

Reference: P273 Self-Governance Statement

Catherine Wheeler
Ofgem
9 Millbank
London
SW1P 3GE
(by email)

12 August 2011

Dear Cathy,

This is the BSC Panel's Self-Governance Statement to the Authority for Modification Proposal P273¹. ELEXON has prepared this Self-Governance Statement on the Panel's behalf, and submits it to you in accordance with BSC Section F6.

The Panel unanimously believes that P273 meets the Self-Governance Criteria set out in Annex X-1 (and referred to in Section F6) of the BSC. We explain the Panel's reasons in Appendix 1 of this Self-Governance Statement.

P273 was raised by the Panel at its meeting on 11 August 2011 and sent straight to the Report Phase. As part of its Report Phase Consultation, the Panel has requested that industry members provide their views on whether P273 meets the Self-Governance Criteria. We attach a copy of the Panel's Draft Modification Report to this letter. In accordance with BSC Section F6.1.2, the Panel will provide you with copies of all Report Phase Consultation responses at least 7 days before its next meeting. The Panel reserves its right to change its mind at its next meeting on the basis of any further information provided by respondents.

The Panel notes that the Authority also has the ability under BSC Section F6 to independently determine that P273 is, or is not, a Self-Governance Modification Proposal.

The Panel's next meeting is on 8 September 2011. At this meeting, the Panel will consider the P273 Report Phase Consultation responses and will proceed as follows:

If the Panel still believes that P273 meets the Self-Governance Criteria, and the Authority has not issued a contrary direction, then the Panel will make its decision whether to approve or reject P273; or if the Panel no longer believes that P273 meets the Self-Governance Criteria, and the Authority has not issued a contrary direction, the Panel will make its final recommendation to the Authority on whether the Authority should approve or reject P273.

All P273 documentation is available from ELEXON's website². Please do not hesitate to contact me if you require further information.

Yours sincerely

¹ Make the SVA Funding Share calculation robust to changes in Scaling Weights

² <http://www.elexon.co.uk/Pages/P273.aspx>

Adam Richardson
BSC Panel Secretary and Modification Secretary

Appendix 1 – Panel’s reasons why P273 meets the Self-Governance Criteria

Enclosure 1 – P273 Initial Written Assessment

Enclosure 2 – P273 Draft Modification Report

Appendix 1 – Panel’s reasons why P273 meets the Self-Governance Criteria

The Panel’s unanimous view is that P273 meets the Self-Governance Criteria.

In support of this view, the Panel has provided the following reasons:

- P273 addresses a known manifest error/inconsistency in the BSC arrangements, which has been present since NETA Go-Live.
- P273 is straightforward and beneficial.
- P273 does not discriminate against any Party.
- P273 will not have a material impact on existing/future consumers, competition, operation of the Transmission System, matters relating to the security of supply, or BSC governance or Modification Procedures.
- P273’s implementation will neither be detrimental to competition nor significantly affect competition, as it preserves the status quo for the calculation of the Funding Shares.
- The benefits and impacts of P273 relate more to efficiency in the BSC arrangements than to competition.