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MODIFICATION REPORT
MODIFICATION PROPOSAL P48-
Half Hourly Receipt and Publication
of BSAD

Prepared by ELEXON on behalf of the Balancing
and Settlement Code Panel

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The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
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c Related Documentation

Reference	Document
Reference 1	Assessment Report for Modification Proposal P48 'Half Hourly Receipt and Publication of BSAD' (009MMU Version 1.0 issued on 14 February 2002)
Reference 2	Initial Written Assessment for Modification Proposal P48 'Half Hourly Receipt and Publication of BSAD' (IWA048 Version 1.0 issued on 15 November 2001)

Copies of these documents can be obtained from the ELEXON website at www.elexon.co.uk

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Phase and the resultant findings of this report, the BSC Panel recommends:

That the Proposed Modification, as set out in Section 6 of this Modification Report, be approved with an implementation date of 2 April 2002.

It should be noted that the software implementation of Modification Proposal P48 will be achieved as part of the BSC Systems Release 2 implementation of Modification P8. The first phase, to be achieved by April 2002, will allow the half hourly receipt of Balancing Services Adjustment Data (BSAD) and the use of this data in the calculation of Indicative Energy Imbalance Prices. The second phase, scheduled for August 2002, will report the BSAD used within this calculation on the Balancing Mechanism Reporting Service (BMRS).

A request was received by ELEXON from NGC to amend the proposed Implementation Date from the 1st to 2nd of April 2002. The Implementation Date of 1 April 2002 (within the Assessment Report) was based on an agreement with NGC. However, 1 April 2002 is a Bank holiday Monday and will be the day after a clock change. NGC believe that Tuesday 2nd of April would present a less risky approach to implementation.

1.2 Background

Modification Proposal P48 was raised by NGC on 1 November 2001 and proposes that BSAD be sent to the BMRA on a half hourly basis. The Proposal also suggests that this data be published on the BMRS. The half hourly receipt and publication of BSAD by the BMRA is intended to be in addition to existing obligations within Section Q of the BSC for the Transmission Company to send BSAD to the BMRA at the day-ahead and day-after stages. The Transmission Company is currently working on the necessary changes to send half hourly BSAD to the BMRA by 2 April 2002. The necessary software changes to the BSC Central Systems will be put in place as part of the P8 Enduring Solution within Central Systems.

The Panel considered the Initial Written Assessment for Modification Proposal P48 (Reference 2) at the meeting of 15 November 2001 and agreed to submit the Modification Proposal to a three month Assessment procedure to be undertaken by the Pricing Issues Modification Group (PIMG).

The PIMG considered Modification Proposal P48 during two meetings on 21 November 2001 and 8 January 2002. The Assessment Report for Modification Proposal P48 (Reference 1) was submitted for consideration at the Panel meeting of 14 February 2002. The Panel agreed with the determinations of the PIMG and decided to submit Modification Proposal P48 to the Report Phase, with a recommendation that the proposed Modification be approved with an implementation date of 1 April 2002.

During the Report Phase, a request was received by ELEXON from NGC to amend the proposed Implementation Date from the 1st to 2nd of April 2002. The Implementation Date of 1 April 2002 (within the Assessment Report and the draft Modification Report consulted

on) was based on an agreement with NGC. However, 1 April 2002 is a Bank holiday Monday and will be the day after a clock change. NGC believe that Tuesday 2nd of April would present a less risky approach to implementation. The Panel meeting on 14 March 2002 agreed that the proposed Implementation Date should be changed to 2 April 2002.

1.3 Rationale for Recommendations

The Panel noted that both the PIMG and all of the assessment consultation responses supported the Modification Proposal, and that the PIMG believed Modification Proposal P48 would better facilitate the achievement of Applicable BSC Objectives.

The Panel agreed with the PIMG determination that Modification Proposal P48 would improve pricing signals given to participants in the market and aid transparency by providing, as near real time as possible, a view of the latest forward actions taken by the Transmission Company for any Settlement Period. This modification, when fully implemented within BSC Central Systems, would also assist the aim of providing a single source (website) of information about the market.

On this basis, the Panel supported the PIMG assertion that Modification Proposal P48 better facilitates achievement of Applicable BSC Objectives 3(c) and 3(d), as follows:

- (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 and administration of the balancing and settlement arrangements.

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.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

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

3 PURPOSE AND SCOPE OF THE REPORT

BSC Section F sets out the procedures for progressing proposals to amend the BSC (known as 'Modification Proposals'. These include procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications. This report has been drafted in accordance with the obligations set out in Section F of the Code.

4 HISTORY OF PROPOSED MODIFICATION

Modification Proposal P48 was raised by NGC on 1 November 2001. Modification Proposal P48 proposes that BSAD be sent to the BMRA on a half hourly basis. The Proposal also suggests that this data be published on the BMRS. This half hourly receipt and publication of BSAD by the BMRA is in addition to existing obligations within Section Q of the BSC for the Transmission Company to send BSAD to the BMRA at the day-ahead and day-after stages. The Transmission Company is currently working on the necessary changes to send half hourly BSAD to the BMRA by 2 April 2002. The necessary software changes to the BSC Central Systems will be put in place as part of the P8 Enduring Solution within Central Systems. As noted in Section 1, the ability to receive half hourly BSAD and to use it in calculating Indicative Energy Imbalance Prices will be available within the March 2002 software release. The publication of this BSAD on the BMRS will be available from August 2002¹.

The Panel considered the Initial Written Assessment for Modification Proposal P48 (Reference 2) at the meeting of 15 November 2001 and agreed to submit the Modification Proposal to a three month Assessment procedure to be undertaken by the PIMG.

The PIMG considered Modification Proposal P48 during two meetings on 21 November 2001 and 8 January 2002. For reasons of efficiency, both of these meetings were combined with a meeting of the PIMG for other modifications. A consultation was issued to industry on 11 January 2002. Responses from the consultation were circulated to the PIMG for consideration and comment.

The PIMG felt that the improved accuracy of Indicative Energy Imbalance Prices available to BSC Parties and the half hourly publication of BSAD would promote effective competition in the generation and supply of electricity by improving the pricing signals given to participants in the market. The Group also felt that Modification Proposal P48 would promote efficiency in the administration of the balancing and settlement arrangements as it would aid transparency by providing, as near real time as possible, a view of the latest forward actions taken by the Transmission Company for any Settlement Period.

The Assessment Report for Modification Proposal P48 (Reference 1) was submitted for consideration at the Panel meeting of 14 February 2002.

The Panel noted that both the PIMG and all of the assessment consultation responses supported the Modification Proposal, and that the PIMG believed Modification Proposal P48 would better facilitate the achievement of Applicable BSC Objectives.

The Panel agreed with the PIMG determination that Modification Proposal P48 will improve pricing signals given to participants in the market and aid transparency by providing, as near real time as possible, a view of the latest forward actions taken by the Transmission Company for any Settlement Period. This modification, when fully implemented within BSC Central Systems, would also assist the aim of providing a single source of information (website) about the market.

On this basis, the Panel supported the PIMG assertion that Modification Proposal P48 better facilitates achievement of the Applicable BSC Objectives 3(c) and 3(d), as follows:

¹ Prior to the full software implementation of Modification P8, BSAD will continue to be displayed, as now, on the NGC website.

- (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 and administration of the balancing and settlement arrangements.

The Panel agreed with the recommendations of the PIMG and agreed to submit Modification Proposal P48 to the Report Phase, with a recommendation that the proposed Modification be approved with an implementation date of 1 April 2002. The draft Modification Report consulted on included a proposed Implementation Date of 1 April 2002.

However, during the Report Phase, a request was received by ELEXON from NGC to amend the proposed Implementation Date from the 1st to 2nd of April 2002. The Implementation Date of 1 April 2002 (within the Assessment Report and the draft Modification Report consulted on) was based on an agreement with NGC. However, 1 April 2002 is a Bank holiday Monday and will be the day after a clock change. NGC believe that Tuesday 2nd of April would present a less risky approach to implementation. The Panel meeting on 14 March 2002 agreed that the proposed Implementation Date should be changed to 2 April 2002.

5 DESCRIPTION OF PROPOSED MODIFICATION

Modification Proposal P48 proposes that BSAD be sent to the BMRA on a half hourly basis. The Proposal also suggests that this data be published on the BMRS. The half hourly receipt and publication of BSAD by the BMRA is intended to be in addition to existing obligations within Section Q of the BSC for the Transmission Company to send BSAD to the BMRA at the day-ahead and day-after stages.

6 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

The changes to the legal text of the Code in the following sections of this Modification Report are based on the current baseline of the Code as at the date of this Modification Report, Version 2.0 of Section Q and Version 3.0 of Section V, and are the changes necessary to implement the Proposed Modification only. If the baseline of the Code changes prior to implementation of the Proposed Modification, or if other Modification Proposals are to be implemented at the same time as the Proposed Modification, the legal text may need to be amended.

6.1 Conformed Version

Section Q 'Balancing Mechanism Activities'

Q6.3.1 (a) subject to paragraph 6.3.4, to the BMRA:

(i) (in relation to all such Settlement Periods) not later than 17:00 hours on the preceding day, and

(ii) (in relation to each such Settlement Period) as soon as reasonably practicable after Gate Closure for, and in any event not later than the end of, such Settlement Period the Transmission Company's estimate (at the relevant time of sending) of Balancing Services Adjustment Data as described in paragraph 6.3.2;

Section V 'Balancing Mechanism Activities'

V2.6.3 (b) Indicative Balancing Services Adjustment Data are the data submitted by the Transmission Company to the BMRA pursuant to Section Q6.3.1(a) in respect of each Settlement Period in ~~the next succeeding a~~ Settlement Day.

6.2 Clean Version

Section Q 'Balancing Mechanism Activities'

Q6.3.1 (a) subject to paragraph 6.3.4, to the BMRA:

- (i) (in relation to all such Settlement Periods) not later than 17:00 hours on the preceding day, and
- (ii) (in relation to each such Settlement Period) as soon as reasonably practicable after Gate Closure for, and in any event not later than the end of, such Settlement Period the Transmission Company's estimate (at the relevant time of sending) of Balancing Services Adjustment Data as described in paragraph 6.3.2;

Section V 'Balancing Mechanism Activities'

V2.6.3 (b) Indicative Balancing Services Adjustment Data are the data submitted by the Transmission Company to the BMRA pursuant to Section Q6.3.1(a) in respect of each Settlement Period in a Settlement Day.

7 ASSESSMENT

The implementation of Modification Proposal P48 has the following impacts:

- The Balancing and Settlement Code, Sections Q6.3.1 and V2.6.3; and
- Transmission Company systems and processes.

The only impact on Core Industry Documents identified is to the BSAD Methodology Statement, which is being progressed by the Transmission Company. It is anticipated that these changes will be in place by 1 April 2002.

During the Modification Report Phase, a request was received by ELEXON from NGC to amend the proposed Implementation Date from the 1st to 2nd of April 2002. The Implementation Date of 1 April 2002 (within the Assessment Report) was based on an agreement with NGC. However, 1 April 2002 is a Bank holiday Monday and will be the day after a clock change. NGC believe that Tuesday 2nd of April would present a less risky approach to implementation.

8 SUMMARY OF REPRESENTATIONS

Eight responses (on behalf of thirty-eight parties) were received in response to the consultation on the draft Modification Report. In summary seven responses supported the proposed Modification and one response was 'no comment'.

The responses received contained no new, substantive arguments.

9 RESPONSES TO P48 DRAFT MODIFICATION REPORT CONSULTATION

The consultation was issued on 20 February 2002. Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	British Gas Trading	P48_MR_001	1
2.	EdF Trading Ltd	P48_MR_002	2
3.	GPU Power UK	P48_MR_003	1
4.	ScottishPower UK plc	P48_MR_004	5
5.	SEEBOARD	P48_MR_005	2
6.	Scottish & Southern Energy plc	P48_MR_006	4
7.	British Energy	P48_MR_007	3
8.	TXU Europe	P48_MR_008	20

P48_MR_001 – British Gas Trading

Thank you for the opportunity of responding to this modification. This response is on behalf of British Gas Trading Ltd (BGT).

BGT support the view of the Panel and the Modification Group that the implementation of P48 will better facilitate the Applicable BSC Objectives. Centralising the publication of BSAD data will reduce the number of places participants must go to obtain relevant information and meet objective d) by improving the efficiency in the implementation and administration of the arrangements. Further to this, we agree that objective c) will be furthered by this modification improving the accuracy of Indicative Energy Imbalance Prices available to BSC Parties and enabling half hourly publication of BSAD data on the BMRS.

We support the implementation date of 1 April 2002 and agree that this modification should be implemented in with BSC Systems release 2. We look forward to a prompt decision by the Authority to facilitate this.

Danielle Lane

Transportation Analyst

P48_MR_002 – EdF Trading Ltd

Can you please note that EDF Trading Ltd and EdF (Generation) agree with the findings as expressed in the consultative Modification Proposal report P48.

The report gives appropriate and understandable justifications for the recommendations to which EDFT and EdF concur.

Steve Drummond
EdF Energy Merchants Ltd

P48_MR_003 – GPU Power UK

Please find that GPU Power UK response to P48 - Half Hourly Receipt and Publication of BSAD Data is 'No Comment'.

Rachael Gardener
Deregulation Control Group & Distribution Support Office
GPU POWER.NETWORKS (UK) plc

P48_MR_004 – ScottishPower UK plc

P48 Draft Modification Report Comments

With reference to the above, I would refer you to our previous comments on the proposal.

In this consultation response, we wish to reiterate the view, which we have previously provided in support of Mod P48: Half Hourly Receipt and Publication of BSAD Data.

In the legal drafting, we think there is a "the" missing in Q6.3.1(a)(ii) between "than" and "end".

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Man Kwong Liu

Calanais Ltd.

For and on behalf of: - Scottish Power UK Plc.; ScottishPower Energy Trading Ltd.;
Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.

P48_MR_005 – SEEBOARD

With respect to recommendation in section 1.1 of draft modification report for proposal P048, dated 20th February. We agree with this recommendation but have some concerns that this implementation date could occur prior to any decision from Ofgem. It could be prudent to amend this to relate to a number of days, say 5, after any decision, although this could cause problems as this is seen as part of BSC Systems Release 2.

Dave Morton

SEEBOARD Energy Limited

SEEBOARD Power Networks plc

P48_MR_006 – Scottish & Southern Energy plc

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the Modification Report for proposed Modification P48 contained in your note of 20th February 2002; we agree with the suggested BSC Panel recommendation to the Authority that the Alternative Modification Proposal P48, as outlined in your note, should be approved.

Garth Graham

Scottish & Southern Energy plc

P48_MR_007 – British Energy

British Energy supports the recommendations of the draft report, that BSAD data provided half-hourly by NGC as soon as possible after gate closure should be used to calculate BMRS indicative imbalance prices. Whilst supportive of the implementation date of 1 April 2002, we suggest that flexibility be provided to allow for the possibility of unforeseen delays, and allowing for notice to be provided to participants in the event of delay.

The proposed rule Q6.3.1(ii) is missing a "the" in the phrase "not later than end of".

We note that reporting of BSAD data on BMRS as part of Modification P8 implementation is expected in August 2002. We suggest that additional changes to BSC section V may be required to incorporate the changed frequency of reporting associated with P48.

Rachel Ace

for

British Energy Power and Energy Trading Ltd

British Energy Generation Ltd

Eggborough Power Ltd

P48_MR_008 – TXU Europe

We support the conclusions and recommendations in the draft Report.

20 TXU BSC Parties