

Section F: Modification Procedures

Introduction

[Section F](#) sets out the rules and procedures for modifying the Balancing and Settlement Code (BSC, the Code). This includes procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications. [Section F](#) also sets out rules and procedures for the creation and modification of Code Subsidiary Documents (CSDs) and provisions relating to change co-ordination and Information System (IS) Policies.

Background Legal Framework

Condition C3 of the Transmission Licence establishes the framework for modification of the BSC. It provides that the BSC can only be modified by the National Electricity Transmission System Operator (NETSO), if so directed by the Authority. Modifications are evaluated by reference to the Applicable BSC Objectives, which are set out in the Transmission Licence and are:

- (a) the efficient discharge by the NETSO of the its Transmission Licence obligations;
- (b) the efficient, economic and co-ordinated operation of the GB Transmission System;
- (c) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting competition in the sale and purchase of electricity;
- (d) promoting efficiency in the implementation and administration 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; and
- (g) compliance with the Transmission Losses Principle.

The Transmission Licence also sets out a number of requirements which the BSC Modification Procedures must meet. It therefore lays the foundations of [Section F](#) of the BSC. These requirements include provisions as to:

- (a) who can propose a modification;
- (b) consultation with interested parties;
- (c) evaluation of the Proposed Modification against the Applicable BSC Objectives;
- (d) preparation of a Modification Report; and
- (e) submission of the Modification Report to the Authority.

Modification of the Code

Modification

If NETSO serves a notice of modification to the Modification Secretary in accordance with a direction of the Authority, the BSC is modified as per the terms of that notice. The Modification Secretary must immediately copy such a notice to:¹

- (a) Parties;
- (b) Panel Members;
- (c) the Authority;
- (d) BSC Agents;
- (e) Core Industry Document Owners; and
- (f) the System Operator-Transmission Owner Code (STC) Committee.

In the absence of an effective from time and date specified in the notice, a BSC modification will take effect from 00:00 hours on the day following the date of the notice.

If the Authority notifies NETSO that it does not intend to direct a modification to the BSC, NETSO will notify the Modification Secretary, who notifies the wider group of people specified previously.

Certain Code provisions relating to the EMR arrangements cannot be amended without written consent from the Secretary of State, except for minor modifications (formatting, paragraph numbering, references to other paragraphs etc.) arising from other Modification Proposals.

Role of the Panel, ELEXON and the Modification Secretary

The Panel is responsible for the operation of the Modification Procedures and must endeavour to operate them in as efficient, economical and expeditious a manner as possible. When doing this, it must take into account the complexity, importance and urgency of particular Modification Proposals and with a view to ensuring that the BSC facilitates achievement of the Applicable BSC Objectives.

ELEXON is responsible for implementing Approved Modifications and must do so in an efficient, economical and expeditious manner in accordance with the Implementation Date contained in the modification notice.

ELEXON nominates and provides a Modification Secretary to administer the Modification Procedures.

Modification Register

The Panel provides a Modification Register which informs Parties and interested third parties of the progress of Modification Proposals and Approved Modifications. The Modification Register records and includes:

- (a) details of each Modification Proposal;
- (b) whether each Modification is an Urgent Modification Proposal;
- (c) the current status and progress of each Modification Proposal with the anticipated date for reporting to the Authority;

¹ References in this document to "the people specified previously" are references to this list.

- (d) the current status and progress of each Approved Modification;
- (e) each Modification Proposal that has been withdrawn or has been rejected by the Authority (for three months after the withdrawal or rejection);
- (f) each Approved Modification that has been implemented (for three months after its implementation);
- (g) each Modification Proposal that has been either approved or rejected by the Authority, where that decision to approve or reject is subject to a legal challenge; and
- (h) anything else that, in the Panel's opinion, should be contained in the Modification Register, given its purpose.

ELEXON publishes the Modifications Register on the [BSC Website](#), and updates it monthly.

Monthly Progress Report

The Panel prepares and sends to the Authority a "Monthly Progress Report" setting out:

- (a) details of any proposal that has been refused;
- (b) the current version of the Modification Register;
- (c) details of the priority that the Panel assigns to the Modification Proposals contained in the Modification Register, the scheduling and timetable for consideration of each Modification Proposal and completion of the Modification Report and the impact of the priority assigned to each Modification Proposal by reference to other Pending Modification Proposals;
- (d) details of any decision to amalgamate Modification Proposals;
- (e) details of any decision to suspend a Definition or Assessment Procedure and to proceed directly to the Report Phase;
- (f) details of anything that leads the Panel to believe that the Implementation Date for an Approved Modification is unlikely to be met or should be brought forward, together with reasons;
- (g) anything else that the Authority requests;
- (h) any decision of the Panel to recommend a Conditional Implementation for any Modification Proposal;
- (i) the rationale for each of the decisions set out in (a) to (h), including costs.

Following discussion with the Panel, the Authority can issue a notice to the Modification Secretary that requires that the Panel:

- (a) does not reject a Modification Proposal; and/or
- (b) does not amalgamate Modification Proposals; and/or
- (c) assigns a different priority to particular Modification Proposals; and/or
- (d) amends the timetable for definition and/or assessment and evaluation of a Modification Proposal.

ELEXON publishes each Monthly Progress Report on the [BSC Website](#) shortly after it is sent to the Authority.

Standing Lists

The Panel can establish a list of people who are willing to be members of Modification Workgroups. Parties can submit suggestions to the Panel for suitable candidates to be included on the list. Parties are expected to make available a reasonable level of people to act as members of Modification Workgroups.

Change Co-ordination

The Panel establishes joint working arrangements with each Core Industry Document Owner and the STC Committee for the purpose of identifying, co-ordinating and making changes to Core Industry Documents² that are consequent on a BSC modification. The joint working arrangements should enable such changes to Core Industry Documents to be made and given effect wherever possible at the same time as the BSC modification.

The Panel establishes joint working arrangements with the Secretary of State, the CM Settlement Body and any CM Settlement Services Provider for the purpose of identifying potential inconsistencies between a BSC modification and the Capacity Market Documents and/or CFD Documents.

Role of NETSO

If the Authority believes that the Panel and/or ELEXON is failing in a material respect to comply with the provisions of [Section F](#) in relation to a particular Modification Proposal or Approved Modification, and the Authority has given notice to the Modification Secretary requiring compliance with the provisions and the Panel or ELEXON has failed to take appropriate remedial action, it can direct NETSO to step-in. In which case, the Authority can direct:

- (a) the NETSO to assume responsibility for the Modification Procedures;
- (b) the Panel, ELEXON and others to provide any assistance that NETSO requires;
- (c) NETSO to assume the powers, functions and responsibilities of the Panel, the Panel Chairman, the Modification Secretary and ELEXON in relation to the Modification Procedures; and
- (d) ELEXON to pay costs incurred under such direction to NETSO and recover these costs from Trading Parties.

The Modification Secretary shall be notified by NETSO if any such direction is made and the Modification Secretary will inform the people specified previously.

Interpretation

When consulting interested third parties, this list shall include the Secretary of State, any CfD Counterparty, the CM Settlement Body, any CFD Settlement Services Provider and any CM Settlement Services Provider.³

² Core Industry Documents have the meaning ascribed in the Transmission Licence, which is those that in the Secretary of State's opinion are central industry documents, and have been so designated.

³ References in this document to "any EMR bodies" are references to the people listed here.

BSC Modification Procedures

Modification Proposals

A proposal to modify the BSC can be made by:

- (a) a Party (other than ELEXON or ELEXON Clear);
- (b) Citizens Advice and Citizens Advice Scotland;
- (c) any other bodies representative of interested third parties so designated by the Panel as eligible to do so;
- (d) the Panel on the recommendation of ELEXON under certain circumstances;
- (e) the Panel on the recommendation of either the Trading Disputes Committee or the Performance Assurance Board; and
- (f) The Authority where it reasonably considers the change is necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency.

The circumstances for where the ELEXON would make a recommendation to the Panel are limited to:

- (a) where ELEXON thinks that the modification:
 - (i) would better facilitate achievement of the objective of promoting efficiency in the implementation and administration of the BSC arrangements⁴, or
 - (ii) is required to recognise the introduction of the Euro in the United Kingdom ([Section H](#));
- (b) where ELEXON has received a Modification Proposal to modify the BSC as a result of a change to a Core Industry Document;
- (c) where ELEXON informed the Panel that an Approved Modification would be impossible or significantly more costly to implement than anticipated at the time that the Authority approved the modification or the modification is no longer relevant; and
- (d) rectification of manifest errors or correct minor inconsistencies in the BSC.

Where the Panel decides to make a proposal, it is without prejudice to the Panel's decision on whether or not to recommend to the Authority that the modification should be made.

Detailed procedures for submitting proposals to modify the BSC are outlined in [BSCP40](#). The proposals must be submitted in writing and contain a minimum amount of relevant information to allow the Modification Secretary to consider the proposal. The Modification Secretary can refuse to accept the submitted proposal if there is insufficient information provided, and the Modification Secretary will provide the Proposer with the reasons for this. The Proposer is entitled to submit a revised proposal that meets the minimum information requirements. The Modification Secretary must inform the Panel when it has refused a proposal and the Panel has the right to overturn this decision.

The Panel can refuse to accept the submission of a proposal if, in the Panel's opinion, it has substantially the same effect as a Pending Modification Proposal or a Rejected Modification Proposal (rejected within the past two months). The Modification Secretary will notify the Proposer if the Panel

⁴ As set out in Condition C3 (3) (d) of the Transmission Licence.

refuses to accept the submission of a proposal. The Authority can subsequently overrule the Panel's decision.

Any proposal that is submitted and not refused by the Modification Secretary (due to not meeting minimum information requirements) is processed as a Modification Proposal.

Where time allows, ELEXON will prepare an initial written assessment of the implications of each Modification Proposal when it is received. It will provide this to the Panel at the meeting when the Modification Proposal is first considered.

The Modification Secretary copies the Modification Proposal to a number of people and publishes a copy on the [BSC Website](#).

A Proposer can withdraw his Modification Proposal at any time before the Panel Meeting when the Modification Proposal is first considered.

If the Panel agrees to raise a modification it can consider the initial written assessment at the same meeting.

Panel Proceedings

The Panel can invite the Proposer's representative to attend, and to present, the Modification Proposal at the Panel meeting where it is first considered. The Panel must decide to do one of the following:

- (a) submit the Modification Proposal to:
 - (i) the Definition Procedure;
 - (ii) the Assessment Procedure; or
 - (iii) proceed directly to the Report Phase; or
- (b) amalgamate the Modification Proposal with another Modification Proposal.

Where the Modification Proposal is to go to the Definition or Assessment Procedure, the Panel must identify or specify the composition of, and terms of reference for, the Modification Workgroup to consider the proposal. The Panel must also determine the priority to be given to the proposal and the timetable to apply for completion of the relevant procedure.

Where the Modification Proposal is to proceed directly to the Report Phase the Panel must determine whether the draft Modification Report should contain a recommendation of the Panel to make the Proposed Modification, and the proposed Implementation Date for the modification (irrespective of whether or not the Panel is recommending that the Modification Proposal should be approved).

If the Modification Proposal was of a minor or inconsequential nature and/or where the recommendation that the Panel should make on the Modification Proposal was self-evident, then the Panel would be expected to go direct to the Report Phase.

The Panel may defer a decision on a Modification Proposal until the next Panel meeting if it has insufficient information to make a decision, so long as it sets out the steps to be completed before the next meeting.

The default timescale applying to a Definition Procedure is no longer than two months and for an Assessment Procedure is no longer than three months. These timescales can be extended if warranted and as long as the Authority has not issued a contrary direction on the timescales.

At any time the Panel can decide to stop a Definition Procedure and/or Assessment Procedure and proceed directly to the Report Phase.

Amalgamation

The Panel can decide to amalgamate a Modification Proposal with another if the subject matter is sufficiently similar to justify the amalgamation on the grounds of efficiency, and/or the Modification Proposals are logically dependent on each other.

Establishment of Workgroups

A single Modification Workgroup can be responsible for the Definition and/or Assessment of more than one Modification Proposal at the same time. The Panel may establish one or more groups on a standing basis to consider Modification Proposals and issues falling within specific subject areas. The areas of subject matter are determined by the Panel and are contained in the appropriate standing Modification Group's Terms of Reference.

Anyone entitled to propose a modification to the BSC may also raise an issue in order to understand whether a BSC modification is necessary. An issue can assist a Party in putting together a Modification Proposal. The issue is submitted to a standing Modification Group whose chairman has the discretion to consider the issue. The Group must publish its findings. The Panel is not required to act on any of the work done in relation to the consideration of issues and this work should not influence any of the Panel's decisions.

A Modification Workgroup must have at least five members selected by the Panel for their relevant experience and/or expertise. The Panel can also remove any member if it believes they are frustrating the process. In addition, the Proposer can appoint a Modification Workgroup member who, in the case of a standing Modification Workgroup, is a group member only for the purposes of that Modification Proposal. NETSO can also appoint a member. Where NETSO is the Proposer, it only appoints one member.

The Panel appoints at least one ELEXON employee as a member of the Modification Workgroup. It appoints one of the members of the group to act as chairman and can appoint further members at any time. The Authority is entitled to attend and speak at Modification Workgroup meetings.

Modification Workgroup members must act impartially and in a non-representative manner. Where the member is employed, he must provide a letter from his employer agreeing to this.

If a Modification Workgroup is unable to reach agreement on any matter, the report of the group must include a summary of its views.

Meetings of Modification Workgroups are open to any Party and any other person entitled to receive notice of Modification Proposals. Attendees are not able to contribute to the views of the group although the chairman of the group can invite anyone to speak at the meeting. A Modification Workgroup meeting is not held in open session when the chairman considers it to be impractical, or when the meeting is by telephone conference.

ELEXON publishes details of the composition, terms of reference, timetable of meetings and internal working procedures of each Modification Workgroup on the [BSC Website](#).

Definition Procedure

The Definition Procedure is used to define the issues raised by a Modification Proposal in enough detail to enable the Panel to decide how to progress the proposal. Typically, a Modification Proposal is submitted to the Definition Procedure if it is not clear whether it should be submitted to the Assessment Phase or should proceed to the Report Phase, or if it lacks sufficient clarity to allow a full assessment to take place.

During the Definition Procedure the Modification Workgroup will consult further with Parties and interested third parties if required in its terms of reference or considered desirable by the group. Additionally, if necessary (after consultation with the Modifications Group), ELEXON can commission

analysis from NETSO, relevant BSC Agents and external consultants and/or advisers with specialist knowledge.

The Modification Workgroup reviews the Modification Proposal and provides the Panel a report setting out:

- (a) an assessment of the issues raised by the proposal referencing the Applicable BSC Objectives;
- (b) the views of the group on whether further assessment and evaluation is needed; and
- (c) if required:
 - (i) a summary of representations received;
 - (ii) a summary of the NETSO's analysis;
 - (iii) any analysis prepared by BSC Agents; and
 - (iv) any analysis by external consultants or advisers.

When the Modification Workgroup completes its report, the Modification Secretary sends it to the list of people specified previously, publishes the report on the [BSC Website](#) and puts it on the agenda for the next Panel meeting. The Panel determines whether to refer the Modification Proposal back to the Modification Workgroup for further analysis, whether to submit it to the Assessment Procedure, or whether to proceed directly to the Report Phase. Where the Panel decides to refer it back to the Modification Workgroup or to submit it to the Assessment Procedure, the Panel can instruct the Panel Secretary to begin a further process of consultation.

Assessment Procedure

The Assessment Procedure is carried out by a Modification Workgroup. It is used to evaluate whether a Proposed Modification better facilitates achievement of the Applicable BSC Objectives and whether there is any Alternative Modification that would better do so in relation to the issue or defect identified by the Modification Proposal.

The Modification Workgroup must prepare a detailed report for the Panel; see [Section F Annex F-1](#).

During the Assessment Procedure the Modification Workgroup will consult further with Parties. If required in its terms of reference or considered desirable by the group, the group will also consult with interested third parties. Additionally, if necessary (after consultation with the Modification Workgroup), ELEXON can commission analysis from NETSO, from relevant BSC Agents, from external consultants with specialist knowledge and from relevant Core Industry Document Owners and prepares a project brief for the implementation of the Proposed and any Alternative Modification.

Before doing anything in an Assessment Procedure that would result in ELEXON incurring significant costs (the threshold for this level of costs is set by the Panel in the terms of reference for the group), the Modification Workgroup must seek the views of the Panel on whether to take the steps that would incur the costs. These steps include commissioning detailed impact assessments and commissioning legal text for the Proposed Modification and/or any Alternative Modification. The Panel may consult with the Authority on these costs.

When the Modification Workgroup has completed its report the Modification Secretary sends it to the list of people specified previously, publishes it on the [BSC Website](#) and puts it on the agenda for the next Panel meeting. The Panel will decide whether to submit the Modification Proposal back to the Modification Workgroup for further analysis or whether to proceed to the Report Phase. If the Panel decides the latter, it must set out:

- (a) whether it proposes to recommend to the Authority that the Proposed Modification or any Alternative Modification should be made;
- (b) the reasons why the Panel thinks the modification(s) would or would not better facilitate achievement of the Applicable BSC Objectives; and
- (c) the proposed Implementation Date to be included in the draft Modification Report (irrespective of whether or not the Panel is recommending that a modification should be made).

At any stage during an Assessment Procedure the Panel can commission an interim report from the Modification Workgroup setting out its provisional findings. The Panel can seek the views of the Authority on whether the findings of the report are consistent with the Authority's provisional thinking and the Panel can issue any direction to the Modification Workgroup that it considers appropriate as a result of the Authority's views.

Report Phase

The Modification Report is prepared by the Modification Secretary and must include:

- (a) the recommendation of the Panel as to whether or not the Proposed or any Alternative Modification should be made;
- (b) the proposed Implementation Date for any Proposed and/or Alternative Modification;
- (c) the legal drafting to give effect to the Proposed or any Alternative Modification (if required);
- (d) other items (which are listed in [Section F Annex F-1](#)); and
- (e) a copy of any representations made by Parties and interested third parties during the consultation undertaken in respect of the Proposed Modification and any Alternative Modification.

If the Panel proposes to recommend a modification to the Authority and no draft legal text was commissioned for the modification during the Assessment Procedure, the Modification Secretary will commission the drafting of legal text. If the Panel does not propose to recommend a modification to the Authority and no draft legal text has been commissioned for the modification, the Panel will consult the Authority to ascertain whether the report needs draft legal text. If the Authority indicates that it would, the Modification Secretary will commission the draft legal text.

The draft Modification Report is copied to the list of people specified above and published on the [BSC Website](#). The Modification Secretary will invite representations on the draft report will prepare a summary of those received. The summary and the draft Report are then placed on the agenda of the next Panel meeting. The Panel decides whether to approve the draft Modification Report or to make changes to it and makes its final recommendations on the modifications and associated Implementation Dates, having due regard to the consultation responses received. The Modification Secretary then finalises the Modification Report, submits it to the Authority and publishes it on the [BSC Website](#).

If, as the result of information becoming available after the draft Modification Report is produced, the Panel wishes to make changes, it will discuss this with the Authority. The Authority may agree to defer

the date for submission. The Panel must consult with BSC Parties and interested third parties on the changes to the report and the deferred submission date.

Send Back Process

If the Authority believes it is unable to make a decision on a modification then it may issue a Send Back Direction specifying any additional steps it requires to form an opinion. These include drafting or amending the proposed legal text, revising the proposed Implementation Date or providing additional analysis and/or information.

ELEXON will prepare a Send Back Process for approval by the Panel. This will include a procedure and timetable for the reconsideration of the modification and the resubmission of the Modification Report and any other matters the Panel considers necessary to address the Send Back Direction. Following approval of this process by the Panel, the Modification Secretary will notify the list of people specified previously of the Send Back Direction. ELEXON and (where applicable) the Modification Workgroup will then perform the steps laid out in this process.

When ELEXON and (where applicable) the Modification Workgroup has completed all the steps in the Send Back Process, the Modification Secretary will update the Modification Report and put it on the agenda for the next Panel meeting. The Panel will consider:

- (a) whether to revise its previous recommendation to the Authority;
- (b) where applicable, agree any revisions to the revised proposed legal text and/or approve any revised Implementation Date(s); and
- (c) decide whether to approve the revised Modification Report or to make changes to it.

The Modification Secretary will then finalise the revised Modification Report, submit it to the Authority and publish it on the [BSC Website](#).

Analysis of NETSO

If requested to do so by the Panel or ELEXON, NETSO must prepare an analysis, in relation to a specific Modification Proposal. This analysis will detail:

- (a) the impact of the modification on the ability of NETSO to discharge its obligations under the Transmission Licence and to operate an efficient, economical and co-ordinated transmission system;
- (b) the views of NETSO on whether the modification better facilitates achievement of the Applicable BSC Objectives; and
- (c) an assessment of the impact of a modification on NETSO's systems and processes together with associated costs.

NETSO will provide clarifications and attend meetings of the Panel or Modification Workgroup if requested.

In formulating its views on whether a modification better facilitates achievement of the Applicable BSC Objectives, the Panel and the Modification Workgroup must have regard to the NETSO's analysis.

Urgent Code Modifications

The Proposer of a Modification Proposal may recommend its urgent treatment via the Modification Proposal form. NETSO and ELEXON can independently recommend urgency where it was not recommended by the Proposer. If urgency is recommended, the Panel will make a recommendation to the Authority containing the Panel's view and the suggested process and timetable. If the Panel Secretary is unable to contact sufficient Panel Members the Panel Chairman will make the recommendation on behalf of the Panel. The Authority makes the final decision to grant or deny urgent status, and directs the process and timetable. The procedure and timetable in respect of an Urgent Modification Proposal does not have to follow the normal Modification Procedures outlined in [Section F](#). In the extreme, an Urgent Modification Proposal could result in a modification being made on the same day it was submitted.

The Panel must notify any EMR bodies of any Urgent Modification and its proposed process and timetable. The Authority must consider whether consultation with these individuals is required as part of any Urgent Modification and how much time should be allowed when determining the process and timetable that should be followed.

Where an Urgent Modification Proposal results in a modification being made, the Panel may (or where there is a reasonable level of support for this from Parties, must) submit the modification to review by a Modification Workgroup to consider and report on whether an alternative modification could better facilitate achievement of the Applicable BSC Objectives.

If recommending urgent treatment of their proposal, the Proposer must provide rationale for the recommendation within the Modification Proposal form. If rationale is not provided, the Modification Secretary may refuse the submission of the proposal.

The Modification Report must contain the Authority's reason for granting urgent status.

Confidentiality

Any representations on a Modification Proposal received during the Modification Procedures are made publicly available unless a person has requested otherwise in writing to ELEXON. All representations, including those that are confidential, are sent to the Authority together with the relevant Modification Report.

Implementation

ELEXON is responsible for implementing Approved Modifications in accordance with the project brief prepared during the Assessment Procedure. ELEXON is also responsible for amending BSC Agent Contracts and procuring amendments to BSC Systems and processes as required giving effect to the Approved Modification by the Implementation Date. The Panel is responsible for making any modifications to Code Subsidiary Documents required to give effect to the Approved Modification by the Implementation Date.

If ELEXON becomes aware of circumstances that could mean that the Approved Modification will not be implemented by the Implementation Date, ELEXON must report this to the Panel. The Panel, with the approval of the Authority, may extend or bring forward the Implementation Date. The Panel must also apply to the Authority to change the Implementation Date if it becomes aware that the date might not be achievable or it is reasonably satisfied that an Approved Modification can be implemented sooner.

Parties must do what they can to ensure that any changes required to Core Industry Documents to give effect to a Code Modification are made by the Implementation Date. NETSO must make any changes required to its systems which support the operation of the BSC in order to give effect to the Code Modification by the Implementation Date.

A Party may legally contest, either through a judicial review or an appeal to the Competition Commission, of an Authority decision to approve or reject a Modification Proposal. The appellant Party must notify the Modification Secretary first when it requests permission to proceed with an appeal from the appellate body, and then again if such permission is received. The latter of these events is referred to in the Code as a Relevant Challenge. The Modification Secretary must immediately notify Parties, Panel Members, the Authority, BSC Agents and each Core Industry Document Owner when a Relevant Challenge is made.

In such circumstances, the Panel may re-consider the Implementation Date, or Implementation Dates, associated with the Modification Report for that Modification Proposal in order to establish whether these remain appropriate or may expire prior to a legal determination on the Relevant Challenge. The Panel must consult with Parties, Panel Members, the Authority, BSC Agents and each Core Industry Document Owner before reaching a recommendation on this matter.

If the Panel believes that the existing Implementation Date(s) may be rendered unworkable, it may recommend a Conditional Implementation Date to the Authority. This Conditional Implementation Date will be tied to a specified date stipulated by the Panel that relates to the progress of the Relevant Challenge. If an outcome on the Relevant Challenge is not known by that specified date, then the Conditional Implementation Date shall be deemed to replace the current Implementation Date, or Proposed Implementation Date, set out in the Modification Report if the Authority chooses to accept it.

The Panel can repeat the process for considering and recommending a Conditional Implementation Date if either the Authority rejects a Conditional Implementation Date and/or the Relevant Challenge is progressed to a significantly different timetable to that anticipated. In each case, further Conditional Implementation Date(s) may be considered and put forward to the Authority.

Creation and Modification of Code Subsidiary Documents

The Panel can modify and create or remove CSDs⁵. Any actions by the Panel can only be taken if the modified or additional CSDs is consistent with and does not impair the BSC and would not impose new obligations or restrictions of a material nature on Parties or Party Agents which are not envisaged under or subsidiary to the rights and obligations of Parties under the BSC.

The Panel Secretary notifies Parties, BSC Agents and the Authority when changes to CSDs are made.

Prior to making any changes to CSDs (other than where they are considered as a result of a Modification Proposal) the Panel will consult with Parties and interested third parties on the proposed changes. [BSCP40](#) applies in relation to the modification of, or establishment of, a CSD.

Where changes to the BSC Requirements for the Master Registration Agreement (MRA) are effected through changes to a CSD, Parties must do what they can to ensure that changes to the CSD and the MRA are made with effect from the same date.

IS Policies

The Panel can establish and implement IS Policies that address the use of a quality management system, a design authority and a change co-ordination function to assist in changes to BSC Systems and the use of appropriate security arrangements. The purpose of the IS Policies is to give assurance to Parties that the BSC Systems meet quality requirements.

Where a change to a BSC System is proposed that does not stem from a Code or a CSD modification, [BSCP40](#) governs the procedure for considering such changes.

⁵ Code Subsidiary Documents are defined in [Section H](#) and include: BSC Procedures, Codes of Practice, BSC Service Descriptions, Party Service Line 100, Data Catalogues, Communication Requirements Documents and the Reporting Catalogue.

Significant Code Review

The Authority may notify Parties at any time of a Significant Code Review. A Significant Code Review Phase will commence on the date specified by the Authority. It will last until either NETSO raises a SCR Modification Proposal, the Authority issues a statement that no such Modification Proposal will be raised or the Authority raises a SCR Modification Proposal arising from the relevant SCR.

Any Modification Proposal submitted during a Significant Code Review Phase will undergo an SCR Suitability Assessment, unless the Authority notifies the Panel that the modification would be exempt from the SCR. The Panel will assess the Modification Proposal to determine whether it falls within the scope of the Significant Code Review, and will submit its SCR Suitability Assessment Report to the Authority. The Authority will then determine whether the Modification Proposal should be subsumed into the Significant Code Review. A Modification Proposal will progress as normal unless and until such a determination is made, at which point the modification be deemed a SCR Subsumed Modification Proposal, and will cease to progress until the conclusion of the Significant Code Review. If such a determination is made, the Modification Secretary shall notify the list of people specified previously.

The Authority may direct NETSO to raise a SCR Modification Proposal to progress the outcomes of the Significant Code Review. This SCR Modification Proposal cannot be withdrawn or amalgamated without the consent of the Authority and cannot be refused by the Panel. Prior consent from the Authority is required to either withdraw or amalgamate a SCR Modification Proposal raised by the Authority. However, the views and recommendations of the Panel and (where applicable) the Modification Workgroup shall not be fettered by the Authority's direction to raise the SCR Modification Proposal.

The Authority may submit an Authority Led SCR Modification Proposal directly to the Panel. In these circumstances the Panel shall prepare a Modification Report to be submitted to the Authority as possible for evaluation. The Authority may require revisions to be made to the Modification Report as well as setting the implementation timetable.

Any Modification Proposal raised prior to the commencement of a Significant Code Review will continue in accordance with the approved timetable unless the Proposer requests that the Panel suspend the modification. If the Panel agrees to this request, the Modification Proposal is suspended until the end of the Significant Code Review Phase.

Self-Governance

Determination of Self-Governance

A Modification Proposal can be treated as a Self-Governance Modification Proposal if the Panel determines that it meets the Self-Governance Criteria and the Authority does not direct otherwise. The Authority may also direct a Panel to treat a modification as a Self-Governance Modification Proposal if it believes the Self-Governance Criteria are met.

The Panel must make its determination on whether a Modification Proposal meets the Self-Governance Criteria at least seven days before it makes its determination on the Modification Proposal. If it determines that it does meet the Self-Governance Criteria and should be deemed a Self-Governance Modification Proposal, it must submit a Self-Governance Statement to the Authority to notify it of its determination. The Panel may consult prior to making its determination on whether a Modification Proposal meets the Self-Governance Criteria, and if it does then all responses will be included with the Panel's Self-Governance Statement. Unless and until the Authority directs otherwise, the modification will then be deemed a Self-Governance Modification Proposal. If the Authority does elect to direct otherwise, it must do so before the Panel makes its determination on the Modification Proposal.

If a modification is a Self-Governance Modification Proposal, the Panel will make the final determination on whether the Proposed Self-Governance Modification or (if applicable) the Alternative Self-Governance Proposal better facilitates the Applicable BSC Objectives.

Withdrawal of a Self-Governance Statement

Prior to making its determination on a Self-Governance Modification Proposal, the Panel may withdraw its Self-Governance Statement. If it does, the Modification Secretary shall notify the list of people specified previously. Unless the Authority directs otherwise, the Modification Proposal will then progress as normal.

Implementation of a Self-Governance Modification Proposal

On the same day as the Panel makes its determination on whether the Proposed Self-Governance Modification or, if applicable, the Alternative Self-Governance Modification Proposal should be implemented, the Modification Secretary shall notify the Authority, NETSO, all Parties and any EMR bodies of this determination. The Modification Secretary shall finalise the Modification Report and issue it to the same people plus all Panel Members within three working days.

The Implementation Date for a Self-Governance Modification Proposal cannot be less than 16 working days following the Panel's determination.

Appeal relating to the Panel's determination of a Self-Governance Modification Proposal

A Party may raise an appeal against the Panel's determination if it believes:

- (a) it would be unfairly prejudiced by the implementation or non-implementation of the modification;
- (b) if it believes an Approved Self-Governance Modification Proposal does not better facilitate the Applicable BSC Objectives; or
- (c) it believes a Rejected Self-Governance Modification Proposal does better facilitate the Applicable BSC Objectives.

A Party must notify the Authority of its appeal within 15 working days of the Panel's determination. The Authority will then determine whether the appeal is valid and whether it should be upheld.

If the Authority upholds an appeal, it will either:

- (a) determine itself whether the Modification Proposal should be implemented, in which case the Modification will progress as per the normal process; or
- (b) refer the Modification Proposal back to the Panel for reconsideration, in which case the modification will continue to be considered a Self-Governance Modification Proposal and a new appeal window will begin following the Panel's subsequent determination.

In either case, the modification shall not be implemented pending the outcome of the appeal and any subsequent redetermination.

Where no appeals are notified by the end of the 15 working day appeal window, or all such appeals are rejected by the Authority, the Panel's determination on the Self-Governance Modification Proposal shall be final.

An appeal can be raised by a CFD Counterparty or the CM Settlement Body but cannot be raised by the Secretary of State, a CFD Settlement Services Provider or a CM Settlement Services Provider.

Fast Track Self-Governance

A Modification Proposal can be treated as a Fast Track Self-Governance Modification Proposal if the Panel unanimously determines that it meets the Fast Track Self-Governance Criteria. In order for Fast Track Self-Governance Modifications to be implemented under the Fast Track provisions the Panel must be unanimous in its determination that it should be approved.

Within one working day of the Panel's determination that a modification be treated as a Fast Track Self-Governance Modification Proposal, the Modification Secretary will send the Fast Track Modification Report to the Authority, NETSO and each Party and publish it on the BSC Website.

The Implementation Date for a Fast Track Self-Governance Modification Proposal cannot be less than 16 working days following the Panel's determination.

A Party may raise an objection against the Panel's determination if it objects to the decision including, if applicable, its rationale for why it believes that the Modification Proposal does not meet the Fast Track Self-Governance Criteria. It must notify the Modification Secretary of its objection within 15 working days of the Fast Track Self-Governance Modification Report being issued. Within one working day of receiving an objection, the Modification Secretary will notify the list of people specified previously, and the modification will not be implemented pending the subsequent redetermination by the Panel or (if applicable) the Authority on the Modification Proposal.

Where an objection has been raised, the Modification Proposal will no longer be treated as a Fast Track Self-Governance Modification Proposal. The Panel will determine whether the Modification Proposal should be treated as a Self-Governance Modification Proposal and sent to the Report Phase or treated as a standard Modification Proposal and sent to either the Assessment Procedure or the Report Phase. When sending the modification to the Report Phase, the Panel will first need to make a determination on whether the Modification Proposal better facilitates the Applicable BSC Objectives.

If no objections are notified by the end of the 15 working day objection window, the Panel's determination on the Fast Track Self-Governance Modification Proposal shall be final.

Authority raised or directed Modification Proposals

The Authority may raise, or direct NETSO to raise a Modification Proposal where it reasonably considers the change is required to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency.

Where NETSO raises a Modification Proposal, the Authority may subsequently consider that it is necessary to comply with or implement the Electricity Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency.

Where such a Modification Proposal has been raised, the Panel will be required to comply with any directions issued by the Authority regarding the timescales for progressing or implementing the Modification Proposal.

Such a Modification Proposal cannot be withdrawn or amalgamated without the consent of the Authority and cannot be refused by the Panel. However, the views and recommendations of the Panel and (where applicable) the Modification Workgroup shall not be fettered by the Authority's direction to raise or direct the Modification Proposal.

Section F Annex F-1: Contents of Reports

This annex contains a list of matters to be included in the report prepared as part of the Assessment Procedure. Matters to be included (to the extent that they are applicable to the Modification Proposal in question) are:

- (a) views of the Modification Workgroup on whether the modification better facilitates achievement of the Applicable BSC Objectives;
- (b) a description of any Alternative Modification that would better facilitate achievement of the Applicable BSC Objectives;
- (c) assessments or estimates of the impact of the modification(s) on BSC Systems, costs and timescales associated with any changes to the systems;
- (d) an assessment of the impact of the modification(s) on Core Industry Documents (and related systems), including the changes required and costs and timescales associated with these;
- (e) an indication of potential inconsistencies with the Capacity Market Documents and/or the CFD Documents or with the Capacity Market Arrangements and/or the CFD Arrangements;
- (f) an assessment of the likely increase in BSC Costs and changes required to ELEXON systems and processes as a consequence of the modification(s);
- (g) an assessment of the impact of the modification(s) on Parties and Party Agents in general;
- (h) an assessment of the modification(s) in the context of the statutory, regulatory and contractual framework within which the BSC sits;
- (i) a summary of representations received on the modification(s) and the comments of the Modification Workgroup on these;
- (j) a summary of impact assessments prepared by BSC Agents and Core Industry Document Owners and the views of the Modification Workgroup on these;
- (k) a summary of any impact assessment prepared by the Secretary of State, the CM Settlement Body, a CM Settlement Services Provider, any CfD Counterparty and/or any CFD Settlement Services Provider and the views of the Modification Workgroup on these;
- (l) any report or analysis of external consultants;
- (m) the key assumptions of the Modification Workgroup when formulating their views;
- (n) any proposed legal text to modify the BSC;
- (o) the Modification Workgroup's proposed Implementation Date(s) for the modification(s);
- (p) a summary of the project brief prepared by ELEXON;
- (q) a recommendation (where applicable) as to whether, if the Proposed Modification or Alternative Modification is approved, Settlement Runs and Volume Allocation Runs carried out after the Implementation Date of such Approved Modification in respect of Settlement Days prior to that date should be carried out taking account of such Approved Modification or not (i.e. whether or not the modification should have retrospective effect);
- (r) if required, proposed amendments to the Memorandum and Articles of Association of ELEXON; and
- (s) a summary of any changes required to CSDs.

Need more information?

For more information please contact the **BSC Service Desk** at bscservicedesk@cgi.com or call **0370 010 6950**.

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