

Fast Track Self-Governance Modification Report

P327 'Clarifications to P305 legal text'

This Modification proposes minor changes to the approved legal text for P305 to correct some minor inconsistencies and improve the clarity of some new definitions.

The Fast Track Self-Governance objection period for P327 closes:

5pm on Thursday 1 October 2015

If no objections are notified by this time, the Panel's decision is final.



The BSC Panel has **approved** P327 as a Fast Track Self-Governance Modification

This Modification is not expected to impact any participants

ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

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About This Document

This is the P327 Fast Track Self-Governance Modification Report, which ELEXON has submitted to the Authority, the Transmission Company and all Balancing and Settlement Code (BSC) Parties.

P327 is a Fast Track Self-Governance Modification, so it does not go to the Authority for decision. The BSC Panel has approved P327 for implementation on 5 November 2015.

In accordance with BSC Section F7.3, Parties have until 1 October 2015 to object to the Panel's decision, stating why they do not believe P327 meets the Fast-Track Self-Governance criteria. If no objection is notified by this time, the Panel's decision is final.

There are two parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and implementation approach. It also summarises the Panel's key views on the Modification.
- Attachment A contains the approved redlined changes to the BSC for P327.



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1 Summary

Why Change?

Since the approval of P305 in April 2015, we have identified some minor errors and areas of potential ambiguity within the approved legal text.

Solution

P327 proposes to correct these minor errors and clarify sections where there may be ambiguity, to ensure P305 is delivered as effectively as possible.

Impacts & Costs

P327 is a Code-only change that will not impact any BSC Parties, Party Agents or BSC Agents.

Implementation

P327 will be implemented on 5 November 2015 as part of the November 2015 Release, in parallel with P305.

Decision

The Panel has unanimously agreed to raise and approve P327 as a Fast Track Self-Governance Modification.



What is P305?

P305 'Electricity Balancing Significant Code Review Developments' was raised by National Grid in June 2014 following the completion of Ofgem's [Electricity Balancing Significant Code Review \(EBSCR\)](#). This Modification was approved by the Authority in April 2015 for implementation on 5 November 2015 as part of the November 2015 BSC Systems Release.

This Modification required extensive changes to many BSC sections, in particular to introduce the new provisions for the treatment of Short Term Operating Reserve (STOR) actions and the treatment of Demand Control actions within the imbalance price calculations. These changes to the BSC were presented to the BSC Panel in March 2015 when it considered the P305 Draft Modification Report ([Panel 235/07](#)).

What is the issue?

Since the approval of P305, we have identified the following issues with the approved P305 legal text:

- A paragraph clash has been identified in Section Q1.1.1. This is because the P305 legal text was drafted on the version of Section Q prior to the implementation of [P291 'REMIT Inside Information Reporting Platform for GB Electricity'](#) and [P295 'Submission and publication of Transparency regulation data via the BMRS'](#), and so did not account for the new sub-paragraphs these Modifications also added.
- Three cross-references introduced into new Section Q6.9.2, new Section S Annex S-2 8.2.4 and Section X Annex X-2 Table X-2 are incorrect and need amending. These errors were introduced as a result of changes to paragraph numbers during the final drafting of the P305 legal text, and were not identified until after the legal text had been approved.
- Following further reflection, we consider that the proposed definitions of the new terms 'STOR Action' and 'STOR Instructed Volume' within Section X Annex X-2 Table X-2 may not be as clear as they could be.
- We do not believe the wording of new paragraph T3.15.3 fully reflects the intended treatment of Demand Control Volumes for use in the imbalance price calculations. The intent of P305 is that each Demand Control Event will be treated separately within the imbalance price calculations. However, the current wording implies that, should there be two or more separate Demand Control Events in one Settlement Period, these would all be aggregated into a single pair of volumes (one covering all system balancing actions and one covering all energy balancing actions) for that Settlement Period. Under P305, the Continual Acceptance Duration Limit (CADL) provisions are intended to apply to each individual Demand Control Event, i.e. the Continuous Acceptance Duration is the time between the start and end of an individual Demand Control Event, and this is how the systems have been developed. Therefore we believe paragraph T3.15.3 needs to be clarified so that there will be aggregated Demand Control Volumes *per Demand Control Event* in each Settlement Period.

What is the full P305 solution?

- A reduction in the Price Average Reference (PAR) and Replacement PAR (RPAR) values to better reflect the marginal cost of balancing energy for a given Settlement Period.
- A single imbalance price using the existing Main Price calculation.
- Introduction of a Reserve Scarcity Price (RSP) function for STOR actions to better reflect the prevailing scarcity in the market at the time of their use.
- Introduction of Demand Control actions into the imbalance price, priced at the Value of Lost Load (VoLL), and an imbalance volume correction process to amend participants' positions to account for such actions.

Full details can be found in the [P305 Final Modification Report](#).



What is CADL?

CADL is used to identify short-duration Bid-Offer Acceptances (BOAs), which are likely to be associated with system balancing actions and so are potentially excluded from the imbalance price calculation. It has been set to 15 minutes since its introduction in 2001.

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Approved solution

[P327 'Clarifications to P305 legal text'](#) will make the following changes to the approved P305 legal text. The full changes can be found in Attachment A.

- **Section Q1.1.1:** The sub-paragraph introduced by P305 will be re-lettered from (j) to (l).
- **Section Q6.9.2:** This incorrectly refers to 'paragraph 6.8', and will be corrected to refer to 'paragraph 6.9'.
- **Section S Annex S-2 8.2.4:** This incorrectly references 'paragraph 8.1.3A', and will be corrected to refer to 'paragraph 8.2.3'.
- **Section T3.15.3:** The wording of this paragraph will be amended to ensure there are a System Demand Control Volume and a Balancing Demand Control Volume *per Demand Control Event* per Settlement Period.
- **Section T4.4:** Consequential changes to introduce the new subscript and necessary summations following the changes in Section T3.15.3 above.
- **Section T Annex T-1 1.2(b):** Consequential changes to introduce the new subscript following the changes in Section T3.15.3 above.
- **Section X Annex X-2 Table X-1:** Inclusion of the new subscript introduced by the changes in Section T3.15.3 above.
- **Section X Annex X-2 Table X-2:**
 - **Balancing Demand Control Volume:** Consequential change to introduce the new subscript following the changes in Section T3.15.3 above.
 - **Final Loss of Load Probability:** This incorrectly references 'paragraph Q6.8.1', and will be corrected to refer to 'paragraph Q6.7.2'.
 - **STOR Action:** Amendments to the definition to improve clarity.
 - **STOR Instructed Volume:** Amendments to the definition to improve clarity.
 - **System Demand Control Volume:** Consequential change to introduce the new subscript following the changes in Section T3.15.3 above.
- **Section X Annex X-2 Table X-3:** Consequential changes to introduce the new subscript following the changes in Section T3.15.3 above.

Applicable BSC Objectives

We consider that P327 would better facilitate **Applicable BSC Objective (d)** as removing errors and potential ambiguity would ensure the BSC is delivered in the most effective and efficient manner.



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

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4 Impacts & Costs

Central impacts and costs

P327 will be a document-only change to update four sections of the BSC. There are no system impacts and no impact on BSC Agents.

The central implementation costs will be approximately £240 (one ELEXON man day) to implement the relevant document changes.

Impact on Code	
Code Section	Impact
Section Q	Changes will be required to deliver this Modification. <i>The approved changes can be found in Attachment A</i>
Section S Annex S-2	
Section T	
Section X Annex X-2	

Participant impacts and costs

This Modification is a Code-only change to clarify the changes that will be introduced by P305. It will not have any impact on any industry participants.

5 Implementation

Implementation Date

The Panel has approved an Implementation Date for P327 of **5 November 2015** as part of the November 2015 Release, if no objections are notified.

P305 has been approved for implementation as part of the November 2015 Release. This Modification will correct minor errors and improve clarity with the Code changes for P305. It is therefore appropriate that this Modification is implemented at the same time so these errors can be corrected immediately upon P305's implementation.

When would P327 be implemented?

Following the Panel's unanimous agreement to progress and approve P327 as a Fast Track Self Governance Modification, the Panel's decision along with this Fast Track Self-Governance Modification report has been published and issued to the Authority, Transmission Company and each Party in accordance with BSC Section F7.2.2.

A 15 Working Day objection period will commence from this notification, closing on 1 October 2015. If no objections are raised in this time, P327 would then be implemented on **5 November 2015**.



What are the Fast Track Self-Governance Criteria?

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.

Panel's views on the Modification

The proposed changes to the BSC under P327 are housekeeping and administrative changes only, which are required to ensure P305 is implemented successfully and as intended. The Panel noted that we had contacted as many P305 Workgroup members as we could in advance to highlight this Modification to them, and that no objections had been received from these members ahead of the Panel's decision.

The Panel unanimously agreed that the proposed changes to the BSC in Attachment A delivered the P327 solution. It also agreed with the proposed Implementation Date of 5 November 2015, alongside P305.

Panel's views on Fast Track

The Panel unanimously agreed that P327 would meet the Fast Track Self-Governance Criteria and so should be progressed as a Fast Track Modification.

Panel's views on the Applicable BSC Objectives

The Panel unanimously agreed that P327 would better facilitate Applicable BSC Objective (d) for the reasons given in Section 3, and so unanimously approved P327.



What are the Self-Governance Criteria?

A Modification that, if implemented:

(a) is unlikely to have a material effect on:

- (i) existing or future electricity consumers; and
- (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
- (iii) the operation of the national electricity transmission system; and
- (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
- (v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

The BSC Panel has unanimously agreed:

- That P327 should be progressed as a Fast Track Self-Governance Modification;
- That P327 should be **approved**;
- An Implementation Date for P327 of **5 November 2015** as part of the November 2015 Release, if no objections are notified; and
- The BSC legal text for P327.

Appendix 1: Estimated Progression Effort

The following tables contain the estimated effort in progressing P327:

Assessment Effort	
Participant	Effort (man days)
ELEXON	3
Total	3

Appendix 2: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BOA	Bid-Offer Acceptance
BSC	Balancing and Settlement Code (<i>industry Code</i>)
CADL	Continual Acceptance Duration Limit (<i>parameter</i>)
EBSCR	Electricity Balancing Significant Code Review
PAR	Price Average Reference (<i>parameter</i>)
RPAR	Replacement Price Average Reference (<i>parameter</i>)
RSP	Reserve Scarcity Price (<i>value</i>)
STOR	Short Term Operating Reserve
VoLL	Value of Lost Load (<i>parameter</i>)

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
4	P305 Page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p305/
4	Electricity Balancing Significant Code Review page on the Ofgem website	https://www.ofgem.gov.uk/electricity/wholesale-market/market-efficiency-review-and-reform/electricity-balancing-significant-code-review
4	Panel 235 page on the ELEXON website	https://www.elexon.co.uk/meeting/bsc-panel-235/
4	P291 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p291/
4	P295 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p295/
5	P327 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p327/