

## P319 'Removal of annual RMP review from PAF'

Risk Management Plans, which form part of the Performance Assurance Framework, are reviewed annually, duplicating information already provided to Parties. This Modification seeks to remove this duplication requirement from the Code.



The BSC Panel initially recommends that P319 should be **approved** as a Self-Governance Modification Proposal

This Modification is not expected to have any material impacts.

### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

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## About This Document

This is the P319 Draft Modification Report, which ELEXON will present to the Panel at its meeting on 14 May 2015. It includes the responses received to the Report Phase Consultation on the Panel's initial recommendations. The Panel will consider all responses, and will agree a final recommendation on whether or not the change should be treated as a Self-Governance Modification and if it should be approved or rejected.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits and drawbacks, and proposed implementation approach.
- Attachment A contains the draft redlined changes to the BSC for P319.
- Attachment B contains the draft redlined changes to the relevant BSCPs for P319.
- Attachment C contains the full responses received to the Panel's Report Phase Consultation.

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### Why change?

ELEXON believes that the information provided to Performance Assurance Parties (PAPs) in the annual review of the Risk Management Plan (RMP) duplicates information already provided through other mechanisms. Industry members have supported this view, confirming that they do not value the information contained in the annual review of their RMP.

### Solution

This Modification has been raised to remove the requirement for ELEXON to provide an initial RMP and annually review RMPs. PAPs are informed at the time when a Performance Assurance Technique (PAT) is applied (or stops being applied) to them and so this annual review does not provide them with new information.

### Impacts & costs

This Modification will not have any material impact on the way PAPs are informed of which PATs are applied to them. It simply seeks to remove the requirement to review this information annually. There are no BSC Party or Party Agent costs identified for P319.

### Implementation

The proposed Implementation Date for this Modification is **5 November 2015** as part of the November 2015 Release. There are no system or process changes required to implement this Modification.

### Recommendation

The Panel initially recommends that P319 should be approved as a Self-Governance Modification.



### What are Risk Management Plans?

RMPs are an element of the Performance Assurance Framework (PAF). They detail identified risks that are relevant to each PAP. The Balancing and Settlement Code ([BSC](#)) [Section Z 'Performance Assurance'](#) 5.7 'Risk Management Plan' covers the requirements and the PAB's responsibilities around RMPs. These requirements are:

- to create an initial RMP for each Material Business Unit (MBU) setting out the Settlement Risks that are material in relation to each PAP;
- to capture in the RMP each PAT from the Risk Operating Plan (ROP) to be applied to each PAP;
- to make amendments to an MBU's RMP when there is a change in circumstance (for example a trigger for Re-Qualification or a Technical Assurance of Performance Assurance Parties (TAPAP) check); and
- to review and update each RMP annually.

### What is the issue?

ELEXON believes that the information provided to PAPs through the annual review of RMPs is a duplicate of information already provided through other mechanisms. For example, PAPs are informed about the deployment or changes in the deployment of PATs via the processes set out in the relevant PAT BSCPs. The views have been supported by industry members who have confirmed that they do not value the information contained within the RMP<sup>1</sup>.

ELEXON presented a paper detailing its proposed changes to RMPs to the Performance Assurance Board (PAB) at its meeting on 26 February 2015 ([PAB169/06](#)). At this meeting the PAB agreed to recommend to the BSC Panel that this Modification should be raised in order remove the above requirements from the BSC. The Panel agreed to raise this Modification at its meeting on 12 March 2015 ([Panel 235/05](#)).

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#### What is the PAF?

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The Performance Assurance Framework (PAF) is a suite of processes and procedures used to manage Settlement Risks. Further information can be found on the [Performance Assurance](#) page of the BSC website.

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<sup>1</sup> ELEXON consulted the industry on how Parties value the annual review of their RMP. This consultation was presented to the PAB in 2014 ([PAB159/06](#)).

### Proposed solution

[P319 'Removal of annual RMP review from PAF'](#) proposes to amend Section Z paragraph 5.7.1(b) to remove the requirement to annually review the Risk Management Plan, as it is this element of the Code that introduces duplication. Any changes to the PATs applied to a PAP are submitted to the PAB at the time the change is identified (i.e. when a PAT is switched 'on' or 'off' for a particular Party) for approval or revision. The PAP is subsequently notified of any approved updates. An annual review will not identify anything additional to which the PAP is already aware.

Following this, P319 also proposes to amend the term 'Risk Management Plan' to 'Risk Management Determination'. This will create more flexibility in terms of the way ELEXON provides information relating to changes in the application of PATs to PAPs (by not stipulating a specific format e.g. 'Plan').

In practice, this Modification will not alter the process of notifying PAPs of which PATs are applied to them; direct communication and specific documentation will be provided at appropriate times in line with the relevant BSCP. The process for querying applied PATs will also remain unchanged.

### Legal text

The proposed redlined changes to the BSC Sections B, X-1, and Z to deliver P319 can be found in Attachment A. The proposed redlined changes to the relevant BSCPs can be found in Attachment B.

We have also included some Housekeeping amendments to the relevant documents.

## 4 Impacts & Costs

### Estimated central implementation costs of P319

The implementation cost for P319 will be approximately £240 (one ELEXON man day) to implement the necessary document changes.

The removal of the requirement to provide annual reviews of RMPs will save ELEXON around 16 man days worth of effort per annum. This equates to approximately £3,800.

### Indicative industry costs of P319

There are no BSC Party and Party Agent impacts or costs identified for P319.

### P319 impacts

Impact on BSC Parties and Party Agents	
Party/Party Agent	Potential Impact
All Performance Assurance Parties	No implementation impact, but consequentially Parties will no longer receive duplicate information.

Impact on Transmission Company	
No impact	

Impact on BSCCo	
Area of ELEXON	Potential Impact
Performance Assurance	Removal of requirement to provide duplicate information.

Impact on BSC Systems and processes	
No impact	

Impact on Code	
Code Section	Potential Impact
Section B	Changes will be required to implement this Modification. See Attachment A for details.
Section X Annex X-1	
Section Z	

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Impact on Code Subsidiary Documents	
CSD	Potential Impact
BSCP27	Changes will be required to implement this Modification. See Attachment B for details.
BSCP535	
BSCP536	
BSCP537	
BSCP538	

## 5 Implementation

### Recommended Implementation Date

The Panel recommends an Implementation Date for P319 of **5 November 2015** as part of the November 2015 Release. There are no urgent drivers for this Modification, and so this is the next available Release in which this Modification can be included.

There are no system or process changes required to implement this Modification.

## 6 Panel's Initial Discussions

### Panel's initial views against the Applicable BSC Objectives

The Panel initially unanimously agreed that P319 would better facilitate Applicable BSC Objective (d) as it seeks to remove the requirement for ELEXON to produce and provide duplicated information about the PATs being applied to a Party.

**The Panel therefore initially unanimously recommends that P319 be approved.**

### Self-Governance

The Panel initially unanimously agreed that P319 should be progressed as a Self-Governance Modification as it has no material impact on the way Parties are informed of which PATs are being applied to them.

### Implementation approach

The Panel initially unanimously agreed with the recommended Implementation Date for P319 of **5 November 2015** as part of the November 2015 BSC Release (as noted in Section 5).

### Legal text changes

The Panel initially unanimously agreed that the draft legal text changes to BSC Sections X-1 and Z, and the proposed changes to the relevant BSCPs deliver the P319 solution. It noted that consequential changes to Section B would be drafted and issued for consultation. Full details of the proposed changes can be found in Attachments A and B.

## 7 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. ELEXON received one response to the P319 Report Phase Consultation. The full responses to the consultation can be found in Attachment C.

Summary of P319 Report Phase Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Will P319 impact your organisation?	0	1	0	0
Will your organisation incur any costs in implementing P319?	0	1	0	0
Do you agree with the Panel's initial unanimous recommendation that P319 should be approved?	1	0	0	0
Do you agree with the Panel's initial view that P319 should be treated as a Self-Governance Modification?	1	0	0	0
Do you agree with the Panel's recommended Implementation Date?	1	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P319?	1	0	0	0
Do you have any further comments on P319?	0	1	0	0

The one respondent to the consultation agreed with the proposed solution. They provided no specific comments on P319.

ELEXON subsequently contacted the three respondents to its initial consultation on the value Parties place on RMPs<sup>1</sup>, who had stated that they place little value on their annual reviews. Of these, two responded and confirmed that they support P319, noting that the annual review does not provide new information. One respondent also commented that the current process is a cost to ELEXON, which could be perceived as an unnecessary and inefficient, and hence reflect poorly on ELEXON.

## 8 Recommendations

We invite the Panel to:

- **AGREE** that P319 **DOES** better facilitate Applicable BSC Objective (d);
- **DETERMINE** (in the absence of any Authority direction) that P319 is a Self-Governance Modification Proposal;
- **APPROVE** P319;
- **APPROVE** an Implementation Date of **5 November 2015** as part of the November 2015 BSC Systems Release;
- **APPROVE** the draft legal text; and
- Either:
  - **APPROVE** the P319 Modification Report; or
  - **INSTRUCT** the Modification Secretary to make such changes to the report as the Panel may specify.

## Appendix 2: Estimated Progression Effort

The following tables contain the estimated effort in progressing P319:

Assessment Effort	
Participant	Effort (man days)
ELEXON	5
<b>Total</b>	<b>5</b>

Consultation Response Effort	
Consultation	No. of responses
Report Phase Consultation	1
<b>Total</b>	<b>1</b>

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## Appendix 3: Glossary & References

### Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
BSC	Balancing and Settlement Code ( <i>Industry Code</i> )
BSCP	Balancing and Settlement Code Procedure ( <i>Code Subsidiary Document</i> )
MBU	Material Business Unit
PAB	Performance Assurance Board ( <i>Panel Committee</i> )
PAF	Performance Assurance Framework
PAP	Performance Assurance Party
PAT	Performance Assurance Technique
RMD	Risk Management Determination
RMP	Risk Management Plan
ROP	Risk Operating Plan
TAPAP	Technical Assurance Performance Assurance Party
WD	Working Day

### External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
4	Performance Assurance page on the BSC Website	<a href="https://www.elexon.co.uk/reference/market-compliance/performance-assurance/">https://www.elexon.co.uk/reference/market-compliance/performance-assurance/</a>
4	BSC Sections on the BSC Website	<a href="https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/">https://www.elexon.co.uk/bsc-related-documents/balancing-settlement-code/bsc-sections/</a>
4	PAB169 page on the BSC Website	<a href="https://www.elexon.co.uk/meeting/pab-169/">https://www.elexon.co.uk/meeting/pab-169/</a>
4	Panel 235 page on the BSC Website	<a href="https://www.elexon.co.uk/meeting/bsc-panel-235/">https://www.elexon.co.uk/meeting/bsc-panel-235/</a>
4	PAB159 page on the BSC Website	<a href="https://www.elexon.co.uk/meeting/pab-159/">https://www.elexon.co.uk/meeting/pab-159/</a>
5	P319 page on the BSC Website	<a href="https://www.elexon.co.uk/mod-proposal/p319/">https://www.elexon.co.uk/mod-proposal/p319/</a>

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