

## 4.5. MP Form

<b>Modification Proposal – BSCP40/03</b>	MP No: P269 <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal:</b> Prevention of Base Trading Unit BMUs' Account Status Flipping from Consumption to Production (the "Flipping" mod)	
<b>Submission Date:</b> 3rd February 2011.	
<b>Description of Proposed Modification</b> <i>(mandatory by originator)</i>	
<p>This modification proposal aims to prevent BM Units within a Base Trading Unit from flipping to a Production BMU by excluding BM Units in Base Trading Units from the redetermination of P/C Status described in Sections K3.5.2 and K3.5.3 of the BSC. It proposes instead that (subject to K3.5.5) BM Units within a Base Trading Unit are always treated as having a Consumption status.</p> <p>This will <u>not</u> prevent the entire GSP Group (i.e. all BM Units in the Base Trading Unit) from being treated as Delivering (Generating) rather than Offtaking (Consuming) electricity on a Settlement period basis. This has already happened during a small number of Settlement Periods, and causes the embedded benefits to reverse.</p> <p>It is not envisaged or intended that this proposal would have any impact on the deliberations of P268, as they address entirely separate issues. P268 seeks to change the rules by which Lead Parties elect the P/C Status of Exempt Export BM Units. This Proposal seeks to change the treatment of BM Units for which no such election is in effect (and would apply equally well to the current baseline or the baseline modified by P268).</p>	
<b>Description of Issue or Defect that Modification Proposal Seeks to Address</b>	
<p>If the total Relevant Capacities of BM Units in a Base Trading Unit are positive, all of the BM Units in a Base Trading Unit (BTU) would flip from Consumption to Production status. This would have a major impact on Parties who would need to amend their systems to cope with the change in status or face the risk of imbalance charges as a result.</p> <p>The Issue 38 Group believed that the risk of this issue arising is especially high in areas where there are high levels of embedded generation.</p> <p>Currently, Elexon publish seasonal GCs and DCs on the "Portal". However, within season corrections are not publicised. It is possible that a redeclaration of values which causes a "flipping" event could occur without Parties knowing about it.</p> <p>Additionally, forcing supplier-only Parties to trade out of two accounts will lead to an inefficiency as imbalances would occur in both accounts. These imbalances are minimised if traded in one account.</p>	

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<b>Impact on Code</b> <i>(optional by originator)</i>	
<b>Impact on Core Industry Documents or System Operator-Transmission Owner Code</b> <i>(optional by originator)</i>	
<b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> <i>(optional by originator)</i>	
<b>Impact on other Configurable Items</b> <i>(optional by originator)</i>	
<p><b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> <i>(mandatory by originator)</i></p> <p>The proposed modification meets BSC Objective (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 by reducing the risk of imbalance for all existing and potential BSC Parties.</p> <p>The proposed modification meets BSC Objective (d): Promoting efficiency in the implementation and administration of the balancing and settlement code arrangements, by obviating the need for Parties to invest in systems to monitor and switch the correct volumes between accounts.</p>	

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<p><b>Is there a likely material environmental impact?</b></p> <p>No</p>	
<p><b>Urgency Recommended:</b> No</p>	
<p><b>Justification for Urgency Recommendation</b></p> <p>N/A</p>	
<p><b>Self-Governance Recommended:</b> Yes</p>	
<p><b>Justification for Self-Governance Recommendation</b></p> <p>This modification will not have a material impact on:</p> <ul style="list-style-type: none"> <li>•Existing/future customers;</li> <li>•Competition;</li> <li>•Operation of the Transmission System;</li> <li>•Matters relating to security of supply; and</li> <li>•BSC governance or Modification procedures-</li> </ul> <p>In addition it does not discriminate against any Party.</p> <p>Indeed, this modification is designed to prevent impact on Parties not cause impact.</p>	

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<b>Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?</b>  Yes. There are currently no ongoing Significant Code Reviews which affect the BSC.	
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<b>Attachments:</b> No	