

Modification proposal:	Balancing and Settlement Code (BSC) P329 and P329 Alternative: Changes to REMIT inside information reporting (P329)		
Decision:	The Authority ¹ directs that modification P329 Alternative be made ²		
Target audience:	National Grid Electricity Transmission Plc (NGET), Parties to the BSC, the BSC Panel and other interested parties		
Date of publication:	19 April 2016	Implementation date:	29 June 2017

Background

European Regulation 1227/2011 on Energy Market Integrity and Transparency (REMIT) requires market participants, among other things, to make public inside information in their possession. The Agency for the Cooperation of Energy Regulators (ACER) has set out its expectation for standardised web feeds along with a specified format for the collection of REMIT inside information data from centralised platforms. The Balancing Mechanism Reporting Service (BMRS) is the national reporting platform for electricity in Great Britain. ACER therefore expects the BMRS to expose a web feed which complies with the Manual of Procedures on transaction data, fundamental data and inside information reporting³ for collection of data by ACER.

The modification proposal

The modification proposes to update the BMRS to allow reporting using the format specified by ACER, and would implement the required web feed. The BMRS REMIT notification platform must make these changes in order to comply with REMIT. The modification was raised by NGET with an alternative modification raised by the workgroup. The original modification proposes removing the Market Operation Data Interface System (MODIS), a system run by NGET, as a way of submitting notifications. The alternative modification proposes to keep MODIS as a submission route. The workgroup considered that both modifications better facilitate BSC objectives (b), (c), (d) and (e). The majority of the workgroup considered that P329 Alternative performed better against objective (d) than the proposed modification.

BSC Panel⁴ recommendation

At the BSC Panel meeting on 10 March 2016, the Panel considered that both proposals better facilitate applicable objectives (b), (c) and (e). They unanimously considered that P329 Alternative better facilitates objective (d) and a majority considered that proposed P329 better facilitates this objective when compared to the existing arrangements. For this reason the Panel recommended that P329 Alternative be approved.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

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

³ The Manual of Procedures can be viewed on ACER's REMIT portal at www.acer-remit.eu

⁴ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and Standard Licence Condition C3 of the Electricity Transmission Licence available at: www.epr.ofgem.gov.uk

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 11 March 2016. We have considered and taken into account the responses to the industry consultation(s) which are attached to the FMR⁵. We have concluded that:

- implementation of P329 Alternative will better facilitate the achievement of the applicable objectives of the BSC;⁶ and
- directing that P329 Alternative be made is consistent with our principal objective and statutory duties.⁷

Reasons for our decision

We consider this modification proposal and the alternative will better facilitate BSC objectives (b), (c), (d) and (e), with the alternative performing better than the proposed against objective (d), and both have a neutral impact on the other applicable objectives.

(b) the efficient, economic and co-ordinated operation of the national electricity transmission system

The proposer and workgroup believe that if market participants are able to make more informed decisions due to an increase in transparency this may result in more efficient, economic and coordinated operation of the electricity transmission system. The proposer and workgroup believe both the proposed and alternative modifications allow this, better facilitating objective (b).

We agree with the proposer, workgroup and the Panel members and agree that both the proposed and alternative modifications better facilitate objective (b).

(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

The proposer and workgroup believe increased transparency could enable market participants to make more informed decisions. They believe there is particular benefit for participants with fewer resources, promoting increased market participation and increasing effective competition in generation, supply, sale and purchase of electricity. The proposer and workgroup believe the proposed and alternative modifications allow this, better facilitating objective (c).

We understand that the modification ensures a standard format of disclosure of inside information, improving consistency. This means all market participants should be receiving the same quality of information about every other participant in the market, reducing information asymmetry and promoting effective competition. We believe both the proposed and alternative modifications better facilitate objective (c) based on these conditions.

⁵ BSC modification proposals, modification reports and representations can be viewed on the Elexon website at www.elexon.co.uk

⁶ As set out in Standard Condition C3(3) of NGET's Transmission Licence: <https://epr.ofgem.gov.uk>

⁷ 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.

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

The proposer believes that wide use of the platform may better inform market participants and enable them to balance their positions more effectively, leading to more efficient system balancing by NGET. The proposed modification involves removing a route for submitting data currently used by market participants. This reduces administrative costs for NGET, but imposes change costs on all market participants currently using this submission route for their inside information. The alternative modification maintains the existing submission routes, introducing change costs for NGET but minimising costs for many market participants. The alternative modification is considered by the Panel and the majority of the workgroup to better facilitate objective (d) compared to the proposed.

We understand that because the proposed and alternative modifications do not meet ACER's timescales for implementing ACER standards, market participants will need to temporarily implement their own solutions, which will lead to inefficiencies. We believe that a centralised platform for the submission of REMIT inside information is the most efficient way of providing information to market participants. The BMRS platform will need to be updated via either the proposed or alternative modification to maintain usefulness.

The proposed modification would introduce costs on all market participants currently using MODIS to change their system and undermine their initial investments in building MODIS compatible systems. While the initial investment now represents a sunk cost, the costs to market participants to build new systems to submit information via an alternative route would be significant. We note that regardless of whether the proposed or alternative modification is approved, MODIS would require ongoing support due to its use as a submission route for European Transparency Regulation data. MODIS provides additional value due to increased functionality compared to other submission routes, for example a high resilience network and the capability of two way communication. We therefore understand that maintaining MODIS as a data submission option minimises overall cost and impact across most market participants, provides additional functionality and optionality and so we consider objective (d) is better facilitated by the alternative modification than the proposed.

(e) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency

The results of ACER's public consultation on the Common Schema for the Disclosure of Inside Information⁸ provides that inside information notifications made in accordance with REMIT must be made in a specified format and provided via a web feed to ACER, as per Article 10(1) of the REMIT Implementing Regulation⁹. P329 changes the BMRS notification platform to allow it to meet these requirements.

As noted above, neither the proposed nor the alternative solutions meet the timescale that ACER expects for the implementation of the changes to inside information reporting. Market participants will have to implement alternative solutions in addition to using the platform if they are to comply with ACER's standards from the deadline. As stated in our

⁸ The consultation and response can be viewed on ACER's website at:

http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/PC_2015_R_03.aspx

⁹ COMMISSION IMPLEMENTING REGULATION (EU) No 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and Article 8(6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency, available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R1348>

decision on modification P291¹⁰, we believe that a central platform better serves the needs of BSC parties and other market participants. We consider that by amending the BSC reporting platform via P329 proposed or alternative the platform will be better able to meet its obligations under REMIT, better facilitating objective (e).

Decision notice

In accordance with Standard Condition C3 of NGET's Transmission Licence, the Authority hereby directs that modification proposal BSC P329 Alternative: 'Changes to REMIT inside information reporting' be made.

Cathryn Scott

Partner – Energy Systems

Signed on behalf of the Authority and authorised for that purpose

¹⁰ Balancing and Settlement Code (BSC) P291: REMIT Inside Information Reporting Platform for GB Electricity, decision can be viewed on Ofgem's website at: <https://www.ofgem.gov.uk/publications-and-updates/balancing-and-settlement-code-bsc-p291-remit-inside-information-reporting-platform-gb-electricity>