

Request to Raise a Modification Proposal

Request to Raise: 'Required Housekeeping Changes to Implement P295 and EMR'

This Modification proposes minor changes to BSC Section V to correct a discrepancy between the P295 Legal text that will be implemented on 16 December 2014 and the EMR legal text changes directed and implemented on 1 August 2014.



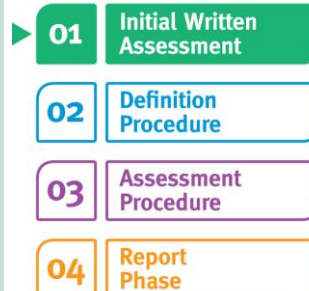
ELEXON recommends that a Modification is raised and progressed as a Fast Track Self-Governance Modification, with a recommendation to approve.

This Modification is expected to impact:

- ELEXON

ELEXON

What stage is this document in the process?



227/06

Request to Raise a
Modification Proposal

7 August 2014

Version 1.0

Page 1 of 7

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Contents

1	Why Change?	3
2	Solution	4
3	Proposed Progression	5
4	Recommendations	6
	Appendix 1: Glossary & References	7

About This Document

This document is a Request to Raise a Modification which ELEXON will present to the Panel on 14 August 2014. The Panel will consider whether to raise the Modification and agree how to progress it.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach.
- Attachment A contains the Modification Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for this Modification.



Any questions?

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227/06

Request to Raise a
Modification Proposal

7 August 2014

Version 1.0

Page 2 of 7

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1 Why Change?

Background

P295

Modification Proposal [P295¹ 'Submission and publication of Transparency regulation data via the BMRS'](#) has been approved for implementation on 16 December 2014. P295 requires changes to the Balancing Mechanism Reporting Service (BMRS) and BSC Sections Q and V to enable the reporting and forwarding of required Transparency regulation data.

When P295 was approved by the Authority on 22 January 2014, the BSC legal text changes for the Modification were drafted against Section Q v22.0 and Section V v26.0.

Electricity Market Reform

As part of the [Electricity Market Reform](#) (EMR) program the Government introduced two new mechanisms, Contracts for Difference (CFD) and the Capacity Market (CM). CFDs are designed as an incentive for investment in new low-carbon electricity generation. The CM is designed to ensure sufficient and reliable capacity when there is not enough electricity available on the Transmission System.

Consequential changes were required to the BSC and its Code Subsidiary Documents (CSDs) to support the EMR arrangements. Details of all the required changes directed on 1 August 2014 can be found on the Other Regulatory Decision (ORD) [5 'Electricity Market Reform' page](#) of the ELEXON website.

What is the issue?

Conflict between P295 and EMR legal text changes

The P295 solution is due to be implemented on 16 December 2014 and introduces a new section 5 into BSC Section V. The EMR legal text changes were directed and implemented on 1 August 2014 and also introduced new section 5 into BSC Section V.

Since P295 was progressed before EMR was directed by the Secretary of State, it was not possible to consider the P295 solution when drafting the required BSC changes for EMR. This means that when P295 is implemented on 16 December 2014 the new section 5 introduced by EMR will be overwritten by the section 5 introduced by P295.

227/06

Request to Raise a
Modification Proposal

7 August 2014

Version 1.0

Page 3 of 7

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¹ Further information about P295 can be found on the [P295](#) page of the ELEXON website.

Proposed solution

This Modification proposes changes to resolve conflicts between the EMR legal text and the P295 legal text. The following amendment will be made to the legal text changes due to be introduced by P295:

- BSC Section V – the new 'section 5' that will be introduced by P295 on 16 December 2014 will be changed to 'section 6'.

Amending section 5 under the P295 solution will ensure that the section introduced by EMR will not be overwritten once P295 is implemented. Full details of the proposed changes can be found in Attachment B.

Impacts and costs

This Modification will not impact BSC Parties, Party Agents or the Transmission Company. It only ensures the correct implementation of both P295 and the EMR arrangements.

The estimated central implementation costs will equate to £240, or one ELEXON man day.

Impact on Code	
Code Section	Potential Impact
Section V	Changes will be required to implement the solution.

Applicable BSC Objectives

ELEXON believes that this Modification would better facilitate the achievement of:

- **Applicable BSC Objective (d)** as making these required housekeeping changes will allow for both P295 and EMR directed changes to be implemented successfully and as intended, promoting efficiency.
- **Applicable BSC Objective (f)** as making these required housekeeping changes will contribute to implementation and administration of the EMR arrangements.

Implementation approach

It is recommended that this Modification be implemented on **16 December 2014** (simultaneously with P295) to enable the proposed legal text changes to take precedence over the previously approved P295 legal text.



What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(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

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

227/06

Request to Raise a Modification Proposal

7 August 2014

Version 1.0

Page 4 of 7

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Next steps

We believe that this Modification should be progressed as a Fast Track Self-Governance Modification².

The proposed changes to BSC Section are housekeeping changes only, which are required to enable both P295 and EMR to be implemented successfully and as intended. Therefore, we believe that this Modification meets the Fast Track Self-Governance Modification criteria.

If the Panel **unanimously** agrees³ that the Modification should be progressed as a Fast Track Self-Governance Modification, and approve the draft legal text, ELEXON will issue the Fast Track Self-Governance Modification Report (including the approved BSC legal text) to the Authority, the Transmission Company and BSC Parties. There will then be a 15 Working Day appeal window to raise an objection to the implementation of the Modification.

If an objection is received, the implementation of the Modification will be suspended and the objection tabled at the next available Panel meeting; which in the case of this Modification would be on 11 September 2014.

If no objections are received, the Panel will be advised and the Modification will be implemented on 16 December 2014.



Fast Track Self-Governance Criteria

Means a Modification Proposal which:

- (i) if implemented would satisfy the Self-Governance Criteria; and
- (ii) falls within the scope of Section F2.1.1(d)(iv) (without limiting the right of any person specified in paragraph 2.1.1 to propose a Fast Track Self-Governance Modification proposal) and which is required to correct an error in the Code or as a result of a factual change, including but not limited to:
 - (a) updating names or addresses listed in the Code;
 - (b) correcting minor typographical errors;
 - (c) correcting formatting and consistency errors, such as paragraph numbering; or
 - (d) updating out of date references to other documents or paragraphs;

² Further information about the Fast Track Self-Governance Modification process can be found in [BSC Section F, BSCP40](#) and on the [P296](#) page of the ELEXON website.

³ If one or more Panel Members believe the Modification does not meet the Fast Track criteria, the Panel can decide to treat the Modification as either a standard Self-Governance Modification or a standard Modification.

4 Recommendations

We invite the Panel to:

- **RAISE** the Modification Proposal in Attachment A;
- **AGREE** that this Modification should be progressed as a Fast Track Self-Governance Modification;
- **AGREE** that this Modification:
 - **DOES** better facilitate Applicable BSC Objective (d); and
 - **DOES** better facilitate Applicable BSC Objective (f);
- **AGREE** that this Modification should be **approved**;
- **AGREE** an Implementation Date of
 - **16 December 2014**;
- **AGREE** the proposed legal text;
- **NOTE** that this Modification will become P313; and
- **NOTE** that ELEXON will issue the P313 Fast Track Modification Report (including the draft BSC legal text), which will then be subject to a 15 Working Day objection period.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Glossary of Defined Terms	
Acronym	Definition
BMRS	Balancing Mechanism Reporting Service
CFD	Contracts for Difference
CM	Capacity Market
CSD	Code Subsidiary Documents
EMR	Electricity Market Reform
ORD	Other Regulatory Decisions

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	P295 webpage	http://www.elexon.co.uk/mod-proposal/p295/
3	EMR webpage	http://www.elexon.co.uk/ord/ord005-electricity-market-reform/
3	ORD005 webpage	https://www.gov.uk/government/policies/maintaining-uk-energy-security--2/supporting-pages/electricity-market-reform