



MODIFICATION REPORT for Modification Proposal P187

'Introducing the ability for a BSC Party to request urgent status and for it to be considered by the Authority'

Prepared by: ELEXON on behalf of the BSC Panel

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This document has been distributed in accordance with Section F2.1.10¹ of the Balancing and Settlement Code.

RECOMMENDATIONS

Having considered and taken into due account the contents of the P187 draft Modification Report, the Balancing and Settlement Code Panel recommends:

- **that the Proposed Modification P187 should be made;**
- **an Implementation Date for the Proposed Modification of 10 Working Days following an Authority decision; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

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

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as the P187 Modification Group has been able to assess, the following parties/documents would be impacted by P187.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input checked="" type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Transmission Company <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>
Interconnector <input checked="" type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input checked="" type="checkbox"/>	F <input checked="" type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Non-Physical Traders <input checked="" type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents		
	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Core Industry Documents
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"/>
BSC Agents		
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 Svstems Aarement <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"/>	Settlement Agreement for Scotland <input type="checkbox"/>
CDCA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
TAA <input type="checkbox"/>	S <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
CRA <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	U <input type="checkbox"/>	BSCCo
SVAA <input type="checkbox"/>	V <input type="checkbox"/>	Internal Workina Procedures <input checked="" type="checkbox"/>
BSC Auditor <input type="checkbox"/>	W <input type="checkbox"/>	Other Documents
Profile Administrator <input type="checkbox"/>	X <input type="checkbox"/>	Transmission Licence <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
MIDP <input type="checkbox"/>		
Other Agents		
SMRA <input type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

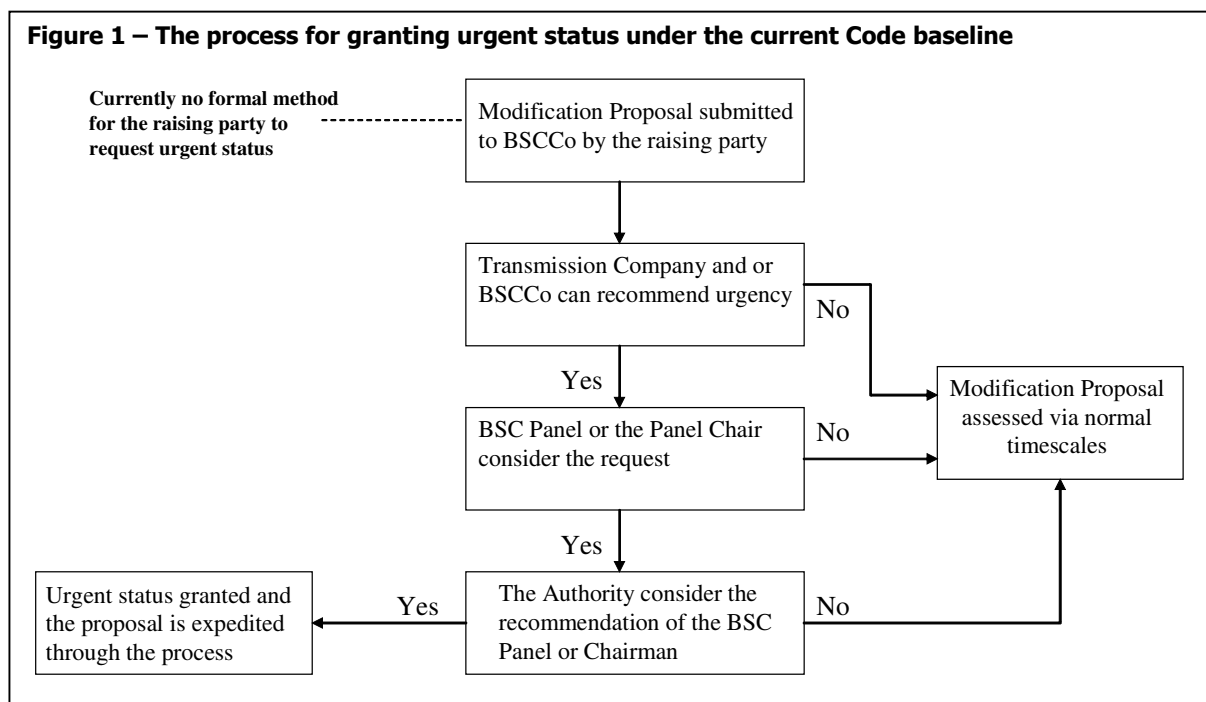
1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Modification Proposal P187 'Introducing the ability for a BSC Party to request urgent status and for it to be considered by the Authority' (P187) was raised by British Gas Trading ('the Proposer') on 4 April 2005. P187 proposes to introduce a formal process by which the Proposer of a Modification Proposal may request that it be treated as an Urgent Modification Proposal, and to mandate that the outcome of all such requests may only be decided by the Authority.

1.1.1 Existing process

Figure 1 (provided by the Proposer as an attachment to the Modification Proposal) gives a high-level overview of the existing request for urgency process.



Section F2.9 of the Balancing and Settlement Code contains the process under which the progression of a Modification Proposal may be expedited as an Urgent Modification Proposal. Under the current Code baseline, there are three stages to the process whereby a Modification Proposal receives urgent treatment:

- (1) On receipt of a Modification Proposal, **BSCCo** and/or **the Transmission Company** can recommend to the BSC Panel ('the Panel') that the Modification Proposal be treated as urgent. If neither BSCCo nor the Transmission Company recommends urgent treatment, the proposal is progressed via the normal Modification Procedures. A decision by BSCCo and the Transmission Company not to recommend urgency is final, and does not require agreement from the Panel or the Authority. Implicitly, a decision by BSCCo and the Transmission Company not to recommend urgency therefore determines that a proposal is not progressed as urgent.

- (2) Where BSCCo and/or the Transmission Company have recommended urgent treatment, **the Panel** must consider whether to recommend to the Authority that the Modification Proposal be treated as urgent. If the Panel does not recommend urgent treatment, the Proposal is progressed via the normal Modification Procedures. A decision by the Panel not to recommend urgency is final, and does not require Authority approval. Implicitly, a decision by the Panel not to recommend urgency therefore determines that a proposal is not progressed as urgent.
- (3) Where the Panel has recommended urgency, **the Authority** must decide whether to agree to the urgent treatment of the Modification Proposal and the proposed timetable for its progression. If the Authority does not agree to urgent treatment, the proposal is progressed via the normal Modification Procedures. The decision of the Authority whether to grant or deny a request for urgency is final.

A Modification Proposal may therefore only be treated as urgent with the agreement of the Authority. However, the decision of BSCCo, the Transmission Company or the Panel not to recommend urgent status does not require Authority agreement.

Existing practice is that BSCCo and the Transmission Company consider whether to make a recommendation of urgency where urgent treatment has been specifically requested by the Proposer.² However, there is no formal process within the Code whereby the Proposer of a Modification Proposal may request urgency – and the Code provisions do not require BSCCo's or the Transmission Company's recommendation to be triggered by such a request.

The Proposer of P187 considers that there is a flaw in the current Code provisions, in that the Authority does not always determine the outcome of an urgency request. The Proposer believes that the decision whether to grant urgency should lie wholly with the Authority in all circumstances – in the same way as the Authority's decision whether to approve or reject a Modification Proposal. The Proposer also believes that there should be a formal process for the Proposer of a Modification Proposal to request urgent status.

1.1.2 Proposed P187 process

P187 proposes to:

- (1) Introduce a formal process within the Code by which the Proposer of a Modification Proposal may request that it be expedited as an Urgent Modification Proposal;
- (2) Mandate that all such requests must be passed by BSCCo to the Panel, regardless of BSCCo's or the Transmission Company's view as to whether the Modification Proposal should be treated as urgent;
- (3) Mandate that the Panel's recommendation must be passed to the Authority, regardless of whether that recommendation is to grant or deny urgent status;
- (4) Mandate that the outcome of requests for urgency may only be decided by the Authority (i.e. only the Authority may determine that a Modification Proposal shall or shall not be treated as an Urgent Modification Proposal following a request for urgency);
- (5) Retain the ability for BSCCo and/or the Transmission Company to independently recommend urgency for a Modification Proposal to the Panel, where urgency has not already been requested by the Proposer – but clarify that such recommendations are separate from any Proposer's request, and must also proceed to the Authority for final decision; and

² Please note that in some circumstances the Transmission Company may actually be the Proposer concerned, since it is able to raise Modification Proposals in its own right. The Panel may also be the Proposer of a Modification Proposal raised on the recommendation of BSCCo under the limited circumstances set out in paragraph F2.1.1(d) of the Code.

(6) Potentially introduce guidance or criteria regarding the basis on which urgency is considered.

The Proposer believes that P187 would better facilitate competition by ensuring that the case for urgency is always considered by the Authority, and would improve efficiency and transparency by ensuring consistent treatment of requests for urgency. The Proposer therefore believes that P187 would better facilitate the achievement of Applicable BSC Objective (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';

and Applicable BSC Objective (d):

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

Further detail regarding the proposed solution can be found in Section 1.3.

1.2 Process followed to date

The P187 Initial Written Assessment (IWA, Reference 1) was presented to the Panel on 14 April 2005, where the Panel determined that P187 should be submitted to a two-month Assessment Procedure by a new Modification Group formed from members of the Governance Standing Modification Group. Details of the Modification Group's membership can be found in Annex 2.

During the two-month Assessment Procedure the P187 Modification Group ('the Group') held two meetings, on 20 April and 18 May 2005. The Group also issued an Assessment Procedure consultation (on 4 May 2005, Reference 2) and commissioned impact assessments from BSCCo and the Transmission Company. Summaries of the responses received can be found in the P187 Assessment Report in Annex 4.

The P187 Assessment Report was presented to the Panel at its meeting on 9 June 2005. The Panel unanimously agreed with the recommendation of the Modification Group that P187 should proceed to the Report Phase with a provisional recommendation that the Proposed Modification should be made. A copy of the P187 Assessment Report is attached as Annex 4.

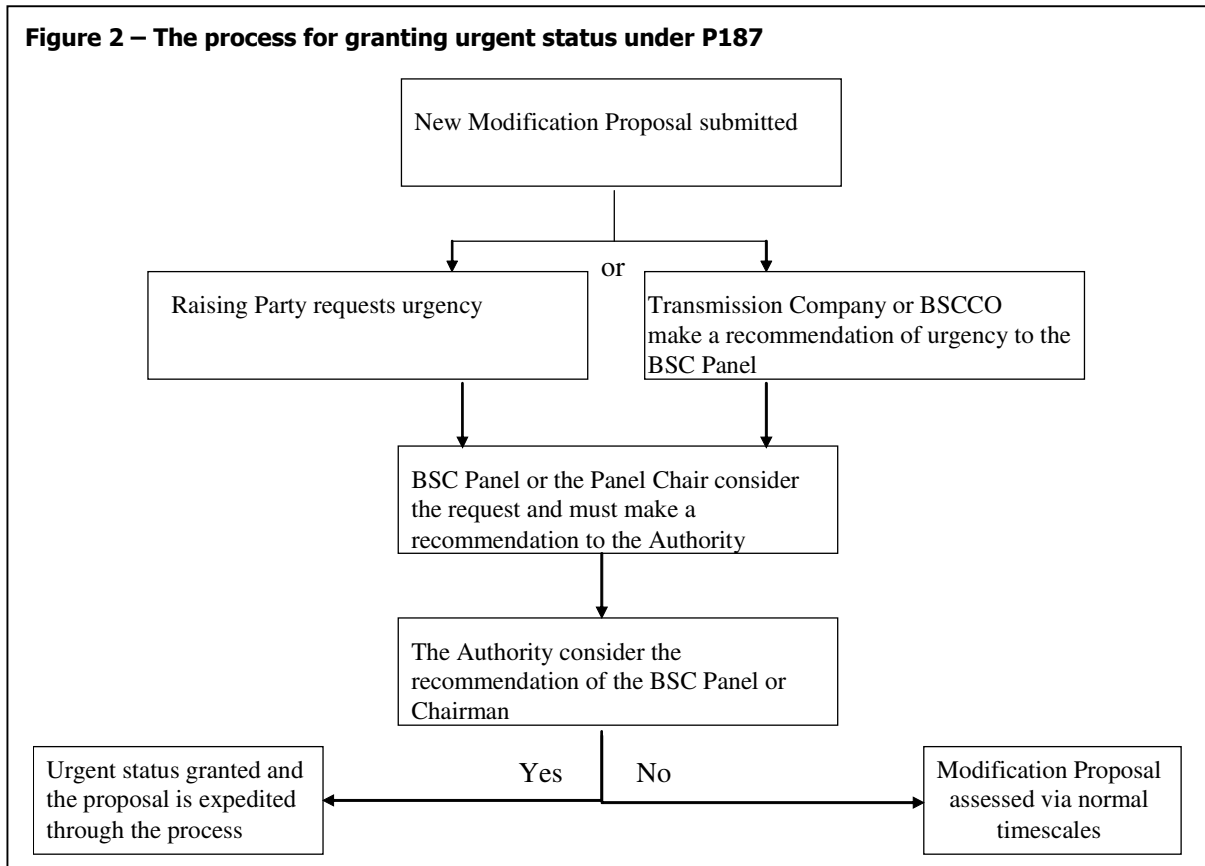
The P187 draft Modification Report was issued for industry consultation on 15 June 2005, with responses requested by 22 June 2005. All respondents agreed with the Panel's provisional recommendation that the Proposed Modification should be made, and with the legal text and Implementation Date contained in the draft Modification Report. A summary of the responses received can be found in Section 6, with full copies of these responses attached as Annex 5.

The Panel considered the P187 draft Modification Report (Reference 4) and these consultation responses at its meeting on 14 July 2005. The Panel unanimously agreed the final recommendation to the Authority that the Proposed Modification should be made.

Legal text for the Proposed Modification is included as Annex 1. The Modification Group and the Panel have reviewed this text and agreed that it delivers the solution developed by the Group. A 'plain English' explanation of the text is also provided in Annex 1.

1.3 Proposed Modification

Figure 2 (provided by the Proposer as an attachment to the Modification Proposal) gives a high-level overview of the amended request for urgency process under the Proposed Modification.



A step-by-step description of the P187 process, as developed by the Modification Group, is provided below. Further detail regarding the Group’s rationale in developing this solution can be found in the P187 Assessment Report in Annex 4.

1) Proposer requests urgency for new Modification Proposal

A new process would be introduced in Section F under which the Proposer of a Modification Proposal could request that it be treated urgently (note that this could include the Panel or the Transmission Company as Proposer). The urgency request would be made via the completion of a new field within the Modification Proposal form. It would be a Code requirement for the Proposer to provide the supporting rationale for any urgency request within this field.

Guidance on completion of this area of the Modification Proposal form would be provided in BSCP40 ‘Change Management’, including advice regarding the basis on which urgency has tended to be historically granted. Note that this would not represent ‘criteria’ for granting urgency, but merely an optional aid to the Proposer in formulating an urgency request. The guidance developed by the Group is based on advice previously provided by the Authority in its urgency decision letters, and can be found in Annex 3.

A Modification Proposal form in which the Proposer requested urgency, but did not provide the rationale for the request, would be refused by the Modification Secretary as ‘incomplete’ under existing paragraph F2.1.3 of the Code. In such circumstances, the Proposer would be requested to resubmit the proposal with the missing rationale supplied.

Where a Proposer submitted a new Modification Proposal with a request for urgency and supporting rationale, this would be passed to the Panel under step 2 below.

Where a Proposer did not request urgency within the Modification Proposal form, the Modification Proposal would be progressed via the normal Modification Procedures (i.e. an IWA would be presented to the next Panel Meeting) *unless* BSCCo and/or the Transmission Company chose to recommend urgency to the Panel under step 3.

2) BSCCo receives Proposer request for urgency

Where a Proposer submitted a new Modification Proposal with a request for urgency and supporting rationale, P187 would introduce a mandatory requirement for BSCCo to pass this request directly to the Panel for consideration.

Although BSCCo and the Transmission Company would no longer have the ability to choose whether to make a formal recommendation of urgency to the Panel following a Proposer's request, they would continue to offer advice and support to the Panel regarding the potential implications of not expediting the proposal as an Urgent Modification Proposal. In formulating this advice, BSCCo and the Transmission Company could consider the guidance set out in BSCP40 – but this would be optional, and they would not be constrained by these considerations. BSCCo would also offer advice to the Panel regarding the urgent timetable which would be recommended to the Authority.

3) BSCCo and/or the Transmission Company requests urgency for new Modification Proposal

Where the Proposer of a new Modification Proposal did not request urgency, BSCCo and the Transmission Company would have the opportunity to independently recommend urgent treatment of the proposal to the Panel if either or both believed this to be required. In making such a recommendation, BSCCo and/or the Transmission Company could consider the guidance set out in BSCP40 – but this would be optional, and BSCCo and the Transmission Company would not be constrained by these considerations.

If BSCCo and/or the Transmission Company chose to make a recommendation of urgency, this would be considered by the Panel under step 4 below.

If a recommendation for urgency was not made by the Proposer, BSCCo or the Transmission Company, the new Modification Proposal would be progressed via the normal Modification Procedures (i.e. an IWA would be presented to the next Panel Meeting).

4) Panel considers request for urgency

The Panel would consider the request for urgency and make a recommendation to the Authority as to whether urgency should be granted or denied. Under the existing provisions of Section B of the Code, the Panel could consider the request for urgency at a full meeting, by teleconference, or by resolution. In formulating its recommendation, the Panel could consider the guidance set out in BSCP40 – but this would be optional, and it would not be constrained by these considerations.

P187 would introduce a mandatory requirement for the Panel to pass all recommendations to the Authority. Note that a Panel decision not to recommend urgency would therefore no longer represent the final decision in the request for urgency process.

The Panel would be required to submit a proposed urgent timetable for progression of the proposal in all cases, even where it was not recommending urgency. This would enable the Authority to approve the timetable, should it decide to grant the urgency request.

As under the existing urgency process, working practice would be to publish a copy of the Panel's recommendation to the Authority on the BSC Website in order that it would be visible to all Parties. However, as currently, there would be no Code requirement for the Panel's recommendation to be published.

5) Authority considers request for urgency

The Authority would consider the request for urgency, and would either grant or deny urgent status to the proposal. The Authority's decision on urgent status would be final and binding.

If granting urgency, as currently the Authority would either approve the proposed timetable for the urgent progression of the proposal, or make any changes to the timetable which it considered necessary. The proposal would subsequently be progressed in accordance with this timetable. Under the existing provisions of Section F2.9 of the Code, the procedure and timetable in respect of an Urgent Modification Proposal could deviate from all or part of the usual Modification Procedures.

If the Authority determined that urgent status should not be granted, the Modification Proposal would be progressed via the normal Modification Procedures (i.e. an IWA would be presented to the next Panel Meeting).

In making its decision regarding urgency, the Authority could choose to consider the guidance set out in BSCP40. However, this would be optional and the Authority would not be constrained by these considerations.

1.4 Modification Group's consideration of areas raised by the Terms of Reference

The following areas of discussion raised by the P187 Terms of Reference were considered by the Modification Group during the Assessment Procedure for P187:

- The background of the different urgency provisions of the industry codes;
- The background of the Authority's provisional thinking on Modification Proposal P28 'Review of Governance and Modification Procedures' (P28);
- The governance principles raised by P187;
- The detail of the new request for urgency process;
- The development of guidance regarding the framing and consideration of urgency requests;
- The potential interaction between P187 and the appeals process planned by the Department of Trade and Industry (DTI); and
- The timetable of requests for urgency.

For further detail regarding the Group's discussion of these areas, please refer to the P187 Assessment Report in Annex 4.

1.5 Modification Group's view of whether the Proposed Modification would better facilitate the Applicable BSC Objectives

The unanimous view of the Modification Group is that the Proposed Modification would better facilitate the achievement of Applicable BSC Objectives (c) and (d), when compared to the current Code baseline, for the following reasons:

Applicable BSC Objective (c)

- The Proposed Modification would promote competition by formalising the right of a Proposer to request that a Modification Proposal be expedited as an Urgent Modification Proposal;
- The Proposed Modification would also promote competition by ensuring that all requests for urgency received consistent and equitable treatment, and that all factors relevant to the case for urgency received due consideration by the Authority under its 'wider remit';
- The Proposed Modification would increase the transparency of the request for urgency process by making the Proposer's rationale for requesting, and the Authority's rationale for determining, urgency fully visible to the industry (via the Modification Proposal form and Authority decision letter); and
- The Proposed Modification would have no detrimental impact on competition, since it would retain the right of BSCCo and the Transmission Company to recommend urgency where this had not been requested by the Proposer.

Applicable BSC Objective (d)

- Although the decision-making process for some urgency requests might be longer under P187, the Proposed Modification would deliver the best regulatory decision more often and would therefore be more efficient overall; and
- Although more requests for urgency might be considered by the Panel and the Authority, the Proposed Modification would have no detrimental impact on efficiency - since the requirement for a Proposer to provide the rationale for an urgency request would guard against the submission of vexatious or frivolous requests.

1.6 Governance and regulatory framework assessment

The Modification Group noted the urgency provisions of the other industry codes, and that a similar (non-contingent) proposal to P187 is being progressed under the Connection and Use Of System Code (CUSC) as CUSC Amendment Proposal (CAP) 087 (Reference 5). The final Amendment Report for CAP087 was issued to the Authority on 13 June 2005 (Reference 6). Further details regarding CAP087 can also be found in the P187 Assessment Report in Annex 4.

The Group noted the planned introduction of the right to appeal Authority decisions to approve or reject Modification Proposals, and the possible exemption from appeal for proposals impacting security of supply. However, the Group did not believe that such an exemption would give rise to any issues specific to P187. More detail can be found in Section 3 and in the P187 Assessment Report.

2 COSTS³

2.1 Costs of progressing P187 through the Modification Procedures

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£1,000
Legal/Expert Cost	£0
Impact Assessment Cost	£0
ELEXON Resource	30 man days £5,580

2.2 P187 implementation costs

IMPLEMENTATION COSTS

	Stand Alone Cost	P187 Incremental Cost	Tolerance
Total Demand Led Implementation Cost	£0	£0	N/A
ELEXON Implementation Resource Cost	63 man days £13,860	13 man days £2,860	+/- 5%
Total Implementation Cost	£13,860	£2,860	+/- 5%

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P187 Incremental Cost	Tolerance
Service Provider Operation Cost	£0	£0	N/A
Service Provider Maintenance Cost	£0	£0	N/A
ELEXON Operational Cost	See below*	See below*	See below*

*The estimated operational costs of P187 for BSCCo are difficult to quantify, for the reasons set out in Section 4.1. Assuming that the number of Proposer requests for urgency remains at a similar level as

³ Clarification of the meanings of the cost terms in this section can be found in Annex 6 of this report.

currently, BSCCo anticipates a small increase in operational activities which would be subsumed within its existing resource. However, if the number of Proposer requests was to significantly increase under P187, this could require BSCCo to put in place additional resources to manage the resulting increased workload.

3 RATIONALE FOR PANEL'S RECOMMENDATIONS

3.1 Panel's consideration of P187 Assessment Report

The Panel considered the P187 Assessment Report at its meeting of 9 June 2005. The Panel unanimously agreed that P187 should proceed to the Report Phase with a provisional recommendation that the Proposed Modification should be made. The Panel unanimously agreed the draft legal text proposed by the Modification Group, and the Group's recommendation that the Implementation Date for P187 should be 10 Working Days following an Authority decision (see Section 9 for further detail regarding the chosen implementation approach).

3.1.1 Applicable BSC Objectives

The Panel noted the unanimous view of the Modification Group that the Proposed Modification would better facilitate the achievement of Applicable BSC Objectives (c) and (d) for the reasons set out in Section 1.5. The Panel unanimously agreed that the Proposed Modification would better facilitate the achievement of Applicable BSC Objective (d), and should therefore be made. However, the Panel expressed the view that the benefits of P187 would relate purely to improving the efficiency of the request for urgency process, and did not perceive there to be any impact on competition. The Panel unanimously agreed that the Proposed Modification would therefore have a neutral impact on Applicable BSC Objective (c). BSCCo clarified that the view of the Modification Group had been that the primary benefits of P187 would relate to improved efficiency and Applicable BSC Objective (d). However, the Group had been of the opinion that there would also be benefits to competition in formalising a Proposer's ability to request urgency, improving the transparency of the request for urgency process, and ensuring that all requests are determined by the Authority. This view had been shared by the majority of respondents to the Assessment Procedure consultation (one respondent commented only on Objective (c), whilst two respondents did not refer to specific objectives). The Panel requested that the P187 Modification Report note the divergence of its views from those expressed by the Modification Group and the majority of Assessment Procedure consultation respondents.

3.1.2 Urgency guidance

A Panel Member questioned why the Modification Group had chosen to develop only optional guidance, rather than a set of criteria against which the Authority would be required to test the merits of a request for urgency. BSCCo clarified that the unanimous view of the Modification Group had been that prescriptive criteria would not be appropriate, since such criteria would not contain the flexibility for the Panel and the Authority to be able to consider each urgency request on its own merits. The Modification Group had considered that Urgent Modification Proposals, by their nature, are likely to arise from unique situations – and should therefore be considered on a case-by-case basis. BSCCo clarified that, even if definitive criteria had been developed, these would not fetter the Authority's discretion since the Code cannot place obligations on the Authority. The Panel Member commented that criteria would be useful as an indication of whether an urgency request stood a reasonable chance of success. BSCCo clarified that the guidance developed by the Group was intended to provide such an aid, whilst remaining flexible to the particular circumstances of each request.

3.1.3 Assessment Procedure consultation responses

The Transmission Company noted the view expressed by one respondent to the Assessment Procedure consultation that the Transmission Company appeared not to have exercised its existing ability to recommend urgency in an appropriate manner. The Transmission Company strongly refuted this suggestion. BSCCo clarified that no support for this argument had been expressed by the Modification Group but that, since the respondent was in support of P187 and the Modification Group's recommendations, the Group had not considered that it required further discussion as part of its assessment of the Modification Proposal. The Transmission Company stated that some of the respondent's comments appeared to stem from a misinterpretation of the analysis table contained in Annex 5 of the Assessment Report, and clarified that it is normal practice for the Transmission Company not to recommend urgency where this has already been recommended by BSCCo. In such cases the Transmission Company had therefore made no comment on urgency, rather than having disagreed with BSCCo's recommendation as was suggested by the respondent. BSCCo advised that the respondent had accepted this clarification, but that their overall view remained unchanged. The Transmission Company also commented that the analysis table contained an error, in that it erroneously implied that the Transmission Company had only recommended urgency for Modification Proposals where it had also been the Proposer. The Transmission Company clarified that it had also recommended urgency in the case of Modification Proposal P144 'Removal of CADL from the BSC', proposed by First Hydro. BSCCo noted the error, and agreed that it should be corrected in the final version of the Assessment Report issued to the Authority. Following the Panel Meeting, the respondent concerned clarified to BSCCo that the identification of this error did not alter the views expressed in their consultation response.

3.1.4 Urgency provisions of other codes

A Panel Member noted the reference within the Assessment Report to the different urgency provisions of other industry codes. The Panel Member commented that this divergence in governance processes had the potential to create confusion for Parties working across the codes, and queried whether there would be move towards greater consistency in the future. BSCCo clarified that the various industry codes operate (and have evolved) independently of each other, and that there was no necessary driver for consistency in their precise provisions. However, the Modification Group had expressed the view that there should be an aim for consistency in the governance and regulatory principles underlining the different code amendment processes. Since the CUSC and the System Operator-Transmission Owner Code (STC) already contain formal processes for Parties to request urgency, the Modification Group had considered that P187 would ensure that the BSC was consistent in this regard. The Panel noted that, although not all requests for urgency under the CUSC and STC currently proceed to the Authority, the Proposer of P187 had raised the complementary CAP087 to introduce such a requirement within the CUSC. The STC was believed by the Modification Group to represent a slightly different case in that there are only three STC signatories. BSCCo clarified that the Proposer had expressed the view that P187 would be consistent with the Network Code in the gas market, where the Authority considers all urgency requests. The Panel Member queried what the current Grid Code process was regarding requests for urgency. The Transmission Company advised that the Grid Code amendment process differs substantially from the other industry codes – and that there is no concept within the Grid Code of an 'urgent' amendment proposal, since the Transmission Company is able to set the timetable to be applied to each individual proposal.

3.1.5 Potential interaction with appeals process

A Panel Member noted that the Modification Group had considered the planned introduction of the right to appeal Authority decisions to approve or reject Modification Proposals, and that the Group did not believe that the introduction of this process would give rise to any issues specific to P187. The Panel Member stated that they believed the guidance developed by the Modification Group had a potential interaction with the appeals process, in that it was likely that the Authority could exempt a Modification decision from the right of appeal where it reasonably believed that the delay occasioned by an appeal would have a detrimental impact on security of supply. Since the Authority has previously stated that security of supply may be a relevant factor in expediting the progression of a Modification Proposal as urgent (and since this forms part of the Modification Group's guidance), the Panel Member argued that in some circumstances granting urgency could effectively preclude a proposal from being subject to future appeal. The Panel Member stated that any Panel recommendation to the Authority regarding urgency should therefore strive to be as clear as possible regarding the reasons for the recommendation.

The Panel Member noted that this interaction was not specific to P187, but would also exist under the current request for urgency process – since the Panel already makes recommendations in favour of urgency to the Authority, and one of the factors in such recommendations may be a perceived impact on security of supply. BSCCo advised that the Modification Group had considered the potential interaction between exemption from appeal and P187, but had concluded that a Panel recommendation regarding urgency under P187 would represent only a recommendation – since the final decision would always be made by the Authority. The Group therefore believed that P187 would actually reduce any risk of the Panel 'pre-judging' the eligibility of a Modification Proposal for appeal, by ensuring that the final outcome of every urgency request was determined by the Authority.

The Panel Member stated that they supported P187, and that they were satisfied that no further assessment of the Modification Proposal was required. However, the Panel Member requested that the wider interaction between requests for urgency and exemption from appeal be revisited by the Panel following publication of the final details of the appeals process.

Another Panel Member queried whether, given this potential interaction, there would be an incentive for Parties to seek urgent status on security of supply grounds in order to 'protect' their proposals from future appeal. BSCCo clarified that the Modification Group had discussed this possibility, but did not believe that it was specific to P187. Moreover, the Group considered that P187 would actually deliver additional safeguards against abuse of the request for urgency process, by requiring a Proposer to justify a request and ensuring that its outcome was always determined by the Authority.

3.2 Panel's consideration of P187 draft Modification Report

The Panel's provisional recommendation regarding P187 was consulted upon as part of the draft Modification Report. At its meeting of 14 July 2005 the Panel considered this report and the responses received to the Report Phase consultation (see Section 6). The Panel unanimously agreed the final recommendation to the Authority that the Proposed Modification should be made, and that no changes were required to either the proposed legal text or Implementation Date following the Report Phase consultation.

The Panel noted that, subsequent to its consideration of the Assessment Report, the secondary appeals legislation had been published by the DTI (Reference 7). The legislation confirms that particular decisions may be excluded from the right of appeal, where the Authority believes that the delay caused by the holding of an appeal is 'likely to have a material adverse effect on the availability of electricity or gas for meeting the reasonable demands of consumers in Great Britain'. The Panel agreed that the

secondary legislation had confirmed its earlier assumptions regarding the likely content of the appeals process, and that its previous arguments regarding P187 therefore remained unchanged.

A Panel Member queried whether the Modification Group had considered placing an obligation on the Authority to provide rationale for any decision to grant or deny urgency. BSCCo clarified that the Code cannot place obligations on the Authority. The Panel noted that, in any case, existing practice is that the Authority issues a decision letter containing its rationale – and that this is not anticipated to change in the future.

4 IMPACT ON BSC SYSTEMS AND PARTIES

4.1 BSCCo

4.1.1 Implementation effort

The BSCCo effort which would be required to implement P187 is shown in the table below.

Area of business	Impact of Proposed Modification
Administration of Code	Management of P187 Code changes (Sections B and F).
Administration of Code Subsidiary Documents	Management of P187 changes to BSCP40 (Modification Proposal form and guidance on completion of form).
Administration of BSC Website	Management of changes to contents of Modifications section (overview of Modification Process).
Administration of Modification Process	Management of changes to working procedures to reflect the new obligation for BSCCo to directly pass all requests for urgency to the Panel.
Administration of Panel	No implementation effort required.

4.1.2 Operational effort

Please note that the operational costs of P187 for BSCCo are difficult to quantify, as they would be dependent on the following:

- The number of Proposer requests for urgency submitted in the future;
- The number of requests where BSCCo/the Transmission Company would not have recommended urgency under the existing arrangements, but which would be passed to the Panel under P187; and
- The number of requests where the Panel would not have recommended urgency under the existing arrangements, but which would be passed to the Authority under P187.

Assuming that the number of Proposer requests remains at around the current level, BSCCo anticipates a small increase in the operational activities required to support the P187 process. This would include convening additional urgent Panel Meetings, and supporting the Panel in formulating and drafting its recommendation to the Authority (including the recommended urgent timetable for progressing the proposal). There may also be an increase in the uncertainty surrounding the progression of proposals whilst urgency is under consideration (for example, BSCCo might be required to begin work on an IWA prior to the Authority's decision on urgency). BSCCo anticipates that these activities would be subsumed within its existing resources without incurring any significant operational costs. However, if the number of Proposer requests for urgency was to materially increase under P187, this could require BSCCo to put in place additional resources to manage the resulting increased workload.

4.2 The Transmission Company

P187 would have minimal impact on the existing processes of the Transmission Company for the following reasons:

- The Transmission Company would retain the ability to independently recommend urgency to the Panel where this has not been requested by the Proposer; and
- As a Panel Member, the Transmission Company would retain the ability to advise the Panel regarding a Proposer's request for urgency (although, as currently, it would not be able to vote on the Panel's recommendation regarding urgency – since it is prevented from voting on Modification Proposals under paragraph B4.4.5 of the Code).

4.3 The Panel

P187 would impact the Panel in the following ways:

- The introduction of a requirement for the Panel to pass all recommendations regarding urgency to the Authority, regardless of whether its recommendation is to grant or refuse urgent status;
- The introduction of a requirement to submit a draft urgent timetable to the Authority for all requests for urgency, and not just where urgency is recommended by the Panel; and
- A potential increase in the amount of urgent Modification Business considered by the Panel, and therefore in the number of urgent Panel Meetings.

4.4 The Authority

P187 could result in an increase in the number of urgency requests received by the Authority, and therefore in an increase in the number of urgency decision letters issued by the Authority.

4.5 BSC Systems

P187 would have no impact on any BSC Systems.

4.6 Parties and Party Agents

4.6.1 Parties

P187 would introduce a formal process by which the Proposer of a Modification Proposal may request its urgent treatment. P187 would make such a request part of the Modification Proposal form itself.

P187 would also extend the existing informal ability for the Proposer to request urgency, such that all requests for urgency would pass to the Authority for final decision.

P187 would have no impact on any Party systems.

4.6.2 Party Agents

P187 would have no impact on any Party Agents.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

Section	Potential impact of Proposed Modification
Section B 'The Panel'	Changes to B4.6 – which covers the convening of Panel Meetings to discuss Urgent Modification Proposals – to include meetings to consider a Proposer's request for urgency (the existing drafting in B4.6.1 refers to consideration of recommendations for urgency made by BSCCo or the Transmission Company).
Section F 'Modification Procedures'	<p>Changes to:</p> <ul style="list-style-type: none"> • Introduce a process for the Proposer to request urgency when submitting a Modification Proposal to BSCCo; • Mandate that, where the Proposer requests urgency, the rationale for the urgency request must be provided within the Modification Proposal form; • Mandate that BSCCo must pass all Proposer requests for urgency to the Panel; • Retain the ability for BSCCo and/or the Transmission Company to make a request for urgency to the Panel, but clarify that this is independent of a Proposer's request; • Mandate that all urgency requests must be passed by the Panel to the Authority, with the Panel's recommendation as to whether the request should be granted; • Provide for BSCCo and the Transmission Company to advise the Panel in the formulation of its recommendation to the Authority; and • Mandate that only the Authority may make the final determination as to whether a Modification Proposal should be treated urgently.

5.2 Code Subsidiary Documents

Document	Potential impact of Proposed Modification
BSCP40 'Change Management'	<p>Changes to the Modification Proposal form (Form 40/06) to add a new field for the Proposer to include a request for urgency (including mandatory rationale).</p> <p>Provision of additional guidance in Section 4.12 regarding the completion of the Modification Proposal form, to clarify that a Proposer must provide the rationale for any request for urgency. Guidance would also be provided regarding the areas that may be considered by the Panel when making its recommendation to the Authority regarding urgency.</p>

5.3 Core Industry Documents and supporting arrangements

No impact identified.

6 SUMMARY OF REPORT PHASE CONSULTATION RESPONSES

7 responses (representing 42 Parties) were received to the P187 Report Phase consultation.

A summary of the consultation responses is provided below, whilst full copies of the responses are attached as Annex 5.

Bracketed numbers represent the number of Parties represented by respondents.

	Consultation question	Yes	No
1.	Do you agree with the Panel's views regarding P187 and the provisional recommendation to the Authority contained in the draft Modification Report that P187 should be made?	7 (42)	0
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?	7 (42)	0
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P187?	7 (42)	0

6.1 Panel's provisional recommendation

All respondents agreed with the Panel's provisional recommendation that the Proposed Modification should be made.

Respondents believed that P187 would increase the efficiency of the Modification Procedures by:

- Allowing Parties to request urgency in a transparent manner; and
- Ensuring that all urgency requests are considered by the Authority, and thereby receive consistent and equitable treatment.

Three respondents commented on specific Applicable BSC Objectives as follows:

- One respondent believed that, as a minimum, P187 would better facilitate the achievement of Applicable BSC Objective (d).
- One respondent argued that, in addition to better facilitating the achievement of Applicable BSC Objective (d), formalising the ability of a Party to request urgency would also have a positive secondary effect on competition. This respondent therefore believed that, to a lesser extent, P187 would also better facilitate the achievement of Applicable BSC Objective (c).
- One respondent believed that the transparency introduced by P187 would enhance industry understanding of the request for urgency process, and that this would better facilitate the achievement of both Applicable BSC Objectives (c) and (d).

One respondent stated their view that P187 would result in an improved attainment of the Applicable BSC Objectives by encouraging a more efficient operation of Settlement and by increasing the likelihood of competition.

6.2 Draft legal text

All respondents agreed with the legal text contained in the draft Modification Report.

6.3 Implementation Date

All respondents agreed with the Implementation Date recommended by the Panel of 10 Working Days for the P187 Code changes, noting that the accompanying changes to BSCP40 would be delivered in a

subsequent scheduled release. Four respondents stated their belief that the recommended Implementation Date represented the most cost-efficient approach. One of these respondents also commented that the proposed Implementation Date would ensure that the P187 solution became effective for Parties within a realistic timescale, whilst another stated that there was no need to delay implementation since P187 represented a documentation-only change.

6.4 Further comments

No respondents made any further comments on P187.

6.5 Comments and views of the Panel

The Panel noted the Report Phase consultation responses, and that no new arguments had been raised by respondents.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

A Transmission Company impact assessment and analysis was commissioned by the Modification Group during the Assessment Procedure for P187.

The Transmission Company did not believe that P187 would have any impact on its ability to discharge its responsibilities under the Transmission Licence, its systems or processes, or any Core Industry Document.

The Transmission Company supported the view of the Modification Group that the Proposed Modification would better facilitate the achievement of Applicable BSC Objectives (c) and (d). The Transmission Company considered that P187 would enhance the industry's understanding of the request for urgency process, and would improve the transparency of the process. The Transmission Company considered the reference to 'safety and security of the network' within the proposed urgency guidance to be a favourable aspect of P187, since the Transmission Company believed this reference to be relevant to any issues associated with the security of supply.

The Transmission Company noted the separate progression of CAP087 under the CUSC.

For more information regarding the Transmission Company's response, please refer to the P187 Assessment Report in Annex 4.

7.2 Comments and views of the Panel

The Panel noted the views of the Transmission Company.

8 SUMMARY OF EXTERNAL ADVICE

None commissioned.

9 IMPLEMENTATION APPROACH

The Panel noted that three possible implementation approaches were considered by the Modification Group, as follows:

a) Implementation of P187 Code and BSCP40 changes outside a standard release

The advantage of this approach is that all P187 changes would be implemented together and that the benefit of the new process would not be delayed until the delivery of a scheduled release.

The disadvantage of this approach is that it would incur the full 'stand-alone' costs of implementing P187 outside the normal release strategy (see cost tables in Section 2), including the overheads of managing the P187 implementation as an independent project.

b) Implementation of P187 Code and BSCP40 changes as part of a standard release

The advantage of this approach is that all P187 changes would be implemented together, and implementation costs would be minimised by utilising BSCCo's existing release strategy (see Section 2).

The disadvantage of this approach is that the benefit of P187 would be delayed until the delivery of a scheduled release.

c) A 10 Working Day Implementation Date for P187 Code changes, with BSCP40 changes to follow in a subsequent standard release

The costs of this approach would be identical to those of implementing all the P187 changes within a standard release (see Section 2). However, this approach would have the additional advantage of the ability to implement the new P187 process with a minimum lead time, rather than delay its benefit until the delivery of a scheduled release.

The potential disadvantage of this approach is, although the new P187 Code obligations would be implemented 10 Working Days following Authority approval, the changes to BSCP40 and the BSC Website underpinning these obligations (including the new Modification Proposal form urgency field and guidance) would not be delivered until a subsequent scheduled release.

The Panel unanimously agreed with the view of the Modification Group that approach c) should be adopted on grounds of cost-efficiency, and in order to achieve the benefits of the new P187 urgency process as soon as possible. The Panel agreed with the view of the Group that delaying the delivery of the new Modification Proposal field and urgency guidance until a subsequent release would not give rise to any risk, since the Code obligation for a Proposer to provide rationale for an urgency request would be effective and enforced during the interim period.

The Panel therefore unanimously agreed a recommended Implementation Date for P187 of 10 Working Days following an Authority decision. The Panel noted that the proposed Implementation Date for CAP087 is also 10 Working Days following an Authority decision. Although the two proposals are not contingent on each other, this alignment of Implementation Dates will enable them to be implemented in parallel should the Authority decide to issue simultaneous decision letters.

10 DOCUMENT CONTROL

10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	13/06/05	Kathryn Coffin	Tom Bowcutt	For technical review
0.2	14/06/05	Kathryn Coffin	Dorcas Batstone	For quality review
0.3	15/06/05	Kathryn Coffin	Interested parties	For consultation
0.4	22/06/05	Kathryn Coffin	Sarah Jones	For technical review
0.5	28/06/05	Kathryn Coffin	Change Delivery	For quality review
0.6	05/07/05	Change Delivery	BSC Panel	For Panel approval
1.0	14/07/05	BSC Panel		For Authority decision

10.2 References

Ref	Document	Owner	Issue date	Version
1	Initial Written Assessment for Modification Proposal P187 'Introducing the ability for a BSC Party to request urgent status and for it to be considered by the Authority' ELEXON - Modification Proposal 187	BSCCo	08/04/05	1.0
2	Assessment Consultation for Modification Proposal P187 'Introducing the ability for a BSC Party to request urgent status and for it to be considered by the Authority' ELEXON - Modification Proposal 187	BSCCo	04/05/05	1.0
3	Assessment Report for Modification Proposal P187 'Introducing the ability for a BSC Party to request urgent status and for it to be considered by the Authority' ELEXON - Modification Proposal 187	BSCCo	14/06/05	2.0
4	Draft Modification Report for Modification Proposal P187 'Introducing the ability for a BSC Party to request urgent status and for it to be considered by the Authority' ELEXON - Modification Proposal 187	BSCCo	05/07/05	0.6
5	CUSC Amendment Proposal 87 'Revisions to request for urgency process' CUSC	National Grid	N/A	1.0
6	Amendment Report for CUSC Amendment Proposal 87 'Revisions to request for urgency process' CUSC	National Grid	13/06/05	1.0
7	'Appeals against Ofgem code modification decisions: Response to consultation on draft Order' www.dti.gov.uk/energy/consultations	DTI	June 2005	N/A

ANNEX 1 LEGAL TEXT

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

A 'plain English' explanation of the legal text is provided below.

EXPLANATION OF P187 LEGAL TEXT

NB: the phrase 'Proposer recommendation of urgency', rather than 'Proposer request for urgency' has been used throughout the legal text. The intention of this wording is to convey equality of status between a Proposer, BSCCo, or Transmission Company recommendation of urgency – and to give consistency with the wording of the CUSC and STC, which refer to a Party's 'recommendation' of urgency.

B4.6.1

Section B4.6.1 of the Code covers the convening and proceedings of Panel Meetings held to consider Urgent Modification Business (including the provision for such meetings to be held by teleconference).

A reference to a Proposer recommendation of urgency has been added here to match the existing references to recommendations of urgency by BSCCo and/or the Transmission Company.

The 'and/or' has been added to be consistent with this existing usage in Section F (see for example, F2.9.1), and since it is possible that both BSCCo and the Transmission Company would make a recommendation of urgency.

F2.1.2

The existing reference to BSCP76 has been replaced with BSCP40, to reflect the fact that the contents of BSCP76 (including the Modification Proposal form and the guidance on its completion) was incorporated into BSCP40 in February 2005. BSCCo's legal view is that this change falls within the scope of P187, as it will remove any potential confusion regarding the location of the P187 guidance. Updating this reference as part of the P187 legal text will also negate the need to raise a future 'housekeeping' Modification Proposal to make this change.

F2.1.2(i)

The supporting rationale for a Proposer's recommendation of urgency has been added to the information required to be submitted within the Modification Proposal form. Under existing paragraph F2.1.3 this information will be mandatory.

F2.9.1

A reference to a Proposer recommendation of urgency has been added here to match the existing references to recommendations of urgency by BSCCo and/or the Transmission Company.

F2.9.1 (a) and (b) keep the intent of current Code clauses F2.9.2 (a) and (b) (with the exception of some changes described below), but this has been placed up front in F2.9.1 for clarity and conciseness. Existing clauses F2.9.2 (a) and (b) have therefore been deleted.

Changes have been made in (a) to reflect that the Panel will now make a recommendation to the Authority in all circumstances, and that this recommendation will be either to grant or deny urgent status.

(b) now reflects the fact that the Panel will be required to provide a recommended urgent timetable to the Authority in all circumstances, and not (as currently) only where it is recommending urgency. This will enable the Authority to approve the urgent timetable if it disagrees with the Panel's recommendation that a proposal should not be urgent.

The last line in F2.9.1 makes clear (for the avoidance of doubt) that BSCCo and/or the Transmission Company may still provide views/information to the Panel to aid it in formulating its recommendation.

F2.9.2

(a) and (b) have been deleted as these are now covered in F2.9.1.

The remainder of F2.9.2 is a rewording of existing Code paragraph 2.9.3, reflecting that a recommendation must be made by the Panel in all circumstances rather than only where the Panel believes urgency is appropriate. The new wording keeps the original ability for the Panel Chairman to make the recommendation to the Authority where the Chairman is unable to contact sufficient members of the Panel for it to be quorum, but reflects that this recommendation may now be to either grant or deny urgency.

F2.9.3 (formerly F2.9.4)

This paragraph has been renumbered to reflect the deletion of existing paragraph F2.9.3.

A change has been made to (c) to provide the counterbalance to (a). The rationale for this change is that the existing wording is unclear what happens if the Authority does not consent to urgent treatment under (a).

(d) is a rewording of original clause (c), reflecting the renumbering of previous paragraphs.

F2.9.4 - F2.9.9

These paragraphs have been renumbered to reflect the deletion of existing paragraph F2.9.3, but are otherwise unaltered with the exception of F2.9.5 (see below).

F2.9.5 (formerly F2.9.6)

The existing wording of this paragraph no longer functions correctly in the context of P187, since the Panel's recommendation will now not always have been in favour of urgency (since it will be required to pass all urgency requests to the Authority).

The reference to the Panel's view has therefore been replaced with a requirement to include any view provided by the Authority as to why the proposal should be treated urgently (in practice this is likely to be a copy of the Authority's decision letter regarding urgency).

ANNEX 2 MODIFICATION GROUP DETAILS

Member	Organisation	20/04/05	18/05/05
Tom Bowcutt	ELEXON (chair)	✓	✓
Kathryn Coffin	ELEXON (lead analyst)	✓	✓
Melanie Henry	ELEXON (lawyer)	✓	✓
Mark Manley	British Gas Trading (Proposer)	✓	✓
James Kelly	SAIC Ltd	✓	✓
John Sykes	Scottish and Southern	✓	✓
Neil Smith	E.ON	✓	✓
Steve Drummond	EDF Trading	✓	✓
Steve Eyre	British Energy	✓	
Terry Ballard	RWEnpower	✓	

Attendee	Organisation	20/04/05	18/05/05
David Edward	Ofgem	✓	
Yvonne Naughton	Ofgem	✓	✓
Shafqat Ali	NGT	✓	✓
Barbara Vest	BSC Panel	✓	✓
Laone Roscorla	ELEXON technical support		✓

For details of the Modification Group's Terms of Reference for the P187 Assessment Procedure, please refer to the P187 Assessment Report in Annex 4.

ANNEX 3 MODIFICATION GROUP'S AGREED GUIDANCE REGARDING REQUESTS FOR URGENCY

The Modification Group agreed that the following guidance should be included in BSCP40 'Change Management'.

The Authority has previously expressed the view that a Modification Proposal should only be treated as an Urgent Modification Proposal if it could not appropriately be treated as non-urgent.

The Authority has also expressed the view that Urgent Modification Proposals are likely to exhibit at least one of the following characteristics:

- a) There is a very real likelihood of significant commercial impact upon NGC, industry parties, or customers if a Modification Proposal is not urgent;
- b) Safety and security of the network is likely to be impacted if a Modification Proposal is not urgent; and/or
- c) The Modification Proposal is linked to an imminent date-related event.

Please note that the above areas represent guidance only, and are not definitive criteria. There may therefore be occasions where a Modification Proposal is deemed to be urgent by the Authority even where it does not exhibit these characteristics (or, conversely, be deemed non-urgent where one or more of the characteristics is exhibited).

ANNEX 4 ASSESSMENT REPORT

The P187 Assessment Report is included as Annex 4A, and is attached as a separate document.

Also attached as separate documents are two annexes to the Assessment Report:

- Annex 5 to the Assessment Report (BSCCo analysis), attached as Annex 4B; and
- Annex 6 to the Assessment Report (Assessment Procedure consultation responses), attached as Annex 4C.

ANNEX 5 REPORT PHASE CONSULTATION RESPONSES

Copies of the responses received to the consultation regarding the P187 draft Modification Report are included as Annex 5A, and are attached as a separate document.

ANNEX 6 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. The table of estimated costs of implementing the Proposed/Alternative Modification given in Section 2 of this report has 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 the implementation of any one Modification.
- **Incremental Cost** - the cost of adding the Modification to the scope of an existing Release. This cost would also represent the potential saving if the Modification 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 on the following pages.

PROGRESSING MODIFICATION PROPOSAL	
Meeting Cost	This is the cost associated with holding Modification Group meetings and is based on an estimate of the travel expenses claimed by Modification Group members.
Legal/Expert Cost	This is the cost associated with obtaining external expert advice, usually legal advice.
Impact Assessment Cost	Service Provider Impact Assessments are covered by a pre-determined monthly contractual charge. Therefore the cost included in this report is an estimate based on the level of impact assessment that the Modification is expected to require and may not reflect the actual cost attributed to the Modification, which will be based on a percentage of the contractual impact assessment costs for each month that it is assessed.
ELEXON Resource	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 Procedures concerned.

TOTAL DEMAND LED IMPLEMENTATION COSTS
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
<p>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.</p> <p>The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.</p>

ONGOING SUPPORT AND MAINTENANCE COSTS	
ELEXON Operational Cost	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
Service Provider Operation Cost	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.
Service Provider Maintenance Cost	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems. Note that from 1 January 2005, Service Provider Maintenance costs will be covered by a fixed contractual charge and so any Modification Proposals implemented after this date will not incur an ongoing Service Provider Maintenance cost.