

Request to raise a Modification 'Removal of References and Requirements Relating to the LCPD'

Changes in legislation mean that references and reporting requirements in the BSC relating to Large Combustion Plant Directive have been rendered obsolete.

ELEXON requests that the Panel raise a Modification to remove the relevant provisions from the BSC and subsidiary documentation.



ELEXON recommends this Modification is raised and progressed directly to the Report Phase with an initial recommendation to approve

This Modification is not expected to impact any participants.

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About This Document

This document is a request to raise a Modification and the Initial Written Assessment (IWA) for that Modification, which ELEXON will present to the Panel on 12 May 2016. The Panel will consider the recommendations and agree whether to raise the Modification and, if so, how to progress it.

There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress.
- Attachment A contains the draft Modification Proposal Form.
- Attachment B contains the draft legal text to deliver this Modification.



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Initial Written Assessment

5 May 2016

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1 Why Change?

Background

Modification [P226 'Improving Large Combustion Plant Directive Information Disclosure'](#) was implemented on 25 June 2009. P226 introduced BSC provisions to enhance the visibility of key Large Combustion Plant Directive (LCPD) emission limit/allocations and operating hours data, which affects how BSC parties make such plants available to the market.

This was accomplished by implementing the publication of such data on the Balancing Mechanism Reporting System (BMRS) in a readily understandable form, and by introducing requirements that relevant BSC Parties promptly notify the market (via the BMRS) whenever they request changes to emission limits/allocations or subsequently have such changes granted under the relevant Emission Limit Value (ELV) or National Emission Reduction Plan (NERP).

However, the Large Combustion Plant (National Emission Reduction Plan) Regulations 2007, enacting the LCPD, has now been revoked. It has been replaced by The Large Combustion Plants (Transitional National Plan) Regulations 2015 enacting the Industrial Emissions Directive (IED).

What is the issue?

The legislative change has led to a change in the reporting procedures. As of 1 January 2016, the BSC parties operating large combustion plants are no longer required by the LCPD to submit data to BSCCo. Instead the IED requires them to report the same data to the Environment Agency, which will collate and publish the data annually.

However, even though the underlying LCPD obligation no longer exists, obligations for BSC Parties operating Large Combustion Plants remain in the BSC and the relevant BSC Procedure (BSCP). These obligations require the Parties to make both regular and ad hoc reports to BSCCo, which is then required to submit the data to the Balancing Mechanism Reporting Agent (BMRA) within two Working Days.

All the relevant BSC Parties have ceased to report the data to BSCCo, in breach of the BSC obligations. BSC Parties which were previously reporting data and no longer do so will risk being potentially in default for persistent breach after six months.

Proposed solution

This Modification would remove, from the BSC and subsidiary documentation, all references and requirements relating to:

- Large Combustion Plants (LCPs);
- The Large Combustion Plant Directive; and
- The submission and subsequent processing of LCP Data.

This is a document only change, reflecting the removal of references to processes that have already ceased in practice, with no associated system changes.

Applicable BSC Objectives

The reporting requirements for LCPs have been amended by EU legislation. Accordingly the continuing inclusion of these requirements under the BSC is inefficient because:

- The inclusion of requirements in the BSC relating to obsolete legislation adds unnecessary complexity to the arrangements and is misleading; and
- There is a risk of Parties being potentially in default for non-compliance with the BSC, despite the requirements being obsolete.

The removal of these provisions would therefore promote efficiency in the implementation of the balancing and settlement arrangements, i.e. Objective (d).

Implementation approach

We recommend an Implementation Date for this Modification of 5 Working Days following approval.

Changes are required only to the BSC and subsidiary documentation to recognise the legislation changes and consequent change to reporting. As such they do not require significant time to implement.

The changes should be made as soon as reasonably practicable in order to remove the obsolete requirements from the BSC, and therefore also remove any risk that Parties could be potentially in default for non-compliance with them.



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

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3 Proposed Progression

Next steps

The solution is fully developed and does not require further assessment by a Workgroup. We therefore believe that this Modification should progress directly to the Report Phase.

Self-Governance

We believe that this Modification meets the Self-Governance Criteria because:

- It will have no material impact on:
 - Existing or future consumers;
 - Competition;
 - The operation of the Transmission System;
 - Wider market/network management issues;
 - Code procedures; and
- It does not discriminate between different classes of Parties.

We therefore recommend that if raised this Modification is treated as a Self-Governance Modification.

Fast Track Self-Governance not recommended

It could be argued that the Modification meets the criteria for Fast Track Self-Governance, since it is correcting the Code following a factual change. However, the change is of a greater magnitude than is usual for a Fast Track Self-Governance change: amendments to reflect changes in legislation compared with updating references, etc. The change would also remove requirements (albeit obsolete) from participants, and remove an entire BSCP.

On balance we believe the Modification should be progressed as a Self-Governance Modification progressed directly to the Report Phase (and therefore consulted upon), not a Fast Track Self-Governance Modification.

However, if the Panel takes a different view and unanimously agrees that the Modification is suitable for progression as a Fast Track Modification, and it approves the draft legal text and implementation approach, we would issue a Fast Track Modification Report (including the approved BSC legal text) to the Authority, the Transmission Company and BSC Parties.

There would be a 15 Working Day period in which BSC Parties could object to the implementation of the Modification. If no objection was received the Panel would be notified and the Modification implemented as agreed. If an objection is received implementation would be suspended and the objection tabled at the next Panel meeting.

Timetable

We recommend this Modification is progressed directly to the Report Phase as a Self-Governance Modification, following the proposed timetable set out below.



What are the Self-Governance Criteria?

A Modification that, if implemented:

(a) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity transmission system; and
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

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Proposed Progression Timetable	
Event	Date
Request to Raise presented to Panel	12 May 2016
Report Phase Consultation (<i>11 Working Days</i>)	13 - 26 May 2016
Present Draft Modification Report to Panel	9 June 2016
Self-Governance Appeal Window (<i>15 Working Days</i>)	10 - 30 June 2016

4 Likely Impacts

This Modification will be a document-only change to amend the BSC and remove a BSCP.

Its implementation will have no impact on BSC Parties, the Transmission Company BSCCo or BSC systems. There are no system impacts and no impact on BSC Agents; though the current arrangements involve reporting via the BMRS there will be no change to the BMRS, the relevant functionality will not be used.

The central implementation impact for ELEXON is estimated to be one ELEXON man day of effort to implement the document changes (equating to approximately £240).

Impact on Code	
Code Section	Potential Impact
Section Q: Balancing Mechanism Activities	Changes required to implement the Modification (set out in full in Attachment B). Removal of requirements relating to LCP Data and its submission (and associated definitions and references) and consequential BMRS obligations.
Section V: Reporting	
Annex X-1: General Glossary	

Impact on Code Subsidiary Documents	
CSD	Potential Impact
BSCP33 'Large Combustion Plant Directive Data Submission'	Deleted entirely and removed from the BSC Baseline Statement.

5 Recommendations

We invite the Panel to:

- **RAISE** the Modification Proposal in Attachment A.

If the Panel agrees to raise this Modification then we invite the Panel to:

- **AGREE** that this Modification progresses directly to the Report Phase;
- **AGREE** that this Modification:
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** an initial recommendation that this Modification should be **approved**;
- **AGREE** an initial Implementation Date of 5 working Days following approval;
- **AGREE** the draft legal text;
- **AGREE** an initial view that this Modification should be treated as a Self-Governance Modification; and
- **NOTE** that ELEXON will issue the Draft Modification Report (including the draft BSC legal text) for an 11 Working Day consultation and will present the results to the Panel at its meeting on 9 June 2016.

Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BMRA	Balancing Mechanism Reporting Agent
BMRS	Balancing Mechanism Reporting System
BSC	Balancing and Settlement Code
BSCP	BSC Procedure
ELV	Emission Limit Value
IED	Industrial Emissions Directive
IWA	Initial Written Assessment
NERP	National Emission Reduction Plan
LCP	Large Combustion Plant
LCPD	Large Combustion Plant Directive

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	P226 page of the ELEXON website	https://www.elexon.co.uk/mod-proposal/p226-improving-large-combustion-plant-directive-information-disclosure/