

May 2003

MODIFICATION REPORT
MODIFICATION PROPOSAL P126 –
'BSC HOUSEKEEPING
MODIFICATION'

**Prepared by ELEXON on behalf of the Balancing
and Settlement Code Panel**

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I DOCUMENT CONTROL

a Authorities

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b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
Core Industry Document Owners	Various

c References

Ref.	Document	Owner	Issue Date	Version
1	BSC Panel Paper 60/013	ELEXON	10 April 2003	FINAL
2	P126 Initial Assessment	ELEXON	08 May 2003	1.0

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of Modification Proposal P126 'BSC Housekeeping Modification' (P126) and the resultant findings of this report, the Balancing and Settlement Code Panel (the Panel) recommends that:

- a) **Proposed Modification P126 should be made; and**
- b) **The Implementation Date should be 15 Working Days after the Authority decision.**

1.2 Background

A number of minor inconsistencies, typographical errors and omissions have been identified within the Balancing and Settlement Code (the Code). P126 represents a consolidation of the various 'housekeeping' changes required to rectify these defects. The specific changes are detailed in Section 4 of this report.

P126 was raised on 15 April 2003 by the BSCCo, on the recommendation of Panel. The Initial Written Assessment (IWA) was submitted to the Panel on 08 May 2003 who agreed with the BSCCo recommendation that it should proceed directly to the Report Phase, as the changes are of a minor and inconsequential nature. The Panel agreed that P126 would increase the efficiency of the Balancing and Settlement arrangements and therefore better facilitates Applicable BSC Objective (d).

1.3 Rationale for Recommendations

P126 seeks to address a number of minor inconsistencies, typographical errors and omissions within the Code. If unremedied, these errors, inconsistencies and omissions may lead to misunderstandings and confusion, which could potentially impact a Party's understanding of the operation of the Code. Addressing these defects periodically, via a consolidated housekeeping modification, is a more robust and efficient way of administering amendments than addressing each individually when identified or awaiting individual disputes and issues to arise. Clearly it is also in all Parties' general interests that the Code is as accurate and internally consistent as possible.

The Panel therefore believes that P126 would better facilitate the achievement of the Applicable BSC Objectives contained in Condition 7A of the Transmission Licence. In particular, the Modification is justified with reference to the objective in Condition 7A(3)(d) (*'promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements'*). The proposal has no impact on any of the other objectives, as set out in Condition 7A(3).

The suggested changes have no systems impact. The effect of the changes is to increase efficiency in the administration of Balancing and Settlement processes and, accordingly, they have been raised under section C3.8.8 with a view to better achieving the objective in Condition 7A(3)(d).

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd on behalf of the Panel, in accordance with the terms of the Code. The Code is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 HISTORY OF PROPOSED MODIFICATION

P126 was raised on 15 April 2003 by BSCCo, on behalf of the Panel, in accordance with Paragraph F2.1.1(d)(i) and (iv) of the Code. These provisions give the Panel the power to raise Modification Proposals where to do so would better facilitate achievement of the objective of 'promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements' or would have the purpose 'to rectify manifest errors in or to correct minor inconsistencies (or make other minor consequential changes) to the Code.'

At its meeting on 08 May 2003 the Panel directed that P126 should proceed directly to the Report Phase pursuant to section F2.7. This decision was made in view of the guidance provided in section F2.2.4 of the Code, which states:

'For the avoidance of doubt, it is expected that the Panel would usually proceed directly to the Report Phase pursuant to paragraph 2.2.3(b)(iii) where the Modification Proposal is of a minor or inconsequential nature and/or where the recommendation which the Panel should make to the Authority in relation to such Modification Proposal would generally be considered to be self-evident.'

The Panel recommended that the proposed Modification should be made. The Panel also agreed that in the event that the Authority determines that the Proposed Modification should be made, the Implementation Date should be 15 Business Days after the Authority determination.

The costs highlighted for implementation of P126 are only for documentation updates and are discussed further in Annex 1.

On the basis of the IWA, the Panel supported the view that P126 better facilitates achievement of Applicable BSC Objective (d) as it promotes efficiency in the implementation and administration of the Balancing and Settlement arrangements.

A draft Modification Report for P126 was issued for consultation on 19 May 2003. 7 Responses (24 Parties) were received to the consultation on the draft Modification Report. 6 Respondents (23 Parties) expressed support for the Proposed Modification. 1 Respondent (1 Party) expressed 'No Comment'. A summary of the responses received can be found in section 8 and copies of all responses found in Annex 2 of this report.

[At the Panel Meeting on 12 June 2003 that draft Modification Report and consultation responses were discussed. The Panel reaffirmed their original recommendation that the Proposed Modification should be made and determined that the draft Modification Report should be sent to the Authority]

4 DESCRIPTION OF PROPOSED MODIFICATION

The table below describes the various housekeeping changes that have been consolidated to form this Proposed Modification.

Ref.	Identified by	Section(s)/ Area(s) Affected	Type of Change	Requirement
1.	ELEXON	Section S Annex S-2	Inconsistency	Section S, pages S2-62 and S2-63 of the printed version and pdf available on the website are in a different format to the rest of the code as a different font has been used. (A Modification is not strictly required, however it has been included for clarity.)
2.	ELEXON	Section L1.3.1 Section Annex X-1	Typographical error	The word "Designated" used in the definition in Annex X-1 and text in Section L1.3.1 should be replaced with the word "Domestic", leaving the rest of the definition and context un-altered. This is bringing the Code in line with the new standard licence that came in under the Utilities Act 2000.
3.	ELEXON	Section K3.2.3	Typographical error	Currently Section K3.2.3 (b) reads: K3.2.3 (b) the date with effective from which the applicant wishes the registration to be effective It should read: K3.2.3(b)the date from which the applicant wishes the registration to be effective
4.	ELEXON	Section Annex X-1	Erroneous cross-reference	In Section Annex X-1, within the definition of "Core Industry Document Owner", it refers to Section F1.6.4 for the meaning of this. The relevant definition is actually in Section F1.6.3.
5.	ELEXON	Section V, Annex V-1, Table 1	Omission	Section V, Annex V-1, Table 1 sets out the items for BMRS publishing but the P78 legal drafting has omitted to add 'Indicative Net Imbalance Volume' (INIV). (Note that INIV was included in Section V paragraph 2.6.5 as part of the legal code for P78 and by virtue of this and Section V paragraph 2.1.2 (b), the requirement to publish the data on the BMRS was approved as part of P78.)
6.	ELEXON	Section M3.3.2	Omission	Section M3.3.1(b) refers to posting a Level 2 Credit Default statement on the BMRS or the BSC Website, whereas Section M3.3.2, which provides for its cancellation, refers only to the BMRS and should include the BSC Website.

7.	ELEXON	Section T4.10.2	Typographical error	<p>Unnecessary duplication of "and" has been used in Section T4.10.2</p> <p>Current wording highlighted below:</p> <p>where Σ_i^+ is, for each Energy Account a in Settlement Period j, the sum over all BM Units i that are in delivering Trading Units, and</p> <p><u>and</u> Σ_i^- is, for each Energy Account a in Settlement Period j, the sum over all BM Units i that are in offtaking Trading Units, and</p> <p><u>and</u> Σ_a represents the sum over all Energy Accounts a, other than the TC (Non-IEA) Energy Accounts held by the Transmission Company.</p>
8.	ELEXON	Section T4.10.2	Typographical error	Section T4.10.2 refers to QCE _{aij} this should read QCE _{iaj}
9.	ELEXON	Section N6.1.3 (b)(v)	Typographical error	Remove "and" from the end of Section N6.1.3 (b) (v) due to unnecessary duplication.

5 RATIONALE FOR RECOMMENDATION

The Panel agreed that P126 will increase efficiency and therefore better facilitate Applicable BSC Objective (d).

The rationale for this is that P126 seeks to address a number of minor inconsistencies, typographical errors and omissions within the Code. If unremedied, these errors, inconsistencies and omissions may lead to misunderstandings and confusion, which could potentially impact a Party's understanding of the operation of the Code.

6 LEGAL TEXT TO GIVE EFFECT TO THE MODIFICATION

The legal text for P126 can be found as Attachment 1 of this Report.

Proposed Modification P126 requires changes to sections S, L, X, K, V, M, T and N of the Code. A detailed red lined version of the legal text is included in Appendix 1.

The legal text included with this report is drafted against the version of the Code current on the date of the Panel meeting (12 June 2003). The legal drafting was checked against all Modifications that had been approved by the Authority on the date of the Panel meeting, including those that have not yet been implemented. If the baseline of the Code changes prior to implementation of P126, or if other Modification Proposals are to be implemented at the same time as P126, the legal text may need to be amended.

7 ASSESSMENT

As the various changes described in this report are confined to drafting revisions of the Code and are of a relatively minor or inconsequential nature, it has not been necessary to undertake a detailed assessment of the impact of making the changes on BSC Agent and Party systems and processes.

All of the changes are to correct a number of minor inconsistencies, typographical errors and omissions to add clarification in the Code. These changes have no impact on the systems or processes of BSCCo, BSC Agents, Parties or Party Agents.

The following issues were identified when drafting the legal text:

- The inconsistency in the use of fonts in Section S Annex S-2 does not strictly require a Modification Proposal. This has been included in the Housekeeping Modification for clarity.
- Section V, Annex V-1, Table 1 is proposing to add 'Indicative Net Imbalance Volume' (INIV) into the table of items to be published by the BMRS. It was pointed out that any addition to such data requires Panel approval beforehand (see Section V4.3.1). However it was subsequently noted that INIV was included in Section V paragraph 2.6.5 as part of the legal code for P78 and by virtue of this and Section V paragraph 2.1.2 (b), the requirement to publish the data on the BMRS was approved as part of P78.

8 SUMMARY OF REPRESENTATIONS

The draft Modification Report was issued for consultation on 19 May 2003 with responses due back on 30 May 2003. 7 responses were received representing 24 Parties.

- 6 responses (23 Parties) supported the recommendation that the Proposed Modification should be made and 1 response (1 Party) had no comment;
- 4 responses (18 Parties) supported the legal drafting, whilst 3 responses made no comment;
- 6 responses (23 Parties) supported the recommended Implementation Date whilst 1 response made no comment.

The views expressed in the responses are summarised below:

Respondent	No. BSC Parties Represented	No. non BSC Parties Represented	Agree with Recommendation (Approve)	Agree with Legal Drafting	Agree with Implementation Date
EdF Trading Ltd & EDF (Generation)	2	0	✓	✓	✓
NGC	1	0	✓	✓	✓
Scottish Power	6	0	✓	✓	✓
Aquila Networks	1	0	N/C	N/C	N/C
British Gas Trading	1	0	✓	N/C	✓
Scottish and Southern	4	0	✓	N/C	✓
LE Group	9	0	✓	✓	✓
TOTAL (7)	24	0	6(23)	4(18)	5(23)

Note: N/C = No comment

Annex 2 of this Modification Report contains a summary of the responses and copies of the actual responses received.

There were no costs, associated with the implementation of P126, identified by respondents.

ANNEX 1 – COST SUMMARY

The only costs associated with the implementation of P126 will relate to documentation updates i.e. the cost of making changes to the Code and issuing the revised version; the cost of analysing potential interactions between P126 and other pending Modification Proposals; and the cost of updating BSCCo's LWI. ELEXON's effort to make these changes is estimated at 22 man days. There are no third party costs.

ANNEX 2 – REPRESENTATIONS

Responses from P126 Draft Report Consultation

The draft Modification Report was sent out for consultation on 19 May 2003 with responses due back on 30 May 2003. The table below gives a summary of the responses and the actual responses received are attached below.

	Responses	BSC Parties	Non BSC Parties
Support recommendations	6	23	0
Do not support recommendations	0	0	0
No Comment	1	1	0
Total	7	24	0

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	No. Non-Parties Represented
1.	EdF Trading Ltd & EDF (Generation)	P126_DR_001	2	0
2.	NGC	P126_DR_002	1	0
3.	Scottish Power	P126_DR_003	6	0
4.	Aquila Networks	P126_DR_004	1	0
5.	British Gas Trading	P126_DR_005	1	0
6.	Scottish and Southern	P126_DR_006	4	0
7.	LE Group	P126_DR_007	9	0

P126_DR_001 – EdF Trading Ltd & EDF (Generation)

Respondent:	<i>Name Steve Drummond</i>
No. of BSC Parties Represented	2
BSC Parties Represented	<i>EdF Trading Ltd EDF (Generation)</i>
No. of Non BSC Parties Represented	
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>Generator/Trader</i>

	Question	Response	Rationale
	Do you agree with the Panel’s views on P126 and the provisional recommendation to the Authority contained in the draft Modification Report that P126 should be made? Please give rationale.	Yes	The changes provide clarity and hence aid efficiency.
	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? Please give rationale.	Yes	
	Do you agree with the Panel’s provisional recommendation concerning the Implementation Date for P126? Please give rationale.	Yes	
	Are there any further comments on P126 that you wish to make?	No	

P126_DR_002 – NGC

Respondent:	<i>Name</i> Clare Talbot
No. of BSC Parties Represented	One
BSC Parties Represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant)</i> National Grid.
No. of Non BSC Parties Represented	N/A
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i> N/A
Role of Respondent	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state)</i> BSC Party

	Question	Response	Rationale
	Do you agree with the Panel's views on P126 and the provisional recommendation to the Authority contained in the draft Modification Report that P126 should be made? Please give rationale.	Yes	We agree with the Panel that this modification will better facilitate BSC objective (d) by addressing defects which could potentially impact a Party's understanding of the Code.
	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? Please give rationale.	Yes	We agree that the legal text addresses the defect identified by clarifying the Code where errors or omissions have been identified.
	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P126? Please give rationale.	Yes	As the proposed changes have no systems impacts we support the proposed implementation date of 15 working days after the Authority Decision.
	Are there any further comments on P126 that you wish to make?	No	

P126_DR_003 – Scottish Power

Respondent:	<i>Name</i> John W Russell (SAIC Ltd)
No. of BSC Parties Represented	6
BSC Parties Represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant).</i> Scottish Power UK plc; ScottishPower Energy Trading Ltd.; ScottishPower Generation Ltd; ScottishPower Energy Retail Ltd.; SP Transmission Ltd; SP Manweb plc.
No. of Non BSC Parties Represented	
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent

Q	Question	Response	Rationale
1.	Do you agree with the Panel's views on P126 and the provisional recommendation to the Authority contained in the draft Modification Report that P126 should be made? Please give rationale.	Yes	<i>We agree that the proposed changes to address a number of minor inconsistencies, typographical errors and omissions within the BSC should be made.</i>
2.	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? Please give rationale.	Yes	<i>We agree that the legal test appears to be appropriate.</i>
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P126? Please give rationale.	Yes	<i>We agree that due to the minor nature of these changes, with no systems impact, that 15wd is sufficient notification.</i>
4.	Are there any further comments on P126 that you wish to make?	No	

P126_DR_004 – Aquila Networks

Please find Aquila Networks Plc response to P126 Consultation on draft Modification Report is 'No Comment'.

regards
Rachael Gardener

Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS

P126_DR_005 – British Gas Trading

Dear Sirs,

Re: Modification Proposal P126 – BSC Housekeeping Modification

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P126. British Gas Trading (BGT) agrees with the Panel's provisional recommendation supporting the Modification Proposal and concurs that it will better facilitate Applicable BSC Objective (d).

Due to the minor nature of the changes being proposed, BGT agree with the recommended implementation date of 15 working days following the Authority decision.

Yours faithfully

Mark Manley
Contract Manager

P126_DR_006 – Scottish and Southern

Dear Sirs,

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

Further to your note of 19th May 2003, and the associated Modification Report for P126, we agree with the proposed BSC Panel recommendation to the Authority that this Modification Proposal P126 should be made.

If the Modification Proposal P126 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in Section 1.1 of the Modification Report.

Regards

Garth Graham
Scottish & Southern Energy plc

P126_DR_007 – LE Group

Respondent:	Paul Chesterman
No. of BSC Parties Represented	9
BSC Parties Represented	LE Group plc, London Electricity plc, Jade Power Generation Ltd, Sutton Bridge Power Ltd, West Burton Power, London Power Networks plc, EPN Distribution Ltd, Seeboard Power Networks plc, Seeboard Energy Ltd,
No. of Non BSC Parties Represented	1 (this is a BSC Party Agent)
Non BSC Parties represented	ECS Metering & Data Services
Role of Respondent	Supplier / Generator / Party Agent / Distribution Business

Q	Question	Response	Rationale
1.	Do you agree with the Panel's views on P126 and the provisional recommendation to the Authority contained in the draft Modification Report that P126 should be made? Please give rationale.	Yes	
2.	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? Please give rationale.	Yes	
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P126? Please give rationale.	Yes	
4.	Are there any further comments on P126 that you wish to make?	No	