
Meeting name	BSC Panel
Date of meeting	15 November 2001
Paper Title	INTERIM MODIFICATION REPORT P26: MARKET - DRIVEN TRADING NEUTRALITY BAND
Purpose of Paper	For Information
Synopsis	The BSC Panel is invited to note the interim report in respect of Modification P26 'Market – Driven Trading Neutrality Band' with regards to the timetable for the Report Phase.

1. PROPOSED MODIFICATION

- 1.1 Modification P26 'Market - Driven Trading Neutrality Band' was raised by BizzEnergy.com Limited on the 25th June 2001. The Modification seeks to amend the methodology for the application of Energy Imbalance Prices on Energy Imbalance volumes by the introduction of a 'Trading Neutrality Band'.
- 1.2 The intent of such a fixed volume Trading Neutrality Band is to allow, for each BSC Party and each Settlement Period, a defined volume of Energy Imbalance to be cashed out at a Neutral Price, with the remaining Energy Imbalance cashed out under existing arrangements, i.e. subject to either the System Buy Price or the System Sell Price, as appropriate.

2. MODIFICATION REPORT PHASE

- 2.1 The Panel considered the Assessment Report for Modification P26 at their meeting of 18 October 2001 and determined to Approve the Modification subject to further analysis on the value of the Trading Neutrality Band, and Modification P26 was consequently submitted to the Report Phase.
- 2.2 The legal drafting was to be finalised under the Report Phase and as a consequence of the materiality of the legal drafting required to support the implementation of Modification P26, the drafting has required the full fifteen working days allowed under the Code (Section F 2.7.4(a)).
- 2.3 In parallel, the further analysis required to support the determination of the value to be set for the Trading Neutrality Band and associated Neutral Price, has been undertaken and it is proposed that this be consulted on in conjunction with the Modification Report for Modification P26.
- 2.4 At their meeting of 18 October 2001, the Panel requested that both the finalised legal drafting and the Trading Neutrality Band / Neutral Price analysis be presented to the Modification Group for Modification P26 (the Pricing Issues Modification Group) and agreed prior to submission to industry consultation. Therefore a Modification Group meeting is planned for the week commencing 12 November 2001, to agree and finalise the Modification Report and associated analysis.

- 2.5 It is proposed that the agreed Modification Report, complete with the finalised legal drafting, and the Trading Neutrality Band / Neutral Price analysis be sent for industry consultation in the week commencing the 19 November 2001.
- 2.6 The Modification Report, Trading Neutrality Band / Neutral Price analysis and the associated consultation responses, will be presented to the Panel for consideration at their meeting of 13 December 2001.

3. RECOMMENDATIONS

The Panel is invited to:

- a) **NOTE the Interim Report on Modification Proposal P26: 'Market – Driven Trading Neutrality Band'.**

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