
Meeting name BSC Panel

Date of meeting 08 April 2004

Paper Title BSC MODIFICATIONS PROCEDURES: ISSUES REGISTER

Purpose of Paper For Decision

Synopsis ELEXON has reviewed its operational experience of the Modifications Process and has produced a register of issues. The Panel is invite to consider the issues contained in the attached ELEXON Issues Register.

1. INTRODUCTION

- 1.1 The Modification Procedures, as described in Section F of the Balancing and Settlement Code (the Code) have been in operation since March 2001. The procedures require the production of many varied reports, the involvement of ELEXON, BSC Parties, energywatch, other interested parties, the Panel and Ofgem. Over 160 Modification Proposals have been raised and processed in accordance with Section F.
- 1.2 ELEXON has already sought to identify possible areas for improvement in both its internal working procedures (with the production of Modification Procedure guidance notes) and in the production and publication of reports with the improvements in the report structure.
- 1.3 ELEXON has also identified a number of potential improvements to the Modification Procedures. Furthermore, at the Panel meeting on 15 January 2004, the Panel requested that ELEXON publish its "review of the operation of the Modification process" (see attached extract of draft Panel minutes, Appendix 1).
- 1.4 ELEXON has reviewed its operational experience of the Modification process. ELEXON has sought to identify:
 - operational issues with Section F of the Code; and
 - potential changes to the process that could provide increased efficiency and effectiveness in the processing of Modification Proposals
- 1.5 These issues are summarised in the following section, with a full description provided in the attached issues register (each issue is documented in a proforma). Where resolution of an issue would require a Modification to the Code this has been identified.
- 1.6 The proformas also allow for the Panel to provide its views against each issue. Furthermore the Panel may wish to include additional issues. The issue list is thus seen as a register which will evolve with time.

2. MODIFICATION PROCEDURES ISSUES

- 2.1 ELEXON has identified eight issues summarised below. The first three issues involve the ability for BSCCo to recommend that the Panel raise a Modification Proposal to deal with changes to the

Code that impact either Pending, Approved Modifications or involve issues identified through the ELEXON operation of the Code:

1. *Pending Modifications: Proposal to amend legal text when with Authority.* Currently there is no mechanism to modify legal text after the draft Modification report has been agreed by the Panel. There are circumstances where it may be appropriate to do so, such as when changes are directed by the Authority which impact the legal text of the Pending Modification;
2. *Approved Modifications: Proposal to amend legal text.* ELEXON may identify a problem with the legal text of an Approved Modification which prevents the intent of that Approved Modification from being fully delivered. Unless the problem is a "manifest error" or "minor inconsistency", there is no process to address this problem, other than a BSC Party raising a Modification Proposal;
3. *Operational Procedures: Proposal to amend BSC.* During the normal operation of the Code, ELEXON may identify potential changes to the Code which arise from issues presented to the ISG and SVG. However, the ISG and SVG are reliant on a BSC Party to raise a Modification Proposal to address these issues;
4. *Construction of Implementation Dates.* The construction of an Implementation Date within Modification Report contains two dates (with associated cut-off dates) when the change is to be delivered through a Release. A risk exists that when the second cut-off date is passed the Authority will reject the Modification on the grounds that "the timetable proposed for its implementation has been superseded";
5. *Requirement to provide no Implementation Date when no legal text.* It is proposed that when no legal text is provided in the draft Modification Report that no Implementation Date is also required;
6. *Alternative Modification better than Proposed Modification but not better than current Code baseline.* The Code refers to the Modification Group developing an Alternative Modification which "as compared with the Proposed Modification, would better facilitate achievement of the Applicable BSC Objective(s)". It would be clearer if the Code also referred to the current Code Baseline when developing an Alternative Modification;
7. *Ability to withdraw Modification Proposal.* Processing a nugatory Modification Proposal incurs unnecessary effort and costs to BSC Parties, the Panel and the Authority. It is proposed that a mechanism is put in place to terminate the Modification Procedure for a redundant Modification Proposal; and
8. *Housekeeping Modifications.* The current process for raising and processing Housekeeping Modifications can take up to 4 months, require 3 Panel papers and 1 consultation. A more streamlined process to address typographical errors, omissions and incorrect cross-references is proposed.

3. WAY FORWARD

- 3.1 ELEXON will maintain the Issues register and as instructed by the Panel update it with any relevant issues. For an issue to be progressed a party would have to raise a Modification Proposal.

4. RECOMMENDATION

- 4.1 The Panel is invited to NOTE and CONSIDER the Modification Process issues contained in the attached ELEXON Issue Register.**

Chris Rowell

Modification Secretary

List of enclosures

Attachment A: Appendix 1: Extract of Panel meeting 71 minutes

Attachment B: Appendix 2: Issue Proformas

1. Amendment of legal text in Pending Modifications for which the Modification Report has been submitted to the Authority
2. Amendment of legal text in Approved Modifications
3. Amendment of legal text due to issues identified through normal operation
4. Construction of Implementation Dates
5. Amend requirement to provide Implementation Date and no legal text provided
6. Alternative Modification better than Proposed Modification but not better than current Code baseline
7. Termination of Modification Procedure to avoid inefficiency
8. Housekeeping Modifications

Attachment A:**Appendix 1: Extract of Panel meeting 71 minutes of meeting held on 15 January 2004****30. ANY OTHER BUSINESS**

"A Panel Member noted the instances when Modification Proposals were raised to address issues that could more cost-effectively have been addressed by Change Proposals, instances where it would have been appropriate for ELEXON to have raised a Modification Proposal to address a practical operational issue (e.g. the Section K paper discussed earlier) and the new criteria being introduced by the Regulatory Impact Assessments. The Panel expressed its concern about these issues and requested that ELEXON review the operation of the Modification process. A Panel Member suggested that ELEXON should look at the lessons learnt in the wider governance context. ELEXON and the Panel agreed that there were further things that could be considered. MT and BV undertook to send in some points to JA."