



## Stage 04: Draft Modification Report

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

▶ 04 Report Phase

# P254: Removal of Main and SVA Specified Charge Amounts from the Code

P254 seeks to remove the Main and SVA Specified Charge amounts from the BSC, and replace them with a requirement for ELEXON to publish the current charge amounts on the BSC Website.



Initially, the Panel recommends **approval** of Proposed Modification P254.



Low Impact:

This Modification will remove any confusion for BSC Parties when determining what BSC Specified Charge amounts/rates are in force.

167/07

P254  
Draft Modification Report

1 April 2010

Version 0.4

Page 1 of 7

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**Any questions?**

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## Contents

<b>1</b>	<b>Why Change?</b>	<b>3</b>
<b>2</b>	<b>Solution</b>	<b>4</b>
<b>3</b>	<b>Impacts &amp; Costs</b>	<b>4</b>
<b>4</b>	<b>Implementation</b>	<b>4</b>
<b>5</b>	<b>The Case for Change</b>	<b>5</b>
<b>6</b>	<b>Initial Panel Discussions</b>	<b>6</b>
<b>7</b>	<b>Report Phase Consultation Responses</b>	<b>6</b>
<b>8</b>	<b>Recommendations</b>	<b>7</b>
<b>9</b>	<b>Further Information</b>	<b>7</b>
	<b>Attachment A: Legal Text</b>	<b>7</b>

## About this document:

This document is a Draft Modification Report, which ELEXON will present to the Panel on 8 April 2010. The Panel will consider the recommendations and will agree a final view on whether or not this change should be made.

Further information is available in the draft legal text, which is Attachment A to this document.

You can find all P254 documents (including the full industry consultation responses) [here](#).

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167/07

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P254  
Draft Modification Report

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1 April 2010

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Version 0.4

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Page 2 of 7

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# 1 Why Change?

## The issue

Specified BSC Charges are levied by the BSC Panel to recover certain ELEXON (BSCCo) costs. There are 3 types of Specified BSC Charges:

- Main Specified Charges;
- An SVA Specified Charge; and
- A Specified NETA Funding Charge.

Section D, Annex D-3 of the Code contains details of the amounts/rates for these Specified BSC Charges.

The Panel has the authority to amend the amounts/rates for any of the Main Specified Charges or the SVA Specified Charge without needing to change the Code itself to include the new amounts/rates. Therefore the amounts/rates detailed in the Code are initial amounts/rates and relate to figures used in the BSC Year which ended on 31 March 2002.

Although paragraph 1.2 of Annex D-3 highlights that the amounts/rates shown in the Code are only 'initial', and that the Panel can change these at any time, it does not help Parties know if the amounts/rates have actually changed or what the current charges are.

We already publish the latest amounts/rates for each of these Charges on our website.<sup>1</sup> However, there is currently nothing in the Code which references this.

## Modification P228

In January 2009 the Authority approved Modification Proposal P228 'Replace BMRS High Grade Service charge amounts/rates with references to a BSC website schedule'. P228 removed the amounts/rates shown in the Code for three Main Specified Charges relating to the High Grade Balancing Mechanism Reporting Service (BMRS).

P228 replaced the amounts/rates for these three charges with a Code obligation to simply publish the latest amounts/rates (as approved by the Panel) on the BSC Website.

The Panel raised P228 in light of its earlier decision to amend the actual amounts/rates levied for these charges. It recognised that leaving the old amounts/rates in the Code could cause confusion, since these would have become out of date from 1 April 2009.

Although P228 removed the amounts/rates for three Main Specified Charges from the Code, a number of amounts/rates for other Main Specified Charges and the SVA Specified Charge are still shown in Section D Annex D-3.

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<sup>1</sup> <http://www.elexon.co.uk/participating/costsandcharges.aspx>



### What is a self-evident change?

The Panel would usually send a change directly to the Report Phase where the Modification Proposal is of a minor or inconsequential nature, and/or where the recommendation which the Panel should make to the Authority on that Modification Proposal would generally be considered to be **self-evident**.

## 2 Solution

P254 intends to remove the amounts/rates for the remaining 6 Main Specified Charges and the SVA Specified Charge from Annex D-3 of the Code. P254 would replace these with a requirement to publish the current charge amounts/rates on our website.

The Code would still describe the purpose of these charges, and the Panel would continue to decide the actual charge amounts/rates as now.

To date, the Panel has amended the amounts levied for two of the Specified Charges (the Notified Volume Charge and the SVA Specified Charge). P254 will remove any confusion over the current amounts/rates in the Code. It will also remove the potential risk that future amendments to these charges cause further confusion, particularly if Parties assume that the 'initial' numbers in the Code are the latest charges.

## 3 Impacts & Costs

P254 will have no impact on BSC Agents' or BSC Parties' systems and processes. This is because Parties are subject to the current amounts/rates for Specified BSC Charges, not the 'initial' amounts/rates as set out in the Code.

However, rejection of P254 would result in continued potential for confusion among Parties as to the current amount/rates in force, and as to where these are available – the Code contains no reference to their being published on the BSC Website.

The implementation costs will be **2.5 man days** of ELEXON effort (equating to £500) to update the Code.

## 4 Implementation

The Panel has provisionally recommended an Implementation Date of **5 Working Days after an Authority decision**.

167/07

P254  
Draft Modification Report

1 April 2010

Version 0.4

Page 4 of 7

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**The Panel unanimously believes that the Proposed Modification would be better than the current arrangements.**

### Applicable Objectives

The Panel concluded that P254 would better facilitate **Applicable BSC Objective (d)** as:

- It would reduce the potential for confusion over the amounts and rates in force for the Main Specified Charges and the SVA Specified Charge, and would therefore promote transparency and efficiency.

Any confusion caused by the current Code drafting is likely to be greatest among new entrants (or potential new entrants) seeking to understand their financial liabilities under the BSC.

### Self-evident change

The BSC Panel has the ability to progress a Modification straight to the Report Phase where the recommendation which the Panel should make to the Authority would generally be considered to be self evident (BSC paragraph F2.2.4).

The Panel believed Modification P254 is a self-evident change as:

- P254 would have no impact on BSC Parties or Party Agents (Parties being subject to current rates for Specified BSC Charges, not in the 'initial' rates as specified in the Code);
- If P254 was not implemented, there would be continued potential for confusion among Parties as to the rates in force; and
- P254 supports the intention of Approved Modification P228 in removing 'initial' Specified Charge rates to avoid confusion among Parties.

The Panel therefore directed that this Modification proceed to the Report Phase in accordance with paragraph F2.2.3(b)(iii) of the Code.



### Applicable BSC Objectives

a) Efficient discharge of the obligations of the Transmission Licence.

b) Efficient, economic and co-ordinated operation of the national electricity transmission system.

c) Promoting effective competition in the generation and supply of electricity and in the sale and purchase of electricity.

d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

## 6 Initial Panel Discussions

### Panel's consideration of Initial Written Assessment

The Panel considered the recommendation to raise P254 at its meeting on 11 March 2010. (You can find a copy of the P254 IWA [here](#)).

The Panel **unanimously** agreed that:

- P254 will better facilitate the achievement of **Applicable BSC Objectives (d)**;
- An Implementation Date of 5 Working Days after the receipt of an Authority decision is appropriate, as P254 makes no changes to BSC Central Systems or Party or Party Agent systems; and
- The draft legal text delivers the P254 solution.

**The Panel's initial unanimous recommendation was therefore that P254 should be approved.**

The Panel did not raise any additional views or comments.

## 7 Report Phase Consultation Responses

ELEXON consulted on the Panel's initial recommendations during the Report Phase.

The following table summarises the consultation responses. You can download the full individual responses [here](#).

	Question	Responses
1	Do you agree that the legal text delivers the intention of P254?	4 Yes - <b>Unanimous</b> 0 No
2	Do you agree with the Panel's suggested implementation approach?	4 Yes - <b>Unanimous</b> 0 No
3	Do you agree with the Panel's initial recommendation that P254 will better facilitate the achievement of Applicable BSC Objective (d) when compared with the existing BSC requirements and that P254 would therefore be approved?	4 Yes - <b>Unanimous</b> 0 No
4	Do you have any further comments on P254?	1 Yes 3 No

## Did respondents support the Panel's recommendations?

All respondents unanimously supported the Panel's initial recommendations. No new arguments were raised.

### Additional comments on P254

One respondent agreed with the intention of the P254 legal text, but made some comments about the presentation of amounts/rates for Specified BSC Charges to industry participants.

The respondent suggested that ELEXON provides explicit notice of the publication of any revised amounts/rates to the industry, for example via an ELEXON Circular. The respondent also suggested that all amounts/rates (i.e. past, present and agreed for the future - with applicable dates) should be published on the BSC Website in a conveniently downloadable and easily auditable format (such as a PDF document or spreadsheet), incorporating a publication date and version number. This could be in addition to, or instead of, the existing webpage display of 'current' values.

ELEXON has contacted the respondent and agreed to implement a solution in line with their comments, noting that doing so requires no changes to the legal text.



### Recommendation

The Panel unanimously recommended that the Proposed Modification should be made.

## 8 Recommendations

ELEXON invites the Panel to:

- **NOTE** the P254 Draft Modification Report and the Report Phase Consultation responses;
- **CONFIRM** the recommendation to the Authority contained in the P254 Draft Modification Report that P254 should be made;
- **AGREE** a provisional Implementation Date of 5 Working Days after an Authority decision;
- **AGREE** the draft legal text contained in Attachment A; and
- **AGREE** the P254 Modification Report, or instruct the Modification Secretary to make such changes to the report as may be specified by the Panel.

## 9 Further Information

More information is available in:

Attachment **A**: Legal Text

You can find all P254 documents (including the full industry consultation responses) on the [P254](#) page of our website.

167/07

P254  
Draft Modification Report

1 April 2010

Version 0.4

Page 7 of 7

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