



Generators, Suppliers,  
Transmission Licensees and other  
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value for all customers*

20 November 2006

Dear Industry Colleague,

**Balancing and Settlement Code ("BSC") Modification Proposals P198, P200, P203 and P204**

On 26 May 2006, in response to a request from the BSC Panel, we confirmed that we considered Modification Proposal P198: 'Introduction of a Zonal Transmission Losses Scheme' (as then drafted) to be "important" for the purposes of section 5A of the Utilities Act 2000 (the "UA") and that, on the basis of the information then available to us, we anticipated undertaking an impact assessment for P198 in accordance with section 5A of the UA<sup>1</sup>.

On 10 August 2006, in response to a further request from the BSC Panel, we confirmed that we considered BSC Modification Proposal P200: 'Introduction of a Zonal Transmission Losses Scheme with Transitional Scheme'<sup>2</sup>, BSC Modification Proposal P203: 'Introduction of a 'Seasonal Zonal Transmission Losses Scheme'<sup>3</sup>, and BSC Modification Proposal P204: 'Scaled Zonal Transmission Losses'<sup>4</sup> (each as then drafted) "important" for the purposes of section 5A of the UA. We further confirmed that, on the basis of the information then available to us, we anticipated undertaking an impact assessment in accordance with section 5A of the UA in respect of each of these Modification Proposals. We also noted that the impact assessment process for related Modification Proposals may be combined if deemed appropriate.

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<sup>1</sup> Ofgem's letter in respect of P198 is available from [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/15174\\_P198\\_Code\\_Mod\\_Impact\\_Assessment\\_26\\_0506.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/15174_P198_Code_Mod_Impact_Assessment_26_0506.pdf)

<sup>2</sup> Ofgem's letter in respect of P200 is available from [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16464\\_16083\\_136\\_06.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16464_16083_136_06.pdf)

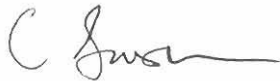
<sup>3</sup> Ofgem's letter in respect of P203 is available from [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16084\\_137\\_06.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16084_137_06.pdf)

<sup>4</sup> Ofgem's letter in respect of P204 is available from [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16085\\_138\\_06.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16085_138_06.pdf)

We have now received the final modification reports in respect of P198, P200, P203 and P204 and can confirm that we continue to consider all four Modification Proposals to be "important" for the purposes of section 5A of the UA and that we intend to undertake an impact assessment in accordance with section 5A of the UA in respect of each of them. However, given the relationships between the four Modification Proposals, we intend to publish the impact assessments as a single document.

We currently anticipate publishing the impact assessment document in early 2007. We do not, therefore, currently anticipate that the Authority will be in a position to make decisions in respect of the four Modification Proposals on or before 22 March 2007.

Yours faithfully,



Colin Sausman  
**Associate Director – Transmission**