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MODIFICATION REPORT
MODIFICATION PROPOSAL P49
Timing of Publication of P18 Option
A Prices on the BMRS

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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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal, and the resultant findings of this report, the BSC Panel recommends to the Authority that:

The Proposed Modification should be approved and implemented on 27th March 2002 upon such approval.

1.2 Background

Modification Proposal P49 was submitted on 31 October 2001 by the Panel. The Modification Proposal seeks to modify the BSC so as to correct an omission in the legal drafting for Modification P18 Option A.

Modification Proposal P18 Option A excludes Bid/Offer Acceptances (BOAs) excluded from imbalance price calculations for a Settlement Period if the Continuous Acceptance Duration (CAD) of a single acceptance or a group of acceptances is less than the Continuous Acceptance Duration Limit (CADL).

When the Panel determined the definition of CAD whilst agreeing P18 Option A, it also recognised that there would need to be a delay of up to 45 minutes in reporting Indicative Pricing Data by the Balancing Mechanism Reporting Agent (BMRA) on the Balancing Mechanism Reporting System (BMRS) when the enduring solution of Modification Proposal P18A starts to be implemented in the BSC Systems on 27 March 2002. This delay after the end of the relevant Settlement Period has already been incorporated in the Service Description for the BMRA and in the software changes for the enduring solution.

Unfortunately, a corresponding change to an existing paragraph in Section V was omitted from the legal drafting for Modification Proposal P18 Option A such that Section V still refers to a delay of 15 minutes. As a result of the omission in the legal drafting of the BSC, the enduring solution for Modification Proposal 18 Option A will be inconsistent with the BSC when it is implemented in 2002.

Section V, paragraph 2.3.3(b), of the BSC currently requires the BMRA to publish Indicative Data on the BMRS 15 minutes after the end of a Settlement Period. Once Modification P18A is implemented in the BSC Systems, the BMRA will not be able to capture the necessary data and carry out the required calculation within the 15 minutes specified by the BSC. Instead, the BMRA will start to calculate Energy Imbalance Prices 35 minutes after the end of the Settlement Period and publish the prices on the BMRS by 45 minutes after the end of the Settlement Period. If Section V is not changed as originally intended when P18 Option A was agreed, the BMRA would be inconsistent with the BSC.

1.3 Rationale for Recommendations

The Modification Proposal is intended to modify the BSC so as to correct an omission in the legal drafting for Modification P18 Option A. The enduring solution for Modification Proposal P18 Option A is due to be implemented in the BSC Systems on 27 March 2002. Modification Proposal P18 Option A included a requirement that allowed the BMRA to publish Indicative Pricing Data on the BMRS up to 45 minutes after the end of the relevant Settlement Period.

The software changes for the BMRA system and the BMRA Service Description for the enduring solution for Modification Proposal P18 Option A will allow a 45 minute delay for publication of Indicative Data on the BMRS. However, Section V of the BSC was not changed to increase period for the BMRA to publish Indicative Data on the BMRS from 15 to 45 minutes. Modification Proposal P49 is intended to correct

this omission from the legal drafting. If the Modification Proposal is not implemented then the BMRA will be inconsistent with the BSC when the enduring solution for Modification Proposal P18 Option A is implemented on 27 March 2002.

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.

The BSC Panel is charged with supervising and implementing the modification procedures. ELEXON provides the secretariat and other advice, support and resource required by the Panel for this purpose. In addition, if a modification to the Code is approved or directed by the Authority, ELEXON is responsible for overseeing the implementation of that amendment (including any consequential changes to systems, procedures and documentation).

A Modification Report must be prepared and submitted to the Authority in respect of each proposed modification and must contain:

- (a) The recommendation of the Panel as to whether or not the Proposed Modification or any Alternative Modification should be made;
- (b) The proposed Implementation Date for implementation of the Proposed Modification or any Alternative Modification;
- (c) The matters set out in Annex F-1 of the BSC. This will usually be in the form of the relevant Assessment Report where the Proposal has been submitted to a Modification Group prior to the Report Phase;
- (d) An explanation of the Panel's rationale should the Panel form a different view of any matters contained in the Modification Group Report; and
- (e) A summary of the representations made by Parties and interested third parties during the consultation undertaken in respect of the Proposed Modification and any Alternative Modification.

4 HISTORY OF PROPOSED MODIFICATION

Modification Proposal P49 was submitted on 31 October 2001 by the Panel. An Initial Written Assessment (IWA) of the Modification was prepared by ELEXON and considered by the Panel meeting on 15 November 2001 (see, Attachment 1 to this report). The Panel decided that there was no need for the Modification Proposal to be submitted to the Definition or Assessment Procedures and that the Modification Proposal should proceed directly to the Report Phase with a recommendation that the Modification Proposal be approved. A Modification Report was prepared by ELEXON and sent for industry consultation on 21 November 2001. Following receipt of responses to this consultation and incorporation of the responses into the Modification Report, the Modification Report was submitted to the Panel meeting on [13 December 2001].

5 DESCRIPTION OF PROPOSED MODIFICATION

The enduring solution for Modification Proposal P18 Option A is due to be implemented in the BSC Systems on 27 March 2002. Modification Proposal P18 Option A included a requirement that allowed the BMRA to publish Indicative Pricing Data on the BMRS up to 45 minutes after the end of the relevant Settlement Period. Modification Proposal P49 seeks to modify the BSC so as to correct an omission in the legal drafting for Modification P18 Option A.

The software changes for the BMRA system and the BMRA Service Description for the enduring solution for Modification Proposal P18 Option A will allow a 45 minute delay for publication of Indicative Data on the BMRS. However, Section V of the BSC was not changed to increase period for the BMRA to publish Indicative Data on the BMRS from 15 to 45 minutes. Modification Proposal P49 is intended to correct this omission from the legal drafting for Modification Proposal P18 Option A. If the Modification Proposal is not implemented then the BMRA will be inconsistent with the BSC when the enduring solution for Modification Proposal P18 Option A is implemented on 27 March 2002.

6 RATIONALE FOR PANEL RECOMMENDATIONS

Following submission of the Modification Proposal, ELEXON prepared an IWA. The IWA was considered by the Panel and is attached as Attachment 1 to this report. The Panel endorsed the views set out in the IWA that the Modification Proposal should be implemented, as it would correct an omission in the legal drafting of the BSC.

The enduring solution for Modification Proposal P18 Option A is due to be implemented in the BSC Systems on 27 March 2002. Modification Proposal P18 Option A included a requirement, which allowed the BMRA to publish Indicative Pricing Data on the BMRS up to 45 minutes after the end of the relevant Settlement Period. This was discussed by both the Modification Group and the Panel during their consideration of Modification Proposal P18 Option A and hence was a recognised implication.

The software changes for the BMRA system and the BMRA Service Description for the enduring solution for Modification Proposal P18 Option A will allow a 45 minute delay for publication of Indicative Data on the BMRS. However, Section V of the BSC was not changed to increase the period for the BMRA to publish Indicative Data on the BMRS from 15 to 45 minutes. Modification Proposal P49 is intended to correct this omission from the legal drafting for Modification Proposal P18 Option A. If the Modification Proposal is not implemented then the BMRA will be inconsistent with the BSC when the enduring solution for Modification Proposal P18 Option A is implemented on 27 March 2002.

In light of the above considerations, the Panel has concluded that the Modification Proposal would better facilitate the Applicable BSC Objectives as set out in Condition 7A(3) of the Transmission Licence. In particular, it would meet primarily objective 7A(3)(d) "promoting efficiency in the implementation and administration of the balancing and settlement arrangements".

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal, the Panel recommends to the Authority that the Modification Proposal be approved and implemented with effect from the Implementation Date described in Section 1.1. This Modification Report should be read in conjunction with the ELEXON IWA.

7 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

7.1 Conformed Version

Section V

2.3.3 BMRS data will be available on the BMRS as follows:

- (a) data provided by the Transmission Company pursuant to Section Q (and listed in Table 1) will be available within 5 minutes after the BMRA received such data from the Transmission Company;
- (b) data relating to a Settlement Period and established by the BMRA in accordance with paragraph 2.6 will be available within **45** minutes after the end of the relevant Settlement Period

7.2 Clean Version

Section V

2.3.4 BMRS data will be available on the BMRS as follows:

- (c) data provided by the Transmission Company pursuant to Section Q (and listed in Table 1) will be available within 5 minutes after the BMRA received such data from the Transmission Company;
- (d) data relating to a Settlement Period and established by the BMRA in accordance with paragraph 2.6 will be available within 45 minutes after the end of the relevant Settlement Period

8 ASSESSMENT

ELEXON prepared an IWA of the Modification Proposal that is included as Attachment 1 to this report. The IWA concluded that the Modification Proposal was intended to correct an omission in the legal drafting for Modification Proposal P18 Option A.

9 SUMMARY OF REPRESENTATIONS

[Insert summary of responses to consultation on Draft Modification Report. Insert copies at Annex 1.]

ANNEX 1 – REPRESENTATIONS

[Insert copies of representations on Draft Modification Report]