

MODIFICATION REPORT for Modification Proposal P141 Removal of Unintentional Effects of Approved Modification P106 on Supplier Charges

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

RECOMMENDATIONS

The Balancing and Settlement Code Panel recommends that:

- **Proposed Modification P141 should be made; and**
- **The P141 Implementation Date should be backdated to 24 June 2003**

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1.1.1.1

¹ The current version of the Balancing and Settlement Code (the 'Code') can be found at www.elexon.co.uk/ta/bscrel_docs/bsc_code.html

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being potentially impacted by Modification Proposal P141.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Transmission Company <input type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>
Interconnector <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Party Agents		
Data Aggregators <input checked="" type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Data Collectors <input checked="" type="checkbox"/>	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Meter Operator Agents <input checked="" type="checkbox"/>	J <input type="checkbox"/>	Core Industry Documents
ECVNA <input type="checkbox"/>	K <input type="checkbox"/>	Grid Code <input type="checkbox"/>
MVRNA <input type="checkbox"/>	L <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
BSC Agents		
SAA <input type="checkbox"/>	M <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
FAA <input type="checkbox"/>	N <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	O <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	P <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
CDCA <input type="checkbox"/>	Q <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
TAA <input type="checkbox"/>	R <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
CRA <input type="checkbox"/>	S <input checked="" type="checkbox"/>	Distribution Codes <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
SVAA <input type="checkbox"/>	U <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
BSC Auditor <input type="checkbox"/>	V <input type="checkbox"/>	BSCCo
Profile Administrator <input type="checkbox"/>	W <input type="checkbox"/>	Internal Working Procedures <input type="checkbox"/>
Certification Agent <input type="checkbox"/>	X <input type="checkbox"/>	Other Documents
MIDP <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
TLFA <input type="checkbox"/>		
Other Agents		
SMRA <input checked="" type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

X = Identified in Report for last Procedure
 N = Newly identified in this Report

Cost of implementing Proposed Modification:	
Total:	£ 0 + 10 ELEXON man days

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

1.1 Modification Proposal

Modification Proposal P141 "Removal of Unintentional Effects of Approved Modification P106 on Supplier Charges" (P141) was raised by EDF Energy on 28 August 2003. P141 seeks to ensure that the process by which Serials and Standards are reported and monitored, and Supplier Charges levied, remains on the basis of Supplier ID rather than on a Supplier basis which is claimed to have been brought about by an unintentional side effect of the implementation of P106 "Amendment to the BSC to allow multiple Supplier IDs" (P106). In order to give full effect to P141, i.e. to remove completely the effect of P106 on how Serials and Supplier Charges are administered, it is necessary to backdate the implementation of P141 to 24 June 2003. This will prevent systems having to be developed to cope with the P106 rules for a limited period. The Proposer believes that P141 will better facilitate the achievement of Applicable BSC Objective (d), efficiency in the implementation and administration of the balancing and settlement arrangements, by ensuring that provision and reporting of data is carried out in a consistent manner and hence avoid unintended changes and the associated costs.

During the Assessment Procedure, the VASMG met twice to discuss P141. The initial meeting took place on 18 September 2003 and a consultation document was issued on the 19 September 2003 with responses requested by 26 September 2003. Seven responses were received. These were discussed at the VASMG meeting on 30 September 2003.

The Report consultation was issued on Wednesday 15 October 2003 with responses requested by Tuesday 21 October 2003. Five responses were received.

1.2 Proposed Modification

P141 proposes to amend the Code such that Serials and Supplier Charges continue to be dealt with at a Supplier ID level and not at a Supplier level which has been brought about by a side effect of the implementation of P106.

1.3 Issues raised by the Proposed Modification

An initial assessment of P141 identified a number of potential areas of impact and issues which were considered and addressed in progressing Modification Proposal P141. These issues were:

- the need to consult Parties as to whether the change to Serials and Supplier Charges was an unexpected outcome of P106 and whether they have taken steps to implement this change;
- whether P141 should be backdated to 24 June 2003 or whether an Alternative Modification purely prospective in nature should be adopted.

In order to fully remove the effect of P106 on Serials and Supplier Charges, P141 implementation date would need to coincide with that for P106 i.e. be backdated to 24 June 2003. There is the potential for the development by the VASMG of an Alternative Modification which is purely prospective in nature. In this situation, there would be an issue as to how to cope with Serials and Supplier Charges for the period between the P106 and P141 Implementation Dates;

- consequences of P141 not being implemented. If P141 is rejected then the inadvertent effects of P106 will require full implementation, namely the change in the process by which Serials and Standards are reported and monitored, and Supplier Charges levied, from being on the basis of Supplier IDs to being on a Supplier basis;

- the existing PARMS is not robust enough to support the requirements of P106, therefore a new PARMS would be required to deal with data from 24 June 2003. How this is developed and the associated cost would depend on several circumstances:
 - P99 also requires that a new PARMS system be developed – this would require an increase in scope to include the Serials that existed pre-P99 for use between 24 June 2003 and 1 May 2004 (P99 Implementation Date). In the meantime the existing PARMS would be used for the period up to 24 June 2003;
 - if P143 is approved, there will not be a new PARMS system for P99 Serials. A new system will still be required for P106. The cost of this is likely to be of the order of the proposed P99 system; and
 - if the VASMG, subsequent to their consideration of Supplier Charges, decide to simplify them, and a Modification raised to effect this is subsequently approved, a new system will still be required for P106 to calculate charges from 24 June 2003 until the Implementation Date of the Modification arising from the VASMG discussions.

In all of these situations it is possible that a subsequent Modification Proposal would still be required to fully define how to apply the Supplier Charges cap as the implementation of P106 was part way through a PARMS reporting month. In addition, until the new system to accommodate the P106 rules is developed, no monitoring of Serials or validation of submitted data can occur. This may result in Serial 10² charges being incurred by Parties. Additionally if a validation failure occurs Parties will not be aware of this for a considerable amount of time and may have to resubmit the correct data at a later date.

- Party Agents may not know the Party ID that corresponds to the particular Supplier ID and thus may be unable to comply with the new rules. Ways of dealing with this could be developed, however no change is currently planned.

(The situation regarding the interpretation and application of Supplier Charges prior to P106 was brought up as an issue and discussed by the VASMG, although it was considered to be outside the scope of P141 by a majority of the VASMG)

1.4 Assessment of how the Proposed Modification will better facilitate the Applicable BSC Objectives

A majority of the VASMG, agreed that Proposed Modification P141 would better facilitate Applicable BSC Objective (d) because it ensures that the process by which Serials and Standards are reported and monitored, and Supplier Charges levied, remains on the basis of Supplier IDs rather than on a Supplier basis (which has been brought about by an unintentional side effect of the implementation of P106) and hence would better facilitate the implementation and administration of the balancing and settlement arrangements. A minority view held by one member of the Group was that P141 would not better facilitate the achievement of the Applicable BSC Objectives. This is because the member believes that P141 leaves a major problem regarding the interpretation and application of Serials, Standards and Supplier Charges prior to the P106 Implementation Date. The same member also considered that P141 may detract from Applicable BSC Objective (c) since it would set Standards separately in relation to parts of certain Suppliers' demand in a GSP Group, which would act as an additional requirement / constraint on their performance / actions.

1.1.1.1 _____

² Serial 10 places an obligation on Suppliers to arrange the delivery of Routine Performance Monitoring Reports to the Performance Assurance Board, by not later than 20 Business Days after the end of each month. This obligation is replaced on 1 May 2003 by Serial SP01.

The Panel agreed with the majority of the VASMG and unanimously recommended that the Proposed Modification be made.

1.5 Modification Group's analysis of the costs of the Proposed Modification

In assessing the Proposed Modification P141, the Modification Group believed that the Proposed Modification P141 would decrease the costs to the industry by a considerable amount since, if P141 is rejected, a new PARMS system will have to be developed to support the change in reporting to be on a Supplier rather than a Supplier ID basis as has been performed historically and / or changes to Supplier and Party Agent Systems. A majority of the VASMG considered that the benefits from P141 could only be fully achieved with an Implementation Date backdated to 24 June 2003.

1.6 Alternative Modification

No Alternative Modification was developed. There were discussions over a potential alternative option that was purely prospective in nature. A majority of the VASMG did not think an Alternative Modification which was purely prospective should be developed since this would not better facilitate the achievement of the Applicable BSC Objectives when compared with the Proposed Modification. In particular this solution would not completely resolve the issue of the claimed unintended effects of P106, as it would mean that reporting at a Supplier level would have to be implemented for the interim period.

A minority of the VASMG, however, considered that the defect outlined in the Modification Proposal could be solved by making P141 purely prospective. In this case, Supplier Charges for the period between P106 implementation and P141 implementation would need to be suspended (this implies a degree of retrospection). The majority of the Modification Group did not agree that this suggestion would better facilitate the achievement of the Applicable BSC Objectives and therefore an Alternative Modification along these lines was not developed.

1.7 Governance and regulatory framework assessment

During the assessment of the Proposed Modification, the VASMG also considered the wider implications of P141 in the context of the statutory, regulatory and contractual framework within which the Code sits, as is required by the Code (Annex F-1, paragraph 1(g)). The VASMG was of the opinion that, were P141 to be implemented, there would be no such wider implications.

2 RATIONALE FOR PANEL'S RECOMMENDATIONS

The Panel unanimously recommended that the Proposed Modification P141 be made with an Implementation Date backdated to 24 June 2003. In coming to its recommendation, the Panel took due account of previous Authority Decision letter statements on retrospection (as outlined in the Assessment Report).

The Panel agreed with the majority recommendation from the VASMG, that P141 better facilitates Applicable BSC Objective (d), efficiency in the implementation and administration of the balancing and settlement arrangements. The Panel considered P141 in light of the Assessment Report which included the discussions of the VASMG, 7 consultation responses and the Transmission Company and Party impact assessments.

The Panel also considered the responses to the Report Phase consultation at its meeting on 13 November 2003, and confirmed its provisional recommendations, that P141 should be made and the Implementation Date should be backdated to 24 June 2003.

3 IMPACT ON BSC SYSTEMS AND PARTIES

An assessment has been undertaken in respect of BSC Systems and Parties and the following have been identified as potentially being impacted by the Proposed/Alternative Modification.

3.1 BSCCo

An initial assessment was undertaken in respect of the potential impacts on BSCCo. Due to the fact that the impact on Supplier Charges was seen as an unintended outcome of P106, no changes to systems and processes have been made in support of P106. As stated previously, were P141 to be rejected there would be significant impact on BSCCo. The existing PARMS is fragile and cannot be amended, therefore, a new PARMS would be required to deal with data from 24 June 2003. How this is developed and the associated cost would depend on several circumstances (see Section 1.3 above).

3.2 BSC Systems

An initial assessment was undertaken in respect of the potential impact on BSC Systems and processes. Due to the fact that it is believed that the impact on Serials, Standards and Supplier Charges was an unintended outcome of P106, no changes to systems and processes related to these were made in support of P106.

3.3 Parties and Party Agents

An initial assessment was undertaken in respect of the potential impact on systems and processes used by Parties and Party Agents. Since Parties have not changed any of their data provision or reporting systems to align with the required changes to Code Subsidiary Documents as a consequence of the P106 legal text pertaining to Supplier Charges, there should be no impact. This view was presented in the consultation and no contrary views were received. As stated previously, were P141 to be rejected there would be an impact on Supplier and Party Agent systems and processes since consequential changes to the BSCPs and other documents would be required to comply with P106 – hence Parties would have to report at a Supplier level rather than a Supplier ID level. In addition since PARMS processing is still some months prior to June 2003, no effort would be undone by retrospective implementation.

4 IMPACT ON CODE AND DOCUMENTATION

4.1 Balancing and Settlement Code

An initial assessment has been undertaken in respect of all Sections of the Code and the following Sections have been identified as potentially being impacted by the Modification Proposal.

Section	Potential Impact of Proposed Modification
S.1.3.4	Contains provisions that Supplier ID will apply to – Supplier Charges and Serials should be added to this list.

4.2 Code Subsidiary Documents

An initial assessment has been undertaken in respect of all the potential impacts on Code Subsidiary Documents. Due to the fact that the impact on Supplier Charges was not an identified outcome of P106, no changes to systems and processes have been made in support of P106. As stated previously, were P141 to be rejected, there would be significant impact on Code Subsidiary Documents – if

aggregation from Supplier ID level to Supplier level could not be carried out at the input stage - BSCP533 and BSCP536 would need to be altered to reflect the change in the data provision and reporting rules

4.3 BSCCo Memorandum and Articles of Association

No impact identified.

4.4 Impact on Core Industry Documents and supporting arrangements

An initial assessment has been undertaken in respect of Core Industry Documents and no impact has been identified.

5 SUMMARY OF REPORT PHASE CONSULTATIONS

Consultation question	Respondent agrees	Respondent disagrees	No opinion expressed
Do you agree with the Panel's views on P141 and the provisional recommendation to the Authority contained in the draft Modification Report that P141 should be made? Please give rationale.	5	0	0
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? Please give rationale.	4	0	1
Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P141? Please give rationale.	3	2	0
Are there any further comments on P141 that you wish to make?	3	2	0

5.1 Summary of the Report Phase consultation responses

Five responses were received. All five respondents agreed with the Panel's provisional recommendation to the Authority that P141 should be made. The reasons given were that it is a pragmatic solution to avoid unintentional side effects from the implementation of P106. This will ensure that PARMs will continue to run according to its current functionality, namely the application of Supplier Charges on a Supplier ID basis. One respondent added that it would also ensure that Party Agents did not have to worry about changes where Supplier consolidation takes place. One respondent based support on the Implementation Date being backdated to the 24 June 2003.

A majority of respondents agreed that the legal text provided correctly addressed the defect outlined by P141. One of these respondents qualified its support since it believed the legal drafting may need to address the treatment of non compliance with obligations which have been retrospectively changed. BSCCo's view is that the legal text does not require alteration in this regard as the effect of retrospectively implementing P141 will be to ensure the continuous calculation of Supplier Charges at the Supplier ID level. Performance data submitted by Parties since the implementation of P106 on 24 June 2003 has not yet been used to calculate Supplier Charges for that period. One respondent had no comment.

A majority, three respondents, supported the Panel's provisional recommendation regarding an Implementation Date backdated to 24 June 2003. Two respondents did not. One of these qualified their lack of support with the proviso that it could be accepted on the basis that Parties would not be pursued for the consequences of actions taken on the basis of obligations that were changed retrospectively. Again BSCCo's view is that the effect of retrospectively implementing P141 will be to ensure a continuous calculation of Supplier Charges at the Supplier ID level. Performance data submitted by Parties since the implementation of P106 on 24 June 2003 has not yet been used to calculate Supplier Charges for that period. The other respondent does not support retrospective changes in general.

Several other comments were made by three respondents. One of the respondents felt that a retrospective change was unnecessary since there has been no impact to date and a prospective change should have been considered further. The VASMG discussed this issue at both of its meetings and did not consider a prospective solution was adequate (see above Section 1.6). Another respondent presented the view that P106 did not in fact change the basis on which Serials should be submitted since the Code has precedence over Code Subsidiary Documents e.g. BSCPs³. This respondent did however recognise that P106 changed the basis on which Supplier Charges were calculated centrally by BSCCo and that this was the unintentional error that is addressed by P141.

One respondent did not think that it was clear that P106 intended Annex S-1 to apply on a Supplier ID basis and is concerned at P141 changing obligations and liabilities retrospectively.

6 SUMMARY OF ASSESSMENT PROCEDURE CONSULTATIONS

Consultation question	Respondent agrees	Respondent disagrees	No opinion expressed
Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	5	1	1
When the P106 legal text was assessed by your organisation did you consider that the way in which you submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale	1	6	0
Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?	0	7	0
Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale	6	1	0
Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale	2	5	0
Does P141 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	1	6	0
Are there any further comments on P141 that you wish to make?	1	6	0

1.1.1.1

³ For the avoidance of doubt, the Code takes precedence over all Code Subsidiary Documents.

6.1 Summary of the Assessment Procedure consultation responses

A majority, five respondents, believed that P141 better facilitated the Applicable BSC Objectives (d) since there was an unintentional effect arising from P106 which would have detrimental effects if left unchanged and one respondent made no comment. One respondent did not believe that P141 better facilitated the achievement of the Applicable BSC Objectives. This respondent felt that P141 is inconsistent with Applicable BSC Objective (d) because it creates uncertainty as to the correct interpretation of Serials and Supplier Charges prior to P106 Implementation Date and also because of its retrospective impact on the obligations of Suppliers with multiple Supplier IDs. In addition, this respondent considered that it could be argued that P141 was inconsistent with Applicable BSC Objective (c) (and could be seen as discriminatory), because it would set Standards separately in relation to parts of certain Suppliers' demand in a GSP Group, which would act as an additional requirement / constraint on their performance/actions.

A majority, six respondents, did not anticipate that they would change the data they should have submitted with regards to Serials, Standards and Supplier Charges upon P106 implementation, and none of the respondents had taken material action to implement any changes. A further respondent had considered whether there was a change required but determined not to make any system changes. Additional comments were made by respondents regarding this issue. One response stated a preference for Supplier ID reporting as, although suppliers are owned by one company, operationally they are still run 'as separate entities'. Three respondents, two in support of P141, did not believe that P106 changes the basis on which Serials data should be submitted. Two respondents stated that this is because details about Serials and Standards reporting are contained within a Balancing and Settlement Code Procedure (BSCP) as referred to in Annex S-1 of the Code. They did however recognise that P106 changes the basis on which Supplier Charges are calculated centrally by ELEXON, and that this should be addressed by P141.

A majority, six respondents, agreed that an Implementation Date, backdated to 24 June 2003, was appropriate. This was because it seemed that there was little point to P141 were it not backdated, a prospective solution would not resolve the issue and the claimed unintended effects of P106 would have to be implemented for the interim period. One of these respondents stated that usually it was reluctant to support retrospective Modification Proposals. Another of these stated that although it did not agree with P141 this Implementation Date was the least bad date. One respondent did not agree with the Implementation Date as it did not support retrospective changes and there has been no impact to date of the perceived inconsistency.

A majority, five respondents, did not feel that an Alternative Modification existed. Two respondents did support an Alternative Modification being developed. One respondent wanted to apply Annex S-1 on a Supplier ID basis and disapply Supplier Charges for the period between Go-Live and the P106 Implementation Date. The other respondent believed that P141 could be implemented on a purely prospective basis since there has been no impact to date of the perceived inconsistency.

There were other issues and comments brought up by respondents in the consultation. These were as follows:

- a request for additional consideration of the retrospective vs. prospective issue as regards the Implementation Date – *this was considered again by the VASMG and a majority decided against a purely prospective alternative (see Section 1.6 above);*
- whether it was fair to say that it had been agreed that the effect of P106 on Standards, Serials and Supplier Charges was unintentional. [A key question is whether there was in fact an "effect" at all, if "Supplier" in Annex S-1 is interpreted in strict accordance with the Annex X-1 definition prior to implementation of P106, i.e. "a Party which holds a Supply Licence and is responsible for Exports and/or Imports for which such Party is required, by virtue of Section K,

to register one or more SVA Metering Systems". If there was no "effect", then it is more a question of whether there was an "unintentional non-effect".] - *The VASMG agreed that the potential existence of an uncertainty regarding Serials prior to P106 Implementation Date should be recognised but is outside the scope of P141. A presentation by ELEXON to the Panel prior to the raising of this Modification Proposal had highlighted the issue that the Code was not clear prior to P106, but there is some historical evidence of how the industry interpreted the Code at that time and based on this evidence ELEXON has taken a pragmatic view that levying charges at the Supplier ID level was acceptable. The Group considered that as the issue had not been consulted on as part of the P106 process, nor the associated Code Subsidiary Documents and systems changed as a consequence, the fact that post-P106 Supplier Charges ought to have been calculated on a Supplier basis was not envisaged. This is regardless of how the pre-P106 situation is viewed;*

- the fact that ELEXON whilst identifying an effect on Annex S-1 and PARMS in the P106 Initial Written Assessment, did not highlight this to the P106 Modification Group, consultees and the Panel, who were therefore unable to form a view on the issues – *This was identified as the cause of the problem that led to P141 being raised but there is little that can be done about it at this juncture;*
- raising concerns about BSCCo's role in the Modification process, which may need to be addressed by the Governance Standing Modification Group. In addition the accuracy of the consultation document was questioned with reference to several points
 - It is claimed that there were a number of matters which are stated or implied as having been agreed by the Modification Group, on which there was in fact a differing minority opinion, which is not reported;
 - It was stated that there are a number of statements within the consultation document which were not recognised as being from the discussion of the VASMG; and
 - Inaccuracy of the statement in the first paragraph under "Backdated Implementation Date" that "The VASMG decided that the Implementation Date for P141 should be backdated to the 24 June 2003 ..." – it is stated that the VASMG does not have the power to "decide" this

This issue was considered by the VASMG and a majority did not support this viewpoint. One VASMG member felt that it would have been beneficial to circulate the consultation document to the VASMG before it was issued to industry – thereby avoiding this issue. This was discussed initially and the VASMG had agreed that time constraints made this impossible. The Group member who was concerned in this way said that although this was a complaint regarding the treatment of P141 it should be noted that they were not going to make a fuss and would not be pursuing the matter further.

6.2 Comments and views of the Panel

At its meeting on the 9 October 2003, the Panel considered the Assessment Report and the recommendations of the VASMG. Several issues were discussed.

The support for the backdated Implementation Date was questioned. One consultation respondent did not support this date, however a majority supported it and some went so far as to claim they would not support P141 were the Implementation Date not backdated (see Section 1.6 above). Additionally, a majority of the VASMG agreed with this date.

One Panel member questioned whether the hint of legal challenge in one of the consultation responses was a real possibility and if so whether it could be avoided. The issue raised was one regarding the

interpretation and application of Supplier Charges prior to P106 hence any legal challenge would not be directly related to P141.

At its meeting on the 13 November 2003, the Panel considered the draft Modification Report and its provisional recommendations to the Authority.

One Panel member requested that a note be added to the summary of the consultation responses to ensure that it is clear that the Code takes precedence over all Code Subsidiary Documents. This has been effected (see Section 5.1 above).

The Panel unanimously agreed that P141 should be made with an Implementation Date backdated to 24 June 2003.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

The Transmission Company Analysis is attached in annex 4.

8 SUMMARY OF EXTERNAL ADVICE

No external advice was sought.

9 IMPLEMENTATION APPROACH

If P141 is approved there will be no changes to the systems and thus an implementation approach is not given here.

10 DOCUMENT CONTROL

10.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	10/10/03	Dena Harris	Richard Clarke	
0.2	13/10/03	Dena Harris	Change Delivery	
0.3	27/10/03	Dena Harris	Change Delivery	
0.4	03/11/03	Dena Harris	Legal	
0.5	04/11/03	Dena Harris	Technical Review	
0.6	07/11/03	Dena Harris	Quality Review	
1.0	07/11/03	Dena Harris	Final	
1.1	17/11/03	Dena Harris	For Decision	

10.2 References

Ref	Document	Owner	Issue date	Version
P106MR10	P106 "Amendment to the BSC to allow multiple Supplier IDs" Modification Report	ELEXON	14/03/03	1.0

ANNEX 1 DRAFT LEGAL TEXT

See attached document.

ANNEX 2 MODIFICATION GROUP DETAILS

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Richard Harrison	Npower	richard.harrison@npower.com
Robert Brown	Cornwall Consulting Limited	robert.brown12@lineone.net
Steve Field	Scottish Power	stephen.field@saic.com

Attendee	Organisation	Email
Ian Anthony	Ofgem	Ian.Anthony@Ofgem.gov.uk

ANNEX 3 CONSULTATION RESPONSES: REPORT PHASE

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	No. Non-Parties Represented
1.	Powergen UK plc.	P141_DR_001	14	0
2.	Scottish Power UK plc	P141_DR_002	6	0
3.	EDF Energy Networks (EPN) plc	P141_DR_003	9	0
4.	Innogy plc	P141_DR_004	9	0
5.	Scottish and Southern Energy	P141_DR_005	4	0

P141_DR_001 Powergen UK plc

Respondent:	Powergen UK plc
No. of BSC Parties Represented	14
BSC Parties Represented	Powergen UK plc, Powergen Retail Limited, Cottam Development Centre Limited, TXU Europe Drakelow Limited, TXU Europe Ironbridge Limited, TXU Europe High Marnham Limited, Midlands Gas Limited, Western Gas Limited, TXU Europe (AHG) Limited, TXU Europe (AH Online) Limited, Citigen (London) Limited, Severn Trent Energy Limited (known as TXU Europe (AHST) Limited), TXU Europe (AHGD) Limited and Ownlabel Energy Limited
Role of Respondent	Supplier

Q	Question	Response	Rationale
1.	Do you agree with the Panel's views on P141 and the provisional recommendation to the Authority contained in the draft Modification Report that P141 should be made? Please give rationale.	Yes	Grudgingly. This is, in reality, a bit of a tidy up exercise for a possible unintentional consequence of the implementation of P106.
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? Please give rationale.	Yes	Seems straight forward enough.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P141? Please give rationale.	Not sure	<p>It is not clear in the Modification Report which implementation date is being referred to.</p> <p>If you mean the implementation date will be backdated to P106 implementation (24th June 2003) then my answer would be no, as we generally do not support retrospective changes.</p> <p>If you mean that implementation of P141 will be backdated to the date of P106's implementation on a [date X], then I cannot give a view as that implementation date has not yet been stated in this Modification Report.</p>
4.	Are there any further comments on P141 that you wish to make?	Yes	<p>We do not generally support retrospective changes. As the impact to date of this perceived inconsistency has been zero we do not see why P141 should retrospectively change this supposed inconsistency to the date of implementation of P106.</p> <p>More consideration should have been given to whether it would have been better to make a prospective rather than a retrospective change.</p>

P141_DR_002 Scottish Power

Respondent:	John Russell (SAIC)
No. of BSC Parties Represented	6
BSC Parties Represented	Scottish Power UK plc; ScottishPower Energy Management Ltd.; ScottishPower Generation Ltd; ScottishPower Energy Retail Ltd.; SP Transmission Ltd; SP Manweb plc.
No. of Non BSC Parties Represented	
Non BSC Parties represented	Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent

Q	Question	Response	Rationale
1.	Do you agree with the Panel's views on P141 and the provisional recommendation to the Authority contained in the draft Modification Report that P141 should be made? Please give rationale.	Yes	ScottishPower agrees with the Panel and VASMG view that P141 better facilitates Applicable BSC Objective (D), because it aims to ensure that the process by which Serials and Standards are reported and monitored, and Supplier Charges levied, remains on the basis of Supplier IDs rather than on a Supplier basis (which has been brought about by an unintentional side effect of the implementation of P106) and hence would better facilitate the implementation and administration of the balancing and settlement arrangements. However, we would qualify this with the proviso that the P141 implementation date is backdated to the P106 implementation date.
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? Please give rationale.	Yes	We agree that the legal text would appear to be appropriate to address the defect identified in this proposal.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P141? Please give rationale.	Yes	P106 should not have introduced changes to the Supplier Charges framework. P141 should only be accepted if it can be backdated to avoid the situation where the Supplier Charges framework is required to change as a result of the unintentional error in P106, and then subsequently changed back when P141 is implemented. In the event that P141 cannot be backdated, it is questionable whether introducing P141 would improve efficiency of the BSC and therefore whether the Applicable BSC Objectives are better facilitated.

Q	Question	Response	Rationale
4.	Are there any further comments on P141 that you wish to make?	Yes	ScottishPower does not believe that P106 changes the basis on which Serials data should be submitted. The BSC does not explicitly state whether data should be provided at a Supplier Id or Supplier level; this is contained within BSCP533 and the MIRT which does require data to be provided at a Supplier Id level. However, ScottishPower does recognise that P106 changes the basis on which Supplier Charges are calculated centrally by ELEXON, and this is the unintentional error that will be addressed by P141.

P141_DR_003 EDF Energy

Respondent:	Paul Chesterman
No. of BSC Parties Represented	9
BSC Parties Represented	EDF Energy Networks (EPN) plc; EDF Energy Networks (LPN) plc EDF Energy Networks (SPN) plc; EDF Energy (Sutton Bridge Power) EDF Energy (Cottam Power) Ltd; EDF Energy (West Burton Power) Ltd; EDF Energy plc; London Energy plc; Seeboard Energy Limited
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent	Supplier / Generator / Party Agent / Distribution Business

Q	Question	Response	Rationale
1.	Do you agree with the Panel's views on P141 and the provisional recommendation to the Authority contained in the draft Modification Report that P141 should be made? Please give rationale.	Yes	Without this modification a number of significant changes will be required with no benefit for industry. It also ensures Agents do not have to worry about changes where Supplier consolidation takes place as they will still report by Supplier Id. These benefits should ensure that administration of BSC in this area is managed in most effective manner.
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? Please give rationale.	Yes	
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P141? Please give rationale.	Yes	It ensures only one rule set is in place and removes need for significant changes that will be in operation for a short period of time.
4.	Are there any further comments on P141 that you wish to make?	No	

P141_DR_004 – RWE

Respondent:	
No. of BSC Parties Represented	9
BSC Parties Represented	RWE Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited
No. of Non BSC Parties Represented	None
Non BSC Parties represented	N/A
Role of Respondent	<i>Supplier / Generator/ Trader / Consolidator / Exemptable Generator / Party Agent</i>

1.1	Question	Response	Rationale
1.	Do you agree with the Panel's views on P141 and the provisional recommendation to the Authority contained in the draft Modification Report that P141 should be made? Please give rationale.	Yes	This is a 'pragmatic' solution to align the BSC with the functionality of the current PARMS system.
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? Please give rationale.	Qualified Yes	We believe the legal drafting may need to address the treatment of non-compliance with obligations which have been changed retrospectively.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P141? Please give rationale.	Qualified No	This can only be accepted on the basis that Parties will not be pursued for the consequences of actions taken on the basis of obligations that were subsequently changed retrospectively.
4.	Are there any further comments on P141 that you wish to make?	Yes	We remain unconvinced that there was a clear intent in P106 that Annex S-1 should apply on a Supplier ID basis, and are very concerned at the precedent which is being set in changing the obligations and liabilities of at least some Parties retrospectively.

P141_DR_005 Scottish and Southern Energy

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 14th October 2003, and the associated Modification Report for P141, we agree with the proposed BSC Panel recommendation to the Authority that Modification Proposal P141 should be made.

Whilst generally we are not supportive of retrospective changes to the Code it is clear that the approval of Modification Proposal P106 had a number of unintentional consequences that were not anticipated by the Modification Group, the Panel, the Authority and market participants in general. Backdating the implementation of Modification Proposal P141 will therefore be appropriate in these very limited, and hopefully unique, circumstances. Accordingly, if Modification Proposal P141 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in the Modification Report



ANNEX 4 TRANSMISSION COMPANY ANALYSIS

In accordance with paragraph F 2.8 of the Code, please respond to the following questions concerning P141 (including the rationale for each response):

Q	Question	Response
1	Please outline any impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system.	No impact has been identified as a result of this modification proposal on the ability of the Transmission Company to discharge its obligations under the Transmission Licence.
2	Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification (and, if applicable, any Alternative Modification) would better facilitate achievement of the Applicable BSC Objectives.	We support the rationale outlined in the Assessment Consultation that the proposed modification meets BSC Applicable Objective d) by ensuring that the provision and reporting of data is carried out in a consistent manner and avoids unnecessary costs being incurred as a result of unintended changes.
3	Please outline the impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification)	No impact has been identified on the computer systems and processes of the Transmission Company resulting from this modification proposal.
4	Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and, if applicable, any Alternative Modification).	No costs have been identified.
5	Please provide details of any consequential changes to Core Industry Documents that would be required as a	No consequential changes have been identified.

	result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification).	
6	Any other comments on the Proposed Modification (and Alternative Modification if applicable).	No further comments.

ANNEX 5 BSC AGENT IMPACT ASSESSMENTS

No BSC Agent Impact Assessments were commissioned.

ANNEX 6 PARTY IMPACT ASSESSMENTS

Organisation	Comments
Sue Macklin Scottish and Southern	<p>What impact, if any, will the Proposed Modification have on your organisation? None</p> <p>Please indicate the cost of implementing the Proposed Modification and whether your organisation has:</p> <p>begun implementation of reporting of Serials on a Supplier rather than a Supplier ID basis for P106; or</p> <p>not begun implementation. Not begun</p> <p>Please indicate whether you agree with the proposed Implementation Date for P141 (i.e. backdated to 24 June 2003): Yes</p> <p>Please indicate whether your organisation would need to resubmit data already submitted in respect of Settlement Days after 24 June 2003 at a Supplier level: No</p>
Rachael Gardener Aquila Networks	Please find that there is no impact to Aquila Networks Plc systems and/or processes.
John Russell Scottish Power	What impact, if any, will the Proposed Modification have on your organisation?

	<p>There will be no impact on ScottishPower.</p> <p>Please indicate the cost of implementing the Proposed Modification and whether your organisation has:</p> <p>begun implementation of reporting of Serials on a Supplier rather than a Supplier ID basis for P106; or</p> <p>not begun implementation.</p> <p>ScottishPower does not believe that P106 changes the basis on which Serials data should be submitted. The BSC does not explicitly state whether data should be provided at a Supplier Id or Supplier level; this is contained within BSCP533 and the MIRT which does require data to be provided at a Supplier Id level.</p> <p>Please indicate whether you agree with the proposed Implementation Date for P141 (i.e. backdated to 24 June 2003):</p> <p>Yes</p> <p>Rationale: P106 should not have introduced changes to the Supplier Charges framework. P141 should only be accepted if it can be backdated to avoid the situation where the Supplier Charges framework is required to change as a result of the unintentional error in P106, and then subsequently changed back when P141 is implemented. In the event that P141 cannot be backdated, it is questionable whether introducing P141 would improve efficiency of the BSC and therefore whether the Applicable BSC Objectives are better facilitated.</p> <p>Please indicate whether your organisation would need to resubmit data already submitted in respect of Settlement Days after 24 June 2003 at a Supplier level:</p> <p>No</p> <p>Rationale: ScottishPower does not believe there will be a requirement to resubmit data already submitted in respect of settlement days after 24 September 2003. ScottishPower has complied with the BSC obligations to submit "...reports to the PAB as may from time to time be required in accordance with the relevant BSC Procedures..." (Section S 3.1.1). These BSC Procedures (BSCP533 and the MIRT) require data to be submitted at a Supplier Id level. The unintentional effect of P106 was to require ELEXON to calculate Supplier Charges at a Supplier level, which has no impact on ScottishPower's PARMs submissions.</p>
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	<p>Any other comments:</p> <p>We have no further comments</p>
<p>Clare Talbot NGC</p>	<p>What impact, if any, will the Proposed Modification have on your organisation?</p> <p>No impact identified.</p> <p>Please indicate the cost of implementing the Proposed Modification and whether your organisation has:</p> <ul style="list-style-type: none"> a) begun implementation of reporting of Serials on a Supplier rather than a Supplier ID basis for P106; or b) not begun implementation. <p>No impact identified.</p> <p>Please indicate whether you agree with the proposed Implementation Date for P141 (i.e. backdated to 24 June 2003):</p> <p>Neutral</p> <p>Please indicate whether your organisation would need to resubmit data already submitted in respect of Settlement Days after 24 June 2003 at a Supplier level: Not applicable.</p>

ANNEX 7 COST BENEFIT ANALYSIS

No Cost Benefit Analysis was commissioned.

ANNEX 8 CORE INDUSTRY DOCUMENT OWNER IMPACT ASSESSMENTS

No Core industry Document Owner Impact Assessments were commissioned

ANNEX 9 PROPOSED TEXT TO MODIFY BSCCO MEMORANDUM AND ARTICLES OF ASSOCIATION

There is no proposed text to modify BSCCo Memorandum and Articles of Association