

**January 2001**

**MODIFICATION REPORT**

**MODIFICATION PROPOSAL P56 - Proposed Modification to the  
BSC in order to reflect amended references in the National Grid  
Company plc's Transmission Licence**

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

<b>Document Reference</b>	P56 MR Final
<b>Version no.</b>	1.0
<b>Date of Issue</b>	21/01/01
<b>Reason for Issue</b>	Authority Decision
<b>Author</b>	ELEXON

## I DOCUMENT CONTROL

### a Authorities

Version	Date	Author	Signature	Change Reference
0.2	18/12/01	ELEXON		Consultation version
1.0	21/01/02	ELEXON		Final version for Authority Decision

### 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

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## **1 BACKGROUND AND RECOMMENDATIONS**

### **1.1 Background**

Modification Proposal P56 was raised on 3 December 2001 by the National Grid Company (NGC). The proposal seeks to realign all cross-references between the Balancing and Settlement Code (BSC) and NGC's Transmission Licence.

The BSC contains numerous references to specific conditions contained within the Transmission Licence. Substantial amendments were made to the form of the Transmission Licence with effect from 1 October 2001 as a consequence of the determination of Standard Licence Conditions for Electricity Transmission Licences by the Secretary of State pursuant to provisions of the Utilities Act 2000. These amendments have resulted in the vast majority of conditions within the Transmission Licence being renumbered on and with effect from 1 October 2001. The purpose of this P56 is to amend the numbering of all those references within the BSC to specific provisions of the Transmission Licence, in order to match the revised numbering.

The proposal was first submitted to the BSC Panel on 13 December 2001 and proceeded directly to the Report Phase, as the changes are of a minor and inconsequential nature. After consultation with interested parties, the Panel considered this Modification Report at its meeting on 17 January 2002 and determined to make the recommendations set out below.

### **1.2 Recommendations**

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal, the BSC Panel recommends that:

- The Authority should approve this Proposed Modification, as set out in Section 5 of this report; and
- If approved, the Proposed Modification should be implemented 5 working days after the date of the Authority's determination.

### **1.3 Rationale for Recommendations**

It is in the interests of all parties that all references in the BSC to the Transmission Licence are accurate.

The Panel is of the view that this modification would better facilitate the achievement of the Applicable BSC Objectives contained in Condition C3 of the Transmission Licence. In particular, the modification is justified with reference to the objective in Condition C3(3)(d) (*'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'*). The proposal has no impact on any of the other objectives, as set out in Condition C3(3)(a) to (c).

## 2 DESCRIPTION OF PROPOSED MODIFICATION

The Proposed Modification requires all current references in the BSC to the numbering of specific provisions of NGC's Transmission Licence to be updated to match the revised numbering in the licence, as detailed in the table below.

Pre 1/10/01 Licence References	Impacted BSC Sections	Post 1/10/01 Licence References
7A	Section B (1.2.1(b)) Section C (3.8.4, 3.8.8) Section F (1.7.1) Section H (8.1.1)	C3
7C	Annex X-1 (Definition of "Implementation Scheme")	C4
10F	Annex X-1 (Definition of "Master Connection and Use of System Agreement")	C7F

## 3 ASSESSMENT

As the changes described in this report are contained to BSC drafting revisions and are of a minor and inconsequential nature, it has not been necessary to undertake a detailed assessment of the impact of making the changes on central and parties' systems and processes. These changes have no impact on the systems or processes of ELEXON, BSC Agents, Parties or Party Agents.

## 4 SUMMARY OF REPRESENTATIONS

6 submissions (representing the views of 21 BSC Parties) were received in response to the consultation on the Draft Modification Report. All of the respondents that commented were supportive of the Proposed Modification.

The NGC representation suggested a further amendment to the definition of 'Master Connection and Use of System Agreement' in Annex X-1 of the BSC in order to clarify the reference to the new licence condition. This change has been incorporated into this version of the Modification Report.

## 5 LEGAL TEXT TO MODIFY THE BSC

### In Section B:

- 1.2.1 The Panel shall conduct its business under the Code with a view to achieving the following objectives:
- (a) that the Code is given effect fully and promptly and in accordance with its terms;
  - (b) that the Code is given effect in such manner as will facilitate achievement of the objectives (so far as applicable to the manner in which the Code is given effect) set out in Condition ~~7A~~C3(3)(a) to (c) of the Transmission Licence, namely:

### In Section C:

- 3.8.4 In order to assist BSCCo to carry out any review under paragraph 3.8.1, the Transmission Company shall, at BSCCo's request, provide to BSCCo an assessment of the effect of the Code (or any aspect of the Code specified by BSCCo) on the matters referred to in Condition ~~7A~~C3(3)(a) and (b) of the Transmission Licence.
- 3.8.8 In addition to the foregoing, BSCCo shall keep under review whether any possible modification of the Code from time to time would better facilitate the objective in Condition ~~7A~~C3(3)(d) of the Transmission Licence, and shall recommend to the Panel any particular such modification which in BSCCo's opinion would do so.

### In Section F:

- 1.7.1 If the Authority issues a direction to the Transmission Company pursuant to condition ~~7A~~C3 of the Transmission Licence in the circumstances described in paragraph 1.7.3, the following provisions shall apply in relation to a particular Modification Proposal or Approved Modification:

### In Section H:

- 8.1.1 Where the Code expressly provides that a matter or question may be referred to the Authority for determination (as provided in Condition ~~7A~~C3 of the Transmission Licence), the provisions of this paragraph 8 shall apply in the event of any such reference (unless and to the extent otherwise expressly stated).

### In Annex X-1:

**"Implementation Scheme ":** means the programme implementation scheme designated by the Secretary of State pursuant to Condition ~~7C~~C4 of the Transmission Licence and equivalent conditions of other Licences, as from time to time modified;

### In Annex X-1:

**"Master Connection and Use of System Agreement":** means the agreement envisaged in Condition 10B of the Transmission Licence as such applied immediately prior to 18 September 2001 and/or ~~any the~~ Connection and Use of System Code (and the framework agreement by which such code is made binding) established pursuant to Condition C7F of the Transmission Licence which replaces such agreement in whole or part;

## ANNEX 1 – COPY OF MODIFICATION PROPOSAL

<b>Modification Proposal</b>	<b>MP No: 56</b> <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal</b> <i>(mandatory by proposer):</i> Proposed Modification to the BSC in order to reflect amended references in The National Grid Company plc's Transmission Licence.	
<b>Submission Date</b> <i>(mandatory by proposer):</i> 3 December 2001	
<p><b>Description of Proposed Modification</b> <i>(mandatory by proposer):</i></p> <p>As a consequence of the determination of Standard Licence Conditions for Electricity Transmission Licences by the Secretary of State pursuant to section 33 of the Utilities Act 2000 and the Scheme made by the Secretary of State pursuant to Paragraph 18 of Schedule 7 to the Utilities Act 2000 in respect to the transmission licence granted to The National Grid Company plc ("National Grid"), substantial amendments were made to the form of National Grid's transmission licence with effect from 1 October 2001.</p> <p>The changes referred to above have resulted in the vast majority of conditions within National Grid's transmission licence being renumbered on and with effect from 1 October 2001.</p> <p>The Balancing and Settlement Code ("BSC") contains numerous references to specific conditions contained within the "Transmission Licence" (as defined in the BSC). The purpose of this Modification is to amend the numbering of all those references within the BSC to specific provisions of National Grid's transmission licence to match the revised numbering in the licence.</p>	
<b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> <i>(mandatory by proposer):</i> Current references in the BSC to the numbering of specific provisions of National Grid's transmission licence which need to be updated to match the revised numbering in the licence.	
<b>Impact on Code</b> <i>(optional by proposer):</i> References throughout the BSC to specific provisions of National Grid's transmission licence will need to be amended. The references are mainly included within sections B, C, and F but this will need to be confirmed.	
<b>Impact on Core Industry Documents</b> <i>(optional by proposer):</i> None	
<b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> <i>(optional by proposer):</i> None	
<b>Impact on other Configurable Items</b> <i>(optional by proposer):</i> None	

<b>Modification Proposal</b>	<b>MP No: 56</b> <i>(mandatory by BSCCo)</i>
<b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> <i>(mandatory by proposer):</i> The modification will better meet the following applicable BSC Objective: (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.	
<b>Details of Proposer:</b> <b>Name:</b> Clare Talbot <b>Organisation:</b> National Grid <b>Telephone Number:</b> 02476 423969 <b>Email Address:</b> clare.talbot@uk.ngrid.com	
<b>Details of Proposer's Representative:</b> <b>Name:</b> Clare Talbot <b>Organisation:</b> National Grid <b>Telephone Number:</b> 02476 423969 <b>Email Address:</b> clare.talbot@uk.ngrid.com	
<b>Details of Representative's Alternate:</b> <b>Name:</b> Richard Lavender <b>Organisation:</b> National Grid <b>Telephone Number:</b> 02476 423967 <b>Email Address:</b> richard.lavender@uk.ngrid.com	
<b>Attachments: NO</b> <b>If Yes, Title and No. of Pages of Each Attachment:</b>	

## ANNEX 2 – REPRESENTATIONS

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	Scottish & Southern	P56_MR_001	4
2.	Innogy	P56_MR_002	8
3.	London Electricity	P56_MR_003	5
4.	ScottishPower	P56_MR_004	2
5.	SEEBOARD	P56_MR_005	1
6.	NCG	P56_MR_006	1

### P56\_MR\_001 – Scottish & Southern

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

We have nothing specific to say at this time about this Modification. However, we would like to remind you of the need to send a formal change request once this Modification is formally adopted.

Regards  
Garth Graham

### P56\_MR\_002 – Innogy

The Innogy Group of Companies support the Panel's recommendation regarding P56.

Regards,  
Terry Ballard  
01905-340507  
07989-493038

### P56\_MR\_003 – London Electricity

Thank you for the opportunity to comment on Modification Proposal P56. We note that The BSC contains numerous references to specific conditions contained within the Transmission Licence, which was amended in certain places on 1 October 2001 pursuant to provisions of the Utilities Act 2000. These amendments have resulted in the renumbering of almost all conditions within the Transmission Licence being renumbered.

P56 proposes the amendment of the numbering of all references within the BSC to specific provisions of the Transmission Licence, so that the references still refer to the sections to which they are intended to refer.

The proposal is limited to amending cross references and, as such, we agree that it should not require a definition stage.

We would like to place on record our support for the recommendation to the panel in the draft report on Modification P56, we agree that the Authority should approve P56, and we agree that the Proposed Modification should be implemented 5 working days after the date of the Authority's determination (although there is no great urgency, and if were expedient or cheaper to take a little longer, we should not object).

The applicable objective better met by the modification would seem to be :  
(d) "Promoting efficiency in the implementation and administration of the balancing and settlement arrangements."

We would not expect the legal costs (if any) to Elexon of doing this to be substantial.

Yours sincerely  
Liz Anderson

(London Electricity, South Western Electricity, Jade Power, Sutton Bridge Power and  
TXU West Burton Power Limited)

#### **P56\_MR\_004 – ScottishPower**

With reference to the above P56 report consultation, we offer our support to the recommendation of the Panel that the mod proposal be approved and implemented as suggested in the report.

I trust that you find these comments helpful. If you require further information with regard to this response, please do not hesitate to contact either myself or Abid Sheikh (0141 568 3113).

Regards  
Man Kwong Liu

Design Authority, Deregulation Services  
Calanais Ltd. for ScottishPower/Manweb

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#### **P56\_MR\_005 – SEEBOARD**

We confirm that SEEBOARD has no comments on the draft report relating to P56.

Sue Fraser  
for Dave Morton  
0190 328 3465

#### **P56\_MR\_006 – NGC**

We have reviewed the draft version of the P56 report and all the proposed amendments to the text of the BSC are fine with the exception of the definition of the MCUSA in X1.

As the new Condition C7F in the National Grid Transmission Licence only envisages and refers to the Connection and Use of System Agreement (CUSC), we would suggest that the definition of "MCUSA" in Annex X-1 should be amended to read as follows:

"MCUSA" "means the agreement envisaged in Condition 10B of the Transmission Licence as such applied immediately prior to 18 September 2001 and/ or the Connection and Use of System Code (and the framework agreement by which such code is made binding) established pursuant to Condition C7F of the Transmission Licence which replaces such agreement in whole or part"

As we discussed prior to the Panel meeting, if we are going to raise changes to the definitions associated with CUSC via a separate House-Keeping Modification, the definition of MCUSA needs to make reference to the condition in the National Grid Licence which was in existence immediately prior to the introduction of CUSC ( ie. immediately prior to 18 September 2001).

I hope this seems sensible, please give me a call if you would like to discuss this further. Also I would be grateful if we could have a discussion in due course on the best way forward to pick up the replacin the MCUSA references with CUSC in a subsequent "House-Keeping" Modification.

Regards,  
Clare