

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

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## P312 'Required Housekeeping Changes to Implement P298 and EMR'

This Modification proposes minor changes to BSC Section F to correct a discrepancy between the P298 legal text implemented on 18 July 2014 and the EMR legal text changes directed and implemented on 1 August 2014.

This Modification also proposes minor housekeeping changes to BSC Sections F, K, V and Annex X-1 to correct typographical errors introduced under the EMR implementation.

The Fast Track Self-Governance Objection Window for P312 closes:

**5pm on Friday 5 September 2014**

If no objections are received by this time, the Panel's decision is final.



The BSC Panel has **approved** P312 as a Fast Track Self-Governance Modification

This Modification is expected to impact:

- ELEXON

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## Any questions?

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## About This Document

This is the P312 Fast Track Self-Governance Modification Report, which ELEXON has submitted to the Authority, the Transmission Company and all BSC Parties.

P312 is a Fast Track Self-Governance Modification, so it does not go to the Authority for decision. The BSC Panel has approved P312 for implementation on 8 September 2014.

In accordance with BSC Section F7.3, Parties have until 5 September 2014 to object to the Panel's decision, stating why they do not believe P312 meets the Fast-Track Self-Governance criteria. If no objection is raised by this time, the Panel's decision is final.

There are two parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits, drawbacks and implementation approach. It also summarises the Panel's key views on the Modification.
- Attachment A contains the approved redlined changes to the BSC for P312.

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### Why Change?

Both the P298 changes and the EMR directed changes introduced new bullet points into BSC Section F 2.1.1. This means that when EMR was implemented on 1 August 2014 the P298 bullet point (e) introduced on 18 July 2014 was overwritten by the EMR bullet point (e).

There have also been a number of consequential changes were required to the BSC to support the implementation of the EMR arrangements. Whilst insuring that we implemented the required changes in good time, a number of minor inaccuracies were introduced that we are now seeking to rectify.

### Solution

This Modification proposes changes to Sections F, K, V and Annex X-1 to rectify inaccuracies introduced by EMR and to resolve conflicts between EMR and P298.

### Impacts & Costs

This Modification will not impact BSC Parties, Party Agents or the Transmission Company. It only ensures the correct implementation of both P298 and EMR.

### Implementation

The Panel has agreed an Implementation Date for P312 of 8 September 2014.

### Decision

The Panel has unanimously agreed to raise and approve P312 as a Fast Track Self-Governance Modification.

## 2 Why Change?

### Background

#### P298

Approved Modification [P298 'Consequential amendments to the BSC Modification process following the implementation of Third package and other miscellaneous changes'](#) was implemented on 18 July 2014. The P298 solution modified BSC Section F 'Modification Procedures' to align it with Transmission Licence requirements and to reflect that:

- The Authority can raise, or instruct the Transmission Company to raise, a Modification to implement electricity regulations;
- The BSC Panel is required to accept and progress such Modifications in accordance with any timetable(s) directed by the Authority; and
- Where the Authority directs the Transmission Company to raise such Modifications, the Transmission Company is only allowed to withdraw the Modification or amend the proposed solution with prior consent from the Authority.

Further information on P298 can be found on the [P298 page](#) of the ELEXON website.

### Electricity Market Reform

As part of the [Electricity Market Reform](#) (EMR) program the Government introduced two new mechanisms, Contracts for Difference (CFD) and the Capacity Market (CM). CFDs are designed as an incentive for investment in new low-carbon electricity generation. The CM is designed to ensure sufficient and reliable capacity when there is not enough electricity available on the Transmission System.

Consequential changes were required to the BSC and its Code Subsidiary Documents (CSDs) to support the EMR arrangements. Details of all the required changes directed on 1 August 2014 can be found on the Other Regulatory Decision (ORD) [5 'Electricity Market Reform' page](#) of the ELEXON website.

### What is the issue?

#### Conflict between P298 and EMR legal text changes

The P298 solution was implemented on 18 July 2014 and introduced a new bullet point (e) into BSC Section F 2.1.1. The EMR legal text changes for BSC Section F were directed and implemented on 1 August 2014 and introduced new bullet points (e) and (f) into the same BSC Section F2.1.1.

Since P298 was progressed and implemented before EMR was directed by the Secretary of State, it was not possible to consider the P298 solution when drafting the required BSC changes for EMR. This in effect means that when EMR was implemented on 1 August 2014 the P298 bullet point (e) in BSC Section F 2.1.1 was overwritten by the EMR bullet point (e).

## EMR housekeeping changes

A number of consequential changes were required to the BSC to support the implementation of the EMR arrangements. Whilst insuring that we implemented the required changes in good time, a number of minor inaccuracies were introduced that we are now seeking to rectify. All of the changes proposed under this Modification are immaterial housekeeping changes, for example:

- Section F 1.9.3 should refer to 'a CFD Counterparty' rather than just 'CFD Counterparty'.

Further details of the required housekeeping changes can be found in Section 3 and Attachment A.

### Proposed solution

This Modification proposes changes to rectify inaccuracies introduced by EMR and resolve conflicts between the EMR legal text and the P298 legal text. The following amendments will be made to the legal text changes introduced by EMR:

- Section F 1.9.3 – this should refer to ‘a CFD Counterparty’ not just ‘CFD Counterparty’;
- Section K 3.3.12 (b) – remove ‘; or’ and replace with full stop;
- Section V 5.2.2 (b) – should refer to ‘the CFD Settlement Data’ rather than ‘a CFD Settlement data’; and
- Section X Annex X-1
  - The definition of CM Settlement Serviced Provider should refer to ‘the CM Settlement Body’ rather than ‘a CM Settlement Body’; and
  - The definition of a Contract for Difference should refer to ‘a CFD Counterparty’ rather than ‘the CFD Counterparty’.

There will be no changes to the approved P298 or EMR wording, except where the removal or addition of words like ‘and’ are required (i.e. for addition or removal of bullet points) as well as changes to table and paragraph numbers.

For the avoidance of doubt, ELEXON has discussed the above changes with the Department of Energy and Climate Change (DECC) and it agreed that these changes should be progressed as housekeeping.

Amendments are also required to Section F 2.1.1 to ensure that the bullet point (e) introduced by P298 does not remain ‘overwritten’ by bullet points (e) and (f) introduced by EMR (i.e. P298’s bullet point (e) will be reinstated as point (g) and the current points (e) and (f) will remain as they are). Therefore, under this Modification’s solution these three bullet points will appear as follows:

- (e) a CfD Counterparty to reflect a proposed change to the CFD Arrangements which would, if made, have an impact on the Code;
- (f) the CM Settlement Body to reflect a proposed change to the CM Arrangements which would, if made, have an impact on the Code; and
- (g) the Authority (in relation only to modifications which it reasonably considers are necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency).

Reinstating P298’s bullet point (e) as point (g) will required changes to various cross references in Section F. Details on all the housekeeping changes proposed by this Modification can be found in Attachment A.

Full details on P312 can be found on the [P312 page](#) of the ELEXON website.

## Impacts and costs

This Modification will not impact BSC Parties, Party Agents or the Transmission Company. It only ensures the correct implementation of both P298 and EMR.

The estimated central implementation costs will equate to £240, or one ELEXON man day.

Impact on Code	
Code Section	Potential Impact
Section F	Changes will be required to implement the solution.
Section K	
Section V	
Section X Annex X-1	



### What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

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

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

## Applicable BSC Objectives

ELEXON believes that this Modification would better facilitate the achievement of:

- **Applicable BSC Objective (d)** as making these required housekeeping changes will allow for both P298 and EMR directed changes to be implemented successfully and as intended, promoting efficiency.
- **Applicable BSC Objective (f)** as making these required housekeeping changes will contribute to the implementation and administration of the EMR arrangements.

## Implementation approach

P312 has been approved for implementation on:

- **8 September 2014**, 10 Working days after the Fast Track Self Governance Modification Objection Window closes.

The 15 Working Day objection window will close on 5 September 2014. If an objection is received, the implementation of the Modification will be suspended and the objection tabled at the next available Panel meeting; which in the case of this Modification would be on 11 September 2014.

If no objections are received, the Panel will be advised and the Modification will be implemented on 8 September 2014.

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### Panel's views on Fast Track

The proposed changes to the BSC under P312 are housekeeping changes only, which are required to enable both P298 and EMR to be implemented successfully and as intended.

The Panel therefore **unanimously** agrees with ELEXON's view that P312 meets the Fast Track Self-Governance Modification criteria.

### Panel's views on the Applicable BSC Objectives

The Panel agreed that this Modification would better facilitate the achievement of:

- **Applicable BSC Objective (d)** as making these required housekeeping changes will allow for both P298 and EMR directed changes to be implemented successfully and as intended, promoting efficiency.
- **Applicable BSC Objective (f)** as making these required housekeeping changes will contribute to the implementation and administration of the EMR arrangements.

### Panel's view on the Implementation Date

The Panel agreed with ELEXON's view that P312 should be implemented one Working Day after the objection window closes on 5 September 2014. Therefore, P312 will be implemented on 8 September 2014 if no objects are received by the cut-off date.

### What is the Fast Track Self-Governance Criteria?

A Modification Proposal which:

(i) if implemented would satisfy the Self-Governance Criteria; and

(ii) falls within the scope of Section F2.1.1(d)(iv) (without limiting the right of any person specified in paragraph 2.1.1 to propose a Fast Track Self-Governance Modification Proposal) and which is required to correct an error in the Code or as a result of a factual change, including but not limited to:

- (a) updating names or addresses listed in the Code;
- (b) correcting minor typographical errors;
- (c) correcting formatting and consistency errors, such as paragraph numbering; or
- (d) updating out of date references to other documents or paragraphs.





The BSC Panel has unanimously agreed:

- That P312 should be progressed as a Fast Track Self-Governance Modification;
- That P312 should be **approved**;
- An Implementation Date for P312 of **8 September 2014** (1 Working Day after the Fast Track Self-Governance objection window closes) if no objections are notified; and
- The BSC legal text for P312.

### Recommendation

The BSC Panel has unanimously approved P312 as a Fast Track Self-Governance Modification.

## Appendix 1: Estimated Progression Effort

The following tables contain the estimated effort in progressing P312:

Assessment Effort	
Participant	Effort (man days)
ELEXON	2
<b>Total</b>	<b>2</b>

## Appendix 2: Glossary & References

### Acronyms

Acronyms used in this document are listed in the table below.

Glossary of Defined Terms	
Acronym	Definition
CFD	Contracts for Difference
CM	Capacity Market
CSD	Code Subsidiary Documents
DECC	Department of Energy and Climate Change
EMR	Electricity Market Reform
ORD	Other Regulatory Decisions

### External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	P298 page of the ELEXON website	<a href="http://www.elexon.co.uk/mod-proposal/p298/">http://www.elexon.co.uk/mod-proposal/p298/</a>
3	ORD005 page of the ELEXON website	<a href="http://www.elexon.co.uk/ord/ord005-electricity-market-reform/">http://www.elexon.co.uk/ord/ord005-electricity-market-reform/</a>
3	EMR webpage	<a href="https://www.gov.uk/government/policies/maintaining-uk-energy-security--2/supporting-pages/electricity-market-reform">https://www.gov.uk/government/policies/maintaining-uk-energy-security--2/supporting-pages/electricity-market-reform</a>
6	P312 page of the ELEXON website	<a href="http://www.elexon.co.uk/mod-proposal/p312/">http://www.elexon.co.uk/mod-proposal/p312/</a>