

November 2001

**DRAFT MODIFICATION REPORT
MODIFICATION PROPOSAL P46 -
BSC 'HOUSEKEEPING'
MODIFICATION**

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

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c Intellectual Property Rights and Copyright

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1 SUMMARY AND RECOMMENDATIONS

1.1 Summary

A number of minor inefficiencies, inconsistencies and typographical errors have been identified within the BSC. This Proposed Modification represents a consolidation of the various 'housekeeping' changes required to rectify these defects. The specific changes are detailed in Section 5 of this report.

This proposal was raised on 18 October 2001 by the BSC Panel on the recommendation of ELEXON. It was submitted to the BSC Panel on 15 November 2001 [and proceeded directly to the Report Phase as the changes are of a minor and inconsequential nature. After consultation with interested parties, the Panel considered this Modification Report at its meeting on [DATE] and determined to make the recommendations set out below.]

1.2 Recommendations

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

- 1. The Authority should approve this Proposed Modification; and**
- 2. If approved, the Proposed Modification should be implemented 5 working days after the date of the Authority's determination.**

1.3 Rationale for Recommendations

This modification seeks to address a number of minor inefficiencies in the implementation and administration of the balancing and settlement arrangements, together with some internal errors and inconsistencies within the BSC. If unremedied, these errors and inconsistencies can potentially lead to Trading Disputes or even cause settlement errors. Addressing these defects periodically, via a consolidated housekeeping modification, is a more robust and efficient way of administering arrangements than awaiting individual disputes and issues to arise. Clearly it is also in all parties' general interests that the BSC is as accurate and internally consistent as possible.

[The Panel therefore believes that this modification would better facilitate the achievement of the Applicable BSC Objectives contained in Condition 7A of the Transmission Licence. In particular, the modification is justified with reference to the objective in Condition 7A(3)(d) (*promoting efficiency in the implementation and administration of the balancing and settlement arrangements*). The proposal has no impact on any of the other objectives, as set out in Condition 7A(3)(a) to (c).

Four of these changes have a minor impact on the information or data provided to BSC Agents. The suggested changes have no systems impact. The effect of the changes is to increase efficiency in the administration of BSC processes and, accordingly, they have been raised under BSC C3.8.8 with a view to increasing efficiency and, again, better achieving the objective in Condition 7A(3)(d).

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

This proposal was raised on 18 October 2001 by the BSC Panel on the recommendation of ELEXON under the provisions set out in section F2.1.1(d)(i) and (iv) of the BSC. These provisions give the Panel the power to raise Modification Proposals where to do so would better facilitate achievement of the objective of 'efficiency in the implementation and administration of the balancing and settlement arrangements' or would have the purpose 'to rectify manifest errors in the BSC, or to correct minor inconsistencies or to make other minor consequential changes to the BSC.'

[At its meeting on 15 November 2001 the BSC Panel directed that this proposal should proceed directly to the Report Phase pursuant to BSC F2.7. This decision was made in view of the guidance provided in BSC F2.2.4, which states:

'For the avoidance of doubt, it is expected that the Panel would usually proceed directly to the Report Phase pursuant to paragraph 2.2.3(b)(iii) where the Modification Proposal is of a minor or inconsequential nature and/or where the recommendation which the Panel should make to the Authority in relation to such Modification Proposal would generally be considered to be self-evident.'

Accordingly, a draft Modification Report was prepared and issued for consultation on **[DATE]**. A summary of the responses received can be found in section 7 and copies of all responses found in Annex 1 of this report.]

5 DESCRIPTION OF PROPOSED MODIFICATION

The following table below describes the various housekeeping changes that have been consolidated to form this Proposed Modification.

LOG OF BSC 'HOUSEKEEPING' MODIFICATIONS

Ref.	Section Impacted	Version	Requirement	Explanation
1.	D 4.3.8	1.1	Change: '...BSC Costs are or are or likely to be...' to: '...BSC Costs are or are likely to be...'	Manifest Error: Typo.
2.	Annex D-5, 2.2.1	1.1	Change the 'x' in the formula for the calculation of the 'Quarterly Pool NETA Amount' to '*'.	The 'x' referred to is intended to be a multiplication sign. However, throughout the BSC, the multiplication sign used is '*'.
3.	E2.8	1.1	Delete Paragraph E2.8	This paragraph covers the 'Suspension Period' and has been made redundant on the implementation of changes to the ECVAA system
4.	F 1.6.3	1.1	Delete Paragraph F1.6.3	This paragraph states that the Panel should endeavour to establish joint working arrangements by no later than the Go-live Date. As the Go-live date is now past, this is no longer relevant. The obligation to put these working arrangements in place is contained in F1.6.1 and will be unaffected by this change.
5.	F 2.11.1	1.1	Change the cross-reference to '2.6.6(d)' to '2.6.6(e)'.	Erroneous cross-reference.
6.	G 3.3.7	1.1	Change the expression: $\sum_d \sum_a \sum_l QCE_{iaj} / \sum_d \sum_p \sum_i QCE_{iaj}$ to: $\sum_d \sum_a \sum_i QCE_{iaj} / \sum_d \sum_p \sum_a \sum_i QCE_{iaj} $	Failure to make the change means that the denominator of the expression is zero – hence the need to take the modulus of the QCE values for each energy account before summing across everybody.

Ref.	Section Impacted	Version	Requirement	Explanation
7.	K 4.3.1	1.1	Change: '...notify the Trading Unit Applicants and the CRA...' to: '...notify the Trading Unit Applicants and, where the Trading Unit Application is approved, the CRA...'	Section K 4.3.1 states that the Panel shall, once a determination has been made on a Trading Unit Application, notify the Trading Unit Applicant and CRA. The CRA only needs to be notified when the Panel has approved a Trading Unit Application. It would cause an unnecessary cost in implementation to inform CRA of the non-approved TU applications. The CRA have confirmed that they only want the information on Application approval.
8.	K4.4.1(b)	1.1	Change: 'there is a Exempt Export BM Unit in the same GSP Group as the TU BM Units, to: 'there is an Exempt Export BM Unit in the same GSP Group as the TU BM Unit(s),	Section X2.1.1 states that addition of (s) means words in the singular may also be interpreted as including the plural and vice versa. The use of (s) is already defined in 4.4.1(a), so for the sake of consistency all subsequent definitions where this applies should be changed. 'a' to 'an' is a typo.
9.	K4.4.3	1.1	Change: '(a) the identity of the Lead Party for the Exempt Export BM Unit and for each of the TM BM Units; (b) the Exempt Export BM Unit and the TU BM Units; to: '(a) the identity of the Lead Party for the Exempt Export BM Unit and for each of the TM BM Unit(s); (b) the Exempt Export BM Unit and the TU BM Unit(s);	See explanation for K4.4.1(b)

Ref.	Section Impacted	Version	Requirement	Explanation
10.	M 2.3	1.1	Delete the following sections: M 2.3.5, 2.3.6, 2.3.7, 2.3.8, 2.3.9 and 2.3.10	These sections describe the Credit Cover Reduction procedure to be used during the Suspension Period, and so are now no longer required (See CP519)
11.	M 3.3.8	1.1	Delete section M 3.3.8	This section gives the definitions for Credit Default Refusal and Rejection Periods that are to be used during the Suspension Period. These definitions have been replaced by those given in M 3.3.5 and 3.3.6(b), so section M 3.3.8 should be removed (See CP540)
12.	N 3.1.1(a)	1.1	Change: '...in consultation with the SAA, the CDCA and the SVAA and subject to...' to: '...in consultation with the SAA and subject to...'	Section N 3.1.1(a) states that BSCCo, SAA, CDCA and SVAA will review the details of the Payment Calendar; FAA R034 and BSCP301 only require the SAA to be consulted prior to the Payment Calendar being approved by BSCCo. Not making this change would lead to unnecessary expense through involvement of other BSC Agents. The CDCA and SVAA have confirmed that they do not want this information
13.	N 3.3.2	1.1	Change: '...promptly to BSCCo, each BSC Agent and each Payment Party...' to: 'promptly to BSCCo, SAA and each Payment Party...'	Code Section N 3.3.2 states that the FAA shall distribute the Payment Calendar to the BSCCo, each BSC Agent and each Payment Party. The FAA URS and BSCP301 say that the Calendar should be sent to BSCCo, each Payment Party and the SAA. Not making this change would lead to unnecessary expense through involvement of other BSC Agents. The other BSC Agents have confirmed that they do not want the information.

Ref.	Section Impacted	Version	Requirement	Explanation
14.	P2.2.5	1.1	Change: ‘the successor ECVNA Authorisation shall be considered to the same that under the first’ to: ‘the successor ECVNA Authorisation shall be considered to be the same as that under the first’	Manifest Error: Word omitted.
15.	Q 7	1.1	Change all references in this section to ‘Bid/Offer Pairs’ to ‘Bid-Offer Pairs’	This change is required to ensure the consistent use of terms within the Code.
16.	R 5.7.1	1.1	Change: ‘(a) for each Volume Allocation Unit, BM Unit Metered Volumes...’ to: ‘(a) for each relevant BM Unit, Interconnector and GSP Group respectively BM Unit Metered Volume,’	Code Section R 5.7.1 states that the CDCA shall submit for each Volume Allocation Unit, BM Unit Metered Volume, Interconnector Metered Volume and GSP Group Takes for each Settlement Period to the SAA. The definition of a Volume Allocation Unit in R 1.1.1 also includes Grid Supply Points, however, this information is not passed to the SAA in R 4.7.1. To clarify the R 4.7.1 obligation the reference to Volume Allocation Unit should be removed
17.	Annex S2 5.1.16 (c) and (d)	1.1	For both (c) and (d) change: $AFYC_{HPR} = UAFYCA_{HPR}$ To: $AFYC_{HPR} = UAFYC_{HPR}$	The AFYC is calculated as an unadjusted value (UAFYC) plus an adjustment (AFYCA). UAFYCA is undefined in the Code and would represent an ‘unadjusted adjustment’.
18.	Annex S2 6.5.3(e)	1.1	Change: ‘RCQ3j*ThuT’ To ‘(RCQ3j*ThuT)’	Typo: There is a missing bracket at the beginning of the 4 term containing the product RCQ3j*ThuT

Ref.	Section Impacted	Version	Requirement	Explanation
19.	Annex S2 6.6.17(b)	1.1	Delete Paragraph 6.6.17(b) in Annex 2. Move 6.6.17(d) and renumber it (b)	Paragraphs 6.6.17(b) and 6.6.17(d) both define LOWF and it is a manifest error to have two different versions of the definition. 6.6.17(d) is obviously the correct definition because the logic of the profiling process requires that NF and LOWF sum to one, therefore the rules for calculating LOWF must be consistent with those for calculating NF in 6.6.17(c).
20.	Annex S2 6.6.17(c)	1.1	Change: (c) (determine the Low Fraction to: (c) determine the Low Fraction	Manifest Error: an additional obviously spurious open bracket should be removed
21.	Annex S2 6.6.17(d)	1.1	Insert new paragraph as 6.6.17(d) '(d) determine the Base Fraction (BF _{HPC}) and the Switched Fraction (SWF _{HPC}) as follows: $BF_{HPC} = (1 + H_{HPC}) * NF_{HPC}; \text{ and}$ $SWF_{HPC} = LOWF_{HPC} - (H_{HPC} * NF_{HPC}); \text{ and}'$	Manifest Error: This paragraph was not transcribed from Section 55 of the Pool Rules into Section S with the result that a variable(H) is calculated and not used and two variables (BF and SWF) are used but not calculated.
22.	T1.7.1	3.0	Change: DMAT _d	There is an inconsistent use of the subscript 'd' in the BSC. For example, DMAT _d and CAP are both parameters like CADL that can be changed from time to time, but one has a subscript and one does not.
23.	Annex T1 1A.1(a)		To: DMAT	
24.	Annex T1 1A1(b)			
25.	Annex X2 Table X-2		2.0	
26.	T3.4A.4(b)	2.0	Change: 'BOUR ⁿ _{ij} (t)=FPN _{ij} (t) + Σ ⁿ qBO ⁿ _{ij} (t)' To 'BOLR ⁿ _{ij} (t)=FPN _{ij} (t) + Σ ⁿ qBO ⁿ _{ij} (t)'	It is clear from the context that BOLR rather than BOUR was intended. If strictly followed, the current equation would lead to the calculation of acceptance volumes that were clearly erroneous.

Ref.	Section Impacted	Version	Requirement	Explanation
27.	T3.5.1(a)	2.0	Change: 'BOUR ⁻¹ _{ij} (t)' To: 'BOUR ¹ _{ij} (t)'	Manifest Error: term BOUR in the equation should have a superscript of '1' and not '-1'.
28.	T.3.5.1(b)(i)	2.0	Change: ' Σ^{n+} ' τ ' Σ^{ns+} '	3.5.1(b)(i) has Σ^{ns+} in the equation, but Σ^{n+} in the explanatory text below it. Hence the reference to Σ^{n+} should be changed to be consistent with the equation.
29.	T Annex T-1 2.2	2.0	Change: 'If, for the highest priced accepted non-De Minimis Bid, QAB ^g _{ij} (if any) which is not an Arbitrage Accepted Bid, there exists any accepted non-De Minimis Offer' To: 'If, for the highest priced accepted Non-De Minimis Bid, QAB ^g _{ij} (if any) which is not an Arbitrage Accepted Bid, there exists any accepted Non-De Minimis Offer'	Inconsistency in capitalisation of Non-De Minimus, should be a defined term

Ref.	Section Impacted	Version	Requirement	Explanation
30.	U 2.4.2	1.1	<p>Change: ‘The SAA shall, following receipt from the FAA of the Payment Calendar under Section N3.3.2, prepare in accordance with BSCP 01 and deliver to BSCCo, each other Party, and each other BSC Agent, a Settlement Calendar showing, for the next following BSC Year:’</p> <p>To: ‘The SAA shall, following receipt from the FAA of the Payment Calendar under Section N3.3.2, prepare in accordance with BSCP 01 and deliver to BSCCo, each other Party, CDCA, SVAA and ECVAA, a Settlement Calendar showing, for the next following BSC Year:’</p>	<p>BSC Section U2.4.2 instructs the SAA to distribute the Settlement Calendar to the BSCCo, each other Party and each other Agent; the SAA URS and BSCP301 say the only Agents to receive the Calendar are the CDCA and SVAA.</p> <p>The inclusion of other BSC Agents in the distribution of the Settlement Calendar would create superfluous work and incur unnecessary expense. The other BSC Agents have confirmed that they do not want the information (although it has been requested that ECVAA continue to receive it in case, for commercial reasons, at some future date the different functions are divided between different companies)</p>
31.	W3.4.3(b)	1.1	<p>Change: ‘(as referred to in paragraph 1.3.1(a) are appropriate’</p> <p>to: ‘(as referred to in paragraph 1.3.1(a)) are appropriate’</p>	The close parenthesis is missing.
32.	X1	2.0	<p>Change: “TU BM Units”: has the meaning given to that term in Section K4.4.1;</p> <p>to “TU BM Unit(s)”: has the meaning given to that term in Section K4.4.1;’</p>	Section K4.4.1 defines TU BM Unit(s)
33.	Annex X-1	2.0	<p>Change definition of “Implementation Date” from: ‘as such date may be extended pursuant to Section F2.12.8;’</p> <p>To: ‘as such date may be extended pursuant to Section F2.11.7’</p>	Incorrect cross-reference

Ref.	Section Impacted	Version	Requirement	Explanation
34.	Annex X-1	2.0	<p>The following definitions should be added:</p> <p>“De Minimis Accepted Bids” Has the meaning given to that term in Annex T-1 1A.1 (a).</p> <p>“De Minimis Accepted Offers” Has the meaning given to that term in Annex T-1 1A.1 (b).</p> <p>“Non-De Minimis Accepted Bids” Has the meaning given to that term in Annex T-1 2.2</p> <p>“Non-De Minimis Accepted Offers” Has the meaning given to that term in Annex T-1 2.2</p>	<p>These additions are required in the General Glossary as they are capitalised in Annex T-1 but not defined in the Annex</p>
35.	Annex X-2 Table X-3	2.0	<p>Add:</p> <p>BPAj £/MWh Buy Price Price Adjustment</p> <p>CADki Minutes Continuous Acceptance</p> <p>Duration</p> <p>CADL Minutes Continuous Acceptance</p> <p>Duration Limit</p> <p>DMAT MWh De Minimis Acceptance Threshold</p> <p>QAPBknij MWh Period Priced Accepted Bid</p> <p>Volume</p> <p>QAPBnij MWh Period BM Unit Total Priced</p> <p>Accepted Bid Volume</p> <p>QAPOknij MWh Period Priced Accepted Offer</p> <p>Volume</p> <p>QAPONij MWh Period BM Unit Total Priced</p> <p>Accepted Offer Volume</p> <p>SPAj £/MWh Sell Price Price Adjustment</p> <p>TQUABj MWh System Total Un-Priced</p> <p>Accepted Bid Volume</p> <p>TQUAOj MWh System Total Un-Priced</p> <p>Accepted Offer Volume</p>	<p>These acronyms were introduced in to the BSC by Modification Proposals P8, P10 and P18a, but were not included in Table X-3 of Annex X2 (although they were included in Table X-2). They should be added to Table X-3 for consistency.</p>

Ref.	Section Impacted	Version	Requirement	Explanation
36.	Annex X-2 Table X-3	2.0	Change: QAB ⁿ _{ij}) To: QAB ⁿ _{ij}	Manifest Error: Removal of obviously spurious close bracket.

6 ASSESSMENT

As the various changes described in this report are contained to BSC drafting revisions and are of a relatively minor or inconsequential nature, it has not been necessary to undertake a detailed assessment of the impact of making the changes on central and parties' systems and processes.

- The majority of changes are to correct minor errors or inconsistencies in the BSC. These changes have no impact on the systems or processes of ELEXON, BSC Agents, Parties or Party Agents.
- A small number of the changes have a minor impact on information or data provided to BSC Agents. The suggested changes have no systems impact. The effect of these changes is to increase efficiency in the administration of the BSC. The impacted parties have been consulted in respect of these changes and are content with the proposals presented.

The four changes described above are:

7. K4.3.1: The proposed change will ensure that the CRA will only receive notification of a Trading Unit Application when that Application is approved. The CRA have confirmed that this is the only point at which they require to be informed;

14. N3.1.1(a): The proposed change will remove the CDCA and SVAA from reviewing the Payment Calendar. They have confirmed that they are only interested in information relating to the SAA Settlement Calendar;

15. N3.3.2: The proposed change will remove the CDCA and SVAA from receiving the Payment Calendar. They have confirmed that they are only interested in receiving the Settlement Calendar;

27. U2.4.2: The proposed change limits the receipt of the Settlement Calendar to the CDCA, SVAA and ECVAA. Although the Code states that all BSC Agents shall receive it, in practice only the CDCA and SVAA currently want to, or do receive it. It was requested that ECVAA be added to the circulation list in Section U in case at some point in future, for commercial reasons, this function is separated into a different company.

7 SUMMARY OF REPRESENTATIONS

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

ANNEX 1 – REPRESENTATIONS

[Insert copies of representations on Draft Modification Report]