

MODIFICATION REPORT for Modification Proposal P193 'Improved arrangements for Modification Proposals raised by the BSC Panel'

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This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.¹

Proposed Modification P193 seeks to amend the existing provisions of Section F of the Balancing and Settlement Code ('the Code') such that, where a Modification Proposal is raised by the BSC Panel ('the Panel') on the recommendation of BSCCo² or the Trading Disputes Committee (TDC), the Panel may consider the Initial Written Assessment (IWA) for the proposal and submit it to the Definition Procedure, Assessment Procedure or Report Phase at the same meeting at which the proposal is raised. By removing the existing requirement to present the IWA to the following Panel meeting, P193 would therefore reduce the timescales for progressing Panel-raised proposals by one month.

No Alternative Modification has been developed.

BSC PANEL'S RECOMMENDATIONS

Having considered and taken into due account the contents of the P193 draft Modification Report, the BSC Panel recommends:

- **that Proposed Modification P193 should be made;**
- **an Implementation Date for Proposed Modification P193 of 5 Working Days following an Authority decision; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

¹ The current version of the Code can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>

² The Balancing and Settlement Code Company – ELEXON Limited.

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as the Modification Group has been able to assess, the following parties/documents would be impacted by P193.

Please note that this table represents a summary of the full impact assessment results contained in the P193 Assessment Report in Annex 3.

Parties	Sections of the BSC	Code Subsidiary Documents	
Suppliers <input type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input type="checkbox"/>	
Generators <input type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>	
Licence Exemptable Generators <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>	
Transmission Company <input type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>	
Interconnector <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>	
Distribution System Operators <input type="checkbox"/>	F <input checked="" type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>	
Non-Physical Traders <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>	
Party Agents			
Data Aggregators <input type="checkbox"/>	H <input type="checkbox"/>	MIDS <input type="checkbox"/>	
Data Collectors <input type="checkbox"/>	I <input type="checkbox"/>	Core Industry Documents	
Meter Operator Agents <input type="checkbox"/>	J <input type="checkbox"/>	Grid Code <input type="checkbox"/>	
ECVNA <input type="checkbox"/>	K <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>	
MVRNA <input type="checkbox"/>	L <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>	
BSC Agents			
SAA <input type="checkbox"/>	M <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>	
FAA <input type="checkbox"/>	N <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>	
BMRA <input type="checkbox"/>	O <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>	
ECVAA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>	
CDCA <input type="checkbox"/>	Q <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>	
TAA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>	
CRA <input type="checkbox"/>	S <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>	
Teleswitch Agent <input type="checkbox"/>	T <input type="checkbox"/>	BSCCo	
SVAA <input type="checkbox"/>	U <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>	
BSC Auditor <input type="checkbox"/>	V <input type="checkbox"/>	BSC Panel/Panel Committees	
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>	Working Practices <input checked="" type="checkbox"/>	
Certification Agent <input type="checkbox"/>	X <input type="checkbox"/>	Other Documents	
MIDP <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>	
Other Agents			
SMRA <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>	
Data Transmission Provider <input type="checkbox"/>		Connection and Use of System Code <input type="checkbox"/>	

1 DESCRIPTION OF MODIFICATION

This section outlines the solution for the Proposed Modification, as developed by the P193 Modification Group ('the Group') during the Assessment Procedure.

For a full description of the original Modification Proposal as submitted by National Grid Electricity Transmission plc ('the Proposer'), and the background to the proposal, please refer to the P193 IWA.

1.1 Scope of Proposed Modification

Paragraph F2.1.1(d) of the Code allows the Panel to raise a Modification Proposal:

- On the recommendation of BSCCo in order to better facilitate the achievement of efficiency in the implementation and administration of the balancing and settlement arrangements (i.e. Applicable BSC Objective (d)), in accordance with paragraph C3.8.8 of the Code;
- On the recommendation of BSCCo in order to reflect the introduction of the European currency in the UK, in accordance with Section H9.8 of the Code;
- On the recommendation of BSCCo in order to progress consequential changes to the Code arising from changes to other Core Industry Documents and/or the System Operator-Transmission Owner Code;
- On the recommendation of BSCCo where BSCCo becomes aware that the implementation of an Approved Modification has become impossible, no longer relevant or significantly more costly than envisaged;
- On the recommendation of BSCCo in order to rectify manifest errors, correct minor inconsistencies, or make other minor inconsequential changes to the Code (commonly referred to as 'housekeeping' changes); and
- On the recommendation of the TDC in consequence of a Trading Dispute.

In addition, paragraph G1.5.3 requires the Panel to propose a modification to the Code:

- Following a recommendation by BSCCo, and after consultation with the Secretary of State and the Authority, in order to reflect or support any changes made by the Secretary of State to the emergency arrangements relating to Sections 34, 35 and 96 of the Electricity Act 1989 and Sections 1-4 of the Energy Act 1976 (including any changes to the Fuel Security Code).

The Proposed Modification would apply to the processing of all Panel-raised Modification Proposals (i.e. all of the circumstances set out in paragraphs F2.1.1(d) and G1.5.3 of the Code).

The Proposed Modification would not amend the circumstances under which BSCCo or the TDC can recommend to the Panel that a Modification Proposal be raised.

1.2 Detail of Proposed Modification

The recommendation by BSCCo or the TDC to raise a Modification Proposal and the IWA prepared by BSCCo would be presented at the same Panel meeting as two separate agenda items and two separate papers.

The Panel would have the option to either:

- i) Raise the Modification Proposal (subject to any changes made to the drafting of the proposal by the Panel), consider the IWA, and submit the proposal directly to Definition, Assessment or Report at the same Panel meeting;³
- ii) Raise the Modification Proposal (subject to any changes made by the Panel), but defer consideration of the IWA to the following Panel meeting (note that the Panel already has the existing ability to defer consideration of an IWA under F2.2.5);
- iii) Defer the consideration of whether to raise the Modification Proposal to a following meeting (existing ability); or
- iv) Determine that the Modification Proposal should not be raised (existing ability).

Only option i) would be a new ability, since options ii), iii) and iv) are already available to the Panel under the existing Code provisions.

The Proposed Modification would not amend the criteria for submitting a Modification Proposal to the Definition Procedure, Assessment Procedure or Report Phase.

2 AREAS RAISED BY THE TERMS OF REFERENCE

The following areas were considered by the Modification Group during the Assessment Procedure for P193:

- Appropriateness of P193 solution;
- Detail of new process;
- Potential interaction with urgency provisions; and
- Potential alternative solutions.

These issues are discussed in the Assessment Report contained in Annex 3, and are not covered further here.

3 IMPLEMENTATION APPROACH AND COSTS

PROPOSED MODIFICATION IMPLEMENTATION COSTS

	Stand Alone Cost	Incremental Cost	Tolerance
Total Demand Led Implementation Cost	Nil	Nil	N/A
ELEXON Implementation Resource Cost	5 man days £1,100	5 man days £1,100	+/- 5%
Total Implementation Cost	£1,100	£1,100	+/- 5%

³ It should be noted that F2.2.3 also allows the Panel to amalgamate the new Modification Proposal with any other Modification Proposal before sending it to the Definition Procedure, Assessment Procedure or Report Phase. This ability would be unaltered by P193. References to sending a new Modification Proposal to 'Definition, Assessment or Report' throughout this report should be read as encompassing both amalgamated and non-amalgamated proposals.

PROPOSED MODIFICATION ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	Incremental Cost	Tolerance
Service Provider Operation Cost	Nil	Nil	N/A
Service Provider Maintenance Cost	Nil	Nil	N/A
ELEXON Operational Cost	Nil	Nil	N/A

P193 has no impact on any BSC Agents, BSC Parties, Party Agents or the Transmission Company.

P193 would be a Code-only change, and the estimated implementation costs comprise the effort required to amend the Code and BSCCo's local working instructions.

Please note that the above costs are unchanged from those provided in the P193 Assessment Report.

4 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

This section summarises the recommendations of the Modification Group, as detailed in the Assessment Report in Annex 3.

4.1 Assessment of Proposed Modification Against Applicable BSC Objectives

The unanimous view of the Modification Group was that the Proposed Modification would better facilitate the achievement of **Applicable BSC Objective (d)**,⁴ when compared to the current Code baseline, for the following reasons:

- The existing Code requirements hinder the ability of the Panel to discharge its Code obligation to operate the Modification Procedures 'in an efficient, economical and expeditious manner, taking account of the complexity, importance and urgency of particular Modification Proposals' (F1.2.2);
- Allowing the Panel to raise a Modification Proposal and consider its IWA at the same meeting would allow Panel-raised Modification Proposals to be progressed in a more expeditious and efficient manner – reducing the timescales for their progression by one month, and resulting in efficiency savings for the Panel;
- There would be no reduction in the transparency of the IWA, which would still be presented to the Panel; and
- The Panel would continue to retain the existing safeguard of being able to defer consideration of either the Modification Proposal or the IWA until the following Panel meeting, if it believed that further information was required.

The Group agreed that the Proposed Modification would have a neutral effect on Applicable BSC Objectives (a), (b) and (c).

On the basis of the above assessment, the Modification Group therefore agreed a **UNANIMOUS** recommendation to the Panel that the Proposed Modification **SHOULD** be made.

⁴ 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

4.2 Implementation Date

The Modification Group agreed that, due to the minor nature of the changes required and the efficiency savings which they would deliver, it would be desirable for P193 to be implemented as soon as possible.

The Group therefore unanimously agreed a recommended Implementation Date for the Proposed Modification of 5 Working Days following an Authority decision.

4.3 Legal Text

The Modification Group reviewed the draft legal text at its final meeting. The Group agreed that the text delivered the solution developed by the Group, and that it met the defect identified by P193.

A minor query was raised over the proposed amendment of 'next' to 'relevant' Panel meeting in paragraph F2.1.12, which sets out the ability of a Proposer to withdraw a Modification Proposal 'prior to the Panel meeting at which such Modification Proposal is to be considered for the first time' (i.e. prior to the meeting at which the IWA is presented). The Modification Group considered it highly unlikely that the Panel would agree to raise a Modification Proposal only to subsequently withdraw it – and noted that it would not actually be possible for the Panel to do so where the IWA was being presented at the same meeting under P193. BSCCo agreed that this was the case, but advised that the change in wording was simply a suggested clarification to avoid confusion – since P193 would mean that an IWA was not always presented to the 'next Panel meeting' following the raising of a Modification Proposal. The Modification Group did not believe the difference in wording to be material either way, but agreed that the clarification could be helpful and should therefore be included in the P193 text.

A member of the Group queried the inclusion of the reference to Section F2.2 in the proposed new paragraph F2.1.14. Section F2.2 sets out the proceedings of the Panel when considering an IWA – including the criteria for submitting a Modification Proposal to Definition, Assessment or Report, and the ability to defer consideration of an IWA until the following meeting. BSCCo advised that this reference had been included in the P193 provision in order to clarify, for the avoidance of doubt, that identical proceedings would apply where an IWA was presented to the same Panel meeting at which the Modification Proposal was raised. The Modification Group agreed that this was an appropriate clarification.

5 RATIONALE FOR PANEL'S RECOMMENDATIONS TO THE AUTHORITY

5.1 Panel's Consideration of Assessment Report

The Panel considered the P193 Assessment Report at its meeting on 10 November 2005. This section summarises the Panel's discussions in formulating its provisional recommendation for inclusion in the draft Modification Report. Details of the Report Phase consultation responses, the Panel's discussion of the responses and its final recommendation to the Authority can be found in Sections 5.2, 5.3 and 5.4 respectively.

5.1.1 Assessment Procedure Consultation Responses

The Panel noted that the Assessment Procedure Consultation responses were unanimously in favour of the Proposed Modification, and that no respondents identified any alternative solutions or issues which had not been considered by the Modification Group.

5.1.2 Applicable BSC Objectives

The Panel unanimously agreed with the Modification Group's assessment that the Proposed Modification would better facilitate the achievement of Applicable BSC Objective (d) for the reasons set out in Section 4.1 of this report.

The Panel therefore unanimously agreed a provisional recommendation to the Authority that the Proposed Modification should be made.

5.1.3 Implementation Date

The Panel unanimously agreed with the Modification Group's recommended Implementation Date for the Proposed Modification of 5 Working Days following an Authority decision.

5.1.4 Legal Text

The Panel unanimously agreed with the view of the Modification Group that the draft legal text addressed the defect identified by the Modification Proposal.

5.2 Results of Report Phase Consultation

Seven responses (representing 47 Parties) were received to the P193 Report Phase consultation.

A summary of the consultation responses is provided in the table below (bracketed numbers represent the number of Parties represented by respondents).

Q	Consultation question	Yes	No
1.	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	7 (47)	0
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the issue or defect identified in the Modification Proposal?	7 (47)	0
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P193?	7 (47)	0

The Report Phase consultation responses contained no new arguments in addition to those previously expressed during the Assessment Procedure.

Full copies of the consultation responses can be found in Annex 4.

5.3 Panel's Consideration of Draft Modification Report

The Panel considered the P193 draft Modification Report at its meeting on 8 December 2005. The Panel noted the contents of the report and the Report Phase consultation responses, and confirmed its recommendation to the Authority as set out in Section 5.4 below. No new arguments were made by the Panel in addition to those contained in Section 5.1.

5.4 Panel's Final Recommendation to the Authority

On the basis of the above discussions, the Panel therefore agreed a **UNANIMOUS** recommendation to the Authority that the Proposed Modification **SHOULD** be made.

The Panel unanimously agreed a recommended Implementation Date for the Proposed Modification of 5 Working Days following an Authority decision.

The Panel unanimously agreed the legal text for modifying the Code in respect of the Proposed Modification, as provided in Annex 1.

6 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
BSCCo	Balancing and Settlement Code Company (ELEXON)
TDC	Trading Disputes Committee
IWA	Initial Written Assessment

7 DOCUMENT CONTROL

7.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	11/11/05	Kathryn Coffin	Sarah Jones	For technical review
0.2	11/11/05	Kathryn Coffin	Interested parties	For industry consultation
0.3	21/11/05	Kathryn Coffin	Sarah Jones	For technical review
0.4	28/11/05	Kathryn Coffin	Chris Rowell	For quality review
0.5	28/11/05	Change Delivery	BSC Panel	For Panel decision
1.0	12/12/05	BSC Panel		For Authority decision

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ANNEX 1 LEGAL TEXT

Legal text for the Proposed Modification is attached as a separate document, Annex 1A.

ANNEX 2 PROCESS FOLLOWED

Copies of all documents referred to in the table below can be found on the BSC Website at: [ELEXON - Modification Proposal 193](#).

Date	Event
26/08/05	Modification Proposal raised by National Grid Electricity Transmission plc
08/09/05	IWA presented to the Panel
14/09/05	First Assessment Procedure Modification Group meeting held
27/09/05	Assessment Procedure consultation issued
27/09/05	Request for Transmission Company analysis issued
27/09/05	Request for BSCCo impact assessment issued
11/10/05	Assessment Procedure consultation responses returned
11/10/05	Transmission Company analysis returned
11/10/05	BSCCo impact assessment returned
18/10/05	Second Assessment Procedure Modification Group meeting held
10/11/05	Assessment Report presented to the Panel
11/11/05	Draft Modification Report issued for industry consultation
18/11/05	Report Phase consultation responses returned
08/12/05	Draft Modification Report presented to the Panel
12/12/05	Final Modification Report issued to the Authority for decision

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL⁵

Meeting Cost	£1,000
Legal/Expert Cost	£0
Impact Assessment Cost	£0
ELEXON Resource	20 man days, equating to £4,800

⁵ Clarification of the meanings of the cost terms in this annex can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

Please note that the above cost estimates are unchanged from those presented in the P193 Initial Written Assessment and Assessment Report.

ANNEX 3 ASSESSMENT REPORT

The P193 Assessment Report is attached as a separate document, Annex 3A.

The Assessment Report includes:

- The conclusions of the Modification Group regarding the areas set out in the P193 Terms of Reference;
- Details of the Group's membership;
- The full results of the Assessment Procedure impact assessment; and
- Full copies of all responses to the Assessment Procedure consultation (attached as Annex 3B).

ANNEX 4 REPORT PHASE CONSULTATION RESPONSES

Full copies of the consultation responses are attached as a separate document, Annex 4A.