

October 2002

**MODIFICATION REPORT  
MODIFICATION PROPOSAL P91 -  
Extension to Data Provided to the  
Transmission Company in the TUoS  
Report**

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

**Document Reference** P91MR

**Version no.** 1.0

**Issue** FINAL

**Date of Issue** 22 October 2002

**Reason for Issue** For Authority  
Determination

**Author** ELEXON

## I DOCUMENT CONTROL

### a Authorities

Version	Date	Author	Signature	Change Reference
0.1	20/09/02	Change Delivery		For Peer Review
0.2	26/09/02	Change Delivery		Includes peer review comments and issued for industry consultation
0.3	11/10/02	Change Delivery		For Panel Approval
1.0	22/10/02	Change Delivery		For Authority Determination

### b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
Core Industry Document Owners	Various

### c References

Ref.	Document Name
1	Initial Written Assessment for P91 (P091IWA), 12 July 2002
2	Statement of the Use of System Charging Methodology (Issue 2 Revision 0), 1 April 2002
3	Assessment Report for P91 (P091AR), 12 September 2002

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## 1 SUMMARY AND RECOMMENDATIONS

### 1.1 Recommendation

On the basis of the analysis, assessment and consultation undertaken in respect of Modification Proposal P91 (P91) and the resultant findings of this report, the Balancing and Settlement Code Panel (the Panel) recommend that:

**P91 should be made with a calendar day Implementation Date of 17 March 2003 if an Authority Decision is received by 15 November 2002, and a calendar day Implementation Date of 1 August 2003 if an Authority Decision is received after 15 November but before 20 December 2002.**

### 1.2 Background

P91 was raised by National Grid on 8 July 2002 and was submitted to a 2-month Assessment Procedure to be undertaken by the Volume Allocation Modifications Group (VAMG). The Panel considered the Assessment Report for P91 on 12 September 2002 and the draft Modification Report on 17 October 2002. The Panel's recommendations are contained in Section 1.1 above.

P91 seeks to amend Annex V-1 of the Balancing and Settlement Code ('the Code') in order to enable the Transmission Use of System (TUoS) Report to include the split between half-hourly (HH) and non-half-hourly (NHH) metering data at the Balancing Mechanism Unit (BM Unit) level in addition to being aggregated to Supplier level.

### 1.3 Rationale for Recommendations

The Panel agreed that P91 would better achieve the following Applicable BSC Objectives as set out in Condition C3 of the Transmission Licence:

- (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- (b) The efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System; and
- (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.

## 2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel, in accordance with the terms of the 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](http://www.elexon.co.uk)

## 3 HISTORY OF PROPOSED MODIFICATION

P91 was raised by National Grid on 8 July 2002, and the Initial Written Assessment (Reference 1) was considered by the Panel at their meeting on 18 July 2002. The Panel agreed to submit P91 to a 2-month Assessment Procedure to be undertaken by the VAMG.

The VAMG met twice to consider P91. It was determined that the Transmission Company needs a data flow detailing the apportionment of energy between HH and NHH demand at the BM Unit level in order to calculate Transmission Network Use of System (TNUoS) charges. As a result of the analysis undertaken, the VAMG decided that P91 would better facilitate Applicable BSC Objectives (a), (b) and (c), identified in Section 1.3 of this report.

The VAMG also determined that the lack of HH and NHH metering data at the BM Unit level has not, to date, prevented the implementation of the TNUoS charging rules, given the limited number of Suppliers with additional BM Units and given the current composition of Trading Units. However, this situation is likely to change as Parties make increasing use of the flexibility introduced by Modification Proposal P7 - 'Allocation of Supplier Demand to the Same BM Unit in a GSP Group for all Suppliers in the Same Company Group'. The expected increase in additional Supplier BM Units and the formation of new Trading Units would give rise to a significant number of cases where the data required for charging is not contained in the current TUoS Report.

The VAMG concluded that the Transmission Company should be allowed to receive a data flow that will represent HH and NHH metering data at a BM Unit level in addition to being aggregated to Supplier level. It was considered appropriate that this data flow should be subsumed under the TUoS Report. The VAMG also discussed whether the costs of implementing P91 should be targeted at BSC Parties or at the Transmission Company. The VAMG decided by a majority that the costs associated with P91 should be recovered through the usual mechanism from all BSC Parties.

An Assessment Procedure consultation was issued seeking industry opinion whether P91 would better facilitate the achievement of Applicable BSC Objectives. The VAMG also identified two implementation options that could provide the required data to the Transmission Company. The first option (Option 1) specified an enhancement to the current data flow. The second option (Option 2) envisaged the creation of a new data file within the TUoS Report. A Requirements Specification detailing these options was prepared and submitted to the SVAA and the developer of the SVA System for Detailed Level Impact Assessment (DLIA).

In view of the DLIA and consultation responses, the VAMG agreed that P91 should be implemented via the cheapest software solution, namely Option 1, which was estimated to cost £17,768.

The VAMG also agreed to recommend that P91 should be made with a calendar day Implementation Date of 17 March 2003 if an Authority decision is received by 15 November 2002. However, if an Authority decision is not received by that date, then scheduled upgrades to the SVA System and the impending implementation of P62 entail that the calendar day Implementation Date for P91 would have to be postponed until 1 August 2003. A calendar day implementation was justified by the fact that P91 would not affect any settlement calculations and would only enable the Transmission Company to receive additional data in the TUoS Report so that it can comply with its licence obligations. This is in line with the Authority decision on Modification Proposal P61<sup>1</sup>.

The Panel considered the Assessment Report for P91 (Reference 3) during their meeting on 12 September 2002. The Panel decided by a majority that P91 should be progressed to the Report Phase with a recommendation that the Proposed Modification should be made. It was also noted that the calendar day Implementation Date proposed by the VAMG did not involve an element of retrospection, as explained above.

A Panel member stated that as a matter of principle, the cost of implementing P91 should not be spread across all BSC Parties, even though it could be argued that for the purposes of P91 this would be a pragmatic solution. Another Panel member suggested that if the costs were targeted at the Transmission Company, the Transmission Company would in theory be able to recover them from all Parties which required P91. The Transmission Company representative noted that National Grid had in the past incurred costs as a result of Modification Proposals from which it did not directly benefit, and hence targeting P91 costs at the Transmission Company would be inconsistent with existing practice on cost recovery. In light of this discussion, the Panel noted that cost recovery issues had been considered extensively by the VAMG and voted by a majority to endorse the pragmatic VAMG recommendation to recover P91 costs from all BSC Parties.

The Transmission Company representative suggested that the Implementation Date should be brought forward to enable TNUoS charges for the 2002/2003 financial year to be calculated. ELEXON was asked to clarify the systems and legal implications of this suggestion in time for the next Panel meeting. After consultation with ELEXON's legal advisors, the developer of the SVA System and the Transmission Company, it was agreed that the provisional Implementation Date for P91 should be retained and that all data required for the 2002/2003 financial year should be provided to the Transmission Company in a one-off ad hoc report, outside the scope of this Modification Proposal<sup>2</sup>.

A draft Modification Report was prepared and issued for industry consultation on 26 September 2002. The Panel considered the draft Modification Report at their meeting on 17 October 2002, noted the consultation responses and endorsed the recommendations contained in Section 1 of this Modification Report.

#### 4 DESCRIPTION OF PROPOSED MODIFICATION

P91 seeks to extend the data provided to the Transmission Company in the TUoS Report. The requirements for the reporting of information by BSC Agents are described in Section V of the Code.

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<sup>1</sup> The Authority decision letter for P61 states that Ofgem did not consider that a calendar day implementation for P61 introduced a real element of retrospection, and any retrospective effect on settlement periods prior to the calendar day on which the proposal was implemented would be purely process related. The decision letter stated that if a rule change cannot affect the behaviour of industry participants in a way that would distort the market in their favour or affect any expected material outcomes, then a calendar day implementation is acceptable.

<sup>2</sup> It is now believed that the cost of a one-off report will be higher than initially estimated. National Grid have notified ELEXON of their requirements for the 2002/2003 financial year and it has been determined that ELEXON does not store all of the required data. The current estimate of the cost is £7,500 despite the composition of Trading Units in the past. It is believed that the cost of the one-off report gives further support to the Panel's recommendation that P91 should be implemented.

According to Table 7 in Annex V-1, the TUoS Report comprises various reports in respect of each Grid Supply Point (GSP) Group and Supplier. P91 seeks to amend Table 7 in Annex V-1 in order to enable the TUoS Report to include the split between HH and NHH metering data at the BM Unit level in addition to being aggregated to the Supplier level.

The VAMG determined that the Transmission Company applies different charging methods for the HH and NHH metered demand of Supplier BM Units, as set out in the Statement of the Use of System Charging Methodology (Reference 2). Hence it is important that the Transmission Company is able to determine accurately the apportionment of energy for each Supplier BM Unit between HH and NHH demand. Currently, the Transmission Company receives a data flow (the D0083 file) from the Supplier Volume Allocation Agent (SVAA) which reports the HH and NHH metering split at the granularity of Market Participant ID, GSP Group ID and Settlement Period.

If a Supplier has Base Supplier BM Units only, then the D0083 file contains all the necessary data for calculating the TNUoS Charge for that Supplier. However, if Suppliers register additional Supplier BM Units, all the data necessary for charging is not always contained in the D0083 file, and further data is required when any of the Supplier BM Units are involved in triad trading. If a Supplier BM Unit is involved in triad trading, the Transmission Company needs to know the HH and NHH metering split at the BM Unit level. This is required to implement the TNUoS charging rules covering triad trading as a Trading Unit according to paragraph 4.11 of the Statement of the Use of System Charging Methodology (Reference 2).

## 5 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

P91 affects the final row of Table-7 in Annex V-1 of the BSC.

### Conformed Version:

TuoS Report	Daily	Transmission Company	Various reports containing GSP Group Take, Supplier Deemed Take by Settlement Period and/or Settlement Day in respect of each GSP Group and Supplier, <u>and half hourly and non-half hourly consumption by Settlement Period and/or Settlement Day in respect of each Supplier BM Unit.</u>
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### Clean Version:

TuoS Report	Daily	Transmission Company	Various reports containing GSP Group Take, Supplier Deemed Take by Settlement Period and/or Settlement Day in respect of each GSP Group and Supplier, and half hourly and non-half hourly consumption by Settlement Period and/or Settlement Day in respect of each Supplier BM Unit.
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## 6 SUMMARY OF REPRESENTATIONS

Nine responses (representing 18 parties) were received to the consultation on the draft Modification Report. One of these responses (representing 1 Party) was `No Comment'.

The majority of respondents (7 responses representing 14 Parties) agreed with the Panel's view that P91 is a pragmatic solution to the issues highlighted in the Proposed Modification. Nevertheless, two of these respondents (representing 2 Parties) noted that they would only give qualified support for P91 because they wanted to reiterate their view that the cost should be targeted at the Transmission Company.

One respondent (representing 3 Parties) suggested that, given the cost issues discussed in Section 3 of this report, they could not clearly see whether or not they agreed with the Panel's view on the Applicable BSC Objectives. This respondent also indicated that, in any case, the costs associated with P91 should be targeted at the Transmission Company and questioned whether the approval of P7 was directly relevant to P91. In contrast, another respondent (representing 1 Party) supported P91 explicitly stating that it would assist the implementation of P7.

One respondent (representing 5 Parties) was concerned about the Transmission Company request to change the Implementation Date. This issue has now been resolved as described in Section 3 of this report.

## ANNEX 1 – CONSULTATION RESPONSES

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	National Grid	P91_DR_001	1
2.	British Gas	P91_DR_002	1
3.	Aquila Networks	P91_DR_003	1
4.	SEEBOARD Energy	P91_DR_004	1
5.	Scottish Power	P91_DR_005	5
6.	British Energy	P91_DR_006	3
7.	Powergen	P91_DR_007	1
8.	London Electricity	P91_DR_008	1
9.	Scottish and Southern	P91_DR_009	4

### P91\_DR\_001 – National Grid

I am responding as the proposer to the draft modification report that you issued on 26 September for P91.

Clearly as the proposer, I support the recommendation to proceed with the change to give us the additional data that we need to ensure that we can always calculate TNUoS charges in accordance with the Statement of Use of System Charging Methodology.

I would like to take this opportunity to remind you that we need to be able to access information on a BM Unit basis for the current financial year in order to complete initial reconciliation for Suppliers for 2002/3. Initial reconciliation invoices are due to be issued in mid-May 2003, and therefore we need to be able to access BM Unit data before then. Elexon (via Emrah Cevik) have suggested that you can provide the data directly as an interim measure for this year once the BSC is changed, and I have raised a call with the help desk to this effect. This will enable us to meet our obligations for this financial year, and then pick up data via the D83 file for next year once the software change is implemented.

An Implementation Date of 17 March 2003 will give us enough time to calculate initial reconciliation charges for 2002/3 in line with our licence obligations. However if implementation is deferred until 1 August 2003 for the BSC change then we will be forced to investigate with Ofgem alternative ways to calculate initial reconciliation charges in the absence of the necessary BM Unit data.

I note from the Headline Report to the last BSC Panel meeting that there is an action on Elexon to investigate whether an earlier implementation date may be achievable through the introduction of a workaround. I hope that you are able to bring forward the implementation date for the BSC change as a result of this investigation.

**Kevin Broadbent**  
Implementation Manager (Commercial) – National Grid

### P91\_DR\_002 – British Gas

Modification Proposal P91: Extension To Data Provided To The Transmission Company In The TUOS Report

Thank you for the opportunity to respond to The Draft Modification Assessment on Modification Proposal P91. British Gas supports the Draft Assessment Report. We agree with the views of the VAMG that it better facilitates the applicable BSC Objectives as detailed in the Assessment and with the recommendation that it<sup>3</sup>

Yours Faithfully

Rob Cullender  
Senior Account Manager

### P91\_DR\_003 – Aquila Networks

Please find that Aquila Networks Plc response to P91 Consultation on draft Modification Report is 'No Comment'.

regards

Rachael Gardener  
Deregulation Control Group &  
Distribution Support Office  
AQUILA NETWORKS

### P91\_DR\_004 – SEEBOARD Energy

With respect to draft modification report for proposal P91 (Extension To Data Provided To The Transmission Company In The TUoS Report) dated 26th September 2002. Due to issues we raised previously we can only provide qualified support for this report.

We agree that this change should be made as it would assist those trading in this manner to operate efficiently. However, as we mentioned in our response to proposal's assessment consultation we do not feel that these costs should fall on all BSC Parties. Previous proposals have determined that costs should be borne by those requiring/utilising a proposal. Therefore, further work should be undertaken to provide a relevant costing structure for this proposal prior to its acceptance.

Dave Morton  
SEEBOARD Energy Limited

### P91\_DR\_005 – Scottish Power

#### P91 Draft Modification Report Comments

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<sup>3</sup> This response was received in the present incomplete form. The respondent was contacted by ELEXON but chose not to resubmit a more complete response.

With reference to the above, we wish to reiterate the view, which we have previously provided in support of Mod P91 - Extension to Data Provided to the Transmission Company in the TUoS Report, only if the solution identified is both least cost and least impact to implement. It seems that this has been proposed and therefore we would support the Panel's recommendation in this Report.

We also note that both NGC and Elexon raised issues at the last Panel meeting regarding the implementation timescales for P91, based upon the current proposed timescales provided in the Modification Report. Elexon indicated particular concern that there might be systems non-compliance with the BSC wording in certain circumstances. We would therefore suggest that efforts are made to ensure that the implementation timescales do not lead to such non-compliance as this would clearly lead to inefficiency in the trading arrangements. We have considered the legal drafting provided and agree that it is appropriate.

Yours Sincerely,  
Man Kwong Liu  
Calanais Ltd.

For and on behalf of: - *Scottish Power UK Plc.; ScottishPower Energy Trading Ltd.; Scottish Power Generation Ltd.; ScottishPower Energy Retail Ltd.; SP Transmission Ltd.*

#### P91\_DR\_006 – British Energy

To: Modifications Secretary, BSCCo

P91: Extension to Data Provided to the Transmission Company in the TUoS Report

In principle, from an overall industry perspective, this is a desirable change which will facilitate Transmission Network Use of System charging by NGC in accordance with its TNUoS Methodology and Statement of Charges, and which in the broadest sense could be argued to have the potential to better facilitate the BSC Objectives of Transmission Licence Conditions C3.3(a),(b) and (c). However, until the costs have been properly established it is not clear that the modification would actually better meet the BSC objectives.

In any case, we believe that development, implementation and operational costs would be better targeted at NGC and recovered through TNUoS charging, which is where the potential benefits and efficiencies lie in practice. This seems a self-consistent model for cost and benefit allocation.

We question whether approval of modification P7 is directly relevant to this modification, or whether the need for this modification has arisen directly from changes in the Use of system Charging Methodology.

Rachel Ace  
for  
British Energy Power & Energy Trading  
British Energy Generation Ltd  
Eggborough Power Ltd

#### P91\_DR\_007 – Powergen

I write in response to the above consultation on behalf of Powergen UK plc, Powergen Retail Ltd, Diamond Power Generation Ltd and Cottam Development Centre

Ltd.

We agree with the recommendation of the Panel that P91 should be implemented to assist the implementation of P7.

Yours sincerely,

Paul Jones  
Trading Arrangements

#### P91\_DR\_008 – LE Group

LE Group have qualified support for the implementation of the change to the BSC proposed in BSC modification P91 "Extension to data provided to the Transmission Company in the TUoS Report", .

We do not agree that the modification is necessary for NGC to fulfill its charging obligation under its licence -we believe there are other ways NGC could obtain the necessary information. We also believe that NGC should itself bear the costs of obtaining the information it requires for charging, as this is not a BSC issue.

However, we accept that other routes to obtaining the information may prove more expensive overall. Therefore, pragmatically, we have no objection to the BSC modification provided that NGC pay for the costs of implementation.

In passing, we believe that the assessment consultation did not highlight this issue sufficiently, nor reflect the fact that about half the respondents questioned whether NGC should bear the cost of implementing the modification.

Regards,

Alec Thompson  
on behalf of Liz Anderson, Energy Strategy and Regulation Manager, LE Group.

#### P91\_DR\_009 – Scottish and Southern

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

Further to your note of 26th September 2002, and the associated Draft Modification Report for P91, we agree with the proposed BSC Panel recommendation to the Authority that this Modification Proposal P91 should be approved. In addition, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in Section 1.1 of the Modification Report.

Regards

Garth Graham  
Scottish & Southern Energy plc