

#### 4.5. MP Form

<b>Modification Proposal – BSCP40/03</b>	MP No: P298 <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal</b> <i>(mandatory by originator):</i>	
Consequential amendments to the BSC Modification process following the implementation of Third package and other miscellaneous changes	
<b>Submission Date</b> <i>(mandatory by originator):</i>	
25 November 2013	
<b>Description of Proposed Modification</b> <i>(mandatory by originator)</i>	
<p>This Modification is proposing amendments to BSC Section F, to enable the Authority to raise Modification Proposals to the BSC that it considers necessary to comply with or implement the electricity regulation (including any relevant legally binding decisions of the European Commission (EC) and/or applicable EC agency (Agency for the Co-operation of Energy Regulators (ACER))).</p> <p>Currently the BSC does not allow for the Authority to raise Modifications Proposals in order to comply with the relevant electricity regulation. Following the implementation of the changes to Electricity Transmission Licence Standard Conditions (SLC) C3 (Balancing and Settlement Code) under the ‘Third Package’<sup>1</sup>, the BSC requires amendment to be consistent with the licence. Therefore, the BSC will need to be amended to include the following elements, in relation to electricity regulation Modifications:</p> <ol style="list-style-type: none"> <li>1. Allow the Authority to raise BSC Modification Proposals.</li> <li>2. Apply the requirements in the licence around BSC Modifications, which the licensee raises following an Authority direction or raised directly by the Authority.</li> </ol> <p>With regard to the second point above, the BSC will also be amended to reflect that that the BSC Panel will be required to:</p> <ul style="list-style-type: none"> <li>• accept it into the Modification Process; and</li> <li>• progress the Modification in accordance with any timetable(s) directed by the Authority.</li> </ul> <p>Requirements will also be added to reflect that when the Licensee (National Grid) is directed to raise any Modifications relating to compliance with or implementation of electricity regulation (including any relevant legally binding decisions of the EC and/or ACER)), that as the Proposer, it will only be allowed to:</p> <ul style="list-style-type: none"> <li>• withdraw the Modification with the prior consent of the Authority; and</li> <li>• amend the Proposed Solution with the prior consent of the Authority.</li> </ul>	

<sup>1</sup> The term „Third Package“ refers to Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC („Electricity Directive“); Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 („Electricity Regulation“); Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC („Gas Directive“); Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the

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<p><u>Other areas for consideration by the Workgroup:</u></p> <p>The Workgroup will need to consider two specific areas.</p> <ol style="list-style-type: none"> <li>1. The involvement of the Panel when it initially considers such an Authority raised Modification. Specifically: <ul style="list-style-type: none"> <li>• to what extent it agrees and sets the terms of reference for any necessary Workgroup meetings; and</li> <li>• its ability to decide on when the Modification is progressed to the next phase of the Modification Process (e.g. from Assessment Procedure to Report Phase).</li> </ul> </li> <li>2. Whether or not a BSC Party can adopt such Authority raised Modifications or if the Licensee (on instruction from the Authority) withdraws a Modification.</li> </ol>	
<p><b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> <i>(mandatory by originator)</i></p> <p>The Third Package was introduced in Great Britain on 10 November 2011 by making amendments to relevant domestic legislation. The changes were given effect by the <a href="#">Electricity and Gas (Internal Markets) Regulations 2011</a>. As a result, the Authority made a number of changes to the gas and electricity licences.</p> <p>This included a consequential change to the licence conditions. This provided the Authority with the ability for it to raise Modifications, which the ‘Authority reasonably considers are necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency’ [ACER].</p> <p>No Modification were raised to put this ability into the BSC at that time as following the changes to SLC C3, the Licensee and ELEXON identified that the current wording could be interpreted in such a way that the Authority could raise any kind of Modification.</p> <p>In November 2012, Ofgem issued a consultation on further proposed licence changes following the implementation of the Third Package and other miscellaneous changes. One part of this consultation was to clarify the circumstances under which the Authority could raise Modifications.</p> <p>The Authority issued a second consultation on 29 July 2013 on modifications to the licences that it considered may be required. On 22 October 2013 it notified industry of its decision to modify electricity licence conditions following the implementation of the Third Package and other house-keeping changes, which will take effect from 17 December 2013.</p> <p>As a result of these clarifications to the licence wording, this Modification has been raised to amend</p>	

natural gas transmission networks and repealing Regulation (EC) No 1775/2005 („Gas Regulation“); and Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators.

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<p>the Code to reflect the conditions under which the Authority can raise Modifications and the actions that affected parties (e.g. the BSC Panel, National Grid (as the Licensee)) will need to take or consider.</p>	
<p><b>Impact on Code</b> <i>(optional by originator)</i></p> <p>BSC Section F – Modification Procedures</p>	
<p><b>Impact on Core Industry Documents or System Operator-Transmission Owner Code</b> <i>(optional by originator)</i></p> <p>None</p>	
<p><b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> <i>(optional by originator)</i></p> <p>None</p>	
<p><b>Impact on other Configurable Items</b> <i>(optional by originator)</i></p>	

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<b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b>	
<i>(mandatory by originator)</i>	
<p>This Modification will better facilitate</p> <p>Applicable BSC Objective (a) ‘the efficient discharge by the Transmission Company of the obligations imposed upon the Transmission Licence’ by ensuring that the BSC correctly reflects the conditions under which the Authority can raise or direct the Licensee to raise Modifications relating to electricity regulation.</p> <p>Applicable BSC Objective (d) ‘promoting efficiency in the implementation and administration of the balancing and settlement arrangements’ by ensuring that the BSC accurately reflects the provisions set out in Standard Licence Condition C3 covering the circumstances and processes to be followed in relation to Authority raised Modification Proposals. Therefore ensuring that such Modifications proposals are progressed efficiently and effectively.</p> <p>Applicable BSC Objective (e) ‘Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the EC Agency [for the Co-operation of Energy regulators]’ by ensuring that the BSC complies with changes resulting from the Electricity and Gas (Internal Markets) Regulations 2011 and enabling the BSC to be aligned with any future electricity regulation.</p>	
<b>Is there a likely material environmental impact?</b> <i>(mandatory by originator)</i>	
No	
<b>Urgency Recommended:</b>	
No	
<b>Justification for Urgency Recommendation</b> <i>(mandatory by originator if recommending progression as an Urgent Modification Proposal)</i>	
n/a	
<b>Self-Governance Recommended: No</b> <i>(delete as appropriate) (mandatory by originator)</i>	
As this Modification is proposing a change to the governance surrounding the modification of the BSC, it cannot be progressed via the Self-Governance route.	
<b>Justification for Self-Governance Recommendation</b> <i>(mandatory by originator if recommending progression as Self-Governance Modification Proposal)</i>	
n/a	

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<p><b>Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?</b> (mandatory by originator in order to assist the Panel decide whether a Modification Proposal should undergo a SCR Suitability Assessment)</p> <p>Yes</p>	
<p><b>Details of Proposer:</b></p> <p><i>Name.....Emma Radley.....</i></p> <p><i>Organisation...National Grid Electricity Transmission.....</i></p> <p><i>Telephone Number.....01926 655223.....</i></p> <p><i>Email Address.....emma.radley@nationalgrid.com .....</i></p>	
<p><b>Details of Proposer's Representative:</b></p> <p><i>Name..... Emma Radley .....</i></p> <p><i>Organisation... National Grid Electricity Transmission .....</i></p> <p><i>Telephone Number 01926 655223.....</i></p> <p><i>Email address..... emma.radley@nationalgrid.com .....</i></p>	
<p><b>Details of Representative's Alternate:</b></p> <p><i>Name.....Alex Thomason.....</i></p> <p><i>Organisation...National Grid Electricity Transmission.....</i></p> <p><i>Telephone Number...01926 656379 .....</i></p> <p><i>Email address.....alex.thomason@nationalgrid.com.....</i></p>	
<p><b>Attachments:</b> No (delete as appropriate) (mandatory by originator)</p>	