

Modification proposal:	Balancing and Settlement Code (BSC) P209: Housekeeping Modification – Change of Code references from BSCP531 to BSCP537.		
Decision:	The Authority¹ directs that this proposal be made²		
Target audience:	National Grid Electricity Transmission Plc (NGET), Parties to the BSC and other interested parties		
Date of publication:	16 March 2007	Implementation Date:	23 August 2007

Background to the modification proposal

Modification Proposal P197: 'Supplier Volume Allocation (SVA) Qualification Processes Review' was approved by Ofgem on 10 August 2006 with a planned implementation date of 23 August 2007³. P197 will create a new Qualification process for SVA Parties, SVA Party Agents and CVA Meter Operator Agents (MOAs). This new process will be documented in the BSC and in a new BSC Procedure BSCP537. This will replace BSCP511⁴, BSCP512⁵ and BSCP531⁶.

This proposal will reference revised Accreditation, Qualification and Certification Processes via Code Subsidiary Document (CSD) BSCP537. Processes relating specifically to Qualification have previously been contained within CSD BSCP531.

The approved legal text which accompanied proposal P197 contained a number of references to BSCP531 which need to be amended to BSCP537 so that it accurately reflects the modification proposal. Primarily these references are contained in Section J of the BSC.

At the 11 January 2007 meeting of the BSC modification panel it was confirmed that the Performance Assurance Board (PAB) endorsed BSCP537 and that it should be adopted as a new CSD.

The modification proposal

This modification proposal seeks to amend the references outlined above in the legal text which accompanied Modification Proposal P197, prior to the 23 August 2007 implementation date.

It is considered that this modification proposal will better facilitate Applicable BSC Objective (d) "the promotion of efficiency on the implementation and administration of the balancing and settlement arrangements".

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ Our decision letter can be viewed at:

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16098_P197_D.pdf

⁴ 'Entry Process for SVA Parties.'

⁵ 'Entry Process – Supplier'

⁶ 'Accreditation'

BSC Panel⁷ recommendation

At the BSC Panel meeting held on 8 February 2007, the Panel agreed unanimously to recommend that P209 be implemented.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 14 February 2007. The Authority has considered and taken into account the responses to Elexon's⁸ consultation which are attached to the FMR⁹. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the BSC¹⁰; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties¹¹.

Reasons for the Authority's decision

In reaching our decision we have considered the effect of the modification proposal against all of the Applicable Code Objectives. For the purposes of this proposal we agree with the proposer that Applicable Code Objective D is where this proposal will have the most significant impact.

The aim of this modification proposal is to improve the accuracy of the BSC. We consider that by improving its accuracy a commensurate increase in the transparency and efficiency of the BSC can reasonably be expected. The correction of errors should also reduce the risk of ambiguity and misinterpretation. This was a view largely echoed by respondents who support the proposal on the grounds that it will improve the clarity of the BSC.

We note the concerns raised by one respondent regarding the continuity of obligations during transition from one CSD to another and that P197 will be implemented using BSCP537 when the proposal was in fact approved on the basis that BSCP531 would be the relevant process document. We have some sympathy with the view that the transition from BSCP531 to BSCP537 has not been considered as thoroughly as it should have.

It is our understanding that all applications to become SVA Parties, SVA Agents or MOAs made prior to 23 August 2007 must be processed under the procedures defined in BSCP531 and that any applications after that date will be processed under BSCP537. Where an applicant has started the accreditation process and is part way through at 23 August 2007 it will be for the applicant to decide whether they continue under the

⁷ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC.

⁸ The role and powers, functions and responsibilities of Elexon are set out in Section C of the BSC.

⁹ BSC modification proposals, modification reports and representations can be viewed on the Elexon website at www.elexon.com

¹⁰ As set out in Standard Condition C3(3) of NGET's Transmission Licence, see: <http://62.173.69.60/index.php?pk=folder132230>

¹¹ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

BSCP531 procedures, which take longer or to restart the application process under the BSCP537 procedures.

It should be noted that any Party or Party Agent going through Entry Processes, Certification or re-Certification when P197 is implemented would continue to follow the old process, although they would be required to complete the process within nine months of the P197 Implementation Date. After this time all applications would revert to the new process. Any applicant wishing to enter the market, or an existing participant wishing to re-Qualify on or after the Implementation date would have to use the new process.

While we recognise that this approach is not perfect we consider that in providing applicants with a choice it is the most appropriate solution as it will help to minimise the administrative burden on new applicants . Furthermore, we consider that it is important that the BSC contains correct and accurate references to reflect what occurs in practice, rather than maintaining inaccurate references. Notwithstanding this, we consider that had the development of P197 been more carefully considered P209 may not have been necessary. One solution may have been to amend BSCP531 to include transitional arrangements.

As such, we believe that this modification proposal is necessary and that it better facilitates applicable objective D, the promotion of efficiency in the implementation and administration of the balancing and settlement arrangements. Specifically, it will allow P197 to be accurately implemented and the removal of potential ambiguities will aid the clarity, and therefore efficient administration of the BSC.

Decision notice

In accordance with Standard Condition C3 of NGET's Transmission Licence, the Authority, hereby directs that modification proposal BSCP209: Housekeeping Modification – Change to Code references from BSCP531 to BSCP537 be made on 23 August 2007.



**Mark Feather, Associate Director, Industry Codes and Licensing.
Signed on behalf of the Authority and authorised for that purpose.**