Modification Proposal P96 'Merger of Assessment and Definition Phases in the Modification Process'

A Consultation Document Developed by the Governance Standing Modification Group

For Attention of: **Balancing and Settlement Code Parties**

Date of Issue: **2 October 2002**

Responses Due: **16:00 Wednesday 16 October 2002 (To: Modifications@elexon.co.uk)**

1. INTRODUCTION

Dynegy UK Ltd raised Modification Proposal P96 on 13 August 2002. P96 seeks to shorten the existing Modification Procedures defined within Section F of the Balancing and Settlement Code. The proposal attempts to achieve this by the merger of the existing Definition Procedure with the Assessment Procedure such that each Modification proposed will undergo the activities currently undertaken during Definition and Assessment Procedures as one complete stage. The proposal suggests that a single report will then be prepared and presented to the BSC Panel ('the Panel') at the conclusion of this combined stage.

An Initial Written Assessment (IWA) was produced and presented to the Panel on 12 September 2002. The IWA recommended that P96 be submitted to a two-month Assessment Procedure conducted by the Governance Standing Modification Group (GSMG). The Panel agreed with this recommendation and therefore the GSMG is now seeking the views of BSC Parties, Party Agents and non-BSC Parties on the issues surrounding P96.

2. MODIFICATION GROUP DISCUSSION

At their meeting on Wednesday 18 September 2002, the GSMG discussed the issues raised in the IWA and notes of this meeting are attached to this document. Copies of all papers relating to Modification Proposal P96 and its progression through the Assessment Procedure can be found on the BSC Website (http://www.elexon.co.uk).

3. OUTLINE OF PROPOSED PROCESS

An overview of the proposed process is as follows:

The process would fall into three main steps – initiation, evaluation and report.

The initiation stage would remain unchanged. Hence, the content and format of a proposal would be as now. So too would the need to produce an Initial Written Assessment, along with the requirements to publish these documents and maintain the documents currently required under the BSC (such as the Modifications Register).

The control point at the end of this initiation stage would be unchanged, in that the Panel would consider the proposal at the next available meeting for Modifications business.

At this stage, the Panel would approve a plan of work and terms of reference for a Standing Group, or Modification Group, to undertake an evaluation of the proposal. The ultimate deliverable from this work would be a report in the form currently defined in Annex F-1 of the BSC. The Panel would also stipulate what interim reports might be required, along with any requirement for Panel decisions to control progress. At least one of the interim deliverables should be a formal consultation, at least [one week] in duration, conducted when the evaluation is substantially complete. The Panel would have the flexibility to require additional consultations at any stage during the evaluation process for cases where this was particularly warranted. Additional consultations could be undertaken at the request of the Modification Group.

The evaluation process should not exceed 5 months in duration and the Panel will remain under its existing obligation to always set the shortest possible timetable, consistent with the full and proper evaluation if the proposal in question (see BSC F2.2.8). The current provisions to allow the Panel to extend this timetable if justified by the particular circumstances of a proposal would remain (see BSC F2.2.9).

The control point at the end of the evaluation stage would be presentation of the final evaluation report (including all formal consultation responses) to the appropriate Panel meeting, at which the Panel would make its provisional recommendations to the Authority.

There would be no change to the Report Phase, during which a draft Modification Report would be consulted upon before being finalised by the Panel and submitted to the Authority for determination.

There would no change to the current procedure for progressing Urgent Modification Proposals. In such cases, the Authority would approve a plan that could involve some deviation from the normal process and timescales.

4. CONSULTATION

This consultation seeks respondent's views on the issues raised by the Modification Proposal and in particular, whether the Modification Proposal better facilitates the applicable BSC Objectives.

For information the applicable BSC objectives are;

(a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
(b) The efficient, economic and co-ordinated operation by the Transmission Company of the 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 and administration of the balancing and settlement arrangements.

In addition it should be noted that any proposal to modify elements of the Modification Procedures themselves must fulfil the underlying requirements in Transmission Licence Condition C3(4) which sets down certain requirements for modification of the BSC in general. Unlike proposed modifications to the rest of the Code, therefore, the Applicable BSC

Objectives in relation to the proposed amendment of the Modification Procedures are the requirements of C3(4) to the extent that they do not conflict with C3(3), together with the requirements of C3(3).

You are invited to provide a response in respect of the questions on the attached pro-forma.

Please send your responses by **16:00 Wednesday 16 October 2002** to the following email address: Modifications@elexon.co.uk

Please entitle your email '**P96 Assessment Consultation 1**'

Any queries on the content of the consultation pro-forma should be addressed to Sandy Blows (020 7380 4033), email address Sandy.Blows@elexon.co.uk or Richard Clarke (020 7380 4304), email address Richard.Clarke@elexon.co.uk.