

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Request to raise a Modification 'Housekeeping changes to BSC Section M'

This Modification proposes to make consequential changes to the approved legal text for P307 and P345 to resolve minor errors and inconsistencies between the Modifications' intentions and the approved legal text.



ELEXON recommends that the Panel raises this Modification and approves it as a Fast Track Self-governance Modification.

This Modification is not expected to impact any participants

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About This Document

This document is a request to raise a Modification and an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 11 August 2016. The Panel will consider the recommendations and agree how to progress this Modification.

There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress.
- Attachment A contains the draft Modification Proposal Form.
- Attachment B contains the draft legal text to deliver this Modification.



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1 Why Change?

Background

[P307 'Amendments to Credit Default arrangements'](#) was raised by E.ON UK and was implemented on 25 June 2015. This Modification extended the duration of the Query Period that is given to a participant prior to entering Credit Default from a flat 24 hours to a period of at least 24 hours which must include a minimum of five consecutive Business Hours in a single Working Day. As part of P307, the concept of a 'Level 2 Credit Default Cure Period' was removed from the BSC as the new Query Period duration meant this step in the process could never be triggered.

SSE plc raised [P345 'Reducing the CAP change notice period and improving its flexibility'](#) on 2 June 2016, which proposed to:

- Move the Credit Assessment Price (CAP) change notice period parameter from the Balancing and Settlement Code (BSC) to the CAP Review Guidance Document (meaning a Modification would not be required to amend this parameter);
- Reduce the CAP change notice period from 20 Working Days to 15 Working Days;
- Require that any change to the CAP change notice period must be consulted upon and is subject to the agreement of the Panel; and
- Introduce a minimum CAP change notice period of 10 Working Days into the BSC (meaning a Modification would be required to reduce the notice period to less than 10 Working Days).

The Panel approved P345 on 14 July 2016 ([Panel 255/08](#)) under Self-Governance. The Self Governance appeal window for P345 closes on 5 August 2016 with implementation scheduled for 19 August 2016 should no appeals be received.

What is the issue?

Since the approval of the P345 legal text, it has been brought to our attention that part of the legal text did not match the original intention of P345.

The P345 approved legal text does not introduce the minimum 10 Working Day notice period into the BSC as per the original Modification intention. Instead, the approved legal text mirrors the 15 Working Day operational timescale as stipulated in the CAP guidance document.

We have also identified that one section of the approved P307 legal text was not implemented when the Modification went live. BSC Section M3.4.3(a) contains three references to the now-redundant Level 2 Credit Default Cure Period, the removal of which had been included in the approved P307 legal text. However, these changes were not incorporated into Section M when P307 was implemented. As the omission of these changes was not material to the implementation of the P307 solution, we elected to incorporate these as part of a future Modification. We therefore propose that these changes are picked up as part of this Modification.



What is the CAP?

The Credit Assessment Price (CAP) is a £/MWh value, determined by the Panel following consultation with industry Trading Parties. The value is used to determine the financial value of Trading Parties' Energy Indebtedness.

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Proposed solution

This Modification proposes to amend the approved P345 legal text such that the minimum CAP change notice period is amended from 15 Working Days to 10 Working Days as per the original intention of P345. It will also include the changes to Section M3.4.3(a) previously approved by the Panel under P307 but which were not subsequently implemented.

The redlined amendments to the BSC can be found in Attachment B.

Applicable BSC Objectives

We believe that this Modification will better facilitate **Applicable BSC Objective (d)** as the rectification of these errors in the legal text against the intention of the original Modifications would ensure the BSC is delivered in the most effective and efficient manner.

Implementation approach

We recommend that this Modification be implemented 10 Working Days following the 15 Working Day Fast Track objection period closing. This would mean this Modification would be implemented on **15 September 2016**, if approved as a Fast Track Modification.

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

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

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

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3 Proposed Progression



What are the Fast Track Self-Governance Criteria?

A Modification Proposal which:

(i) if implemented would satisfy the Self-Governance Criteria; and

(ii) falls within the scope of Section F2.1.1(d)(iv) (without limiting the right of any person specified in paragraph 2.1.1 to propose a Fast Track Self-Governance Modification Proposal) and which is required to correct an error in the Code or as a result of a factual change, including but not limited to:

(a) updating names or addresses listed in the Code;

(b) correcting minor typographical errors;

(c) correcting formatting and consistency errors, such as paragraph numbering; or

(d) updating out of date references to other documents or paragraphs.

If the Panel agrees to raise the Modification Proposal in Attachment A, it will then need to determine how it should be progressed. We believe that this change should be progressed as a Fast Track Self-Governance Modification.

The Panel must be unanimous in a decision to progress a Modification as Fast Track. If any Panel Member disagrees with this proposed approach, the Modification will progress as a standard Modification.

Progression as a Fast Track Modification

If the Panel unanimously agrees to progress this as a Fast Track Modification, it will need to approve the draft legal text and implementation approach. We will then issue the Fast Track Modification Report (including approved BSC legal text) to the Authority, the Transmission Company and BSC Parties. From this point, there will be a 15 Working Day objection period in which BSC Parties can raise an objection to the implementation of the Modification. This period would close on 2 September 2016.

If an objection is received, the implementation of the Modification would be suspended and the objection tabled at the Panel meeting on 8 September 2016. The Panel would then need to agree on the progression of the Modification as a standard Modification.

If no objections are received, the Panel will be notified and the Modification will be implemented on the agreed Implementation Date (see Section 2).

Progression as a standard Modification

If the Panel does not unanimously agree to progress this as a Fast Track Modification, it will need to determine the Modification's progression, including whether it should be progressed as a Self-Governance Modification.

If the Panel determines to progress this Modification as a standard Modification, we recommend that it progresses this directly to the Report Phase as a Self-Governance Modification. We believe this would be the most appropriate route to follow as this Modification seeks only to rectify the issue of the legal text not matching the intention of P345.

Proposed Progression Timetable if not progressed as Fast Track

Event	Date
Request to Raise Modification presented to Panel	11 Aug 16
Report Phase Consultation (11 Working Days)	12 Aug 16 – 26 Aug 16
Present Draft Modification Report to Panel	08 Sep 16
Issue Final Modification Report to Authority (if not Self-Governance)	09 Sep 16

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4 Likely Impacts

Central impacts and costs

This Modification will be a document only change and there will be no system impacts or impacts on BSC Agents or BSC Parties.

The implementation costs for this Modification will be approximately £240 (one ELEXON Working Day) to implement the relevant document changes.

Impact on Code	
Code Section	Impact
Section M	Changes will be required to deliver this Modification. <i>The proposed changes can be found in attachment B.</i>

Participant impacts and costs

This Modification is a Code-only change to correct an error with the P345 legal text. There will be no impacts on industry participants as a result of this Modification.

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5 Recommendations

We invite the Panel to:

- **RAISE** the Modification Proposal in Attachment A.

If the Panel agrees to raise this Modification, we invite the Panel to:

- **AGREE** that this Modification should be progressed as a Fast Track Self-Governance Modification;
- **AGREE** that this Modification:
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** that this Modification should be **approved**;
- **AGREE** an Implementation Date of 16 September 2016;
- **AGREE** the proposed legal text for the P345 redlining;
- **NOTE** the legal text amendment for the P307 redlining; and
- **NOTE** that ELEXON will issue the Fast Track Modification Report (including the draft BSC legal text), which will then be subject to a 15 Working Day objection period.

Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BSC	Balancing and Settlement Code
CAP	Credit Assessment Price

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
3	P307 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p307/
3	P345 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p345/
3	Panel 255 page on the ELEXON website	https://www.elexon.co.uk/meeting/bsc-panel-254

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