

4.5. MP Form

Modification Proposal – BSCP40/03	MP No: P278 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator)</i> : Treatment of Transmission Losses for Interconnector Users.	
Submission Date <i>(mandatory by originator)</i> : 30 September 2011	
Description of Proposed Modification <i>(mandatory by originator)</i>	
<p>National Grid, as GBSO, participates in the mandatory European Inter-TSO Compensation (ITC) scheme on behalf of GB. The intention of this scheme is to compensate TSO's for cross-border flows on Interconnectors to remove the need for individual National charges. This scheme is part of wider EC objectives of creating a single market in electricity and thus facilitating greater competition and benefits for consumers.</p> <p>Specifically, within the scheme, there is a mechanism that is intended to compensate the GB for transmission losses arising from hosting cross-border flows.</p> <p>EC Regulation 714/2009¹ requires that ITC scheme payments are taken into account when setting national tariffs. National Grid considers that it has fully taken account of these payments by the adjustment made to its TNUoS charges during 2010 to remove TNUoS charges for interconnector flows. However, within the GB regime a charge for losses manifests itself as an adjustment to metered amounts in the BSC and this might be seen to be anomalous in the context of the ITC scheme and the adjustments already made to TNUoS charging. The intent of this proposal is to deal with this apparent anomaly by removing the tariff adjustment from all Interconnector metered flows on the GB transmission system. We propose that this could be given effect by revising the Transmission Loss adjustment mechanism such that TLM_{ij} is set to 1.0 for all Interconnector BM Units (with the equations for TLM_{O+j} and TLM_{O-j} changed to ensure that the correct amount of losses is still recovered from other BM Units).</p>	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i>	
<p>Commission Regulation 838/2010² establishes the guidelines under which GB is compensated for the cost of losses incurred on the national transmission systems as a result of hosting cross-border flows.</p> <p>Article 14 (Charges for access to networks) of Regulation 714/2009 requires that ITC payments and receipts are taken into account when setting network access charges. These regulations came into force on 3rd March 2011 and are mandatory across all EU member states.</p> <p>Within the current BSC rules, all BMU metered volumes (including interconnector BMU deemed metered volumes) are adjusted for Transmission Losses, 45% for generation and 55% for demand.</p>	

¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:211:0015:0035:EN:PDF>

² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:250:0005:0011:EN:PDF>

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<p>The BSC mechanism should therefore be adjusted to remove any apparent anomalous treatment of losses in the context of the requirements of EC Regulations in that no adjustment should be made for GB transmission losses on any Interconnector BM Units.</p>	
<p>Impact on Code <i>(optional by originator)</i></p> <p>Section T, Section 2.0:(Allocation of Transmission Losses)</p> <p>Other sections may also be impacted.</p>	
<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code <i>(optional by originator)</i></p> <p>None anticipated.</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i></p> <p>Changes will be required to BSC systems in order to apply zero loss adjustment to Interconnector BM Units.</p>	
<p>Impact on other Configurable Items <i>(optional by originator)</i></p> <p>None anticipated.</p>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i></p> <p>(a) the efficient discharge by the licensee of the obligations imposed upon it by this licence</p> <p>By applying a zero transmission loss adjustment to Interconnector BM Units, this modification proposal, will ensure that GB charges for those parties are more transparently aligned with EC Regulations and better facilitate Applicable BSC Objective (a).</p> <p>(c) promoting effective competition in the generation of supply of electricity</p> <p>By treating GB Balancing Mechanism Units consistent with equivalent arrangements in Europe, this modification proposal, better facilitates, Applicable BSC Objective (c).</p>	
<p>Is there a likely material environmental impact? <i>(mandatory by originator)</i></p> <p>None identified.</p>	
<p>Urgency Recommended: Yes / No <i>(delete as appropriate) (optional by originator)</i></p>	

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Justification for Urgency Recommendation <i>(mandatory by originator if recommending progression as an Urgent Modification Proposal)</i>	
Self-Governance Recommended: Yes / No <i>(delete as appropriate) (mandatory by originator)</i>	
Justification for Self-Governance Recommendation <i>(mandatory by originator if recommending progression as Self-Governance Modification Proposal)</i>	
Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews? <i>(mandatory by originator in order to assist the Panel decide whether a Modification Proposal should undergo a SCR Suitability Assessment)</i>	
Yes: As per Ofgem's letter 7 th July, BSC changes are not within the scope of the TransmiT SCR.	
Details of Proposer:	
<i>Name.....Iain Pielage.....</i>	
<i>Organisation...National Grid</i>	
<i>Telephone Number....01926 656 360.....</i>	
<i>Email Address..... iain.pielage@uk.ngrid.com.....</i>	
Details of Proposer's Representative:	
<i>Name.....Iain Pielage.....</i>	
<i>Organisation...National Grid.....</i>	
<i>Telephone Number...01926 656 360</i>	
<i>Email address.....iain.pielage@uk.ngrid.com.....</i>	

Modification Proposal – BSCP40/03	MP No: P278 (mandatory by BSCCo)
Details of Representative's Alternate:	
<p><i>Name...Patrick Hynes</i></p> <p><i>Organisation...National Grid.....</i></p> <p><i>Telephone Number...01926 656 319</i></p> <p><i>Email address...Patrick.Hynes@uk.ngrid.com.....</i></p>	
<p>Attachments: No (<i>delete as appropriate</i>) (<i>mandatory by originator</i>)</p> <p>If Yes, Title and No. of Pages of Each Attachment:</p>	