



February 2003

ASSESSMENT REPORT

MODIFICATION PROPOSAL P102 – Entitlement of Licence Exemptable Generators (“LEGs”) to BSC Membership without Evidence of Trading

Prepared by the Settlement Standing
Modification Group on behalf of the Balancing
and Settlement Code Panel

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a Authorities

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b Distribution

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

c Related Documents

Reference	Document
Reference 1	INITIAL ASSESSMENT OF MODIFICATION PROPOSAL P102- 'Entitlement of Licence Exemptable Generators ("LEGS") to BSC Membership Without Evidence of Trading', (P102IR)
Reference 2	Terms of Reference for Modification Proposal P102
Reference 3	P102 Modification Proposal (7 October 2002)
Reference 4	High Level Requirements Specification to Support Modification Proposal P102: Entitlement of Licence Exemptable Generators ("LEGS") to BSC Membership without Evidence of Trading', (P102RS)

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal P102 during the Assessment Procedure, the P102 Settlement Standing Modification Group (SSMG) recommends that the BSC Panel:

- **AGREE that Alternative Modification P102 should be made;**
- **AGREE that Proposed Modification P102 should not be made;**
- **AGREE a provisional Implementation Date for Alternative Modification P102 of 4 November 2003, should the Authority determination be received before 2 May 2003. Should an Authority determination be received after this date, but prior to 22 August 2003 then the Implementation Date should be 24 February 2004;**
- **In the event that the Authority determines that Proposed Modification P102 should be made, AGREE an Implementation Date of 20 Business Days after the Authority decision;**
- **NOTE the interaction with P114, "Entitlement of Licence Exemptable Generators ("LEGs") and other non-trading Parties to BSC Membership without Evidence of Trading";**
- **AGREE that if approved P102 should be implemented on a Settlement Day basis; and**
- **AGREE that the draft Modification Report be issued for consultation and submitted to the Panel Meeting on 13 March 2003.**

1.2 Rationale for Recommendations

The SSMG assessed Modification Proposal P102 against the Applicable BSC Objectives and considered responses from industry consultation and impact assessment.

The SSMG agreed that Proposed Modification P102 would provide access to market information, which in turn promotes competition, thereby better facilitating 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'.

However, the majority of the SSMG believed that there were potential issues regarding the use of BSC Party status as a means of providing access to information (a view supported in some of the consultation responses). The SSMG believed that Alternative Modification P102, which provided the required data via a licensing arrangement, would address these issues. However there would be an increased implementation cost associated with Alternative Modification P102. The SSMG believed that these costs would be justified to avoid a dilution of BSC Party

status and ensure the interests of both Parties and non-Parties were protected. Therefore the majority of the SSMG believed that Alternative Modification P102 would better facilitate Applicable BSC Objective (c) and should be made. The Proposer of P102 expressed concerns over the licensing approach and believed that Alternative Modification P102 would not better facilitate the Applicable BSC Objectives, as compared to Proposed Modification P102.

Additionally the SSMG agreed (supported by the consultation responses) that the scope of P102 should be expanded beyond LEGs, to include all interested parties. However legal advice stated that this issue could not be addressed under the defect described in P102. It was the view of the SSMG, that despite P102's limitation to LEGs, that Alternative Modification P102 would better facilitate the Applicable BSC Objectives and should be made.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC 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.

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

3 MODIFICATION GROUP DETAILS

The P102 Assessment Report has been prepared by the Group, and the membership is detailed in the table below.

Member	Organisation	Role
Justin Andrews	ELEXON	Chairman
Thomas Bowcutt	ELEXON	Lead Analyst
Steve Garrett	Slough	Proposer
Ben Willis	Npower	Member
Marie Branch	International Power	Member
Paul Jones	Powergen	Member
Robert Barnett	Campbell Carr	Member
Robert Owens	Marubeni	Member
Sanjukta Round	Cornwall Consulting	Member
Richard Lavender	National Grid	Member
Ian Calvert	British Sugar	Member

In addition the following attendees have been present at one or more meetings during the Assessment Procedure:

Member	Organisation	Role
Lisa Waters	Dynegy	Attendee
Phil Russell	TXU	Attendee
David Lyon	Nabarro Nathanson	Attendee
Mark Thomas	Innogy	Attendee

Mark Manley	Centrica	Attendee
Melanie Henry	ELEXON	Attendee
Richard Clarke	ELEXON	Attendee
Melissa Boag	ELEXON	Attendee

The Group met 5 times during the four-month Assessment Procedure for P102.

4 BACKGROUND

Modification Proposal P102 'Entitlement of Licence Exemptable Generators ("LEGs") to BSC Membership Without Evidence of Trading' (P102) was submitted 7 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 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 BSC 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, whilst not undertaking any trading activity.

The Initial Written Assessment for P102 (Reference 1) 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 on 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 was sought to determine whether this extension of the Modification could be made. This advice indicated that it was not possible to extend the scope of the Proposal, as this was beyond the defect described in P102.

Modification Proposal P114-'Entitlement of Licence Exemptable Generators ("LEGs") and other Non-trading Parties to BSC Membership Without Evidence of Trading' (P114) was submitted on 2 December 2002 by the Proposer of P102. The Initial Written Assessment for P114 was presented to the Panel on 16 December 2002, where it was agreed that P114 be submitted to a 2-month Assessment Procedure. Due to the similar issues addressed the Panel agreed that P102 and P114 should be assessed by the SSMG in parallel. Therefore the Assessment timetable for P102 was extended by 1 month, such that the Assessment Reports for P102 and P114 be presented to the Panel at its meeting on 13 February 2002.

During the Assessment Procedure four possible solutions, to the defect addressed by P102, were identified and developed such that consultation and impact assessment could be conducted. At the meeting of the SSMG on 10 December 2002 the results of these impact assessments and consultation were presented. The SSMG considered the defect P102 attempted to address and concluded that the most appropriate way of addressing the availability of data was via a licensing

agreement. It was concluded that this approach should form the basis for the P102 Alternative Modification.

5 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

5.1 Proposed Modification

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 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 BSC 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, whilst not undertaking any trading activity.

The SSMG agreed that the provision of information to LEGs would better facilitate 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 majority of the SSMG concluded that there were issues surrounding the use of BSC Party status as a means of accessing information, such that the Proposed Modification would have a detrimental effect on Applicable BSC Objective (d).

'Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements.'

Particular points considered include:

- The fact that the Code was drafted for Trading Parties (7.1.5);
- Control of the data to be made available (Section 7.1.3);
- Creation of a subset of the Code (7.1.5);
- Impact on BSC Agent contracts (Section 7.2);
- Submission of Modification Proposals (Section 6.1.1).

It was also noted that an alternative solution involving the provision of data via a licence agreement could address several of the issues above.

Therefore the majority of the SSMG concluded that, on balance, Proposed Modification P102 would not better facilitate the Applicable BSC Objectives.

A minority of the SSMG believed that, overall, Proposed Modification P102 would better facilitate the Applicable BSC Objectives.

5.2 Alternative Modification

The Proposed Modification seeks to use BSC Party status as a method of providing access to BSC information. Alternative Modification P102 addresses issues surrounding the use of BSC Party status as a method of obtaining access to information. Through the creation of a licence, which LEGs could sign to receive data, issues raised by allowing non-Trading BSC Parties to remain within the Code would be addressed. Therefore it was agreed by the SSMG that the Alternative Modification would better facilitate 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.'

It was further agreed by the SSMG that the Alternative Modification would have negligible effect on Applicable BSC Objective (d).

'Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements.'

It was recognised that there are increased implementation costs associated with the Alternative Modification. However the SSMG believed that these costs were justified to avoid issues surrounding the use of BSC Party status to provide access to information (Section 5.1) and also to protect the interest of BSC Parties.

It should be noted that the SSMG felt that making the licence agreement available to any interested person would better facilitate achievement of BSC Objective (c) as compared to the Alternative Modification. However it was recognised that this was outside the scope of P102 (Section 6.1.2).

In conclusion the majority of the SSMG agreed that, on balance, the Alternative Modification P102 would better facilitate the Applicable BSC Objectives, as compared to the Proposed Modification P102. However a minority of the group held the view that the Alternative Modification P102 would not better facilitate the Applicable BSC Objectives, unless a positive obligation on BSSCo to make a licence available to LEGs was included in the Draft Legal text (section 15).

6 MODIFICATION GROUP DISCUSSIONS

6.1 Overview of Discussions

The Group's terms of Reference (Reference 2) include a list of criteria that the SSMG have assessed P102 against. An overview of the discussion is detailed in this section.

6.1.1 Obligations and rights of a non-trading BSC Party

Under P102 BSC Parties with no intention of trading would be subjected to the same obligations as any other BSC Party. It was the initial opinion of the SSMG that these obligations may act as a barrier to 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 BSC Parties.

Further analysis of these obligations was completed and the areas considered are highlighted below;

- **Claims against BSCCo**

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

- **Liability between BSC Parties**

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

Therefore no specific obligations acting as a barrier to entry for LEGs were identified during the Assessment Procedure. However it was noted that one consultation response from a non-BSC Party had indicated that taking on BSC Party status in order to obtain access to information would prove too onerous.

Members of the SSMG expressed concern at the ability of non-trading BSC Parties to submit Modification Proposals. Opinion within the group was split on whether it would be desirable to allow non-trading BSC Parties to submit Modification Proposals. The following views were presented;

- Currently any person can sign up to the Code for six months and submit Modification Proposals during this time. Therefore there is no reason why a non-trading BSC Party should not be allowed to do this whilst remaining a Code signatory beyond the six month discontinuation point.
- There are existing methods whereby non-BSC Parties can submit Modification Proposals, for example through a written request from a representative body. However it was noted that there is a certain element of control over these processes that would not be present for non-trading BSC Parties.
- Concern was expressed that non-trading BSC Parties would be able to submit Modification Proposals that affect a market in which they are not directly involved.
- The view was presented that the costs of the Modification Process are mainly recovered from trading BSC Parties. Therefore allowing non-trading BSC Parties to remain signatories to the Code and submit limitless Modification Proposals would present a cost to trading BSC Parties.

In conclusion the SSMG agreed that, although it may be preferable to avoid allowing non-trading BSC Parties to submit Modification Proposals, there are sufficient routes available to any person attempting to submit Proposals that this

was not a significant issue. However, it was noted that Alternative Modification P102 would address this issue.

6.1.2 Extension beyond LEGs

The SSMG felt that non-trading status should be made available to other interested BSC Parties if the requirement to commence Trading is to be removed for License Exempt Generators. Consultation responses (Section 7.1) supported this view. However legal advice stated that the defect described in P102 was specific to LEGs and that any extension to include other interested persons could not be covered by an Alternative.

Modification Proposal P114-'Entitlement of Licence Exemptable Generators ("LEGs") and other Non-trading Parties to BSC Membership Without Evidence of Trading' (P114) was submitted on 2 December 2002 by the Proposer of P102.

6.1.3 Charging mechanism

Under Proposed Modification P102 LEGs would be charged at the basic BSC Party rate of £250 per month, the SSMG were split as to whether this was appropriate.

The view was presented that allowing non-trading BSC Parties to remain members of the BSC, whilst only paying the basic monthly rate, effectively results in Trading BSC Parties subsidising non-Trading BSC Parties. It was the opinion of some SSMG members that the current mechanism charges new BSC Parties at a reduced rate whilst they establish themselves within the BSC. When the new BSC 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 BSC Parties will eventually commence trading. Some members of the SSMG expressed concern that £250 would not be an appropriate charging level for non-Trading BSC Parties.

Further analysis identified several established BSC Parties, for example non-physical Trading BSC Parties, currently paying the basic monthly rate. As these BSC Parties are entitled to receive the same reports that would be available to non-trading BSC Parties under P102, the view was presented that it would be discriminatory for non-Trading BSC Parties to pay a higher rate.

In conclusion some members of the SSMG believed that the basic rate of £250 per month does not represent the true cost of Code membership and should be changed for existing BSC Parties. However the SSMG agreed that this issue was outside the scope of P102. Therefore the SSMG agreed that any charging mechanism implemented under P114 should be comparable to the £250 basic monthly rate for BSC Parties.

Under the Alternative Modification the following factors were considered when specifying a charging mechanism.

- Charging level should be of the same order as the minimum for BSC Parties.
- An indicated annual operational charge of £5000 to support up to 20 licensees in Central Systems.

- Estimated uptake of the order of 10 licensees.
- Ongoing maintenance of Central Systems (Charged at 14% of the implementation cost).
- Initial implementation costs.
- BSCCo costs for managing Licensees, including:

Initial registration of licensees in Central Systems

Ongoing administration of licensees, including manual provision of historic data.

Invoicing of licensees.

It was estimated that these costs would be of the order of the annual operational charge of the BSC Agent.

- Reduction of administrative work required for an annual rather than monthly fee.

On consideration by the SSMG of the points above it was agreed that the licence should initially include an annual £3000 fee, payable in advance. This charge would cover the operational costs of an individual LEG to both the BSC Agent and BSCCo with any excess contributing to the maintenance and initial implementation costs arising from changes required to Central Systems in support of the Alternative Modification. This charge would be finalised and included in the licence, to be approved by the Panel, prior to implementation.

6.1.4 Subset of trading arrangements

The SSMG considered whether the implementation of the Modification Proposal would create a subset of trading arrangements, if non-trading status is not made available to other interested BSC Parties. One potential solution considered by the SSMG was the creation of a 'Non-Trading' BSC Party status (see Annex 2). Specific sections of the Code would then be target at these 'Non-Trading' Parties. However concern was expressed that should 'Non-trading' Parties be identified within the Code, and certain obligations and rights targeted at these Parties, this could dilute the Code. The view was presented that this could set a precedent whereby other BSC Party types may be of the opinion that sections of the Code should not apply to themselves. It was agreed by the SSMG that these issues would be addressed via the Alternative Modification.

6.1.5 Differentiation between LEG BSC Parties and other BSC Parties

Under the current Code baseline there is no definition of a Licence Exempt Generator. In order to implement P102 it is necessary to recognise LEGs within the Code. The SSMG agreed on a definition of a LEG as a person producing electrical power, but exempt from holding a Licence under the Electricity Order 2001 (section 15).

6.1.6 Alternative ways of making data available

The SSMG considered a number of solutions to P102 (Annex 2). The SSMG agreed that the most suitable alternative to the method proposed by P102 would be a licensing approach, whereby LEGs could sign a licence in order to obtain access to BSC Party data. The SSMG believed that a licensing arrangement would provide a transparent process whereby LEGs could obtain access to information.

Although it was recognised that the costs associated with implementing a licence approach were more than for the Proposed Modification it was believed that these were justified for the additional protection of BSC Party interests and status provided by this approach. Therefore it was agreed that a licensing approach should form the Alternative Modification. Annex 4 of this document outlines the licence requirements specified by the SSMG and, for illustrative purposes only, an initial draft licence is included. Should P102 Alternative be approved, final drafting of the licence agreement would be completed prior to implementation.

6.1.7 Licence

The SSMG considered the draft Legal Text and licence. It was the view of the Proposer that that an additional obligation on BSCCo to make the licence available should be included in the draft Legal Text. Therefore the SSMG requested that, subject to legal advice, the draft Legal Text should include this obligation.

Legal advice sought on whether it was possible to include this obligation indicated it was not possible, or necessary, to include this obligation. In light of this legal advice the majority of the SSMG agreed that it was not necessary, or desirable, to include such an obligation in the Code. The Proposer held the view that, without this obligation on BSCCo to make a licence available, Alternative Modification P102 would not better facilitate the Applicable BSC Objectives. Therefore the Proposer believed that Alternative Modification P102 would not better facilitate the Applicable BSC Objectives, as compared to Proposed Modification P102.

6.1.8 Disincentive to trade

It was the view of some members of the SSMG that implementation of P102 could potentially lead to a reduction in the level of Balancing Services made available to the Transmission Company. Large demand sites, currently offering Balancing Services through the Balancing Mechanism, may be visible in some reports as individual BMUs. If information on these BMUs were easily available to large demand site's competitors these BMUs may be removed from the Balancing Mechanism. Potentially this could lead to a reduction in the level of Balancing Services available to the Transmission Company. This was not considered a significant issue by the SSMG. However an industry view was obtained via a second consultation. This second consultation was issued to large demand sites via the Energy Intensive User Group (EIUG).

Following the Second Consultation it was concluded that, overall, the implementation of P102 was unlikely to affect the level of balancing services offered to the Transmission Company. It was noted that no consultation responses had been received from directly connected customers or from EIUG.

6.1.9 Likely uptake

In light of the potential impact on service infrastructure highlighted by the BSC Agent (Section 7.2) the SSMG considered the likely uptake of BSC Party status or licence arrangement on implementation of either P102 Proposed or Alternative Modification. After consideration of consultation responses the SSMG believed that, in either case, uptake of reports direct from Central Systems was likely to small (estimated at less than 5).

Under the Alternative Modification the SSMG believed it would be possible to minimise impact on service infrastructure. Under the licence agreement it would be possible for LEGs to nominate a third party, also licensed, to receive data on their behalf. It was envisaged that this would lead to data processing agents being set up. These data processing agents would download and pre-process data on behalf of several LEGs. Pre-processing would be desirable due to the extensive nature of the reports to be made available under P102. These nominated third parties would be bound by the conditions of the licence (Annex 4) and would only be able to provide data to fellow licensees. Responses to the second consultation indicated that uptake of the licence approach via a third party would be the preferred route to access data.

6.1.10 Interaction with Modification Proposal P103

Modification Proposal P103-'Re-specification of Trading Data' (P103) seeks to publish BSC data (some of which would be available to LEGs under P102) on the BMRS in a format that is easily utilised. If P102 were implemented it would allow LEGs to obtain long-term BSC Party status and thereby the right to use data published on the BMRS. Therefore P102 would make it easier for LEGs to gain access to the benefits of P103. However the SSMG felt there was no inter-dependency between P102 and P103.

6.1.11 Interaction with Modification Proposal P114

The SSMG recognise that, should Modification Proposal P114 be approved, Alternative Modification P102 is not required, as P114 delivers the same solution as P102 Alternative Modification but is not restricted to LEGs. However the SSMG believed that, separately, both P102 and P114 would better facilitate the Applicable BSC Objectives.

6.1.12 Implementation

The SSMG considered whether, if approved, P102 should be implemented on a calendar or Settlement Day basis. It was agreed that both the Proposed and Alternative Modification should be implemented on a Settlement Day basis. This means that only reports that relate to Settlement Days post implementation would be made available through Central Systems. However it was noted that historic data would be available via a manual process, which is currently employed for the distribution of historic data to BSC Parties.

7 MODIFICATION GROUP ANALYSIS OF THE CONSULTATION RESPONSES AND IMPACT ASSESSMENTS

7.1 Summary of the responses from the first consultation

Consultation responses (Annex 1) were obtained from both BSC Parties and non-BSC Parties potentially affected by P102. In total 12 responses were received, representing 51 BSC Parties and 4 non-BSC Parties (one no comment was also received). Views obtained and responses from the SSMG follow.

7.1.1 Solutions

Four potential methods of making data available to LEGs were presented (Annex 2) and respondents were asked to indicate their preferred solution. The consultation responses indicated no majority preference for any of the solutions. However BSC Party responses demonstrated a slight preference for a licensing agreement. Non-BSC Parties favoured removal of the requirement to trade.

7.1.2 Data Provision

The consultation document asked whether respondents supported the principle of provision of data to LEGs. 10 of 12 respondents (representing 41 of 51 Parties and all 4 non-BSC Parties) supported the provision of data to LEGs. One respondent objected to the provision of data to LEGs alone but supported the principle of data provision if this was not limited to LEGs.

The following issues were raised:

- Several respondents agreed with the provision of data to LEGs but felt the scope should be expanded to all interested persons. The SSMG agreed with this view but noted the legal opinion that any extension beyond LEGs could not be addressed under P102 (section 6.1.2).
- One respondent felt that no justification had been given of why LEGs would need BSC data and therefore could not support the provision of such data. However the SSMG felt that if LEGs are interested in the data it should be made available to them and that it is for LEGs themselves to decide whether the data is useful or not. It should also be noted that a paper discussing barriers facing LEGs under NETA was attached to the P102 Modification Proposal (Reference 3) on submission. This paper outlined why LEGs are interested in accessing BSC data.

7.1.3 Data issues

Respondents were asked if they had any issues with the data which would potentially be available to LEGs under P102, (this included all reports in Section V of the Code that are available to any BSC Party on request). Responses were split with 6 of 12 responses (representing 46 of 51 BSC Parties and 0 of 4 non-BSC Parties) identifying issues with the data made available under P102.

Specific areas of concern raised during the consultation were;

- The Electricity Association could have issues with Market Domain Data being released more widely, as this contains profiling regression coefficients, and concerns exist over their intellectual property rights. However the SSMG noted that a cut down version of this data, excluding profiling regression data, is available to any person on request. Therefore it was agreed that it would not be necessary to provide this report under the Alternative Modification;
- One respondent felt that the System Operator version of the Settlement report would provide LEGs with sufficient information and that it would not be necessary to make other reports available. It was the view of the SSMG that information within the CDCA reports that would be of interest to LEGs and that these reports should be made available.

It was noted by the SSMG that the Alternative Modification would allow specific reports to be made available to LEGs, thereby addressing some of the issues above. However under the Proposed Modification there would be no control over which reports would be available.

7.1.4 Modification Proposals

Respondents were asked whether they believed it would be appropriate for non-trading BSC Parties to be capable of submitting Modification Proposals. 8 of the 12 respondents (representing 48 of 51 BSC Parties and 0 of 4 non-BSC Parties) felt it was not suitable for non-trading BSC Parties to submit Modification Proposals. No significant issues, which had not previously been considered by the SSMG, were raised (section 6.1.1).

7.1.5 Applicable BSC Objectives

Respondents were asked whether they felt P102 would better facilitate the Applicable BSC Objectives. 9 of the 12 respondents (representing 36 of 51 BSC Parties and all 4 non-BSC Parties) felt that P102 would better facilitate the Applicable BSC Objectives. The majority of responses agreed with the SSMG's view that the provision of data better facilitates the Applicable BSC Objectives. However the following points were made by the minority of respondents who believed that P102 would not better facilitate the Applicable BSC Objectives:

- P102 is discriminatory in that it was limited to LEGs. There was support for this view from the SSMG, however legal advice on any extension beyond LEGs was noted (section 6.1.2).
- BSC Party status should not be used to access information and that only an alternative method of supplying data would better facilitate the applicable BSC Objectives.
- P102 creates a precedent by creating a subset of the trading arrangements that applies to categories of BSC Parties. The respondent felt that NETA was created to ensure equal treatment and transparency for all BSC Parties and that P102 works against this principle. It was noted by the SSMG that this issue would be addressed under a licensing solution.

It was agreed by the SSMG that a licence agreement could address the majority of concerns expressed in the consultation and therefore maintained the view that the Alternative Modification better facilitates the Applicable BSC Objectives.

7.2 Summary of the Responses from the Second Consultation

Responses from the second consultation (Annex 1) were obtained from both BSC Parties and non-BSC Parties potentially affected by P102. In total 14 responses were received, representing 54 BSC Parties and 5 non-BSC Parties.

The SSMG believed that large consumption, directly connected customers may have concerns surrounding BSC Party information being made available to a wider audience. The consultation was made available to large demand sites via the EIUG. No responses, on behalf of large demand sites, were received during the consultation process.

7.2.1 Applicable BSC Objectives

Respondents were asked their views on whether the Proposed and Alternative Modification would better facilitate the Applicable BSC Objectives.

Proposed Modification:

The majority of respondents, 8 of 14 (representing 52 of 54 BSC Parties and 0 of 5 non-BSC Parties) felt that overall the Proposed Modification would not better facilitate the Applicable BSC Objectives. Two no comment responses and one general comment opposed to P102 were also received.

There was majority support for the principle of providing access to data in that it would better facilitate 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).'

However there were concerns that the provision of data via BSC Party status would have a detrimental effect on Applicable BSC Objective (d)-

'Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements.'

The majority of the SSMG concluded that, overall, the Proposed Modification did not better facilitate the Applicable BSC Objectives. However there was a minority view that, overall, the Proposed Modification would better facilitate the Applicable BSC Objectives, due to concerns over the data licensing approach of the Alternative Modification.

Alternative Modification:

The majority of respondents, 9 of 14 (representing 25 of 54 BSC Parties and 5 of 5 non-BSC Parties) believed that overall the Alternative Modification would better facilitate the Applicable BSC objectives, as compared to the Proposed Modification. One no comment response and one general comment opposed to P102 was received.

It was the majority view that the provision of data would better facilitate 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).

Responses also indicated that there would be either a negligible or beneficial effect on Applicable BSC Objective (d)-

Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements.

The SSMG reviewed the responses provided and noted:

- Two of the responses (Representing 21 of 54 BSC Parties) opposed to P102 Alternative Modification believed that P102 would better facilitate the applicable BSC Objectives if it were not limited to LEGs and therefore indicated support for P114.
- Only 7 of 54 BSC Party responses had indicated an objection to the principle of data provision and that in general the industry had supported the principle of data provision.

The SSMG concluded that P102 Alternative Modification would better facilitate the Applicable BSC Objectives, as compared to the Proposed Modification.

7.2.2 Specific issues with data provision

Respondents were asked if they had any specific issues with the BSC Party information, that would be available under P102 being made available to persons not directly involved in trading activity. The majority of respondents, 7 of 14, indicated that there were issues with the data that would be available under P102. One no comment response and one general comment opposed to P102 were also received.

The SSMG reviewed the responses and noted that:

- Several respondents had indicated that Trading data should be restricted to those involved in Trading activity. However the SSMG noted and agreed with the view of several respondents that this information was required by LEGs to manage their risk when dealing with Trading BSC Parties.
- There were concerns that information on the consumption patterns of directly connected customers would be made available to a wider audience. It was noted by the SSMG that there are existing concerns over this information being made available to all BSC Parties. However existing

obligations within the Code on use and confidentiality of this information were considered adequate protection for the interests of directly connected customers. As both the Proposed and Alternative Modification would place identical obligations on LEGs the SSMG considered that this would provide adequate protection.

The SSMG noted that there were concerns surrounding provision of Trading data to persons not involved in Trading activity. However the SSMG agreed that the both the Proposed and Alternative Modification provided the same level of protection as is currently provided under the Code.

7.2.3 Uptake Alternative Modification

Respondents were asked for their views on the likely uptake of P102 Alternative Modification. The majority of respondents (10 of 14) gave no comment.

The SSMG considered the minority of responses indicating a view on the likely uptake of P102 Alternative Modification and noted:

- The number of LEGs opting to receive reports direct from Central Systems was likely to be minimal.
- The majority uptake is likely to occur via a third party providing a pre-processing service.

The SSMG concluded that the Alternative Modification should allow data to be provided via a third party. This would have two beneficial effects. Primarily it would reduce the cost of obtaining useful information from the reports available under P102 Alternative Modification, thereby allow smaller LEGs to use the information and hence increasing competition. Also if the majority of licensees receive data via a third party the impact on Central Systems service infrastructure would be minimised.

7.2.4 Balancing services

Respondents were asked whether they believed implementation of P102 would cause a reduction of the Balancing services offered to the Transmission Company (Section 6.1.7).

The majority of respondents, 8 of 13, felt that implementation of P102 would not cause a reduction of the Balancing Services offered to the Transmission Company. One respondent indicated that there could possibly be an effect. 4 no comment responses to this question were also received.

The SSMG considered the responses and noted that one respondent believed that implementation of P102 could potentially increase the level of Balancing Services offered to the Transmission Company. The SSMG concluded that implementation of P102 would be unlikely to affect the level of Balancing Services made available to the Transmission Company.

7.2.5 **Would your organisation utilise the Proposed Solution?**

Non- BSC Party respondents were asked whether, if implemented, they would utilise the Proposed Modification.

The SSMG reviewed the rationales provided by the respondents and noted:

- One non-BSC Party respondent indicated that they would not utilise the Proposed Modification, as the burdens of BSC Party status were not justified to obtain access to the information available. However they would be interested in obtaining data via the licensing approach.

7.2.6 **Other comments**

The following further comment, raised via the second consultation and considered by the SSMG:

- One non-BSC Party respondent indicated that the cost of obtaining data via both the Proposed and Alternative Modifications would be restrictive to smaller LEGs and therefore inhibit competition. The view was presented that one principle of NETA is to provide an open and transparent Market and that this is only achieved if data is made available free of charge.

The SSMG noted that it could be considered to inhibit competition if Trading BSC Parties are required to fund the provision of Trading data to those not involved in trading activity. Therefore the majority view of the SSMG was that LEGs should contribute towards the cost of making data available.

7.3 **Summary of Impact Assessments**

This section summarises results of impact assessment of both the Proposed and Alternative Modifications.

7.3.1 **Proposed Modification**

7.3.1.1 ***BSC Party***

Nine responses on behalf of 20 BSC Parties were received (one no comment also received). 8 of 9 responses indicated no impact on BSC Parties or BSC Party agents resulting from implementation of the Proposed Modification had been identified. One respondent indicated that 10 working days notice would be required prior to implementation of the Proposed Modification.

7.3.1.2 ***BSC Agent***

No changes to Central Systems were specified under the Proposed Modification, therefore it was envisaged that the Proposed Modification would not impact BSC Agents. However a potential impact on the service infrastructure was identified. Initial BSC Agent impact assessment stated that allowing non-trading LEGs to remain signatories could result in an influx of new BSC Parties acceding to the Code. Under this assumption a cost was indicated that included the requirement to upgrade service infrastructure to support materially more network traffic than is currently provided for. It was the view of the SSMG that likely uptake of BSC Party status, should P102 Proposed Modification be implemented, would be unlikely to

result in the level of network traffic assumed by the service provider (Section 6.1.8). Therefore should P102 Proposed Modification be implemented it is not intended that any upgrade to service infrastructure be commissioned.

7.3.1.3 **BSCCo**

BSCCo internal assessment identified the following impacts;

- **Finance**

Concerns were raised about using BSC Party status to allow access to BSC information. A preference for making data freely available (i.e. no impact on Finance) was indicated. However the majority of the SSMG agreed that LEGs should contribute in some way towards the costs of making data available.

- **Legal**

BSCCo Legal department felt that there were issues around removing the obligation to trade outlined in Section A 2.6.1. It was felt that one purpose of this provision is to restrict the proliferation of BSC Party status to persons who have no intention to engage in trading activities under the Code. The view was presented that excusing a subset of BSC Parties the obligation to trade was an unnecessary dilution of BSC Party status.

- **CVA Programme**

Estimated effort 12 man-days to implement documentation updates. With an implementation timescale of at least 20 Business Days after an Authority decision required.

- **Assurance**

Minor impact on BSC Business Process Model & Register of Obligations identified. Estimated effort 1 man-day.

7.3.2 **Alternative**

7.3.2.1 **BSC Parties**

Nine responses on behalf of 20 BSC Parties were received (one no comment also received). 8 of 9 responses indicated no impact on BSC Parties or BSC Party agents resulting from implementation of the Alternative Modification had been identified. One respondent indicated that 10 working days notice would be required to implement the Alternative Modification.

7.3.2.2 **BSC Agent**

Initial costs indicated by BSC Agents (Specifically CRA, SAA and CDCA) for the changes required to Central Systems to support the Alternative Modification are summarised below:

- **Change Specific Costs = £26,533**

Change Specific Cost is the marginal cost of including these changes in a standard BSC Systems Release.

- **Project Overhead = £111,104**

If the Modification is not implemented as part of one of the standard BSC Systems Releases then the 'Project Overhead' must be added to the Change Specific Costs to arrive at the Total cost.

- **Total Cost = £137,637**

Total Costs = Change Specific + Project Overhead. The actual cost of implementing a change where included as part of a standard BSC Systems Release is normally made up of the Change Specific costs plus some small fraction of the Project Overhead.

- **Annual Maintenance cost = £19,269**

Annual Maintenance costs is calculated as a standard percentage (14%) of the Total cost.

- **Annual Operational costs = £5000 per annum to administer up to 20 licensees**

- **Project Duration = 9 Weeks**

As for the Proposed Modification a potential impact on communications was identified. BSC Agent initial impact assessment stated that providing FTP accounts to licensees would put increased stress on Central Systems, which could result in the requirement to upgrade service infrastructure. However under the Alternative Modification it would be possible to identify whether individual FTP accounts belonged to LEGs or BSC Parties. Therefore it is possible to implement a separate contractual limit on the number Licensees registered in Central Systems. BSCCo felt that this would put them in a more manageable position in the future should it be necessary to increase this limit or the limit for BSC Parties. It was felt that this could prevent significant costs being occurred in the future, should the uptake of the licence agreement exceed initial expectation.

7.3.2.3 BSCCo

BSCCo internal Assessment identified the following impacts;

- **Market Entry**

BSCCo market entry department would be required to implement new processes to deal with the initial registration of licensees. The point was made that it is vital to ensure that licensees have restricted access to Central Services in order to maintain security. Therefore the solution which provides read only access to the FTP server was preferred (Annex 3- Solution 3a(ii)).

6 weeks work required implementing updates to local working instructions and processes in support of the Alternative Modification.

- **CVA Operations**

BSCCo CVA Operations department did not support the use of BSC Party status as a method to obtain access to data. Also it was felt that, as it is not practical to distribute S0142 reports manually, only a solution which distributes these reports through Central Systems would be workable.

To support the operation of any form of licence agreement a new process would be required to manage operational issues and to deal with the ongoing administration. Up to one quarter full time equivalent would be required to cover this role.

The point was raised that currently SAA reports, that would be available under P102, are only available for 7 days via FTP download. Historic data is provided to BSC Parties on request and consists of upwards of six CDs. Therefore any charge to licensees should reflect the increased impact if historic data were to be made available to licensees.

8 weeks work required implementing updates to local working instructions in support of the Alternative Modification.

- **Finance**

BSCCo finance department would be required to invoice licensees. No additional costs were identified, although this could change if there was substantial uptake. It was felt that any licence agreement should specify an annual fee, as this would generate less work than collecting a monthly payment. Also data should not be supplied until the first annual payment had been received.

- **CVA Programme**

Estimated effort 65 man-days effort to implement documentation updates. An implementation time-scale of 27 weeks (this includes BSC Agent development time), after an Authority decision, required for the Alternative Modification.

- **Legal**

Estimated effort 6 man-days to complete drafting of the licence agreement. An initial draft of the licence agreement is included in this document (Annex 4).

- **Assurance Dept**

Minor impact to update BSC Business Process Model & Register of Obligations. Estimated effort 1 man-day.

- **Stakeholder Services**

Minor impact on workload of the Panel to authorise BSCCo requests for licence terminations where licensees had not been shown to be in breach (For example if a modification affecting licensing is approved).

8 IMPACT ON CODE AND BSCCO DOCUMENTATION

This section describes the changes required to the Code in order to effect P102.

8.1 Proposed Modification

8.1.1 Code Section A: "Parties and Participation"

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

LEGs would be excused Paragraph 2.6, such that LEGs would be able to remain a BSC Party without demonstrating trading activity.

8.1.2 Code Section X: "Definitions and Interpretations"

Table X-2- "Terms and Expressions Applying Except in Relation to Section S"

The term LEG to be defined.

8.2 Alternative Modification

8.2.1 BSC Section V: "Reporting"

Paragraph 3.2- "Reports"

Updated to include responsibilities of BSCCo in provision of data to Licensees.

Annex V-1- "Table of reports"

Updated to identify reports to be made available through the Licence Agreement.

8.2.2 BSC Section X: "Definitions and Interpretations"

Table X-2- "Terms and Expressions Applying Except in Relation to Section S"

The term LEG defined.

Definition of Licensed Data Person, as a person who has entered into a licence agreement with BSCCo, added.

9 IMPACT ON BSC SYSTEMS

9.1 Proposed Modification

No changes to Central Systems would be required in support of the Proposed Modification. However should the implementation of P102 lead to an increase in BSC Signatories resulting from LEGs acceding to the Code in order to obtain access to data there would potentially be a requirement to renegotiate BSC Agent contracts.

9.2 Alternative Modification

Changes to Central Systems would be required to support the Alternative Modification are as follows (Annex 3);

- New role in CRA created
- Each licensee registered in Central Systems would have a read only FTP account (High/Low grade).
- S0142 report (See Appendix 1) made available from shared area as for BSC Parties.
- CDCA flows (See Appendix 1) available in the same manner as S0142 (i.e. for signatories and BSC Parties), creating three new shared access directories.
- Licensed Data Persons do not require ability to encrypt/decrypt, nor validate sequence numbers, or ability to send response files

10 IMPACT ON CORE INDUSTRY DOCUMENTS AND SUPPORTING ARRANGEMENTS

No impact on Core Industry Documents or supporting arrangements was identified for either the Proposed or Alternative Modification.

11 IMPACT ON BSSCO

11.1 Proposed Modification

Should a BSC Party not demonstrate evidence of Trading Activity within 6 months of accession to the Code BSSCo will be required to determine whether that BSC Party is a LEG prior to Discontinuing that BSC Party. BSSCo will contact a BSC Party prior to Discontinuation (as occurs currently) the requirement will be on the BSC Party to demonstrate LEG status. Therefore it will not be necessary for BSSCo to maintain a register of LEGs.

11.2 Alternative Modification

- BSSCO will be required to draft a licence agreement. An outline of the requirements and an initial draft has been included in this document (appendix 4).
- BSSCo would be required to develop a new process to support the registration of licensees with the new role code in Central Systems.
- BSSCo would be required to undertake the ongoing administration of the licensing process. This would include the manual provision of historic data as occurs for BSC Parties.
- BSSCo would require a new process for invoicing licence agreement signatories.

12 IMPACT ON BSC PARTIES AND PARTY AGENTS

No impact on existing BSC Parties and Party agents was identified for either the Proposed or Alternative Modification.

13 IMPACT ON TRANSMISSION COMPANY

No impact on the Transmission Company was identified for either the Proposed or Alternative Modification.

14 PROJECT BRIEF

The detailed costs and timescales in this Report are based on the costs and timescales received from the BSC Agents (specifically the CRA and CDCA), BSSCo and BSC Parties.

Should the Authority approve P102 Alternative Modification a Project will be required for implementation of the changes required to:

- develop the changes to the CRA software required to implement the Proposed Alternative Modification;
- implement the necessary changes to the Code Subsidiary Documents and other configurable items;
- develop changes required to BSCCo internal process to support the Alternative Modification; and
- finalise drafting of the licence agreement required to implement the Alternative Modification.
- The BSC Agent has provided costs and time-scales for the development of the changes to the CDCA documentation, CRA documentation and software required to implement the Proposed Modification. The BSC Agent estimates that the development would take approximately 9 weeks. BSC Agent Costs are as follows:

Change Specific Costs¹ = £26,533

Project Overhead² = £111,104

Total Cost³ = £137,637

Annual Maintenance cost⁴ = £19,269

Annual Operational costs = £5000 per annum to administer up to 20 licensees

BSCCo will be responsible for managing implementation of the Alternative Modification and will require an additional 14 weeks after the completion of development to complete testing activities.

BSCCo estimate a total of 142 man-days effort is required to deliver the Project. This includes 65 days effort on behalf of the CVA Programme, 30 from Market Entry, 40 from Operations and an additional 6 from Legal.

In addition BSCCo estimate the equivalent of one quarter full time equivalent will be required to support the ongoing operation of the Alternative Modification.

Therefore the SSMG agreed an Implementation Date for Alternative Modification P102 of 4 November 2003, should the Authority determination be received before 2 May 2003. Should an Authority determination be received after this date, but prior to 22 August 2003 then the SSMG agreed that the Implementation Date should be 24 February 2004.

¹ Change Specific Cost is the marginal cost of including these changes in a standard BSC Systems Release.

² If the Modification is not implemented as part of one of the standard BSC Systems Releases then the 'Project Overhead' must be added to the Change Specific Costs to arrive at the Total cost.

³ Total Costs = Change Specific + Project Overhead. The actual cost of implementing a change were included as part of a standard BSC Systems Release is normally made up of the Change Specific costs plus some small fraction of the Project Overhead.

⁴ Annual Maintenance costs is calculated as a standard percentage (14%) of the Total cost.

15 PROPOSED TEXT TO MODIFY THE BSC

The following sections include the legal drafting for the Proposed and Alternative Modifications. Both sets of legal drafting will be sent out for consultation before the Modification Report is submitted to the March Panel meeting.

The SSMG reviewed the draft Legal Text for both the Proposed and Alternative Modification and confirmed that they address the defect described in P102. It was noted that the Proposer of P102 believes only Proposed Modification P102 better facilitates the Applicable BSC Objectives, due to concerns over the licensing approach.

15.1 Proposed Modification

See attached document:

- P102AR-ATT1-PROlegal text050203.pdf

15.2 Alternative Modification

See attached document:

- P102AR-ATT2-P102ALTdraftlegaltext050203.pdf

ANNEX 1 P102 CONSULTATION RESPONSES

For responses from the first consultation please see attached document:

- P102AR-ATT3-Assessment Consultation 1 Responses.pdf

For responses from the second consultation please see attached document

- P102AR-ATT4-Assessment Consultation 2 Responses.pdf

ANNEX 2 SOLUTIONS CONSIDERED DURING ASSESSMENT OF P102

Five potential solutions were considered during assessment of P102 as described below;

- **Remove the requirement to commence trading for LEGs**

This solution forms the Proposed Modification as discussed in this document.

- **'Non-Trading' BSC Party status**

This solution involves the creation of a new class of BSC Party, that of 'Non-Trading' BSC Parties. This classification of BSC Party would be excused the obligation to commence trading, within 6 months of accession to the Code. By identifying 'Non-Trading' BSC Parties within the Code, specific charges and obligations could be targeted at these BSC Parties. On consideration of the BSC Agent initial impact assessment for this solution the SSMG rejected this approach. It was felt that this solution failed to address several issues (Section 6.1.4) removed by a licence agreement approach and offered negligible cost benefit.

- **Licence agreement**

Under this proposal a licence agreement would be created which LEGs could sign in order to receive BSC data. This solution forms the Alternative Modification as discussed in this document.

- **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. This solution was rejected by the SSMG as, although it would provide LEGs with the right to access BSC information, it failed to address the practical issue of how this data would be provided. It was also felt that there were legal issues surrounding removal of data confidentiality.

Impact Assessments (Section 7.2) and Consultation (Section 7.1) for each of these solutions was completed during the Assessment procedure. For further details of the solutions considered refer to the 'High Level Requirements Specification for P102' (Reference 4). On consideration of costs indicated in the BSC Agent impact assessment the SSMG also developed a fifth solution as outlined below;

- **Licence agreement-No Central System Changes**

This solution was developed by the SSMG in light of the costs involved with making changes to Central Systems along with the preference for a licensing approach. This process is outlined below:

- LEGs sign a Licence Agreement.
- Reports to be distributed through Low-grade service, therefore FTP accounts are required for each Licence signatory.

- Each licence signatory is registered in CRA as a new BSC Party, thereby obtaining an FTP Account.
- BSCCo manage these Licence Agreement signatories and are aware of non-BSC Party status.
- BSC Agents are unaware of non-BSC Party status, therefore no changes to Central Systems are required.
- BSCCo collect payment from licensees.
- BSCCo ensure non-BSC Parties do not exceed the rights given to them under the Licence agreement due to being registered in Central Systems with BSC Party status.

BSCCo impact assessment (see below) of this solution by BSCCo indicated that this solution was not workable and presented a risk to the integrity of Central Systems. It was felt that using a new category to register licensees would be the preferred solution as this would give those in this category limited rights (i.e they will purely have access to certain specified flows from Central Systems). If an existing category were to be used, these participants would receive the rights allocated to that particular category. For example they may be able to submit ECVNA/MVRNA authorisations and/or register metering systems with the CRA. Any solution, which registers non-BSC Parties in Central Systems, with BSC Party status, relying on BSCCo to ensure that this status was not abused, would be unmanageable. Therefore a licence agreement would only be workable if new Role codes and suitable process to recognise licensees are put in place by the BSC Agent. On consideration of the views of BSCCo the SSMG rejected the idea of a licence agreement without system changes.

ANNEX 3 IMPACT ASSESSMENTS

BSC Party Impact Assessments

For BSC Party impact assessment responses please see attached document:

- P102AR-ATT5-ResponsesMC00028.pdf

BSC Agent Impact Assessments

For BSC Agent impact assessment please see attached document:

- P102AR-ATT6-MP102 DLIA NETA Change Form v0.3.pdf

ANNEX 4 LICENCE

The licence would be drafted and would be approved by the Panel as part of the implementation of Alternative Modification P102. The agreed the following high level requirements for the licence.

- **Confidentiality**

The confidentiality obligations of non-BSC Parties signed up to the licence will be similar to those of BSC Parties signed up to the BSC. Therefore the confidentiality terms within the licence would mirror similar obligations within the Code. This would include the requirement to use data only for the purpose of supply and generation of electricity in the United Kingdom.

- **Information Provided**

This would include reports detailed in Section V of the Code that are currently available to all BSC Parties (see Appendix 1). Historic versions of this data would be made available using the manual process currently used for BSC Parties.

- **Cost recovery**

Licensees would be required to pay an annual fee covering the costs of providing data. It was the view of the SSMG that this fee should initially be set at an annual value of £3,000, to be agreed by the Panel during implementation of Alternative Modification P102 if approved.

- **Termination**

BSCCo will have the ability to terminate the agreement with any licensee on any breach by that licensee. BSCCo will also be able to terminate the agreement on reasonable grounds (For example a Modification affecting licensing is to be implemented). However if BSCCo requires termination without agreement from the licensee, for any reason other than a breach on behalf of the licensee, Panel approval should be necessary.

Licensees will have the power to terminate at any point, no Panel approval required.

- **Changes to Licence agreement**

Panel approval will be required for any changes to the standard licence agreement.

- **Third party access**

Facility will be included in the licence for provision of data via a third party. This will allow data provision services to be set up such that data can be pre-processed on the behalf of licensees. A potential benefit of this approach is that there would be fewer licensees physically accessing Central Systems and therefore a reduction of the impact on service infrastructure.

For information an the initial draft licence discussed by the SSMG during the Assessment Procedure has been included in this document (See attached document P102AR-ATT7-P102draftlicence050203.pdf). The SSMG recognised that the final licence would be developed during implementation.