

4.5 MP Form

Modification Proposal – BSCP40/03	MP No: P232 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal: Black Start and Fuel Security Compensation and Single Imbalance Price Derivation	
Submission Date: 23 December 2008	
<p>Description of Proposed Modification:</p> <p>The aim of this Modification Proposal is to improve transparency regarding the compensation arrangements pursuant to a Black Start or Fuel Security Code (FSC) period. Section G of the Balancing and Settlement Code (BSC) provides high level details of the compensation arrangements associated with a Black Start or FSC period, however, certain areas require further clarification.</p> <p>Based on the investigations carried out by the Issue groups 32 and 33, a number of conclusions were drawn, one of which was to put in place a more detailed process to recover relevant costs during a Black Start or Fuel Security event. This Modification aims to address this by outlining:</p> <ol style="list-style-type: none"> 1. The claims processes associated with a Black Start and Fuel Security period; and 2. The formulation of a single imbalance cash-out price in relation to a Black Start and Fuel Security Period. <p>The above mentioned points are described in further detail below:</p> <p>1. Compensation Arrangements Associated with a Black Start and Fuel Security Instruction</p> <p>With regards to a Black Start event, Section G3.3 of the BSC states that the Lead Party of a BM Unit who is given a Black Start Instruction (BSI) may submit a claim for compensation. This claim would be based on the Avoidable Costs of the Lead Party in relation to relevant changes in Exports and/or Imports. Section G2 sets out the types of cost that can be considered under a claim for Avoidable Costs.</p> <p>With regards to an FSC event, Section G5 of the BSC states that the Lead Party of a BM Unit who has been subject to an FSC direction may submit a claim for Exceptional Costs.</p> <p>Claims for Avoidable Costs and Exceptional Costs would both be assessed by the BSC Panel who would determine the amount of compensation the Lead Party should receive.</p> <p>It is proposed that:</p> <ul style="list-style-type: none"> A Claims Committee shall be established in order to facilitate claims arising from a Black Start or FSC event. (For further clarity regarding the Claims Committee please see Attachment B – Issue 33: Claims Committee, Pg 10). The high level process to be followed by the Claims Committee should be included in the BSC as developed by the Issue 33 Group (Attachment B – Issue 33: Claims Committee, Pg 15 & 16). <p>The BSC should reflect that:</p> <ul style="list-style-type: none"> The submission of a claim should be via a BSCP-type form, a new BSCP should be created to provide this form and any administrative details, which the Modification Group may suggest; 	

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<ul style="list-style-type: none"> As stated in the BSC, a claim arising from an FSC instruction must be made within 60 Business Days starting from the end of the FSC period, whilst a claim arising from a BSI must be made within 20 Working Days starting from the end of the Black Start period; and An additional 60 Business Days will be allocated for submission of further evidence by a claimant arising from a FSC or Black Start event. <p>2. Warm Up and Hot Standby Costs</p> <p>As highlighted above, the BSC states that claims for Avoidable Costs following a BSI must be in relation to relevant changes in Exports and/or Imports. It is proposed that additionally the Lead Party of a BM Unit should be able to seek compensation for any ‘warm up’ or ‘hot standby’ costs that were incurred pursuant to a BSI, even though this does not in itself constitute a change in Imports or Exports (For further clarity please see Attachment A – Issue 32 – Section 3.4.)</p> <p>3. Calculation of a Single Imbalance Price.</p> <p>Section G3.2.1 (d) states that for all Settlement Periods which fall within a Black Start Period, a single imbalance price shall apply in accordance with Section T1.6. In addition Section G4.2 states that the Secretary of State may direct the application of a single imbalance price in relation to Settlement Periods affected by FSC directions (in accordance with Section T1.6).</p> <p>Section T1.6 states that the BSC Panel shall determine the single imbalance price. It is therefore proposed that Section T1.6 be expanded to include details about how the single imbalance price should be derived as follows:</p> <ul style="list-style-type: none"> A single imbalance price should be derived by taking the mean of the System Sell Price (SSP) and System Buy Price (SBP) for a given Settlement Period over a predefined number of days (no contract notifications or Bids and Offers would be included). The default approach would be to use the data over the previous 30 Settlement Days. However, a Settlement Period (SP) that was subject to an FSC, Black Start event, or Emergency Instruction would not be used and would be replaced with another appropriate historical SP. Please see the issue 32 report for proposed approaches. The Panel would determine an alternative pricing methodology if the Panel deemed it to be more appropriate (see Issue 32 report for other potential alternatives). 	
<p>Description of Issue or Defect that Modification Proposal Seeks to Address</p> <p>Section G of the BSC seeks to address various contingencies, and related provisions. In particular, paragraphs 3 and 4 focus on the issues of a Black Start and Fuel Security respectively. This modification seeks to improve the transparency of the BSC processes and procedures that would be associated with a Black Start or Fuel Security event.</p>	
<p>Impact on Code</p> <p>The proposed changes will have an impact on sections G and T of the BSC.</p>	
<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code</p> <p>Potential impact on the Grid Code.</p>	

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Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties Potential impact on BSC Systems and Party Systems. Impact on Panel procedures	
Impact on other Configurable Items (optional by originator) New BSCP to be created for the Claims process administration.	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <ul style="list-style-type: none"> • Clarifications/amendments to the Black Start and Fuel Security provisions would benefit the determination and financial settlement of obligations between parties and would bring about efficiencies in the administration and implementation of the BSC arrangements (objective (d)). • The proposed changes are expected to have a positive impact on objective (b). Clarity regarding the Transmission Company's post-event obligations, will ensure that individual participants have a better understanding of Black Start and FSC procedures which could assist the Transmission Company to operate the Transmission System in an efficient manner. 	
Urgency Recommended: No	
Justification for Urgency Recommendation N/A	
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Attachments: Yes	
Attachment 1 - Issue 32 Black Start Report	
Attachment 2 - Report on Issue 33 'Fuel Security Code (FSC) Guidance'	