



Stage 04: Draft Modification Report

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

▶ 04 Report Phase

P254: Removal of Main and SVA Specified Charge Amounts from the Code

P254 seeks to remove the Main and SVA Specified Charge amounts from the BSC, and replace them with a requirement for ELEXON to publish the current charge amounts on the BSC Website.



Initially, the Panel recommends **approval** of Proposed Modification P254.



Low Impact:
This Modification will remove any confusion for BSC Parties when determining what BSC Specified Charge amounts/rates are in force.

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Draft Modification Report

15 March 2010

Version 0.2

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Any questions?

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About this document:

This document is a Draft Modification Report, which ELEXON will present to the Panel on 8 April 2010. The Panel will consider the recommendations and agree a final view on whether or not this change should be made.

Further information is available in the draft Modification Proposal and draft Legal Text, which are Attachments B and C to this document.

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1 Why Change?

The issue

Specified BSC Charges are levied by the BSC Panel to recover certain ELEXON (BSCCo) costs. There are 3 types of Specified BSC Charges:

- Main Specified Charges;
- An SVA Specified Charge; and
- A Specified NETA Funding Charge

Section D, Annex D-3 of the Code contains details of the amounts/rates for these Specified BSC Charges.

The Panel has the authority to amend the amounts/rates for any of the Main Specified Charges or the SVA Specified Charge without needing to change the Code itself to include the new amounts/rates. Therefore the amounts/rates detailed in the Code are initial amounts/rates and relate to figures used in the BSC Year which ended on 31 March 2002.

Although paragraph 1.2 of Annex D-3 highlights that the amounts/rates shown in the Code are only 'initial', and can be changed by the Panel at any time, it does not help Parties know if the amounts/rates have actually changed or what the current charges are. We publish the latest amounts/rates for each of these Charges on our website¹; however, there is currently nothing in the Code which references this.

Modification P228

In January 2009 the Authority approved Modification Proposal P228 'Replace BMRS High Grade Service charge amounts/rates with references to a BSC website schedule'. P228 removed the amounts/rates shown in the Code for three Main Specified Charges relating to the High Grade Balancing Mechanism Reporting Service (BMRS).

The three charges were replaced with a Code obligation to simply publish the latest amounts/rates approved by the Panel on the BSC Website.

P228 was raised in light of the Panel's earlier decision to amend the actual amounts/rates levied for these charges. It recognised that leaving the old amounts/rates in the Code could cause confusion, since these would have become out of date from 1 April 2009.

Although P228 removed the amounts/rates for three Main Specified Charges from the Code, a number of amounts/rates for other Main Specified Charges and the SVA Specified Charge are still shown in Section D Annex D-3.

¹ <http://www.elexon.co.uk/participating/costsandcharges.aspx>

2 Solution

P254 intends to remove the amounts/rates for the remaining 6 Main Specified Charges and the SVA Specified Charge from Annex D-3 of the Code. These charges would be replaced with a requirement to publish the current charge amounts/rates on our website.

The Code would still describe the purpose of these charges, and the Panel would continue to decide the actual charge amounts/rates as now.

To date, the Panel has amended the amounts levied for two of the Specified Charges (the Notified Volume Charge and the SVA Specified Charge). P254 will remove any confusion over the current amounts/rates in the Code. It will also remove the potential risk that future amendments to these charges cause further confusion, particularly if Parties assume that the 'initial' numbers in the Code are the latest charges.

Report Phase Consultation Question

Do you agree that the legal text delivers the intention of P254?

[Insert answer here](#)



What is a self-evident change?

The Panel would usually send a change directly to the Report Phase where the Modification Proposal is of a minor or inconsequential nature, and/or where the recommendation which the Panel should make to the Authority on that Modification Proposal would generally be considered to be **self-evident**.

3 Impacts & Costs

P254 will have no impact on BSC Agents' or BSC Parties' systems and processes. This is because Parties are subject to the current amounts/rates for Specified BSC Charges, not the 'initial' amounts/rates as set out in the Code.

However, rejection of P254 would result in continued potential for confusion among Parties as to the current amount/rates in force, and as to where these are available – the Code contains no reference to their being published on the BSC Website.

The implementation costs will be **2.5 man days** of ELEXON effort (equating to £500) to update the Code.

4 Implementation

The Panel has provisionally recommended an implementation date of **5 working days after the receipt of an Authority decision** to approve.

Report Phase Consultation Question

Do you agree with the Panel's suggested implementation approach?

We invite you to give your views using the response form in Attachment A.

The Panel unanimously believe that the Proposed Modification would be better than the current arrangements.

Applicable Objectives

The Panel concluded that P254 would better facilitate **Applicable BSC Objective (d)** as:

- It would reduce the potential for confusion over the amounts and rates in force for the Main Specified Charges and the SVA Specified Charge, and would therefore promote transparency and efficiency.

Any confusion caused by the current Code drafting is likely to be greatest among new entrants (or potential new entrants) seeking to understand their financial liabilities under the BSC.

Self-evident change

The BSC Panel has the ability to progress a Modification straight to the Report Phase where the recommendation which the Panel should make to the Authority would generally be considered to be self evident (BSC paragraph F2.2.4).

The Panel believed Modification P254 is a self-evident change as:

- P254 would have no impact on BSC Parties or Party Agents, Parties being subject to current rates for Specified BSC Charges, not in the 'initial' rates as specified in the Code;
- If P254 was not implemented, potential for confusion among Parties as to the rates in force could continue; and
- P254 supports the intention of Approved Modification P228 in removing 'initial' Specified Charge rates to avoid confusion among Parties.

The Panel therefore directed that this Modification proceed to the Report Phase pursuant to paragraph F2.2.3(b)(iii) of the Code.



Applicable BSC Objectives

a) Efficient discharge of the obligations of the Transmission Licence.

b) Efficient, economic and co-ordinated operation of the national electricity transmission system.

c) Promoting effective competition in the generation and supply of electricity and in the sale and purchase of electricity.

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

Report Phase Consultation Question

Do you agree with the Panel's initial recommendation that P254 will better facilitate the achievement of Applicable BSC Objective (d) when compared with the existing BSC requirements and that P254 should therefore be approved?

We invite you to give your views using the response form in Attachment A.

6 Initial Panel Discussions



Panel's consideration of Initial Written Assessment Report

The Panel considered the recommendation to raise P254 at its meeting on 11 March 2010. (You can find a copy of the P254 IWA [here](#)).

The Panel **unanimously** agreed that:

- P254 will better facilitate the achievement of **Applicable BSC Objectives (d)**;
- An implementation date of 5 working days after the receipt of an Authority decision to approve is appropriate, as P254 has no changes to BSC Central Systems or Party or Party Agent systems; and
- The draft Legal Text delivers the P254 solution.

The Panel's initial unanimous recommendation was therefore that P254 should be approved.

The Panel did not raise any additional views or comments.

Recommendation

The Panel unanimously recommended that the Proposed Modification should be made.

7 Panel's initial recommendations

Having considered the P254 Initial Written Assessment, the Panel:

- **DETERMINED** that this Modification Proposal progressed directly to the Report Phase;
- **AGREED** a provisional recommendation that the Modification Proposal should be approved;
- **AGREED** a provisional Implementation Date of 5 Working Days after an Authority decision to approve;
- **AGREED** that the draft legal text delivered the intended solution (subject to any consultation responses received during the Report Phase); and
- **AGREED** the timetable such that a Draft Modification Report would be completed, issued for consultation, and submitted to the Panel at its meeting on 8 April 2010.

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8 Further Information

More information is available in:

Attachment **A**: Report Phase Consultation Proforma

Attachment **B**: P254 Proposal Form

Attachment **C**: Legal Text Proposed

A complete table of all documents related to P254 is available on the [P254](#) page of the ELEXON website.