

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

Prepared by: P193 Modification Group

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

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 BSCCo<sup>2</sup> 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.

### MODIFICATION GROUP'S RECOMMENDATIONS

The P193 Modification Group invites the Panel to:

- **AGREE that Proposed Modification P193 should be made;**
- **AGREE a provisional Implementation Date for Proposed Modification P193 of 5 Working Days following an Authority decision;**
- **AGREE the draft legal text for Proposed Modification P193;**
- **AGREE that Modification Proposal P193 be submitted to the Report Phase; and**
- **AGREE that the P193 draft Modification Report be issued for consultation and submitted to the Panel for consideration at its meeting of 8 December 2005.**

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

<sup>2</sup> The Balancing and Settlement Code Company – ELEXON Limited.

## CONTENTS TABLE

<b>Summary of Impacted Parties and Documents .....</b>	<b>3</b>
<b>1        Executive Summary .....</b>	<b>4</b>
<b>2        Description of Modification.....</b>	<b>5</b>
2.1      Scope of Proposed Modification .....	5
2.2      Detail of Proposed Modification.....	6
<b>3        Areas Raised by the Terms of Reference .....</b>	<b>8</b>
3.1      Appropriateness of P193 Solution .....	8
3.2      Detail of New Process .....	12
3.3      Potential Interaction with Urgency Provisions.....	13
3.4      Potential Alternative Solutions .....	13
3.5      Implementation Approach and Costs .....	14
3.6      Legal Text .....	15
<b>4        Assessment of Modification Against Applicable BSC Objectives .....</b>	<b>15</b>
4.1      Views of Respondents to Assessment Procedure Consultation .....	15
4.2      Modification Group's Assessment .....	16
<b>5        Terms Used in this Document .....</b>	<b>16</b>
<b>6        Document Control.....</b>	<b>16</b>
6.1      Authorities .....	16
6.2      References .....	17
6.3      Intellectual Property Rights, Copyright and Disclaimer .....	17
<b>Annex 1    Draft Legal Text .....</b>	<b>18</b>
<b>Annex 2    Process Followed .....</b>	<b>18</b>
<b>Annex 3    Results of Assessment Procedure Consultation .....</b>	<b>21</b>
<b>Annex 4    Results of Impact Assessment.....</b>	<b>21</b>

## 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 Annex 4.

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"/>
<b>Party Agents</b>		
	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	<b>Core Industry Documents</b>
Data Collectors <input type="checkbox"/>	J <input type="checkbox"/>	Grid Code <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	K <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
ECVNA <input type="checkbox"/>	L <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	M <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
<b>BSC Agents</b>		
SAA <input type="checkbox"/>	N <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
FAA <input type="checkbox"/>	O <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	Q <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
CDCA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
TAA <input type="checkbox"/>	S <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
CRA <input type="checkbox"/>	T <input type="checkbox"/>	<b>BSCCo</b>
Teleswitch Agent <input type="checkbox"/>	U <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
SVAA <input type="checkbox"/>	V <input type="checkbox"/>	<b>BSC Panel/Panel Committees</b>
BSC Auditor <input type="checkbox"/>	W <input type="checkbox"/>	Working Practices <input checked="" type="checkbox"/>
Profile Administrator <input type="checkbox"/>	X <input type="checkbox"/>	<b>Other Documents</b>
Certification Agent <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
MIDP <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
<b>Other Agents</b>		
SMRA <input type="checkbox"/>		Connection and Use of System Code <input type="checkbox"/>
Data Transmission Provider <input type="checkbox"/>		

## 1 EXECUTIVE SUMMARY

The key conclusions of the P193 Modification Group ('the Group') are outlined below.

The Group:

- **AGREED** that the Proposed Modification would better facilitate the achievement of Applicable BSC Objective (d)<sup>3</sup> by delivering a more efficient and expeditious timescale for the raising of Modification Proposals by the Panel;
- **AGREED** that these efficiency savings should be maximised by allowing all Modification Proposals raised by the Panel to be progressed under the more expeditious P193 process;
- **AGREED** that the BSCCo/TDC recommendation and the IWA should be presented to the Panel as two separate agenda items;
- **AGREED** that the ability for BSCCo/the TDC to table both the recommendation to raise a Modification Proposal and the IWA at the same meeting should be optional, rather than a mandatory requirement;
- **AGREED** that there would be no problematic interaction between P193 and the Code's existing urgency provisions;
- **AGREED** that it would be unnecessary and/or undesirable to allow the Panel to raise a Modification Proposal with a request for urgency outside of a formal meeting;
- **NOTED** the estimated implementation costs for the Proposed Modification of 5 man days' BSCCo effort (equating to £1,100);
- **AGREED** a recommended Implementation Date for the Proposed Modification of 5 Working Days following an Authority decision;
- **AGREED** that the draft legal text delivers the intended solution for the Proposed Modification; and
- **CONSIDERED** two potential alternative solutions as follows:
  - Allowing BSCCo to raise Modification Proposals directly; or
  - Allowing the Panel to raise Modification Proposals outside of a formal meeting,but **AGREED** not to develop either of these options further as an Alternative Modification.

A description of the P193 solution is provided in Section 2. Further information regarding the Group's discussions of the areas set out in the P193 Terms of Reference is contained in Section 3, including details of the Group's recommended implementation approach and the estimated implementation costs. A summary of the Group's views regarding the merits of the Proposed Modification can be found in Section 4.

A copy of the draft legal text is provided in Annex 1, with the Group's full Terms of Reference included in Annex 2. A summary of the responses to the Assessment Procedure consultation and impact assessment can be found in Annexes 3 and 4 respectively.

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<sup>3</sup> Applicable BSC Objective (d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

## 2 DESCRIPTION OF MODIFICATION

Existing paragraphs F2.1.8 and F2.1.9 of the Code require the Modification Secretary to place a new Modification Proposal, including any accompanying IWA, on the agenda of the 'next Panel meeting' (i.e. the Panel meeting following the raising of the Modification Proposal). Where Modification Proposals are raised by the Panel on the recommendation of BSCCo or the TDC, the draft proposal will already have been presented to a previous Panel meeting for the Panel's agreement for the Modification Proposal to be raised. The existing Code requirements mean that in practice it can therefore take up to two months for Panel-raised Modification Proposals to be submitted to the Definition Procedure, Assessment Procedure or Report Phase. P193 seeks to reduce this timescale by one month, by allowing the Panel to consider a recommendation to raise a Modification Proposal and the IWA at the same meeting.

The following sections outline the solution for the Proposed Modification, as developed by the Modification Group. For a full description of the original Modification Proposal as submitted by National Grid Electricity Transmission plc ('the Proposer'), please refer to the P193 IWA.

### 2.1 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.**

## 2.2 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.

Figure 1 on the following page (provided by the Proposer as an attachment to the Modification Proposal) outlines the options which would be available to the Panel at the meeting.

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) and, having considered the IWA, submit the proposal directly to Definition, Assessment or Report;<sup>4</sup>
- 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).

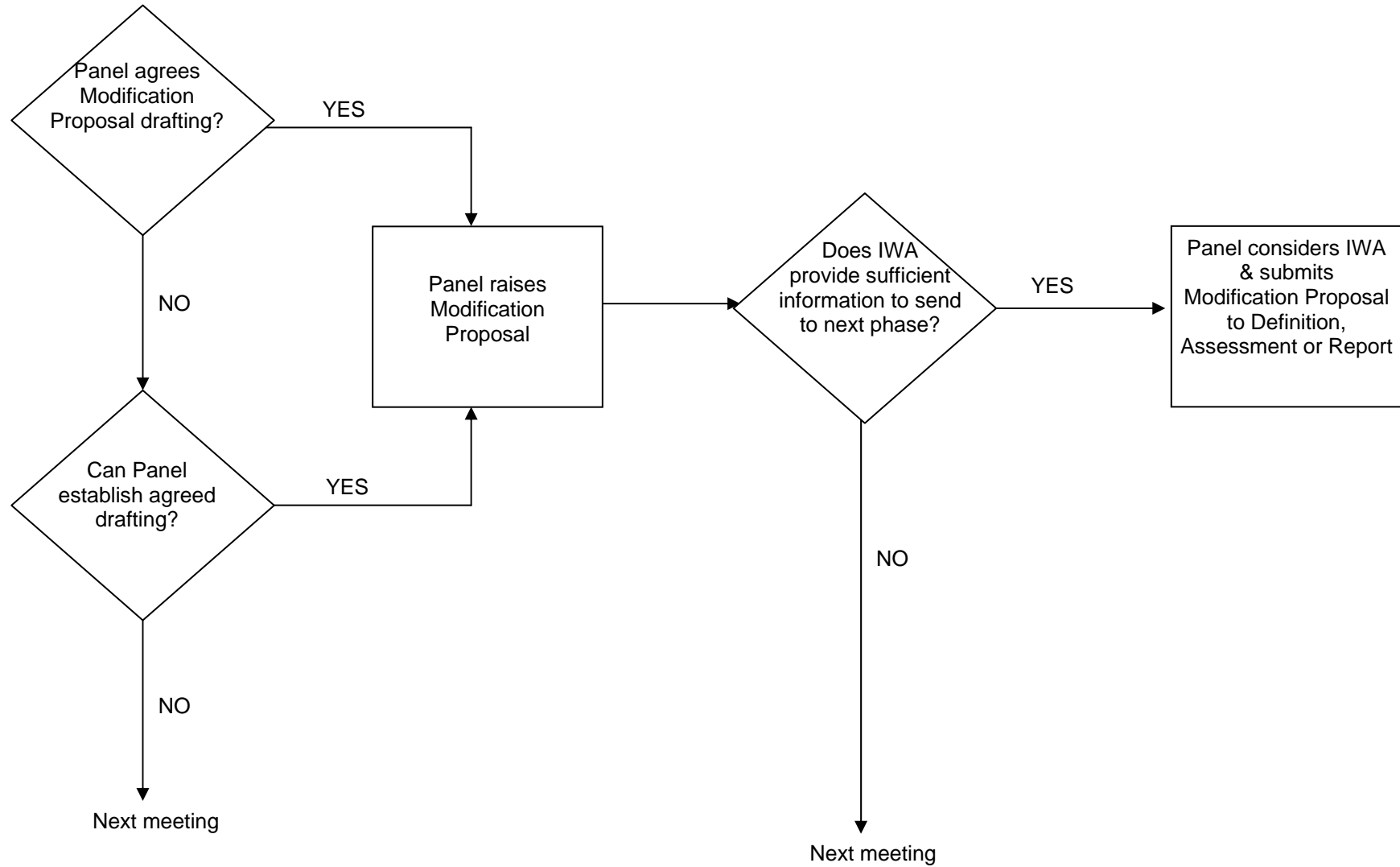
**Only option i) would be a new ability, since options ii), iii) and iv) are already available to the Panel under the existing Code provisions.**

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

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<sup>4</sup> 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.

**Figure 1 – Panel options for considering a recommendation to raise a Modification Proposal and its IWA at the same meeting**



### **3 AREAS RAISED BY THE TERMS OF REFERENCE**

This section outlines the conclusions of the Modification Group regarding the areas set out in the P193 Terms of Reference.

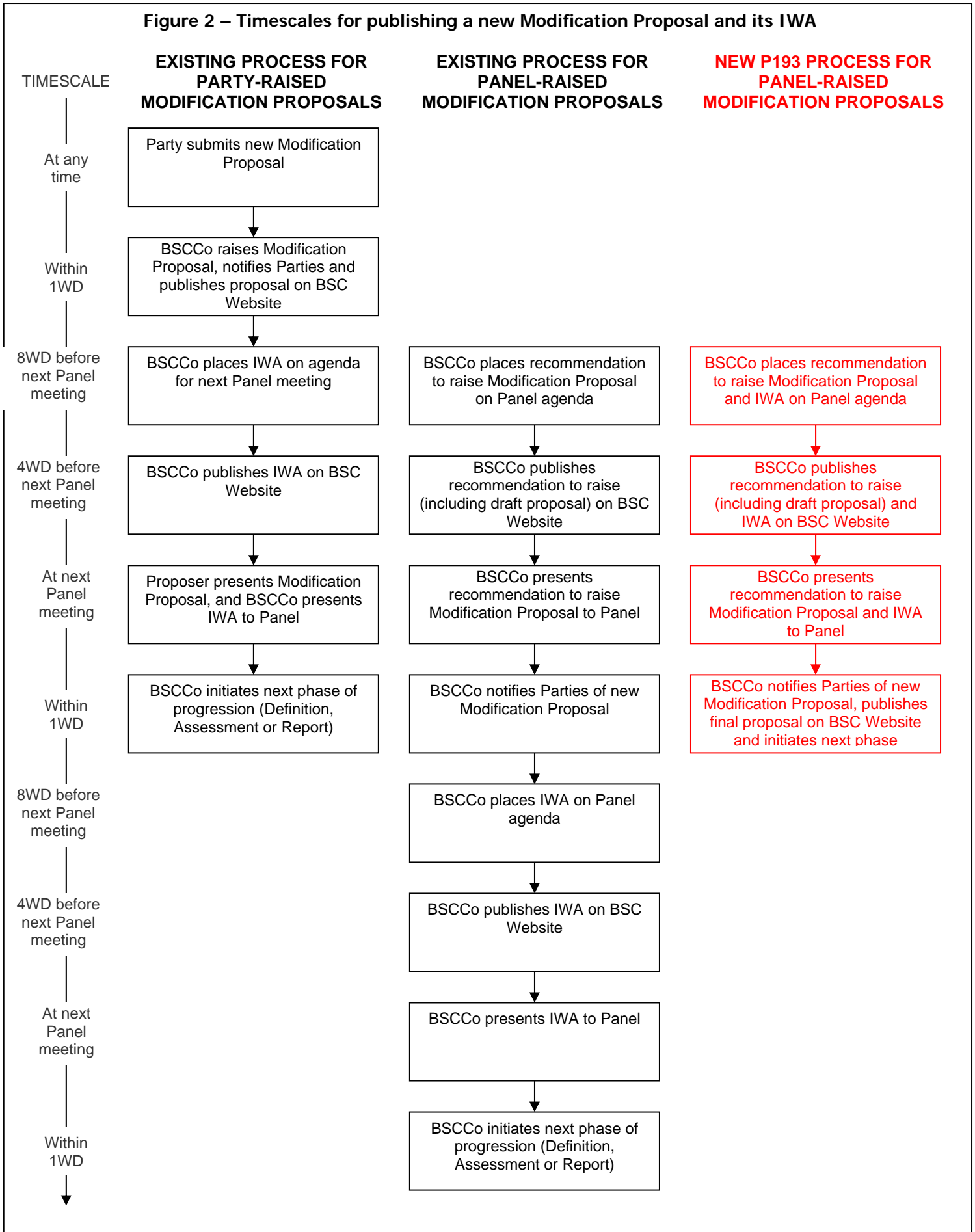
#### **3.1 Appropriateness of P193 Solution**

##### **3.1.1 Modification Group's Discussions**

An attendee at the first Modification Group meeting stated that they agreed with the intention of P193 to deliver efficiency savings, but expressed concern that if the Panel decided not to raise the Modification Proposal, the effort incurred by BSCCo in preparing the IWA would have been wasted. BSCCo clarified that the bulk of the work in preparing an IWA is the undertaking of the initial assessment of the implications and impacts of the proposal, and that this work would already have been carried out by BSCCo (either on its own behalf or on behalf of the TDC) prior to presenting the recommendation to raise the Modification Proposal, in order to inform the Panel in making its decision. There would therefore only be minimal additional effort required in drafting the IWA.

The attendee raised a second concern that P193 would reduce the amount of time in which Parties had 'advance warning' of the Modification Proposal by one month. The Group noted that this was the case, but considered that this was appropriate since it would give Panel-raised Modification Proposals a progression timescale which was more efficient, expeditious and similar to that for Modification Proposals raised by Parties. It was noted that, by reducing the timescale for progressing Panel-raised Modification Proposals by one month, P193 would mean that Parties had first sight of the draft proposal 4 Working Days prior to the Panel meeting at which its IWA would be considered (since this is the date on which all Panel papers are published). By comparison, Party-raised Modification Proposals are required to be submitted no later than 8 Working Days prior to the Panel meeting in order to be included in the Panel agenda. The Group noted that, under P193, the industry would therefore have slightly later visibility of Panel-raised Modification Proposals than of those raised by Parties. However, the Group considered the P193 solution to be more consistent with the timescales for Party-raised proposals than the additional month required by the existing Code baseline. The differences between the respective timings of publication for Modification Proposals raised by Parties and by the Panel are set out in Figure 2 on the following page.

It was further noted that the intention of P193 was not to reduce the amount of information made available to Parties regarding the new Modification Proposal, but to undertake the production of the information under a more efficient and expeditious timescale. The Group agreed that there would be no reduction in the existing level of transparency, since the recommendation to raise the Modification Proposal (including the draft proposal itself) and the IWA would continue to be published by BSCCo with all other Panel papers, and would continue to be discussed by the Panel at an open-session meeting. It was noted that there is no formal route for Parties to comment on a Modification Proposal prior to its submission to the Definition Procedure, Assessment Procedure or Report Phase, and that the intention of P193 was to expedite the submission of the proposal to the stage at which it could receive industry consideration.



Another attendee at the meeting queried whether there had been specific events which had prompted the Proposer to raise P193. The Proposer clarified that efficiency savings had recently been introduced into the process for progressing 'housekeeping' amendments to the Connection and Use of System Code (CUSC Amendment Proposal (CAP) 085 'Revised treatment of Housekeeping Amendments', Reference 1), and that P193 therefore sought to introduce similar BSC efficiencies. In preparing to raise P193, the Proposer had also considered the previous recommendation of the Governance Standing Modification Group (GSMG) regarding Issue 9 'Review of aspects of the Modifications Process' (Reference 2) that a Modification Proposal should be raised to discuss potential methods for expediting the progression of 'housekeeping' modifications under the BSC. In its consideration of Issue 9, the GSMG had suggested that the requirement to produce an IWA could be removed for 'housekeeping' proposals, which by their nature are inconsequential and self-evident. However, the Proposer believed that there were broader timescale inefficiencies, and therefore the potential for wider efficiency savings, than just within the limited circumstances of 'housekeeping'. The Modification Group noted that P193 therefore seeks to reduce the timescale under which the Panel raises a Modification Proposal for *all* of the circumstances in which it is able to raise such proposals – including, but not limited to, 'housekeeping' proposals.

This led the Group to consider whether the P193 model would be appropriate for all Panel-raised Modification Proposals. The Group considered that P193 is not concerned with altering the fundamental process by which the Panel raises proposals, but simply seeks to remove inefficiencies within the timescale for undertaking this process. Since the existing Code baseline requires the same timescale to be followed for all of the circumstances in which the Panel may raise a proposal, the Group agreed that the inefficiencies of this timescale should be consistently addressed in all circumstances. The Group also agreed that the types of Modification Proposals which could be raised by the Panel included some potentially important issues (such as changes to primary legislation), where time might be of the essence.<sup>5</sup> The Group noted that the Panel has a 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). The Group agreed that it would therefore be counter to this objective not to allow all Panel-raised proposals to be progressed under the shorter P193 timescale.

Although P193 would apply to all Modification Proposals raised by the Panel, Figure 3 on the following page illustrates its efficiency savings using the specific example of a 'housekeeping' Modification Proposal which is sent straight to the Report Phase.

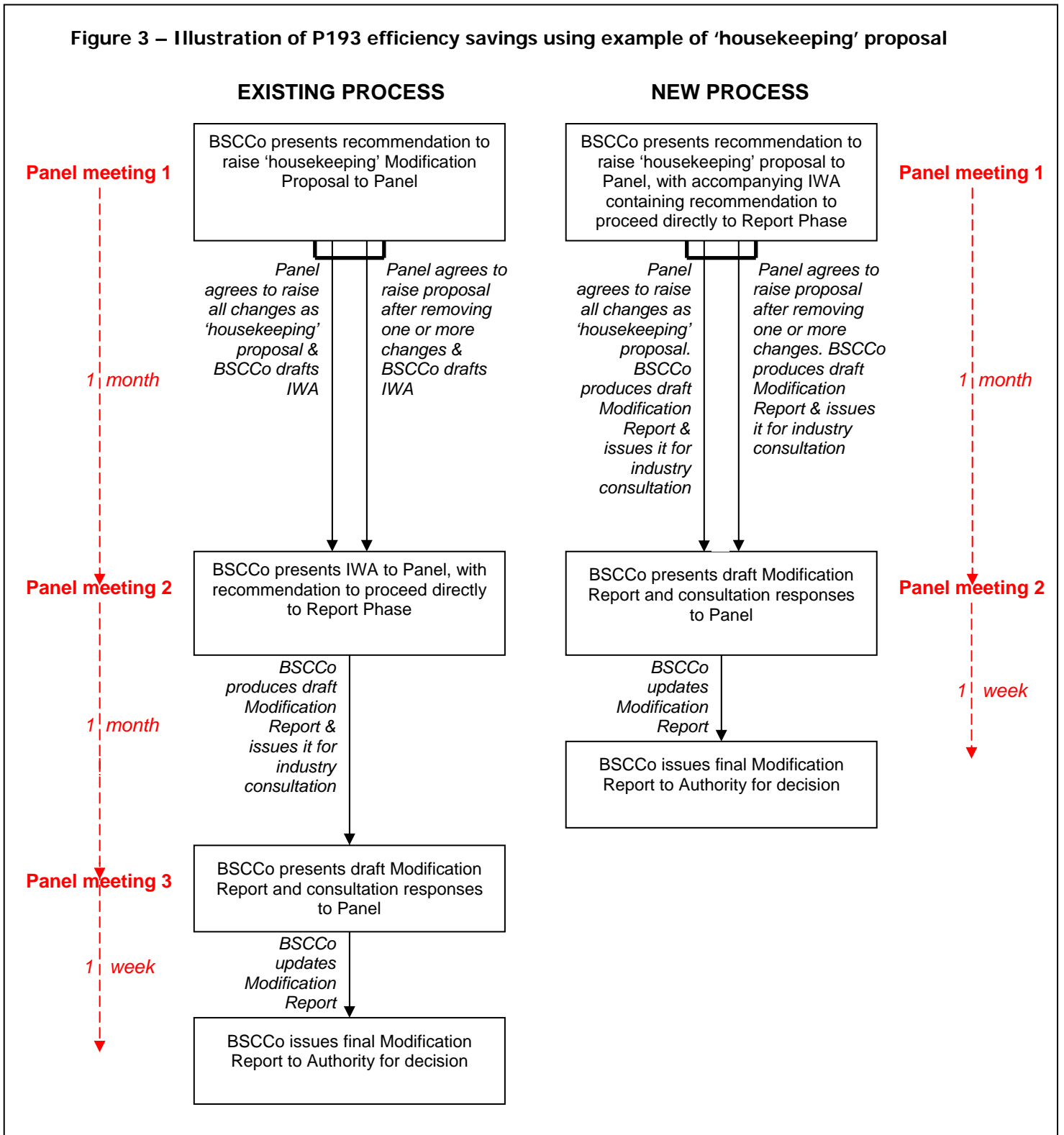
### **3.1.2 Views of Respondents to Assessment Procedure Consultation**

All consultation respondents unanimously agreed that P193 would increase the efficiency of the Modification Procedures. Respondents' views regarding the merits of the Proposed Modification against the Applicable BSC Objectives can be found in Section 4.

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<sup>5</sup> In particular, paragraph G1.5.4 of the Code requires the Panel to co-ordinate the progression of any Modification Proposal relating to the Secretary of State's review of the emergency arrangements with the timescales of that review.

**Figure 3 – Illustration of P193 efficiency savings using example of ‘housekeeping’ proposal**



## **3.2 Detail of New Process**

### **3.2.1 Modification Group's Discussions**

The Group agreed that it would be preferable to maintain a procedural separation between the Panel's decision to raise the Modification Proposal and its decision whether to send the proposal to the Definition Procedure, Assessment Procedure or Report Phase, since the Panel could agree the recommendation to raise the proposal but defer consideration of the IWA. The Group therefore agreed that the recommendation and IWA should be tabled as separate agenda items, and presented to the Panel as two separate papers rather than one combined report. The Group noted that this level of detail did not need to be 'hard-wired' in the Code (which does not currently prescribe the format of an IWA), and agreed that it would therefore form part of the working practices of BSCCo, the TDC and the Panel.

The Group also agreed that the ability to present the recommendation and IWA at the same Panel meeting should be optional rather than mandatory, since it considered that there might be circumstances where it was desirable for the Panel to raise a proposal as soon as possible even if BSCCo had not yet completed work on the IWA – in order to give the industry maximum visibility of the issue.

An attendee queried how the proposed P193 process would work in practice – for example, how the IWA would be drafted before the Modification Proposal had been officially raised and allocated a number. BSCCo clarified that the Code does not define the content or format of the 'initial written assessment', other than the requirement for it to set out the 'implications' of the Modification Proposal. The Group agreed that there would therefore be no procedural difficulties in producing the IWA and placing it on the Panel agenda prior to the Modification Proposal being raised – especially as P193 would amend the Code so as to expressly allow this. Following the Panel's agreement to raise the Modification Proposal at the meeting, the proposal would be formally assigned a number and published on the BSC Website. At this point the IWA could therefore also be republished with the Modification Proposal number included.

### **3.2.2 Views of Respondents to Assessment Procedure Consultation**

No respondents to the Assessment Procedure consultation disagreed with any aspect of the solution proposed by the Modification Group.

Three consultation respondents expressed support for specific aspects of the solution as follows:

- Two respondents were reassured that P193 would retain the existing ability for the Panel to defer the raising of a Modification Proposal and/or consideration of the IWA if it considered that more information was required; and
- One respondent was reassured that P193 did not seek to alter the existing criteria under which the Panel may submit a Modification Proposal to the Definition Procedure, Assessment Procedure or Report Phase – retaining the ability to use the Assessment Procedure for a Panel-raised proposal if required.

### **3.3 Potential Interaction with Urgency Provisions**

#### **3.3.1 Modification Group's Discussions**

The Group considered how the proposed P193 process would interact with the Code's existing process for recommending urgent treatment of a Modification Proposal, in circumstances where an urgency recommendation is made in respect of a Panel-raised proposal (either by the Panel as Proposer, or by BSCCo or the Transmission Company). The Group noted that the existing month between the Panel raising a proposal and submitting it to Definition, Assessment or Report effectively provides the Authority with a one-month window in which to make a decision on urgency under such circumstances. The Group noted that the removal of this month under P193 could therefore result in the Panel raising a proposal and recommending an urgent timetable, whilst at the same Panel meeting considering the IWA and submitting the proposal to Definition, Assessment or Report in case urgent treatment was not granted by the Authority. The Group did not consider this to be problematic – since it noted that, if the Authority subsequently granted urgency, the urgent timetable approved by the Authority would simply supersede the earlier timetable set for the Definition Procedure, Assessment Procedure or Report Phase. The Group agreed that it would not be desirable to defer consideration of the IWA pending the outcome of the urgency request, since if urgency was not granted by the Authority the Panel would wish to expedite the proposal as far as possible through the normal Modification Procedures.

The Group noted that, whilst a Party can submit a new Modification Proposal with an accompanying recommendation of urgency at any time, the Panel as Proposer is restricted to doing so at a formal meeting (since the Code requires 'Modifications Business' to be considered at a full open-session meeting). BSCCo sought the Group's views on whether it believed this to be efficient, given the potentially urgent nature of such a proposal. The Group noted that although the Panel could not raise a proposal by email exchange, it could convene an ad-hoc meeting if required. The Group agreed that if a Modification Proposal was important enough to merit an urgency recommendation, it should also merit a full meeting – and that the existing ability to convene an ad-hoc meeting would therefore be the most appropriate way of dealing with such circumstances.

#### **3.3.2 Views of Respondents to Assessment Procedure Consultation**

The Assessment Procedure Consultation responses contained no specific comments in this area.

### **3.4 Potential Alternative Solutions**

#### **3.4.1 Modification Group's Discussions**

The Group noted the suggestion of the P193 IWA that one possible alternative way of reducing the timescale in which the Panel raises Modification Proposals would be to allow BSCCo and the TDC to recommend, and/or the Panel to agree, the raising of a proposal outside of regular Panel meetings (for example, by email correspondence). The Group noted that this approach would require a change to the Code, which currently requires all 'Modification Business' to be presented to a full open-session Panel meeting. BSCCo clarified that this potential solution had previously been considered by the Issue 9 Group in the context of 'housekeeping' proposals, but had not been recommended due to concerns that it would reduce the formality and transparency of the process.

An attendee at the meeting noted that another potential alternative solution would be to allow BSCCo to raise Modification Proposals in its own right, in comparison to the existing process by which the Panel raises a proposal on the recommendation of BSCCo or the TDC. BSCCo clarified that this approach had also been considered by the Issue 9 Group for 'housekeeping' changes, but that the group had considered it to be inappropriate for the role of BSCCo.

The Modification Group agreed that these two potential alternative solutions would be less transparent and more of a departure in governance than the Proposed Modification, which would simply compress the existing process into a reduced timeframe. The Group therefore agreed not to develop either of these potential alternatives further.

### 3.4.2 Views of Respondents to Assessment Procedure Consultation

One respondent to the Assessment Procedure consultation noted the two potential alternative solutions considered by the Modification Group. The respondent believed that these alternatives would be a significant departure from the current governance arrangements, and therefore agreed with the view of the Group that neither of the alternatives would better facilitate the achievement of the Applicable BSC Objectives when compared with the Proposed Modification.

## 3.5 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%
<b>Total Implementation Cost</b>	<b>£1,100</b>	<b>£1,000</b>	<b>+/- 5%</b>

### 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.

The Modification Group noted BSCCo's advice that P193 would be a Code-only change, and that the estimated implementation costs therefore comprised the effort required to amend the Code and BSCCo's local working instructions. The 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 Modification Group therefore unanimously agreed a recommended Implementation Date for the Proposed Modification of 5 Working Days following an Authority decision. BSCCo confirmed that this would provide adequate lead time for it to implement the required changes.

### 3.6 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.

A copy of the full draft legal text can be found in Annex 1.

## 4 ASSESSMENT OF MODIFICATION AGAINST APPLICABLE BSC OBJECTIVES

This section outlines the views of consultation respondents and the Modification Group regarding the merits of P193 against the Applicable BSC Objectives.

### 4.1 Views of Respondents to Assessment Procedure Consultation

The unanimous view of respondents to the Assessment Procedure consultation was that the Proposed Modification would better facilitate the achievement of **Applicable BSC Objective (d)**.

The following arguments were expressed by respondents in support of this view:

- The Proposed Modification would give the potential to reduce the process time for Panel-raised Modification Proposals by one month, without any loss of transparency or accuracy of assessment;
- The Proposed Modification would lead to Panel-raised Modification Proposals being progressed in a more efficient and timely manner;
- The Proposed Modification could be readily applied to 'housekeeping' Modification Proposals, saving time and effort on straightforward proposals; and
- The Proposed Modification would assist the Panel in discharging its obligation under paragraph F1.2.2 of the Code to operate the Modification Procedures in an efficient, economical and expeditious manner.

No reference was made by respondents to any other Applicable BSC Objective.

One respondent referred to the Authority's recent approval of CAP085 under the CUSC. Although noting that P193 is not equivalent to CAP085, the respondent considered that it would produce similar process efficiencies for BSC 'housekeeping' changes.

## 4.2 Modification Group's Assessment

The unanimous view of the Modification Group was that the Proposed Modification would better facilitate the achievement of **Applicable BSC Objective (d)**, 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.

Details of the Group's recommended Implementation Date and legal text can be found in Section 3.

## 5 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)
CAP	CUSC Amendment Proposal
CUSC	Connection and Use of System Code
TDC	Trading Disputes Committee
GSMG	Governance Standing Modification Group
IWA	Initial Written Assessment

## 6 DOCUMENT CONTROL

### 6.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	24/10/05	Kathryn Coffin	Sarah Jones	For technical review
0.1	25/10/05	Kathryn Coffin	P193 Modification Group	For Modification Group review
0.2	31/10/05	Kathryn Coffin	Chris Rowell	For quality review
1.0	04/11/05	Change Delivery		For Panel decision

## 6.2 References

Ref.	Document Title	Owner	Issue Date	Version
1	Authority decision letter for CUSC Amendment Proposal 085 'Revised treatment of Housekeeping Amendments' <a href="#">CUSC</a>	Ofgem	04/08/05	N/A
2	Panel Paper 82/001(f) 'GSMG Issue 9: 'Review of aspects of the Modifications Process' <a href="#">ELEXON - BSC Panel Paper Meeting number 082 - 09/09/04</a>	BSCCo	01/09/04	1.0

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## ANNEX 1 DRAFT LEGAL TEXT

Draft 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

### ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL<sup>6</sup>

<b>Meeting Cost</b>	£1,000
<b>Legal/Expert Cost</b>	£0
<b>Impact Assessment Cost</b>	£0
<b>ELEXON Resource</b>	20 man days £4,800

Please note that the above cost estimates are unchanged from those presented in the P193 IWA.

<sup>6</sup> 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](http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf)

**MODIFICATION GROUP MEMBERSHIP**

Member	Organisation	14/09/05	18/10/05
Sarah Jones	ELEXON (chair)	✓	✓
Kathryn Coffin	ELEXON (lead analyst)	✓	✓
Rob Smith	National Grid (Proposer's Representative)	✓	x
Richard Dunn	National Grid (Proposer's Representative)	x	✓
Mark Manley	British Gas Trading	✓	x
Neil Smith	E.ON	✓	x
Steve Drummond	EDF Trading	✓	x
Terry Ballard	RWEnpower	x	✓
John Sykes	Scottish and Southern	x	✓

Attendee	Organisation	14/09/05	18/10/05
Richard Hall	Ofgem	✓	✓
Hugh Morgan	National Grid	✓	x
Martin Mate	British Energy	✓	x
Bill Reed	RWEnpower	✓	x
Andrew Colley	Scottish and Southern	✓	x
Barbara Vest	Gaz de France	✓	x
Melanie Henry	ELEXON (lawyer)	x	✓
Laone Roscorla	ELEXON (BSC Panel Secretary)	✓	✓
Geoffrey Sekyere-Afryie	ELEXON (observer)	x	✓
Richard O'Malley	ELEXON (observer)	x	✓

**P193 Modification Group Terms of Reference (as agreed by the Panel on 8 September 2005)**

Modification Proposal P193 will be considered by a new Modification Group, the 'P193 Modification Group' (formed from members of the GSMG), in accordance with the following Terms of Reference.

**P193 – Improved arrangements for Modification Proposals raised by the BSC Panel****ASSESSMENT PROCEDURE**

The Modification Group will carry out an Assessment Procedure in respect of Modification Proposal P193 pursuant to section F2.6 of the Balancing and Settlement Code.

The Modification Group will produce an Assessment Report for consideration at the BSC Panel Meeting on 10 November 2005.

The Modification Group shall consider and/or include in the Assessment Report as appropriate:

- **Appropriateness of P193 solution** – whether the new process proposed by P193 would be appropriate for all of the different circumstances in which the Panel is entitled to raise a Modification Proposal.
- **Detail of new process** – for example, whether the recommendation to raise a Modification Proposal and its IWA would continue to be presented to the Panel as two separate papers/agenda items or as one streamlined paper combining the contents of the recommendation and the IWA.
- **Potential interaction with urgency requests** – how the proposed P193 process would interact with the Code's existing process for recommending urgent treatment of a Modification Proposal, in circumstances where an urgency recommendation is made in respect of a Panel-raised proposal.
- **Other potential alternative solutions** – whether there may be any additional or alternative ways of delivering efficiency savings in the process by which BSCCo and the TDC recommend, and the Panel raises, Modification Proposals. In considering such alternatives, the Modification Group should be mindful that any revised process for Panel-raised Modification Proposals must retain the following requirements:
  - Condition C4 of the Transmission Licence requires the progression of all BSC Modification Proposals to include:
    - Proposer consideration of any representations on the proposal;
    - Evaluation of whether the Proposed Modification would better facilitate the achievement of the Applicable BSC Objectives;
    - Development of any Alternative Modification which could, compared with the Proposed Modification, better facilitate the achievement of the Applicable BSC Objectives;
    - The preparation of a report setting out the above, plus the impact of the modification and proposed Implementation Date; and
    - The submission of a report to the Authority for decision.
  - Condition C5 of the Transmission Licence prescribes that the Code may only be modified on the instruction of the Transmission Company following a direction by the Secretary of State or by the Authority;
  - The mechanism for appealing Authority decisions to the Competition Commission requires the Panel to make a recommendation to the Authority in respect of all Modification Proposals.

Within this framework, potential alternative solutions to that set out in the Proposed Modification P193 could be to allow BSCCo and the TDC to recommend, and/or the Panel to agree, the raising of a Modification Proposal outside of regular Panel meetings. This approach would involve a change to the Code, which currently requires all 'Modification Business' to be presented to a full open-session Panel meeting. As further background to its consideration of any potential Alternative Modification, the Modification Group may wish to consider the previous conclusions of the Governance Standing Modification Group regarding Issue 9 'Review of aspects of the Modifications Process' and the recent changes to the 'housekeeping' amendment process under the Connection and Use of System Code via CAP085 'Revised treatment of Housekeeping Amendments'.

### ANNEX 3 RESULTS OF ASSESSMENT PROCEDURE CONSULTATION

8 responses (representing 49 Parties) were received to the P193 Assessment Procedure 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 believe that Proposed Modification P193 would better facilitate the achievement of the Applicable BSC Objectives?	8 (49)	0
2.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered?	0	8 (49)
3.	Does P193 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure?	0	8 (49)
4.	Are there any further comments on P193 that you wish to make?	1 (1)	7 (48)

Details of the arguments made by respondents can be found in Sections 2 and 3. Full copies of the consultation responses are attached as a separate document, Annex 3A.

### ANNEX 4 RESULTS OF IMPACT ASSESSMENT

During the Assessment Procedure an impact assessment was undertaken in respect of all BSC systems, processes, documentation and parties. The following have been identified as impacted by P193.

For details of the costs associated with these impacts, please refer to Section 3.

#### a) Impact on BSC Systems and Processes

No impact.

#### b) Impact on BSC Agent Contractual Arrangements

No impact.

#### c) Impact on BSC Parties and Party Agents

No impact.

#### d) Impact on Transmission Company

No impact. A copy of the full Transmission Company analysis and impact assessment is provided below.

Q	Question	Response
1.	Please outline any impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system.	We do not believe that the implementation of this proposed modification would have any impact on our ability to discharge our obligations under the Transmission Licence or on our ability to operate an efficient, economical and co-ordinated transmission System.
2.	Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification (and, if applicable, any Alternative Modification) would better facilitate achievement of the Applicable BSC Objectives.	We believe that the proposed Modification will better facilitate Applicable BSC Objective d) by introducing process efficiencies for Panel raised Modification Proposals.
3.	Please outline the impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification).	No impact has been identified on the computer systems and processes of the Transmission Company as a result of the implementation of this proposed modification.
4.	Please outline any potential issues relating to the security of supply arising from the Proposed Modification (and, if applicable, any Alternative Modification).	No issues identified.
5.	Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and, if applicable, any Alternative Modification).	None.
6.	Please provide details of any consequential changes to Core Industry Documents and/or the System Operator-Transmission Owner Code that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification).	None.
7.	Any other comments on the Proposed Modification (and Alternative Modification if applicable).	No.

#### e) Impact on BSCCo

Area of Business	Impact of Proposed Modification
Administration of the Modification Procedures/BSC Panel	Changes to BSCCo working practices, such that a recommendation to raise a Modification Proposal and the IWA for the proposal may be presented to the same Panel meeting as two separate agenda items.
Administration of the TDC	Minor changes to BSCCo and TDC working practices, such that a recommendation to raise a Modification Proposal on behalf of the TDC and the IWA for the proposal may be presented to the same Panel meeting as two separate agenda items.

**f) Impact on BSC Panel**

The Panel would have the ability to either:

- Raise the Modification Proposal, consider the IWA, and submit the proposal to the Definition Procedure, Assessment Procedure or Report Phase at the same meeting (new ability introduced by P193);
- Raise the Modification Proposal but defer consideration of the IWA to the next following Panel meeting (existing ability);
- Defer the decision whether to raise the Modification Proposal to the next following Panel meeting (existing ability); or
- Determine that the Modification Proposal should not be raised (existing ability).

**g) Impact on Code**

Code Section	Impact of Proposed Modification
Section F 'Modification Procedures'	Amendments to allow a BSCCo/TDC recommendation to raise a Modification Proposal and the IWA for the proposal to be presented at the same Panel meeting.

A copy of the draft legal text to give effect to these changes can be found in Annex 1.

**h) Impact on Code Subsidiary Documents**

No impact.

**i) Impact on Core Industry Documents/System Operator-Transmission Owner Code**

No impact.

**j) Impact on Other Configurable Items**

No impact.

**k) Impact on BSCCo Memorandum and Articles of Association**

No impact.

**l) Impact on Governance and Regulatory Framework**

No impact.