement.

Annex X-2 (Version 3.0 including all Approved Modifications awaiting implementation)

Amend TableX-5 as follows:

\sum_N = summed over all Consumption Component Classes (N) where, in such summation, values associated with Consumption Component Classes associated with Third Party Generating Plant comprised in SVA Metering Systems shall be subtracted and values associated with all other Consumption Component Classes shall be added, except in the case of $\sum_{N(AA)}$ and $\sum_{N(EAC)}$ for the purposes of Annex S-1 paragraph 2;

ANNEX 2 CONSULTATION RESPONSES

To be attached once the Report Phase consultation exercise has been completed

