

<h1>NETA Change Form</h1>		ELEXON Reference
		MP102
Title		Version No.
Entitlement of Licence Exemptable Generators ("LEGs") to BSC Membership Without Evidence of Trading		Version 0.3
		Logica Reference
		ICR449
Type of Assessment	Date CP Received	Date IA Issued
DLIA	16-Jan-2003	20 Jan-2003
Brief Summary of Change		
<p>MP102 aims to allow Licence Exemptable Generators ("LEGs") to become signatories to the BSC on a non-trading basis, thereby obtaining access to non-confidential information only available to registered Parties. It is proposed that LEGS be excused from the demonstration of trading activity within six months of registering as a Party, thereby receiving information only available to Parties whilst not undertaking any trading activity.</p> <p>Options are as follows (see attached Requirements Specification P102RS2):-</p> <p>Solution 1: An existing role would be used for Parties that have non-trading status.</p> <p>Solution 2 (Option 1): Central Systems would record which Parties have non-trading status using a new role.</p> <p>Solution 3a (Option 2): Data distributed through the low-grade service, but no separate server area for licensees.</p> <p>Solution 3b: (Option 3): Data distributed through the low-grade service, with a separate secure area for non-parties.</p>		
Logica's Proposed Solution		
<p>Solution 1: No system changes are intended to be made, as existing role codes would be used. However, additional Comms would be required if the number of Trading Parties and LEGs exceeded 300.</p> <p>Solution 2 (Option 1): This would require a new party status as a non-trading party, which would require a new role code, as detailed in Section 4 of the attached Requirements Specification.</p> <p>Solution 3a (Option 2): This solution is detailed in Section 5 of the attached Requirements Specification. Two possible solutions exist:</p> <ul style="list-style-type: none"> • Solution 3a(i): Create a new role in CRA (as for solution 2, but not a Party role, more like MIDP role introduced under P78). Each LEG would therefore have standard (i.e. same as for Party of Party Agent) ftp account (High / Low grade). Make S0142 available to LEGs from shared area as well as for Parties (introduced through CP712). 3 CDCA flows available using BSCP41 		

requests. Enhancement of BSCP41 processing by CRA and software to ensure LEGs can only receive these specific flows. CDCA flows will be encrypted and have sequence numbers; LEGs will be required to send ACKs for these files.

- Solution 3a(ii): Create a new role in CRA (as for solution 2, but not a Party role, more like MIDP role introduced under P78). Each LEG would therefore have a READ ONLY ftp account (High / Low grade). S0142 available from shared area as well as for Parties. Make the 3 CDCA flows (SO version) available in the same manner as S0142 (i.e. for LEGs and Parties), creating three new shared access directories. With this solution, LEGs do not require ability to encrypt/decrypt, nor validation of sequence numbers nor ability to send response files.

Note that the security of the data downloaded from the shared areas relies on security of the ftp access.

Solution 3b (Option 3): Following discussions between David Hicks (Logica) and Thomas Bowcutt (ELEXON) this option has been deemed to have no apparent benefit. There would be no functional difference compared to Solution 3a (Option 2) and there would be the additional costs of a server, managing the server and modifying the software to put files onto the files for shared download.

It should be noted that D0269 is outside the scope of this assessment as this is an SVA flow.

Deviation from ELEXON's Solution / Requirements					
Solution 3b (Option 3) not assessed.					
Operational Solution and Impact					
There will be an additional operate cost associated with the additional non-trading Parties.					
Testing Strategy					
Unit	✓	Change Specific	✓	End to End	
Module	✓	Operational Acceptance		Participant Testing	
System	✓	Performance		Parallel Running	
Regression		Volume		Deployment/ Backout	
Other:					
Further analysis of testing will be performed as part of the Detailed Level Impact Assessment (DLIA) process.					
Validated Assumptions					
None.					

Outstanding Issues							
<p>Consideration could be given to an option which registers LEGs in the CRA. Once LEGs are entitled to receive relevant data, Parties who are already supplied this data could supply them by private commercial agreement.</p>							
Changes to Service							
Services Impacted (Solutions indicated)							
	BMRA	CDCA	CRA	ECVAA	SAA	TAA	Other
Software			2, 3a(i), 3a(ii)				3a(ii)
IDD Part 1 (Docs)			2, 3a(i), 3a(ii)				
IDD Part 1 (S'Sheet)			2, 3a(i), 3a(ii)				
IDD Part 2 (Docs)							
IDD Part 2 (S'Sheet)							
URS		3a(ii)					
SS							
DS							
MSS							
OSM							
LWIs							
RTP	(Will be investigated in detail in the DLIA.)						
Comms	If the number of LEGs plus the number of Trading Parties exceed 300, then additional Comms lines would be required in all cases (including Solution 1) to both the live site and the Disaster Recovery Site to support the extra load placed on the system as a result of extra files being sent to LEGs.						
Other							
Nature of Documentation Changes							
<p>Solution 1: No changes Solution 2: New role code added for new Party status as non-trading Party. Solution 3a(i): CRA-F036 Solution 3a(ii): CDCA-I029, CDCA-I030, CDCA-I042</p>							

Nature / Size of System Changes	
Small	
Type of Release Costed:	Interim (Patch)
Deployment Issues, e.g. Outage Requirements:	Yes
Impact on Service Levels:	None.
Impact on System Performance:	None provided that the total number of LEGs and Trading parties does not exceed 300. Additional Comms would be required if this limit is exceeded.
Responsibilities of ELEXON	
<ul style="list-style-type: none"> For all DCRs which are subject to review, Logica shall provide one draft issue and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. Comments will be addressed and the final issue will be provided. A maximum of 2 working days has been allowed for review confirmation and signoff by ELEXON. Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change. 	
Acceptance Criteria	
n/a (required for DLIA only).	
Any Other Information	
None.	
Attachments	
MP102 MP102 Requirements Specification	

PRICING		
Price Breakdown		
Item description	Remarks	Price (ex VAT)
Change Specific Cost	Solution 1 Solution 2 Solution 3a(i) Solution 3a(ii)	£0 £8 302 £37 408 £26 533
Project Overhead	Management and release costs.	Solution 1 - £0 Solution 2 - £90 104 Solution 3a(i) - £117 141 Solution 3a(ii) - £111 104
Total Price (ex VAT)		Solution 1 - £0 Solution 2 - £98 406 Solution 3a(i) - £154 549 Solution 3a(ii) - £137 637
Project Duration		Solution 1 - 0 weeks Solution 2 - 6 weeks Solution 3a(i) - 8 weeks Solution 3a(ii) - 8 weeks
Operational Price (ex VAT)		£5 000 per annum to administer up to 20 LEGs. or £250 per LEG per annum, Both the above options are only valid provided that the total number of LEGs plus trading parties do not exceed 300
Rationale		
This covers the cost of generating reports, annual refresh from CRA etc. With the current infrastructure, there is a limit to the number of LEGs and Trading parties that can be accommodated on the Low Grade Service.		
Annual Maintenance Price (ex VAT)		Solution 1 - £0 Solution 2 - £13 777 Solution 3a(i) - £21 637 Solution 3a(ii) - £19 269
Rationale		
The Annual Maintenance Price is derived as 14% of the Total Price.		

Validity Constraints

- It has been assumed that LEGs will be using the Low Grade Service.
- Price excludes provision for indexation of daily rates from 1st April 2003.
- Price and duration assume that this change is developed in isolation and the effects of other changes are excluded.
- No allowance is included in the price for Service Descriptions being different from the Change Proposal.
- Price is for creating DCRs, not a formal documentation issue.
- Operate and maintain charges will be invoiced monthly in arrears.
- No allowance has been included for supporting PWC activities.

The validity period for this quote is 30 days and the offer is based on the following payment milestones:-

- Logica will invoice 30% on receipt of Purchase Order or authorised start of work, 50% on completion of acceptance tests, 20% on deployment or one month after completion of acceptance tests, whichever is sooner.
- Comms is charged under a separate agreement.

Authorised Signature	Date Signed
	20-Jan-2003

Modification Proposal	MP No: 102 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Entitlement of Licence Exemptable Generators ("LEGs") to BSC Membership Without Evidence of Trading	
Submission Date <i>(mandatory by proposer):</i> 7 October 2002	
<p>Description of Proposed Modification <i>(mandatory by proposer):</i></p> <p>To alter the current conditions of paragraph 2.6 of Section A of the BSC related to "Withdrawal of a Party which does not commence trading" to allow full access to market data. This condition of the BSC currently requires that BSC Parties commence trading activities within six months of joining the BSC. Evidence of the commencement of trading is by completion of one of the following steps (2.6.3 of Section A):</p> <ul style="list-style-type: none"> • an application to register a Metering System; • an application to register a BM Unit; • a submission of any Energy Contract Volume Notification or Metered Volume Reallocation Notification; • the appointment of such Party as Interconnector Administrator or Interconnector Error Administrator in relation to one or more interconnectors. <p>In the event that none of these steps are taken within the six month period, the following action will be taken (2.6.1 of Section A) in order to classify the Party as a "Discontinuing Party" :</p> <ul style="list-style-type: none"> • BSCCo shall give notice to that effect to such Party; and • such Party shall automatically cease to be a Party (and cease to be a party to the Framework Agreement) with effect one month after the date on which BSCCo gives such notice (and such Party shall be treated as being a Discontinuing Party and as having withdrawn from the Code for the purposes of paragraph 5.3.1(a)). <p>We propose that LEGs should be entitled to remain BSC Parties notwithstanding that none of the steps referred to above are taken. The LEG would be charged a fee to cover the administration costs of becoming a signatory to the BSC on such a non trading basis.</p>	
<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i></p> <p>With the advent of NETA, some consideration was given to how market data could be made publicly available. The Balancing Market Reporting System (BMRS) provides, free-of-charge, a range of information. This includes final physical notifications, imbalance price data and the anticipated net system imbalance for each half-hour.</p> <p>The BMRS provides information in advance of and shortly after real-time. However, out-turn information (such as actual system imbalance and actual generation) is not published.</p> <p>Other data of commercial relevance to LEGs, including the half-hourly transmission loss and 'beer fund' values, and the net metered and imbalance position of market participants, is restricted to BSC Parties. Such data is not deemed commercially confidential, as information relating to every BSC Party is available to every other BSC Party (in the form of the "SO142" report). However, non-Parties have no access to such data. This is in contrast with the Pool, where ESIS provided a similar set of data (including generator bid prices) to all paying</p>	

Modification Proposal	MP No: 102 <i>(mandatory by BSCCo)</i>
<p>subscribers.</p> <p>Knowing the metered quantities and the imbalance position of potential contracting counterparties would substantially assist LEGs in determining who is in a position to contract with them and to better understand the trading position of that counterparty.</p> <p>The vast majority of LEGs, as under the Pool, choose to contract under Supplier Volume Allocation (SVA) with a licensed supplier, rather than become a BSC Party and trade directly within the NETA markets. This is mainly because of the large fixed costs and administrative burdens that are infeasible for most small generators. However, in choosing this path, they are restricted from accessing vital market information. The dilemma for LEGs is that the only way of accessing this information is by embarking on a route to market that, as under the Pool, is uneconomic for the vast majority. Hence, the current arrangements directly imply an unjustified cost on LEGs wishing to access market data. We see no reason for not allowing LEGs to take out BSC membership without having to commence trading (as presently defined in the BSC) whilst still selling their export to suppliers under SVA. A copy of a report by Ilex Energy Consulting which explains administrative barriers facing licence-exempt generation under NETA is attached.</p>	
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>	

Modification Proposal	MP No: 102 <i>(mandatory by BSCCo)</i>
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i></p> <p>The Applicable BSC Objectives are set out in paragraph 3 of Condition C3 of the Transmission Licence, as follows:</p> <p>(a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;</p> <p>N/A</p> <p>(b) The efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System;</p> <p>N/A</p> <p>(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;</p> <p>Making available crucial market information to LEGs for whom trading activities as a BSC signatory is not a practical option, will assist in creating a fairer negotiating position for these LEGs. It will also enable LEGs to verify independently the benefits of particular supplier contracts or consolidation benefits where the counterparty is a BSC Party and is in possession of such information.</p> <p>The effect of the inequality of market information available to LEGs who do not trade as BSC signatories as opposed to their contracting counterparties who are signatories, is one of a range of barriers faced by LEGs. It is an unequal and unfair aspect of the NETA market structure that such information, which is not confidential, should be available to one contracting party, but not the other. The effect of this barrier, with others, has been to contribute to disproportionate and damaging effects which NETA has had upon LEGs. This has resulted in withdrawals from the LEG sector and extreme financial consequences for that sector which threaten its continued participation in the generation market and its contribution to competition.</p> <p>(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.</p> <p>BSC modification P50 sought to introduce summary reports of market data for both BSC Parties and non-Parties. This was rejected on the grounds of the cost of producing such reports. This modification proposal will achieve the objectives of data access and data transparency without incurring significant cost to existing BSC Parties. Indeed, as LEGs will need to incur the costs of gaining BSC membership, they will contribute towards any minimal increase in costs that may be incurred in making the market information available to a wider group of participants.</p>	

Modification Proposal	MP No: 102 <i>(mandatory by BSCCo)</i>
Details of Proposer:	
Name: S P Garrett	
Organisation: Slough Energy Supplies Ltd	
Telephone Number: 01753 213256	
Email Address: stevegarrett@sloughheatandpower.co.uk	
Details of Proposer's Representative:	
Name: S P Garrett	
Organisation: Slough Energy Supplies Ltd	
Telephone Number: 01753 213256	
Email Address: stevegarrett@sloughheatandpower.co.uk	
Details of Representative's Alternate:	
Name:	
Organisation:	
Telephone Number:	
Email Address:	
Attachments: Yes	
If Yes, Title and No. of Pages of Each Attachment:	
"Contractual and Administrative Barriers facing Licence-Exempt Generators under NETA" 30 pages	

Memorandum

To David Turner
From Tim Pearson-Young
Date 22 November 2002

cc. Tom Bowcutt
Kathryn Coffin

Request for Detailed Level Impact Assessment for Modification Proposal P103

1. Introduction

Following discussions with the P102 Modification Group representatives, it has been requested that a High Level Impact Assessment be conducted on their requirements. Please find enclosed a requirements specification which should be used as the basis of the assessment. You will note that the enclosed document provides background material and information aimed at industry, you should focus on section 3 and the comments in the remainder of this memo.

We would be grateful if you could complete this assessment no later than 29 December 2002 to allow the Modifications Group sufficient time to consider the results. Please let myself or Tom Bowcutt know if you anticipate any problems. Similarly if there are any questions or clarifications required please contact Tom Bowcutt.

The attached Requirements Specification identifies 3 options, we would be grateful if each of these are priced separately.

Section 3 of the attached Requirements Specification summaries the 3 options for assessment and is supported by section 4 which provides additional detail.

You will note that options 2 and 3 rely on a very similar solution we have referred to these as solution 3a and 3b respectively. You will also note that no solution 1 is identified in the document this is to maintain consistency with other working papers. Please continue to use the naming convention used in the requirements specification.

MP102 Requirements Specification



P102 LOGICA Req Spec.pdf