

Modification Proposal – F76/01**MP No: 121***(mandatory by BSCCo)***Title of Modification Proposal** *(mandatory by originator):***Credit Cover following a change in a Party's Portfolio****Submission Date** *(mandatory by originator):***12th March 2003****Description of Proposed Modification** *(mandatory by originator)*

Once for each of the Spring and Autumn BSC seasons, a Party may apply to reset both the Credit Assessment Load Factor (CALF) and the Demand Capacity (DC) of any BMU registered in SVA on the grounds of significant portfolio change. These applications will be regardless of any applications for revision of CALF and DC made on any other grounds.

The revised CALF and DC will apply from a requested date regardless of the values prevailing at the start of the BSC season in question.

For the purposes of M1.2.1, where a significant change in DC is approved, BSCCo will take this into account as:

“ substantial evidence ... to believe that the data to be derived from the Initial Settlement Run for that Trading Party and that Settlement Day are likely to be significantly different (in the context of that particular Trading Party) from the corresponding Interim Information Settlement Run data received by the ECVAA from the SAA in accordance with Section T5.3.5; ... the likelihood of such a significant difference ... may, if BSCCo so decides and to the extent that it materially affects matters, constitute a material doubt for the purposes of paragraph 3.4.3(a)(ii).”

Where a Party has a reasonable expectation that either the CALF or the DC (or both) will be significantly different to those prevailing at the start of the BSC season due to a change in portfolio, the Party must seek to ensure that both figures accurately reflect a reasonable expectation of what those new figures should be.

This issue mainly effects BMUs registered in SVA, if similar circumstances arise in BMUs registered in CVA then a similar solution may apply.

Description of Issue or Defect that Modification Proposal Seeks to Address *(mandatory by originator)*

For a Supplier with a BMU registered in SVA, there can be a significant change in the meter systems making up that BMU following the spring and autumn contract rounds. This applies especially to portfolios that are predominantly in the Industrial and Commercial sector. Typically, a revised portfolio cannot be accurately determined until very close to the start of the new contracts (in April and October). This means that the information on which a revised DC and CALF can be determined for such a BMU is not available at the time the CALF and DC are determined for the seasons.

Furthermore, the CALF/DC for the months of March and September are likely to be reasonable on the basis of the original determination but then may become materially inaccurate in April and October. This applies for both increases and decreases in CALF or DC.

Without this proposed change, A Trading Party with significantly reduced portfolio of I&C customers

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(or a reorientation away from base load type customers) will face an excessive Credit Assessment Energy Indebtedness, which will damage the Party's competitive position. Conversely, a Trading Party with a growing portfolio will face an undercalculation of Credit Assessment Energy Indebtedness with the potential of putting the community at risk.

Under the current terms of the Code, there is no scope for material doubt as to the calculation of Credit Assessment Energy Indebtedness based on the effects of portfolio change. There will be a continuing impact from the calculation

This distortion of the competitive market is discriminatory against smaller Suppliers who specialise in the industrial and commercial sector, as the scale of the impact on their business is material, potentially placing them in breach of the Code.

Impact on Code *(optional by Originator)***Impact on Core Industry Documents** *(optional by Originator)***Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties** *(optional by originator)*

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This Modification is in line with Condition C3 (3)(a) to (c) of the Transmission Licence, namely: promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase (as defined in the Transmission Licence) of electricity.

This also seeks to promote the efficient operation of the BSC by reducing the instances where unnecessary level 1 default notices, which must be queried.

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Attachments: No *(delete as appropriate) (mandatory by originator)*

If Yes, Title and No. of Pages of Each Attachment: