



**High Level Requirements Specification to
Support Modification Proposal P102:
Entitlement of Licence Exemptable
Generators (“LEGs”) to BSC Membership
without Evidence of Trading**

Prepared by ELEXON Limited

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Parties	
Non-Parties (LEGs)	

c Related Documents

Reference 1	P102 Modification Proposal (7 October 2002)
Reference 2	P102 Initial Written Assessment (P102IR) (10 October 2002)
Reference 3	Interface Definition and Design (07-550201)
Reference 4	SVA Data Catalogue (005PAT)

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1 INTRODUCTION

1.1 Background and Scope

Modification Proposal P102 'Entitlement of Licence Exemptable Generators ("LEGs") to BSC Membership Without Evidence of Trading' (P102) was submitted 07 October 2002 by Slough Energy Supplies Ltd. P102 aimed to allow Licence Exemptable Generators (LEGs) to become signatories to the Balancing and Settlement Code ('the Code') on a non-trading basis, thereby obtaining access to non-confidential information only available to registered Parties.

P102 proposed that LEGs be excused the requirement to demonstrate evidence of trading activity, within six months of registration as a Party, as defined in paragraph A 2.6 of the Code. Thereby LEGs would be able to remain Code signatories and receive information only available to Parties (See Appendix 1), whilst not undertaking any trading activity.

The Initial Written Assessment for P102 (Reference 2) was presented to the Panel on 17 October 2002, where it was agreed that P102 be submitted to a 3-month Assessment Procedure to be undertaken by the Settlement Standing Modification Group (SSMG).

At the first meeting of the SSMG on 24 October 2002 it was decided that the scope of P102 should be extended to include all interested Parties. However it was suggested at the Panel meeting 17 October 2002 that any expansion beyond LEGs could not be covered by an Alternative to P102 and would require a new Modification Proposal. Legal advice has been sought determining whether this extension of the Modification can be made. This advice indicated that it was not possible to extend the scope of the Proposal. At the SSMG meeting 11 November 2002 a member of the group indicated they intend to submit such a Proposal.

Four possible solutions to the defect addressed by P102 have been identified and developed such that consultation can be conducted determining which to progress.

1.2 Purpose and Structure of Document

The purpose of this document is to outline four potential solutions to the defect addressed by P102.

Section 2- Summary of Solutions

Section 3- Solution 1: "Remove the Requirement to Commence Trading for all Parties"

Section 4- Solution 2: "Creation of a Non-Trading Party Status"

Section 5- Solution 3: "Licensing Agreement"

Section 6- Solution 4: "Removal of Data Confidentiality"

Appendix 1- BSC Party Information

1.3 Glossary

The following acronyms have been used throughout this document:

BSC	Balancing and Settlement Code
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BSCCo	Balancing and Settlement Code Company
BSCP	Balancing and Settlement Code Procedure
BMRS	Balancing Mechanism Reporting System
CDCA	Central Data Collection Agent
CRA	Central Registration Agent
IWA	Initial Written Assessment
LEG	Licence Exempt Generator
SAA	Settlements Administration Agent
SSMG	Settlement Standing Modification Group
SVA	Supplier Volume Allocation
SVAA	Supplier Volume Allocation Agent

2 SOLUTIONS

P102 aims to address the fact that there are currently non-parties who, whilst they may be participating in the electricity market, are not able to access market information available to all BSC Parties. During assessment by the SSMG four potential solutions were discussed as follows.

- **Remove the requirement to commence trading for all Parties**

By removing the requirement to demonstrate evidence of trading activity, for all Parties, anyone will be able to sign up to the Code and obtain access to BSC Party information beyond the current 6 month cut off for non-trading Parties.

- **Create a 'Non-Trading' Party status**

This solution involves the creation of a new class of Party, that of 'Non-Trading' Parties. This classification of Party would be excused the obligation to commence trading, within 6 months of accession to the Code. By identifying 'Non-Trading' Parties within the Code, specific charges and obligations could be targeted at these Parties.

- **Create a licensing agreement**

Under this proposal a licensing agreement would be created which non-Parties could sign in order to receive BSC data. This agreement could address both confidentiality and cost recovery issues.

- **Remove Trading Data Confidentiality**

By removing confidentiality clauses, relating to Trading Data, from the Code, such information could be made available to any interested person. Capacity already exists within the Code to supply data to third parties on request.

The remainder of this document develops each potential solution and highlights further issues to be addressed during progression of P102.

3 SOLUTION 1: REMOVE THE REQUIREMENT TO COMMENCE TRADING

3.1 Description

This solution involves removing the requirement to commence trading from the Code completely. Under this change anyone not intending to take part in trading activity would be able to accede to the Code and remain a member beyond the current six-month cut off, whereby the panel can determine to expel that Party. By acceding to the Code, non-trading Parties would obtain all the benefits and obligations associated with BSC membership, including access to BSC Party information (See Appendix 1 for details).

Non-trading Parties signing up to the Code would not be identified in anyway and would be subject to exactly the same obligations and rights as any other Party. Whilst Parties continued on a non-trading basis they would only be charged at the base monthly rate (Currently £250 per month).

3.2 Impacts

3.2.1 Changes to the Code

- **Section A: "Parties and Participation"**

Paragraph 2.6- "Withdrawal of a Party which does not commence trading"

Paragraph 2.6 would be removed completely, such that any BSC signatory would be able to remain a Party without demonstrating trading activity.

3.2.2 Changes to the Accession Process

The accession process would be simplified, as the requirement for BSCCo to check whether Parties have initiated trading activity would be removed.

3.2.3 Changes to BSC Systems

None identified.

3.3 Issues

3.3.1 Charging of non-trading parties.

Under this solution the mechanism by which non-trading Parties are charged is the standard £250 per month. At the initial SSMG meeting it was suggested that allowing non-trading Parties to remain members of the BSC, whilst only paying the basic monthly rate, effectively results in trading Parties subsidising non-trading Parties. It was the opinion of some members that the current mechanism charges new Parties at a reduced rate whilst they establish themselves within the BSC. When the new Party is fully set-up and begins trading the costs of this set-up period will be recovered through increased charges associated with trading. It was proposed that there is an assumption within the current charging mechanisms that all Parties will eventually commence trading.

Further analysis identified several established Parties, for example non-physical Trading Parties, currently paying the basic monthly rate. As these Parties receive the same reports that would be available to non-trading Parties under P102 it could be considered discriminatory for non-trading Parties to pay a higher rate. Some members of the SSMG expressed concern that this £250 per month does not represent the true cost of Code membership and should be changed for current Parties. However it was agreed that this issue was outside the scope of P102.

3.3.2 Non-trading Party liabilities

Under this proposal Parties with no intention of trading will be subjected to the same obligations as any other Party. It was the opinion of the SSMG that these obligations could act as a barrier to entry for some of the individuals that P102 aims to benefit. For example LEGs, who could benefit from access to BSC Party information, may be unwilling to sign up to the Code if it involves taking on liability for the actions of trading Parties.

Areas that have been considered are highlighted below;

- **Claims against BSCCo**

If any Party or Parties were to make a claim against BSCCo the financial consequences of the claim would be borne by all Parties. However costs would be recovered from Parties through charges associated with trading activity. Therefore non-trading Parties would not suffer exposure to any claims made against BSCCo.

- **Liability between Parties**

Each Party indemnifies each other Party against being held liable due to any performance or non-performance of all or any Code obligation of that Party. Again costs are only target at Parties through charges associated with trading activity.

3.3.3 Original reasons for the requirement to trade.

On consideration of the P102 Initial Written Assessment the Panel determined that, before removing the obligation to commence trading, the original reasons for inclusion of this clause should be considered. A review of legal notes made during original drafting of the Code was conducted identifying the rationale behind this obligation.

During the original drafting of the Code it was considered inappropriate for Parties, not directly involved in Balancing and Settlement, to submit limitless Modification Proposals to the Code governing such activity. Therefore the requirement to demonstrate trading activity was include such that non-trading Parties could be removed after six months at the Panel's discretion.

4 SOLUTION 2: CREATION OF A NON-TRADING PARTY STATUS

4.1 Description

Under Solution 2 a new category of Party would be created. Upon acceding to the Code Parties could indicate their intention not to take part in trading activity. These Parties would be registered with a 'Non-Trading'¹ status. Parties with such status would then be excused the obligation to commence trading. Under P102 the new 'Non-Trading' status would be limited to LEGs, however this could be expanded further if necessary.

By identifying a subset of Parties within the Code a specific charging mechanism for 'Non-Trading' Parties could be implemented. It would also be possible to excuse 'Non-Trading' Parties certain Code obligations if required.

4.2 Impacts

4.2.1 Changes to the Code

- **Section A: "Parties and Participation"**

Paragraph 2.6- "Withdrawal of a Party which does not commence trading"

This paragraph would require updating to recognise that 'Non-Trading' Parties are excused the requirement to commence trading.

Paragraph 1.3- "Participation capacities"

Within this section the participation capacity of 'Non-Trading' Parties would be outlined. Potentially the definition of trading activity outlined in Section A, paragraph 2.6, could be used. This section would also indicate the criteria for obtaining 'Non-Trading' status.

- **Annex D-3: "BSC cost recovery and Participation Charges"**

Paragraph 3 "Main Specified Charges"

Specific charges for 'Non-Trading' Parties would be set out in this paragraph if required.

- **Section X: "Definitions and Interpretation"**

The term 'Non-Trading' Party defined.

- **General**

Within the Code as a whole the obligations and or rights placed on Parties could be reviewed. As a result of this review any obligations unsuitable for 'Non-Trading' Parties could be identified. Relevant section of the Code would then be updated such that 'Non-Trading' Parties are excused these obligations.

¹ Within this document 'Non-Trading' Parties represents a subset of all Parties that, under solution 2, would be defined within the Code. Whereas non-trading Parties refers to Parties registered within the Code, who are not taking part in trading activity, but not differentiated from any other Party.

4.2.2 Accession Process

For Parties registering with 'Non-trading' status there would be no requirement for BSCCo to check for the initiation of trading activity. Therefore BSCCo would be required to maintain a record of 'Non-Trading' Parties as part of the accession process.

4.2.3 BSCP 65: "Registration of Parties and Exit Procedures"

The registration procedure would be amended to identify the new Party status. Also Party registration application forms would be updated to include a new field indicating whether the application is for 'Non-Trading' status.

4.2.4 Communication Requirements Document

The Communication Requirements Document may need updating to recognise 'Non-Trading' Parties. The purpose of the Communication Requirements is to avoid Parties entering erroneous data into BSC Systems. However 'Non-Trading' Parties would not be submitting data into Central Systems, therefore the only addition would be a statement excusing 'Non-Trading' Parties any requirements to test data flows.

4.2.5 Central Registration Agent (CRA)

Central systems may require changing to record which Parties have non-trading status. If necessary this would involve changes to the CRA User Requirements Specification (URS) and Interface Definition and Design (IDD) as follows.

4.2.6 CRA URS

The following CRA requirements amended to recognise the new Party status;

- CRA-F001: Register BSC Party

This requirement currently identifies different BSC party types and Registration options available to them. This would be updated to recognise 'Non-Trading' Parties.

Data item N0161-"Organisation Type" updated to include 'Non-Trading' as a valid type. The following interfaces contain this data item;

- CRA-I001: Receive BSC Party Registration Data
- CRA-I013: Issue BSC Party & BSC Party Agent Authentication Report
- CRA-I014: Issue Registration Report

4.2.7 IDD

Data item N0161-"Organisation Type" updated to include 'Non-Trading' as a valid type. The following interfaces contain this data item;

IDD Part 1

- CRA-I001: (input) BSC Party Registration Data
- CRA-I014: (output) Registration Report

IDD Part 2

- CRA-I013: Issue BSC Party & BSC Party Agent Authentication Report

4.3 Issues

4.3.1 Extensive changes/costs

The extent of changes and associated costs required to implement this solution are likely to be significant in comparison to other solutions presented in this document, particularly if changes to BSC Systems are required. Therefore it will be necessary to establish the benefits of this solution to both current Parties and potential 'Non-Trading' Parties, thereby determining whether such extensive changes are justified.

4.3.2 Dilution of the Code

Effectively this solution would create a subset of the trading arrangements applying to 'Non-Trading' Parties. The SSMG expressed concern that this dilutes the Code. It was felt that this might lead to other categories of Parties applying to be excused certain obligations of the Code or to be treated differently to other Parties in some way.

5 SOLUTION 3: LICENSING AGREEMENT

5.1 Description

Solution 3 involves the development of a licensing agreement. Whereby LEGs would be able to sign up to this agreement and receive data currently restricted to BSC Parties. Signing of the agreement would involve payment of an accompanying charge to recover the costs of making this data available. The licensing agreement would also include the legal responsibilities of non-Parties in regards to publishing and use of any data acquired.

5.2 Impacts

5.2.1 Changes to the Code

- **Section V: "Reporting"**

Annex V-1: " Tables of Reports"

Within this section it will be necessary to identify data that is available to signatories of the Licensing agreement.

Also in Section V the requirement to provide data to signatories of the licensing agreement will need to be added.

5.2.2 Licensing Agreement

The following areas would need to be considered during drafting of the agreement.

- **Confidentiality**

The confidentiality obligations of non-Parties signed up to the licensing agreement will be similar to those of Parties signed up to the BSC. Therefore the confidentiality terms within the licensing agreement could probably mirror similar obligations within the Code.

- **Information Provided**

It is likely that this will include all reports in Section V of the Code that are currently available to all Parties (Appendix 1). However it will be necessary to assess these reports to ensure all information is suitable for provision to non-Parties.

- **Cost recovery**

A suitable charge for supplying data to non-Parties to be calculated and included within the agreement.

5.2.3 Central Systems

Signatories would be provided with reports through the Low-grade service in the same way as Parties. For security reasons it may be necessary to use separate server area for Licensee access.

5.3 Issues

5.3.1 No access to benefits of Party status.

Under this solution Licensees signing the Licence Agreement would not obtain access to the benefits of Party status available under solutions 1 and 2. Discussion at the initial SSMG meeting suggested that one of the main benefits not be available under this approach is the ability to submit Modification Proposals. The view was also presented that this is also a potential benefit of this approach. As persons not contributing to the funding of the Modification Process should not be able to submit limitless Proposals. However it is worth noting that any person would still be able to sign up to the Code for six months and submit Modification proposals in this time.

5.3.2 Similar Modification Proposals rejected.

There have been several previous Modification Proposals dealing with the provision of data to both Parties and non-Parties. In the area of provision of data to non-Parties several Proposals have been rejected for various reasons. If this solution is to be progressed it will be necessary to ensure each of the issues arising from the Authority's views on data provision is addressed.

5.3.3 Consistency with the Code

Members of the SSMG expressed concern that, although initial drafting may be straightforward, the licensing agreement would create further work as it would be necessary to redraft the agreement to keep it inline with changes to the Code. It was felt that extra Legal costs might be generated through maintenance of two parallel documents. However the view was also presented that it would be possible to refer to relevant sections of the Code within the licensing agreement. Thereby minimising the need to update the agreement due to Code changes.

6 SOLUTION 4: REMOVAL OF TRADING DATA CONFIDENTIALITY

6.1 Description

Within Section H, paragraph 4.9 “Publication of Data”, of the Code there is the provision for any data available to all Parties to be made available to any third party on request. However there is currently a clauses that excludes Trading Data from this provision. By removing this clause, it would be possible for LEGs to be provided with information currently restricted to Parties. Within paragraph 4.9 there is provision for recovering appropriate costs relating to the provision of such data.

6.2 Impacts

6.2.1 Changes to the Code

- **Section H: General**

- **Paragraph 4.9 “Publication of Data”**

- Updated to remove the exclusion of Trading Data from Paragraph 4.9.1.

- **Section V: Reporting**

- Updated to identify reports to be supplied to third parties on request.

6.3 Issues

6.3.1 Written requests

Under section H of the Code BSCCo are only obliged to provide data to third parties if a written request is made on a case by case basis. As LEGs are likely to be requesting the full set of reports available to Parties this is likely to lead to a significant amount of administrative work. It may be necessary to set up some form of standing request whereby all reports can be requested for an extended period.

APPENDIX 1: BSC PARTY INFORMATION

The table below details the reports that are currently available to any Party. Under P102 these reports would also be available to LEGs.

Report	IDD Ref.	Contents
Settlement Reports	SAA-I014 (Sub flow 2, see IDD part 2)	Bid-Offer Data, Acceptance Data and Trading Charges for each Party. Volumes and Prices for the whole system. (See the IDD for further details)
Aggregated Data Report	CDCA-I042	Metered Volumes for each BM Unit, Interconnector or GSP Group. (See the IDD for further details)
Meter Period Data Report	CDCA-I030	Metered Volumes for all Distribution Systems Connection Points. (See the IDD for further details)
Total Gross Demand per GSP	CDCA-I029	Aggregated meter flows for each Grid Supply Point in each GSP Group per Settlement Period. (See the IDD for further details)
Market domain Data	D0269	Data items which relating to Supplier Volume Allocation. (See SVA Data Catalogue for further details)

Table A1-1: BSC Party Report Contents.

For full details of the reports in the table above please refer to the Interface Definition and Design (IDD) (Reference 3) and the SVA Data Catalogue (Reference 4), current versions of which are available on the BSCCo Website:

http://www.elexon.co.uk/ta/bscrel_docs/ursidd.html (IDD)

http://www.elexon.co.uk/ta/bscrel_docs/bdd.html (SVA Data Catalogue)