

## MODIFICATION REPORT for Modification Proposal P165

### Housekeeping Modification – Removal of Approved Modification P125

Prepared by: ELEXON

**Date of issue:** 08/04/04      **Document reference:** P165MR  
**Reason for issue:** For Authority Decision      **Issue/Version number:** Final/1.0

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

#### RECOMMENDATIONS

Having considered and taken into due account the contents of the P165 draft Modification Report, the Balancing and Settlement Code Panel recommends:

- **that Proposed Modification P165 should be made;**
- **the P165 Implementation Date of 10 Working Days after an Authority decision; and**
- **the proposed text for modifying the Code, as set out in the draft Modification Report.**

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<sup>1</sup> The current version of the Balancing and Settlement Code (the 'Code') can be found at [www.elexon.co.uk/ta/bsc/el\\_docs/bsc\\_code.html](http://www.elexon.co.uk/ta/bsc/el_docs/bsc_code.html)

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## SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being potentially impacted by Modification Proposal P165.

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

X = Identified in Report for last Procedure  
 N = Newly identified in this Report

# **1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES**

## **1.1 Modification Proposal**

Modification Proposal P165 'Housekeeping Modification – Removal of Approved Modification P125' (P165) was raised on 23 February 2004 by the BSC Panel, on the recommendation of ELEXON. P165 seeks to remove the legal text of Approved Modification P125 from the Code.

## **1.2 Proposed Modification**

Modification Proposal P125 (Apportionment of the Scottish Interconnector flows to the Northern and North West GSP Groups for the purposes of calculating losses) (P125) was raised to supplement the then Approved Modification P82 (Introduction of Zonal Transmission Losses on an Average Basis) ('P82'), and was approved by the Authority on 8 August 2003 with an Implementation Date of 1 April 2004. However, P82 was rejected by the Authority on 30 January 2004 which leaves Approved Modification P125 supplementing parts of the Code that no longer exist.

P165 seeks to remove the legal text introduced by P125 from the Code in accordance with Section F 2.1.1(d)(iv), which states that the Panel can raise a Housekeeping Modification to "rectify manifest errors in or to correct minor inconsistencies (or make other minor consequential changes) to the Code". The inclusion of P125 legal text would create a number of manifest errors and minor inconsistencies as the text would not be operationally feasible or meaningful in the absence of P82.

## **1.3 Issues raised by the Proposed Modification**

An initial assessment of Modification Proposal P165 has identified that there are no potential areas of impact other than the Code itself, and no issues which will need to be considered and addressed in progressing the Modification Proposal.

## **1.4 Assessment of how the Proposed Modification will better facilitate the Applicable BSC Objectives**

P165 was raised by the BSC Panel in accordance with section F2.1.1(d)(iv) of the Code to rectify manifest errors, to correct minor inconsistencies, and make other minor consequential changes to the Code. The Panel believe that P165 would better facilitate BSC Objective (d):

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

## **1.5 Alternative Modification**

There is no Alternative Modification.

## 2 COSTS<sup>2</sup>

### PROGRESSING MODIFICATION PROPOSAL

<b>Demand Led Cost</b>	£ 0
<b>ELEXON Resource</b>	Man days 10 £ 2000

### IMPLEMENTATION COSTS

		Stand Alone Cost	P165 Incremental Cost	Tolerance
<b>Service Provider<sup>3</sup> Cost</b>				
	Change Specific Cost	£ 0	£ 0	0
	Release Cost	£ 0		0
	Incremental Release Cost	£ 0	£ 0	0
	<b>Total Service Provider Cost</b>	£ 0	£ 0	0
<b>Implementation Cost</b>				
	External Audit	£ 0	£ 0	0
	Design Clarifications	£ 0	£ 0	0
	Additional Resource Costs	£ 0	£ 0	0
	Additional Testing and Audit Support Costs	£ 0		0
<b>Total Demand Led Implementation Cost</b>		£ 0	£ 0	0

<b>ELEXON Implementation Resource Cost</b>		Man days 5 £ 2000	N/A	0 0
<b>Total Implementation</b>		£ 2000	£ 0	0

<sup>2</sup> Clarification of the meanings of the cost terms in this section can be found in annex 3 of this report

<sup>3</sup> BSC Agent and non-BSC Agent Service Provider and software Costs

Cost				
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## ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P165 Incremental Cost	Tolerance
Service Provider Operation Cost	£ 0 p.a	£ 0 p.a	0
Service Provider Maintenance Cost	£ 0 p.a	£ 0 p.a	0
ELEXON Operational Cost	£ 0 p.a	£ 0 p.a	0

### 3 RATIONALE FOR PANEL'S RECOMMENDATIONS

P165 seeks to remove the legal text of Approved Modification P125. The inclusion of P125 legal text would create a number of manifest errors and minor inconsistencies as the text would not be operationally feasible or meaningful in the absence of P82.

The Panel believes that this modification would better facilitate the achievement of the Applicable BSC Objectives contained in Condition 7A of the Transmission Licence. P165 would remove a source of potential error and would increase efficiency therefore it would better achieve the Applicable BSC Objective within Condition 7A (3)(d), - *'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'*. The proposal has no impact on any of the other objectives.

### 4 IMPACT ON BSC SYSTEMS AND PARTIES

The suggested changes have no systems impact. The effect of the changes is to rectify manifest errors and to correct minor inconsistencies within the Code and, accordingly, they have been raised under paragraph F.2.1.1 (d)(iv) of the Code with a view to better achieving the objective in Condition 7A(3)(d).

### 5 IMPACT ON CODE AND DOCUMENTATION

#### 5.1 Balancing and Settlement Code

An initial assessment has been undertaken in respect of all Sections of the Code and the following Sections have been identified as potentially being impacted by the Modification Proposal.

Item	Potential Impact of Proposed Modification
Section T	Changes to address manifest errors
Section X Annex X-2	Changes to address manifest errors

#### 5.2 Code Subsidiary Documents

No impact identified.

### 5.3 BSCCo Memorandum and Articles of Association

No impact identified.

### 5.4 Impact on Core Industry Documents and supporting arrangements

No impact identified.

## 6 SUMMARY OF CONSULTATIONS

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you agree with the Panel's views on P165 and the provisional recommendation to the Authority contained in the draft Modification Report that P165 should be made?	4 (21 Parties)		1 (1 Party)
Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	4 (21 Parties)		1 (1 Party)
Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P165?	4 (21 Parties)		1 (1 Party)
Are there any further comments on P165 that you wish to make?		4 (21 Parties)	1 (1 Party)

### 6.1 Summary of the consultation responses

5 responses (22 Parties) were received on the consultation of the draft Modification Report.

In response to the first consultation question, 4 respondents (21 Parties) expressed support for the Proposed Modification. Of these, all believed that the proposed Modification would better facilitate achievement of Applicable BSC Objective (d). 1 respondent (1 Party) expressed 'No Comment'.

In response to the second consultation question, 4 respondents (21 Parties) agreed that the proposed legal text would correctly address the issue identified in the Modification Proposal. 1 respondent (1 Party) expressed 'No Comment'.

In response to the third consultation question, 4 respondents (21 Parties) agreed with the proposed Implementation Date, as stated in the draft Modification Report, of 10 Working Days after an Authority decision. 1 respondent (1 Party) expressed 'No Comment'.

Finally, in response to the final consultation question, 4 respondents (21 Parties) were satisfied with the Modification Proposal and had no further comments. 1 respondent (1 Party) expressed 'No Comment'.

### 6.2 Comments and views of the Panel

The Panel considered the responses to the consultation and unanimously agreed that P165 should be submitted to the authority with the recommendation that P165 should be made.

## 7 SUMMARY OF EXTERNAL ADVICE

No external advice sought.

## 8 IMPLEMENTATION APPROACH

The changes will be implemented 10 Working Days after the Authority's decision.

## 9 DOCUMENT CONTROL

### 9.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	16/03/04	Adam Lattimore	David Osborne	For Consultation
1.0	30/03/04	Adam Lattimore	David Osborne	For Panel Decision

**ANNEX 1 – LEGAL TEXT ATTACHED****ANNEX 2 CONSULTATION RESPONSES**

Responses from P165 Draft Report Consultation

Consultation Issued 26 March 2004

Representations were received from the following Parties

	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	Scottish Power	P165_DR_001	6	0
2.	British Gas Trading	P165_DR_002	1	0
3.	EDF Energy	P165_DR_003	9	0
4.	Aquila Networks	P165_DR_004	1	0
5.	Scottish and Southern	P165_DR_005	4	0

## P165\_DR\_Scotish Power Ltd

<b>Respondent:</b>	<i>John W Russell (SAIC Ltd)</i>
<b>No. of BSC Parties Represented</b>	<i>6</i>
<b>BSC Parties Represented</b>	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant).</i>  <i>Scottish Power UK plc; ScottishPower Energy Management Ltd; Scottish Power Generation Ltd; ScottishPower Energy Retail Ltd; SP transmission Ltd; SP Manweb PLC.</i>
<b>No. of Non BSC Parties Represented</b>	<i>0</i>
<b>Non BSC Parties represented</b>	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i>
<b>Role of Respondent</b>	<i>Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent</i>

	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P165 the provisional recommendation to the Authority contained in the draft Modification Report that P165 <b>should</b> be made? Please give rationale.	<b>Yes</b>	<i>We agree that the remove of the legal text of Approved Modification P125 from the BSC will remove the potential manifest errors and minor inconsistencies, which could impact a Party's understanding of the operation of the Code in the absence of P82; thereby meeting Applicable BSC Objective (d) – "promoting efficiency .....".</i>
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	<b>Yes</b>	<i>We agree that the Legal Text would appear to be appropriate to remove the legal text of Approved Modification P125 from the BSC.</i>
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P165? Please give rationale.	<b>Yes</b>	<i>We agree that the Implementation Date of 10 days after the Authority decision is most appropriate, as it is the closest to the implementation date for P125 of 1<sup>st</sup> April 2004 that can be achieved.</i>
4.	Are there any further comments on P165 that you wish to make?	<b>No</b>	

### P165 \_DR\_002 - British Gas Trading

Dear Sirs,

#### Re: Modification Proposal P165 – Removal of approved modification P125

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P165. British Gas Trading (BGT) agrees with the Panel's provisional recommendation that P165 should be made. Removing the now redundant P125 text will better facilitate Applicable BSC Objective (d).

BGT agrees with the proposed legal text and implementation dates as detailed in the draft modification report.

Yours faithfully

Mark Manley  
Contract Manager

### P165\_DR\_003 – EDF

<b>Respondent:</b>	Tony Diccio (EDF Energy)
<b>No. of BSC Parties Represented</b>	9
<b>BSC Parties Represented</b>	EDF Energy Networks (EPN) plc; EDF Energy Networks (LPN) plc EDF Energy Networks (SPN) plc; EDF Energy (Sutton Bridge Power) EDF Energy (Cottam Power) Ltd; EDF Energy (West Burton Power) Ltd; EDF Energy plc; London Energy plc; Seeboard Energy Limited
<b>No. of Non BSC Parties Represented</b>	0
<b>Non BSC Parties represented</b>	N/A
<b>Role of Respondent</b>	Supplier/Generator/ Trader

	<b>Question</b>	<b>Response</b> Error! Bookmark not defined.	<b>Rationale</b>
1.	Do you agree with the Panel's views on P164 the provisional recommendation to the Authority contained in the draft Modification Report that P165 <b>should</b> be made? Please give rationale.	Yes	Ensures inconsistencies are not introduced into BSC and thereby better facilitates BSC objective (d).

	<b>Question</b>	<b>Response</b> Error! Bookmark not defined.	<b>Rationale</b>
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P165? Please give rationale.	Yes	
4.	Are there any further comments on P165 that you wish to make?	No	

### **P165\_DR\_004 - Aquila**

Good Morning,

Midlands Electricity (formally Aquila Networks PLC) would like to return a response of 'No Comment' to P165 Consultation on Draft Modification Report.

Regards,

Deborah Hayward  
Distribution Support Office &  
Deregulation Control Group  
Midlands Electricity

### **P165\_DR\_005 – Scottish and Southern**

Dear Sirs,

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd., Medway Power Ltd. and SSE Energy Supply Ltd.

Q1 Do you agree with the Panel's views on P164 [P165?] the provisional recommendation to the Authority contained in the draft Modification Report that P165 should be made?  
Please give rationale.

Yes, we agree with the proposed BSC Panel recommendation to the Authority that the Proposed Modification Proposal P165 should be made.

Q2 Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.

It appears to.

Q3 Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P165? Please give rationale.

If the Modification Proposal P165 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in the Modification Report.

Q4 Are there any further comments on P165 that you wish to make?

Nothing further at this time.

Regards

Garth Graham  
Scottish and Southern Energy plc

### ANNEX 3 CLARIFICATION OF COSTS

There are several different types of costs relating to the implementation of Modification Proposals. ELEXON implements the majority of Approved Modifications under its CVA or SVA Release Programmes. These Programmes incur a base overhead which is broadly stable whatever the content of the Release. On top of this each Approved Modification incurs an incremental implementation cost. In order to give Stakeholders a feel for the estimated cost of implementing an Approved Modification the templates shown in Attachment 1 have three columns:

- **Stand Alone Cost** – the cost of delivering the Modification as a stand alone project outside of a CVA or SVA Release, or the cost of a CVA or SVA Release with no other changes included in the Release scope. This is the estimated maximum cost that could be attributed to any one Modification implementation.
- **Incremental Cost** - the cost of adding that Modification Proposal to the scope of an existing release. This cost would also represent the potential saving if the Modification Proposal was to be removed from the scope of a release before development had started.
- **Tolerance** – the predicted limits of how certain the cost estimates included in the template are. The tolerance will be dependent on the complexity and certainty of the solution and the time allowed for the provision of an impact assessment by the Service Provider(s).

The cost breakdowns are shown below:

PROGRESSING MODIFICATION PROPOSAL	
<b>Demand Led Cost</b>	This is the third party cost of progressing a Modification Proposal through the Modification Procedures in accordance with Section F of the Code. Service Provider Impact Assessments are covered by a contractual charge and so the Demand Led cost will typically be zero unless external Legal assistance or external consultancy is required.
<b>ELEXON Resource</b>	This is the ELEXON Resource requirement to progress the Modification Proposal through the Modification Procedures. This is estimated using a standard formula based on the length of the Modification Procedure.

SERVICE PROVIDER <sup>4</sup> COSTS	
<b>Change Specific Cost</b>	Cost of the Service Provider(s) Systems development and other activities relating specifically to the Modification Proposal.
<b>Release Cost</b>	Fixed cost associated with the development of the Service Provider(s) Systems as part of a release. This cost encompasses all the activities that would be undertaken regardless of the number or complexity of changes in the scope of a release. These activities include Project Management, the

<sup>4</sup> A Service Provider can be a BSC Agent or a non-BSC Agent, which provides a service or software as part of the BSC and BSC Agent Systems. The Service Provider cost will be the sum of the costs for all Service Providers who are impacted by the release.

	production of testing and deployment specifications and reports and various other standard release activities.
<b>Incremental Release Cost</b>	Additional costs on top of base Release Costs for delivering the specific Modification Proposal. For instance, the production of a Test Strategy and Test Report requires a certain amount of effort regardless of the number of changes to be tested, but the addition of a specific Modification Proposal may increase the scope of the Test Strategy and Test Report and hence incur additional costs.

<b>IMPLEMENTATION COSTS</b>	
<b>External Audit</b>	Allowance for the cost of external audit of the delivery of the release. For CVA BSC Systems Releases this is typically estimated as 8% of the total Service Provider Costs, with a tolerance of +/- 20%. At present the SVA Programme does not use an external auditor, so there is no External Audit cost associated with an SVA BSC Systems Release.
<b>Design Clarifications</b>	Allowance to cover the potential cost of making any amendments to the proposed solution to clarify any ambiguities identified during implementation. This is typically estimated as 5% of the total Service Provider Costs, with a tolerance of +/- 100%.
<b>Additional Resource Costs</b>	<p>Any short-term resource requirements in addition to the ELEXON resource available. For CVA BSC Systems Releases, this is typically only necessary if the proposed solution for a Modification Proposal would require more extensive testing than normal, procurements or 'in-house' development.</p> <p>For SVA BSC Systems Releases, this will include the management and operation of the Acceptance Testing and the associated testing environment.</p> <p>This cost relates solely to the short-term employment of contract staff to assist in the implementation of the release.</p>
<b>Additional Testing and Audit Support Costs</b>	Allowance for external assistance from the Service Provider(s) with testing, test environment and audit activities. Includes such activities as the creation of test environments and the operation of the Participant Test Service (PTS). For CVA BSC Systems Releases, this is typically estimated as £40k per release with at tolerance of +/-25%. For SVA BSC Systems Releases this is estimated on a Modification Proposal basis.

<b>TOTAL DEMAND LED IMPLEMENTATION COSTS</b>	
This is calculated as the sum of the total Service Provider(s) Cost and the total Implementation Cost. The tolerance associated with the Total Demand Led Implementation Cost is calculated as the weighted average of the individual Service Provider(s) Costs and Implementation Costs tolerances. This tolerance will be rounded to the nearest 5%.	

### ELEXON IMPLEMENTATION RESOURCE COSTS

Cost quoted in man days multiplied by project average daily rate, which represents the resources utilised by ELEXON in supporting the implementation of the release. This cost is typically funded from the "ELEXON Operational" budget using existing staff, but there may be instances where the total resources required to deliver a release exceeds the level of available ELEXON resources, in which case additional Demand Led Resources will be required.

The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.

### ONGOING SUPPORT AND MAINTENANCE COSTS

<b>ELEXON Operational Cost</b>	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
<b>Service Provider Operation Cost</b>	Cost in £ per annum payable to the Service Provider(s) to cover staffing requirements, software or hardware licensing fees, communications charges or any hardware storage fees associated with the ongoing operation of the revised systems and processes.
<b>Service Provider Maintenance Cost</b>	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems.