

August 2001

**DRAFT MODIFICATION REPORT
MODIFICATION PROPOSAL P17 –
ECVNAs to Receive 7-Day Report**

**Prepared by ELEXON on behalf of the Balancing
and Settlement Code Panel**

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The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
Energywatch	Energywatch
Core Industry Document Owners	Various

c Related Documents

Reference	Document
Reference 1	Modification Proposal P017 'ECVNAs to Receive 7-Day Report'
Reference 2	'Initial Assessment of Modification Proposal P017 'ECVNAs to Receive 7-Day Report' IWA017
Reference 3	'P017 Requirements Specification for Receipt by Notification Agent of the Forward Contract Report' 017AAR V1.0
Reference 4	Assessment Report Modification Proposal P17 – ECVNAs to Receive 7-Day Report 015AMU V1.0

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1 SUMMARY AND RECOMMENDATIONS

See the associated document 'P17_Summary' for the Summary and Recommendations.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 PURPOSE AND SCOPE OF THE REPORT

BSC Section F sets out the procedures for progressing proposals to amend the BSC (known as 'Modification Proposals'. These include procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications.

The BSC Panel is charged with supervising and implementing the modification procedures. ELEXON provides the secretariat and other advice, support and resource required by the Panel for this purpose. In addition, if a modification to the Code is approved or directed by the Authority, ELEXON is responsible for overseeing the implementation of that amendment (including any consequential changes to systems, procedures and documentation).

A Modification Report must be prepared and submitted to the Authority in respect of each proposed modification and must contain:

- (a) The recommendation of the Panel as to whether or not the Proposed Modification or any Alternative Modification should be made;
- (b) The proposed Implementation Date for implementation of the Proposed Modification or any Alternative Modification;
- (c) The matters set out in Annex F-1 of the BSC. This will usually be in the form of the relevant Assessment Report where the Proposal has been submitted to a Modification Group prior to the Report Phase;
- (d) An explanation of the Panel's rationale should the Panel form a different view of any matters contained in the Modification Group Report; and
- (e) A summary of the representations made by Parties and interested third parties during the consultation undertaken in respect of the Proposed Modification and any Alternative Modification.

4 HISTORY OF PROPOSED MODIFICATION

Modification Proposal P017 (Reference 1), raised on the 23rd May 2001, proposed allowing the Energy Volume Contract Notification Agent to receive an appropriate version of the Forward Contract Report (or '7 Day Report'). The purpose of such amendment would be to place the Energy Contract Volume Notification Agents on a level footing with BSC Parties with regards to the reports received from ECVAA and to therefore enable an Energy Contract Volume Notification Agent to ensure / confirm that there are no errors or omissions in the notifications submitted by that Energy Contract Volume Notification Agent.

The Initial Written Assessment for the Modification P017 (Reference 2) was submitted to the BSC Panel Meeting of the 28 June 2001 recommending that:

- The Modification be submitted to the Assessment Procedure under the Contract Notification Modification Group (CNMG); and
- The Assessment Report for the Modification P017 be submitted to the BSC Panel Meeting of the 26th July 2001.

The BSC Panel endorsed such recommendations and this Modification proceeded to the Assessment Procedure.

The Contract Notification Modification Group (CNMG) met on Wednesday 20th June 2001 to define the requirements for the implementation of the P017 Modification and subsequently the P017 Requirements Specification 'P017 Requirements Specification for Receipt by Notification Agent of the Forward Contract Report' 017AAR (Reference 3) was drafted and approved by the CNMG. It should be noted that the approved Requirements Specification included an extension to the scope of the Modification to include the requirements to cover receipt of an appropriate version of the Forward Contract Report by the Metered Volume Reallocation Notification Agent (with a view to determining the impact and costs of such extension of scope). The extension to scope was considered as an Alternative Modification.

The Requirements Specification was issued for Industry wide Impact Assessment on 29 June 2001. The responses there from and the subsequent agreement of the CNMG (at their meeting of the 18th July 2001) formed the basis of the Assessment Report (Reference 4).

The BSC Panel considered the Assessment Report at its meeting of the 26th July 2001 and agreed that the Alternative Modification should proceed to the Report Phase and that the draft Modification Report to be consulted on should contain a recommendation to the Authority that the Alternative Modification should be approved and implemented as part of the ELEXON BSC Systems Release 2 Project, with an associated planned implementation date of [February 2002¹].

Furthermore, the Panel noted the number of Modifications that were being progressed through to report phase and agreed that the Modifications be prioritised where there was potential conflict in development and implementation as follows:

1. pricing issues (P8);
2. reporting improvements (P4 and P17); and
3. credit cover (P2).

¹ The Panel noted that ELEXON was undertaking an exercise to confirm the Implementation Dates of Modification Proposal P17 and of other Proposed Modifications (taking into account their interaction with the BSC Systems Release 2 Project and with each other). A firm date will be included in the Final Modification Report.

On Monday 30th July 2001 a draft Modification Report was issued for industry consultation (2 weeks were allowed for responses to be sent to ELEXON). All representations received under this consultation supported the implementation of the Alternative Modification.

Subsequent to the Panel, ELEXON has sought to confirm the incorporation of Modification P17 within the BSC System Release 2 Project with an estimated implementation date of 30th September 2002

5 DESCRIPTION OF PROPOSED MODIFICATION

Under the provisions of the Balancing and Settlement Code, BSC Parties receive a 'Forward Contract (7-Day) Report' containing notifications effective over the next seven days. However, this report is not provided to Notification Agents. For a number of Notification Agents, this is not material, as they are Notification Agents for themselves as a Party, and therefore receive the report as a BSC Party. However, third party Notification Agents who are not Trading Parties do not receive the Forward Contract Report. This is perceived to be an inequality in the provisions of the Balancing and Settlement Code, believed to have arisen as a result of timescales for implementation of the report to Parties prior to Go Live not being sufficient to extend such implementation to Notification Agents.

Therefore, third party Notification Agents have expressed a requirement to receive a variant of the Forward Contract Report, containing all notifications they have submitted, so that they can check such notifications and identify and rectify any errors or omissions in the trades they have notified, efficiently and effectively.

The Alternative Modification proposed:

- The 'Notification Agent Forward Contract Report' is to be based on the existing Forward Contract Report' (ECVAA-I022 / E0221);
- The 'Notification Agent Forward Contract Report' will be a new interface;
- The 'Notification Agent Forward Contract Report' will utilise existing BSCP 41 'Report Requests and Authorisations' (changes to individual reporting) functionality, which enables recipients to switch the report on and off, therefore receipt will be optional and there is therefore no impact on Party Agents not wishing to receive this report;
- The 'Notification Agent Forward Contract Report' will contain, where relevant, both Energy Contract Volumes and Metered Volume Reallocation notified by the recipient Notification Agent;
- The existing 'Forward Contract Report' (ECVAA-I022 / E0221) is retained unchanged and there is therefore no impact on BSC Parties from the implementation of this Alternative Modification;
- The 'Notification Agent Forward Contract Report' is to be generated to the same service levels and schedule as the existing 'Forward Contract Report';

6 RATIONALE FOR PANEL RECOMMENDATIONS

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal, the BSC Panel recommends to the Authority that the proposed Alternative Modification be approved, and implemented within the ELEXON BSC Systems Release 2 Project, with an associated implementation date, currently estimated as 30 September 2002.

The Panel endorsed the views of the Contract Notification Modification Group, that:

- Notification Agents should receive an appropriate version of the Forward Contract Report;
- Failure to make the Alternative Modification would continue the inequality in the provision of reports from ECVA and would therefore continue to disadvantage third party Notification Agents;
- Failure to make the Alternative Modification would continue to exacerbate the inability of third party Notification Agents to identify and rectify errors and omissions in the notifications submitted and may continue to mean lack of confidence in the use of such Notification Agents, as well as a higher occurrence of Trading Disputes and Trading Queries as a result of such inability;

In light of the above considerations, the Panel has concluded that the Proposed Alternative Modification would better facilitate the Applicable BSC Objective 7A(3)(c) – 'promoting effective competition in the generation and supply of electricity and (so far as is consistent therewith) promoting such competition in the sale and purchase of electricity' and 7A (3)(d) 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'. The Alternative Modification has no impact on the remaining Applicable BSC Objectives set out in Condition 7A (3).

The Panel recommends to the Authority that this Alternative Modification be implemented within the ELEXON BSC Systems Release 2 Project in order that the Alternative Modification be implemented in the most time and cost efficient manner.

7 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

7.1 Conformed Version

Section V: Reporting, ANNEX V-1 requires amendment as defined below:

TABLE 3 – ECVAA Reporting

Name of Report	Frequency	Recipient	General Description
Notification Report	End of Each Settlement Day	Relevant Party	For each Contract Trading Party, a summary relating to that Contract Trading Party of Energy Contract Volumes and Metered Volume Reallocations in respect of accepted notifications for the given Settlement Day and indebtedness data once these notifications are taken into account.
ECVAA Performance Report	Each month	BSCCo	A summary of ECVAA performance in respect of processing contract notification data received
Report of any rejections of ECVN	Promptly after a rejection	Relevant Party	A report relating to a Contract Trading Party of ECVNs rejected or refused or treated as rejected or refused
Report of any rejections of MVRN	Promptly after a rejection	Relevant Party	A report relating to a Contract Trading Party of MVRNs rejected or refused or treated as rejected or refused
Forward Notification Summary	Daily	Relevant Party	For each Contract Trading Party, a summary relating to that Contract Trading Party of notifications received, for a given number of Settlement Days following the Settlement Day on which the report is provided.
<u>Notification Forward Notification Summary</u>	<u>Daily</u>	<u>Relevant Party Agent</u>	<u>For each Notification Agent, a summary relating to that Notification Agent of notifications submitted and accepted, for a given number of Settlement Days following the Settlement Day on which the report is provided.</u>

7.2 Clean Version

Section V: Reporting, ANNEX V-1 requires amendment as defined below:

TABLE 3 – ECVAA Reporting

Name of Report	Frequency	Recipient	General Description
Notification Report	End of Each Settlement Day	Relevant Party	For each Contract Trading Party, a summary relating to that Contract Trading Party of Energy Contract Volumes and Metered Volume Reallocations in respect of accepted notifications for the given Settlement Day and indebtedness data once these notifications are taken into account.
ECVAA Performance Report	Each month	BSCCo	A summary of ECVAA performance in respect of processing contract notification data received
Report of any rejections of ECVN	Promptly after a rejection	Relevant Party	A report relating to a Contract Trading Party of ECVNs rejected or refused or treated as rejected or refused
Report of any rejections of MVRN	Promptly after a rejection	Relevant Party	A report relating to a Contract Trading Party of MVRNs rejected or refused or treated as rejected or refused
Forward Notification Summary	Daily	Relevant Party	For each Contract Trading Party, a summary relating to that Contract Trading Party of notifications received, for a given number of Settlement Days following the Settlement Day on which the report is provided.
Notification Forward Notification Summary	Daily	Relevant Party Agent	For each Notification Agent, a summary relating to that Notification Agent of notifications submitted and accepted, for a given number of Settlement Days following the Settlement Day on which the report is provided.

8 ASSESSMENT

The following is a summary of the impacts identified in the Assessment Report for Modification Proposal P17 (Reference 4) produced by the Contract Notification Modification Group, which forms Attachment 1 to this report.

The proposed Alternative Modification will have the following impacts:

- Amendment of Section V: Reporting, ANNEX V-1 TABLE 3, of the BSC to add the new 'Notification Agent Forward Contract Report'. The relevant legal drafting can be found in Section 6 of this report;
- Amendment to the NETA Data File Catalogue to add the new 'Notification Agent Forward Contract Report';
- Amendment to the Reporting Catalogue to represent the requirement for the 'Notification Agent Forward Contract Report';
- Impact on the BSC Systems, specifically the NETA Central Service Agent (ECVAA and potentially CRA) in the development and implementation of the new 'Notification Agent Forward Contract Report';
- Potentially increases the payments due under BSC Agent Contacts to support the provision of this report;
- Recovery, via Section D of the BSC, of costs attributable to the implementation of the proposed Alternative Modification;
- Likely savings in ELEXON costs as the number of Trading Disputes and Trading Queries may decrease under the implementation of this Alternative Modification;
- No impact on the systems and processes of ELEXON;
- No impact on Parties in general (or classes of parties in general);
- No impact on Party Agents other than those choosing to receive the new 'Notification Agent Forward Contract Report';
- No impact on the statutory, regulatory and contractual framework within which the Code sits; and
- No impact on the Core Industry documents.

9 SUMMARY OF REPRESENTATIONS

9.1 Initial and Assessment Procedure Impact Assessment and Consultation Responses

A summary and copies of the original representations received and considered by the Contract Notification Modification Group under the initial and assessment consultations on this proposal can be found in the Assessment Report (Reference 4) on this proposal. This Modification Report should be read in conjunction with that Assessment Report, provided as Attachment 1.

9.2 Modification Report Consultation Responses

The Modification Report consultation request resulted in the receipt of eight responses on behalf of twenty-two BSC Parties. These responses are provided in ANNEX 1 of this Modification Report.

All responses indicated support of the Alternative Modification and for the recommendations made by the BSC Panel in the Modification Report.

One response indicated concern over the mechanism for recovery of the costs for implementation of the Alternative Modification and stated that some of the implementation costs should be borne by Notification Agents requiring the report. However, the issue of cost allocation was placed out of scope by the Assessment Report, as it would require a separate Modification Proposal

ANNEX 1 – REPRESENTATIONS

Responses from P17 Modification Report Consultation

See separate document 'P17 ANNEX 1' for the representations received in response to the Consultation on the draft Modification Report.