

Draft MODIFICATION REPORT for Modification Proposal P232 'Black Start and Fuel Security Compensation and Single Imbalance Price Derivation'

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Date of Issue:	08 May 2009	Document Reference:	P232RR
Reason for Issue:	For Panel Decision	Version Number:	0.4

This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.²

Proposed Modification P232 seeks to improve transparency regarding the compensation arrangements pursuant to a Black Start Period or Fuel Security Code (FSC) event. It also develops a methodology for the calculation of the Single Imbalance Prices (SIP) which would apply for the Settlement Periods contained within a Black Start Period or FSC event. Section G of the Balancing and Settlement Code (BSC) provides high level details of the compensation arrangements associated with a Black Start Period or FSC incident, however, certain areas would benefit from further clarification. In addition to providing clarification, the Proposed Modification allows an extra 60 Business days (after the submission of a claim) for a Party to submit extra evidence for the Panel to consider.

Alternative Modification P232 differs from the Proposed in the process for determining the timetable for claims submission by excluding the extra 60 Business Days (after the submission of a claim) for a Party to submit additional evidence for the Panel to consider.

Another draft Modification Report regarding the BSC procedures to be followed under a Black Start or FSC event (P231) was issued in parallel with this document.

BSC PANEL'S RECOMMENDATIONS

Having considered and taken into due account the contents of the P232 draft Modification Report, the BSC Panel recommends:

- **that Proposed Modification P232 should not be made;**
- **that Alternative Modification P232 should be made;**
- **for Proposed Modification P232 to be implemented in the next BSC Systems Release at least four months after an Authority decision has been received;**
- **for Alternative Modification P232 to be implemented in the next BSC Systems Release at least four months after an Authority decision has been received; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

¹ ELEXON Ltd fulfils the role of the Balancing and Settlement Code Company ('BSCCo').

² The current version of the Code can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>

CONTENTS TABLE

Summary of Impacted Parties and Documents	3
1 Summary	4
2 P232 Solution	6
2.1 Proposed Modification	6
2.2 Alternative Modification	8
3 Implementation	8
3.1 Implementation Approach	8
3.2 Implementation Costs	9
4 Rationale for Modification Group’s Recommendations to the Panel	10
4.1 Conclusions	10
4.2 P232 Quantifying benefits in financial terms	10
4.3 Assessment of Modification Against Applicable BSC Objectives:	11
4.4 Implementation Date	13
4.5 Legal Text	13
5 Rationale for Panel’s Recommendations to the Authority	13
5.1 Panel’s Consideration of Assessment Report	13
5.2 Results of Report Phase Consultation	15
5.3 Panel’s Consideration of Draft Modification Report	16
5.4 Panel’s Final Recommendation to the Authority	16
6 Terms Used in this Document	16
7 Document Control	16
7.1 Authorities	16
7.2 References	17
Appendix 1: Legal Text	18
Appendix 2: Process Followed	18
Appendix 3 Areas Raised by the Terms of Reference	19
Appendix 4: Assessment Report	19
Appendix 5: Report Phase Consultation Responses	20
Appendix 6: Estimated Impact of Modification on Systems, Processes, and Documentation.	20

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as Modification Group has been able to assess, the following parties/documents would be impacted by P232.

Parties	Sections of the BSC	Code Subsidiary Documents
Distribution System Operators <input type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input checked="" type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Interconnectors <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Party Service Lines <input type="checkbox"/>
Non-Physical Traders <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Suppliers <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Transmission Company <input checked="" type="checkbox"/>	G <input checked="" type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents		
Data Aggregators <input type="checkbox"/>	H <input type="checkbox"/>	Core Industry Documents
Data Collectors <input type="checkbox"/>	I <input type="checkbox"/>	Ancillary Services Agreement <input type="checkbox"/>
Meter Administrators <input type="checkbox"/>	J <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	K <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
ECVNA <input type="checkbox"/>	L <input type="checkbox"/>	Distribution Code <input type="checkbox"/>
MVRNA <input type="checkbox"/>	M <input type="checkbox"/>	Distribution Connection and Use of System Agreement <input type="checkbox"/>
BSC Agents		
SAA <input type="checkbox"/>	N <input type="checkbox"/>	Grid Code <input type="checkbox"/>
FAA <input type="checkbox"/>	O <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	P <input checked="" type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
ECVAA <input type="checkbox"/>	Q <input checked="" type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
CDCA <input type="checkbox"/>	R <input type="checkbox"/>	BSCCo
TAA <input type="checkbox"/>	S <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
CRA <input type="checkbox"/>	T <input checked="" type="checkbox"/>	BSC Panel/Panel Committees
SVAA <input type="checkbox"/>	U <input type="checkbox"/>	Working Practices <input checked="" type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	V <input type="checkbox"/>	Other
BSC Auditor <input type="checkbox"/>	W <input type="checkbox"/>	Market Index Data Provider <input type="checkbox"/>
Profile Administrator <input type="checkbox"/>	X <input checked="" type="checkbox"/>	Market Index Definition Statement <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
Other Agents		
Supplier Meter Registration Agent <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
Unmetered Supplies Operator <input type="checkbox"/>		
Data Transfer Service Provider <input type="checkbox"/>		

1 SUMMARY

Background

P232 has been raised by National Grid and the P232 solution is based on the discussions from Issues 32 'Black Start' and 33 'Fuel Security Code', to provide transparency with respect to the compensation arrangements BSC Parties are to follow in an event of a Black Start Period or FSC event, and to develop a methodology for the calculation of a Single Imbalance Price, which can be applied during a Black Start Period or FSC event.

Impacts:

- **BSC Parties:** The Transmission Company, Generators, Suppliers, Licence Exemptable Generators and BSCCo.
- **BSC Agents:** SAA

Implementation Costs

Central implementation costs:

£6,820 for implementation as part of a BSC Systems Release

£14,520 for implementation as a stand-alone Release

(further cost savings are expected if P232 is to be implemented in conjunction with P231)

Operational Costs (per year): £0

Supplier/Supplier Agent implementation costs: £0

Implementation approach

The Group recommend an Implementation Date for the Proposed Modification for the next planned BSC Systems Release which falls at least 4 months after an Authority Decision has been received.

The Group's preference is that P232 be included in the November 2009 BSC release together with P231, so as to realise the benefits of these modifications as soon as possible.

Further details can be found in Section 4.

Modification Group's identified Benefits and Drawbacks under Applicable BSC Objectives (b), (c) and/or (d)

Benefits:	Drawbacks:
<ul style="list-style-type: none"> • The implementation of P232 will result in a more transparent price setting mechanism and clearer compensation arrangements when a Black Start Period or FSC event occurs, thereby providing market participants a more efficient and cost effective process under the BSC; • It will mean a greater understanding for participants who need to recover costs, by improving the efficiency of the claims process, and providing clarity of their role; and • Whilst noting the requirement for participants to comply with instructions from the Transmission Company, P232 would, by virtue of making the claims process more transparent, provide less incentive to deviate from those instructions for commercial reasons. 	<p>There are no foreseen drawbacks</p>

Modification Group's Final Recommendation

The Modification Group recommends that the BSC Panel agrees that:

- **Proposed Modification P232 should not made; and**
- **Alternative Modification P232 should be made.**

2 P232 SOLUTION

This section outlines the solution for the Proposed Modification and the Alternative Modification, as developed by the P232 Modification Group ('the Group') during the Assessment Procedure.

For a full description of the original Modification Proposal as submitted by National Grid ('the Proposer'), and the background to the proposal, please refer to the P232 Initial Written Assessment (IWA).

2.1 Proposed Modification

2.1.1 Single Imbalance Price

P232 seeks to introduce a Single Imbalance Price calculation methodology for Settlement Periods which fall under a Black Start Period or FSC event by expanding BSC Section T1.6 to state that:

- a Single Imbalance Price should be derived by taking the mean of the System Buy Price (SBP) and System Sell Price (SSP) for a given Settlement Period over a pre-defined number of days (no contract notifications or Bids or Offers would be included) in order to seek to determine a 'proxy' for the bulk price of electricity during the Black Start Period or FSC event;
- the default approach would be to use the data over the previous 30 Settlement Days. However a Settlement Period that was subject to a FSC event or instruction, a Black Start Period or an Emergency Instruction would not be used and would be replaced with another appropriate historical Settlement Period;
- a Single Imbalance Price would be calculated for each of the 48 Settlement Periods in a Settlement Day. The relevant price from those 48 Settlement Periods would be used for the corresponding Settlement Period that occurs during the FSC event or Black Start Period. This means that each full Settlement Day within the FSC event or Black Start Period would have the same set of 48 prices, although the price may differ between Settlement Periods;
- the Panel would determine an alternative pricing methodology if the Panel deemed it to be more appropriate as a 'proxy' for the bulk price of electricity during the Black Start Period or FSC event;
- once the methodology has been agreed for the entire Black Start Period or FSC event, any review of the methodology which results in an adjustment, can be implemented going forward only (not retrospectively once it has first been agreed); and
- for Clock Change days that occur during the Black Start Period or FSC event, Settlement Periods 3 and 4 shall be excluded for a short day and be used twice for a long day. For Clock Change days that occur during the historical period, the period shall be increased to 31 days with the Clock Change day being discounted.

See Appendix 5 for details of other pricing options discussed by the P232 Group.

2.1.2 Compensation Arrangements

Operational Costs

'Warm up' or 'Hot Standby' Costs incurred when there is no corresponding change (a "relevant change") in Imports or Exports are allowed to be claimed as 'Avoidable Costs' (as defined in the BSC) for Lead Parties of BM Units who have received an Emergency Instruction under a Black Start Period.

Claim Application Process

- An application for compensation can be made:

- in the case of a Black Start Period, by the Lead Party of BM Units who have received an Emergency Instruction during that Black Start Period (to clarify, any instruction from National Grid during a Black Start Period is to be considered an Emergency Instruction for the purposes of Black Start compensation); or
 - in the case of a FSC event, by the Lead Party of BM Units who have received a direction from the Secretary of State (or, if empowered by the Secretary of State to do so, National Grid) during that FSC event; or
 - in the case of a FSC event, by the Lead Party of BM Units who have received a direction from the Secretary of State (or, if empowered by the Secretary of State to do so, National Grid) which has been made in anticipation of a FSC event, even if the anticipated FSC event does not eventuate.
- An application for compensation can only be made:
 - in the case of Black Start for 'Avoidable Costs' (as defined in the BSC); or
 - in the case of a FSC event for 'Exceptional Costs' (as defined in the FSC) actually incurred (i.e. no advance payments).
- Any application for compensation is to be made up of the Claim form, a Statement of Claim, the total amount (£) being claimed and any supporting evidence;
- Claimants are allowed:
 - 20 Working Days (or such period that the Panel may determine) to submit a claim from the conclusion of a Black Start Period; and
 - 60 Days (or such period that the Panel may determine) to submit a claim from the conclusion of an FSC event (and in-between if required).
- Claimants wishing to request additional time to submit their claim should submit an 'Application to extend allocated time-frame for claim submission' within the above timescales;
- An extra 60 Business Days are to be allowed for the claimant to submit further evidence (although this evidence cannot increase the total amount (£) which was set out in the initial application for compensation to be claimed for);
- The Panel, or the Claims Committee, can ask for any extra evidence or information from the claimant (beyond the timescales set out above) as they see fit;
- Three Claims forms are to be developed, as follows:
 - a Black Start Period Claim form (which must be submitted within 20 Working Days from the end of the Black Start Period);
 - a FSC event Claim form (which must be submitted within 60 Days from the end of the FSC event, or within 60 Days from the end of an anticipation period for an FSC event); and
 - an 'Application to extend allocated time-frame for claim submission' form (which shall be submitted in advance of the deadlines as stated in the two bullet points above (20 Working Days or 60 days)).
- Interim payments (but only for 'Avoidable Costs' or 'Exceptional Costs' actually incurred) shall be applied for, and processed in, the same manner as for total or final claims;
- The Group determined two sets of cost data relating to all claims (and this data alone) are to be published:
 - The total amount (£) received in claim applications; and

- The total amount (£) approved for payment.

Claims Committee for Claim Determination

The Panel may establish a Claims Committee, which shall be chosen by the BSC Panel and may consist of the BSC Panel, for the determination of all applications for compensation received from BSC Parties related to either a Black Start Period or a FSC event. Claims Committee decisions are Panel decisions. The following conclusions were drawn by the P232 Modification Group:

- The BSC Panel, or the Claims Committee as delegated, will determine the process for the determination of each individual claim;
- There are no limits on the use of technical experts or groups of experts to sit on a Claims Committee (or sub committee of the Claims Committee) to provide determinations or advise as to the veracity of the Claims;
- Meetings of the BSC Panel, or the Claims Committee as delegated, to consider Claims shall be confidential;
- Claims shall have a 'zero floor', meaning no negative determination is to be made; and
- Claims can be withdrawn by the Claimant at any stage of the process up until the determination is made.

Cost Recovery

If Ofgem require costs to be recovered under the BSC, the Group recommends use of a funding shares type methodology.

2.2 Alternative Modification

The Alternative Modification is the same as the Proposed Modification; however the fifth bullet point under the Claim Application Process in section 3.1.2 is to be removed, namely:

- An extra 60 Business Days are to be allowed for the claimant to submit further evidence (although this evidence cannot increase the total amount (£) which was set out in the initial application for compensation to be claimed for).

The rationale for the Alternative Modification is all claimable information (the claim, the statement of the claim and the supporting evidence) must be submitted by a definite deadline unless an extension is granted by the Panel, or some other deadline as determined by the Panel. The Group believes the time-scales for claim submission are adequate and already allow for a time extension request. Also, the extra 60 Business Days could slow down the claims determination process and there is already a facility in place for BSC Parties to apply for extra time. Under the Proposed Modification the extra 60 Business Days for evidence cannot lead to an adjustment of the amount claimed for, which could lead to either frustration from Parties who realise they should be claiming more, or Parties over-estimating their claimable amount.

3 IMPLEMENTATION

3.1 Implementation Approach

Responses from the P232 consultation and impact assessment have indicated that there are minimal costs from both the industry and BSC Agents in implementing the P232 solution. This is largely confined to updating internal procedures/Local Working Instructions and processes. There will be a cost associated with the drafting and progression of the new BSCP.

The P232 implementation approach is driven by the lead time for the documentation changes. Development and progression of the new BSCP, to the point of approval, will take 4 months. Therefore implementation is

proposed to be included in the nearest planned BSC Systems Release, which falls at least 4 months after an Authority decision has been received.

P231 and P232 are being progressed to identical timescales as there are cost savings in progressing and implementing P231 and P232 together. The Group has suggested that ideally, a single BSCP should be developed for both the P231 and P232 solution (assuming Authority approval is granted for P231 and P232) containing the BSC details regarding contingency arrangements. However, if required two separate BSCPs could be created, one for P231 and one for P232 respectively.

Rationale for inclusion of guidance in the new BSCP

The single BSCP would be unique in that it would contain all the principles and guidance gathered from the P232 Modification Groups work as well as the structured approach to Code Subsidiary Documents as per the Architecture Principles Document. This would include the following:

- P231 Black Start Recovery Diagram;
- P231 Black Start Recovery Guidance;
- P231 Black Start Recovery processes;
- P231 FSC Guidance;
- P232 Claims Application Process;
- P232 Black Start Period and Fuel Security Code Event Claims Forms;
- P232 Black Start Period or Fuel Security Code Event Request for Time Extension Form;
- P232 draft Claims Committee Terms of Reference; and
- P232 Claims Committee Guidance.

The BSCP would contain in addition to the P231/232 processes, the progress and conclusions of the Modification Group. The Group noted it is unusual to have guidance and a draft Terms of Reference attached to a BSCP, but this is considered an unusual situation and a 'Guidance' Watermark is to be on the relevant pages of the document. This is in contrast to having the same information attached to the Assessment Report or a stand alone guidance note, which has the capacity to lose awareness over time. The Group also recommends the BSCP sits with the Panel, as a single document in a high-profile position will promote regular review and familiarity.

Both Modifications could be implemented as stand alone Modifications if the Authority were to reject either Modification or if it was recommended that P231 and P232 should be implemented separately. However, a more efficient route would be to implement P231 together with P232 and included as part of a standard BSC Systems release.

Further information on the BSCP and its content is available in the [Assessment Report](#), Appendix 4.

3.2 Implementation Costs

There is no cost difference between implementing the P232 Proposed and the P232 Alternative Modifications.

MODIFICATION IMPLEMENTATION COSTS³

³ An explanation of the cost terms used in this section can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

		Stand Alone Cost	Incremental Cost	Tolerance
Total Demand Led Implementation Cost		£ 0	£ 0	N/A
ELEXON Implementation Resource Cost		66 man days £ 14,520	21 man days £ 6,820	+/- 30%
Total Implementation Cost		£ 14,520	£ 6,820	+/- 30%

Please refer to Appendix 6 for all impacts.

4 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

This section summarises the recommendations of the Modification Group, as detailed in the [Assessment Report](#) in Appendix 4.

4.1 Conclusions

The UNANIMOUS view of the Modification Group is that the Proposed Modification would better facilitate Applicable BSC Objectives (b), (c) and (d) when compared with the existing arrangements. The reasoning provided by the Group is detailed in Section 4.2 below.

The UNANIMOUS view of the Modification Group is that the Alternative Modification would better facilitate Applicable BSC Objectives (b), (c) and (d) when compared with the existing arrangements. The reasoning provided by the Group is detailed in Section 4.2 below.

The MAJORITY view of the Modification Group is that the Alternative Modification would better facilitate Applicable BSC Objectives (c) and (d) when compared with the Proposed Modification. The reasoning provided by the Group is detailed in Section 4.2 below.

The Group, as well as respondents to the P232 impact assessment and consultation agreed to the Implementation approach outlined in Section 3 of this document.

4.2 P232 Quantifying benefits in financial terms

The Group found it difficult to quantify the benefits for P232 in financial terms, however made the following arguments in support of making a modification to the BSC:

- The current lack of a clear process is untenable in the long term and could prevent instructions being ignored or certain Parties unfairly penalised while helping the market return to normal operation;
- The lack of a clear process would mean that there would be widespread confusion within the industry, for example, where to look for the details of the process, what can be claimed, how this can be claimed, and who is responsible for making the determination;
- Although it was not possible to quantify the benefits in financial terms, it was agreed that there would be cost savings in having a clear transparent process; P232 puts in place a clear coherent

process which means BSC Parties can be compensated efficiently and effectively and a transparent price calculation methodology would facilitate a more competitive market.

- There will be (if this process is implemented) cost savings in having this process document, which will outweigh any cost for the implementation of P232; and
- P232 clarifies the activities and roles of participants.

4.3 Assessment of Modification Against Applicable BSC Objectives:

BSC Objective (b): The efficient, economic and co-ordinated operation of the GB transmission system	
For	Against
<p>Overall</p> <p>P232 better facilitates this objective as having processes in place would allow smoother transition back to normal market operations and is more efficient for both setting prices and compensating generators. It would help participants have a better understanding of the BSC procedures, and a way to recover their costs, for Black Start Periods or FSC events, therefore encouraging compliance with the Transmission Company.</p> <p>Proposed v Alternative</p> <p>The Group did not believe either of the Proposed and the Alternative Modification facilitated BSC Objective (b) better than the other.</p>	<p>None identified</p>

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	
For	Against
<p>Overall</p> <p>P232 better facilitates this objective as providing greater clarity and certainty with regard to the single imbalance price calculation would provide more confidence in the arrangements. It would also assist the process by which Parties are able to fairly recover their costs attributable to the Black Start Period or FSC event.</p> <p>Proposed v Alternative</p> <p>A few Group members made an argument for the Alternative, as by not requiring the Panel to wait for an additional 60 days for a Party to submit evidence they could potentially determine claims earlier, and an efficient resolution would better facilitate competition.</p>	<p>None identified</p>

BSC Objective (d): Promoting efficiency in the implementation and administration of the balancing and settlement arrangements	
For	Against
<p>Overall</p> <p>P232 better facilitates this objective as having a process in place for compensation (the claims application process) in light of a Black Start Period and/or FSC event will reduce confusion and improve efficiency in the operation of the BSC. It will provide clarity to the obligations on Parties and provide assurance that the commercial interests of Parties are being considered.</p> <p>Proposed v Alternative</p> <p>Four Modification Group members who voted selected BSC Objective (d) as being better facilitated under the Alternative. Two Modification Group members who voted selected BSC Objective (d) as being better facilitated under the Proposed.</p> <p>Those in favour of the Alternative believe this to be the most efficient process. The extra 60 Business Days are seen as unnecessary and believed the Panel would make a sensible decision regarding the time required for Parties to submit all the evidence for their claim. There is nothing to stop a Party from providing evidence to the Panel after this time but it would be at the Panel's discretion as to whether this is considered.</p> <p>Those in favour of the Proposed believe there is an advantage to Parties of having a guaranteed 60 Business Days on top of the 20 Working Days for Black Start Period claims or 60 Days for Fuel Security Claims already available to Parties.</p>	<p>None identified</p>

4.4 Implementation Date

The Modification Group agreed the Modification should be implemented in the next BSC Systems Release a minimum of four months after a decision has been received from the Authority.

The Modification Group agreed cost savings can be made if the implementation is in conjunction with P231 and a BSC Systems Release. There is no requirement to implement this as a stand-alone release, so the Group has adapted a flexible approach which will also allow implementation as soon as practically possible, with respect to cost-savings.

See Section 3 for further details.

4.5 Legal Text

The Group reviewed the draft legal text, BSCP and guidance note and unanimously agreed that the draft legal text delivered the intended solution for both the Proposed and the Alternative.

Draft legal text for the Proposed Modification is included as Attachment A, and the draft legal text for the Alternative Modification is included as Attachment B.

Compliance with the FSC

There was discussion within the Group around whether allowing - "An additional 60 Business Days will be allocated for submission of further evidence by a claimant arising from a FSC or Black Start event." – is against the principles of the FSC, which states "...Application must be submitted within 60 days (or such longer period as the Panel may in any case approve)." DECC were contacted, who advised allowing an extra 60 days for generators to submit evidence is not in conflict with the FSC.

Clock Change

During the drafting, it was picked up there was no definition within the BSC of Clock Change, and in some sections of the BSC it was undefined. The BSCCo and the Modification Group took the opportunity to define 'Clock Change' in Section Annex X-1: General Glossary, and also update this throughout the BSC. Please see either Attachment A or Attachment B for details.

5 RATIONALE FOR PANEL'S RECOMMENDATIONS TO THE AUTHORITY

5.1 Panel's Consideration of Assessment Report

The Panel considered the P232 Assessment Report at its meeting on 9 April 2009. This section summarises the Panel's discussions in formulating its provisional recommendation for inclusion in the draft Modification Report. Details of the Report Phase consultation responses, the Panel's discussion of the responses and its final recommendation to the Authority can be found in Sections 5.2, 5.3 and 5.4 respectively.

5.1.1 Assessment Procedure Consultation Responses

The following clarifications were discussed on the P232 solution:

- The Panel questioned if the claims process was to apply to all claims received in relation to a Black Start Period or a Fuel Security Code event; the Group's findings were that it would.
- The Panel questioned whether a Claims Committee would be set up for each Black Start Period or FSC event or whether this would be a standing committee; the Group's findings were a Claims Committee will be set up for each Black Start Period and FSC event only, and is not to be on-going.

- The Panel questioned whether claims made shortly preceding a Black Start Period would be considered Black Start Claims; to which the response was 'no', however compensation could still be sought under remaining provisions in Section G, provided, as with a Black Start, the claimant was the recipient of an Emergency Instruction from National Grid.
- The Panel asked for clarification on the claims appeals process as per the discussion in the Assessment Report; to which the Panel were advised they would determine an appeals process if they believed one was required at the time.

5.1.2 Applicable BSC Objectives

a) Proposed Modification v current BSC baseline

The unanimous provisional view of the Panel was that the Proposed Modification would better facilitate the achievement of Applicable BSC Objectives (b), (c) and (d) when compared to the current Code baseline. The Panel did not make any new arguments compared to the Modification Group's arguments (as detailed above) when considering the applicable BSC Objectives.

The Panel agreed that the Proposed Modification would have a neutral impact on Applicable BSC Objective (a).

b) Alternative Modification v current BSC baseline

The unanimous provisional view of the Panel was that the Alternative Modification would better facilitate the achievement of Applicable BSC Objectives (b), (c) and (d) when compared to the current Code baseline. The Panel did not make any new arguments compared to the Modification Group's arguments (as detailed above) when considering the applicable BSC Objectives.

The Panel agreed that the Proposed Modification would have a neutral impact on Applicable BSC Objective (a).

c) Proposed Modification v Alternative Modification

The unanimous provisional view of the Panel was that the Alternative Modification would better facilitate the achievement of Applicable BSC Objectives (c) and (d) when compared to the Proposed Modification. The Panel did not make any new arguments compared to the Modification Group's arguments (as detailed above) when considering the applicable BSC Objectives.

The Panel agreed that the Alternative Modification would have a neutral impact on Applicable BSC Objectives (a) and (b).

d) Provisional recommendation to the Authority

The Panel therefore agreed a unanimous provisional recommendation to the Authority that:

- The Proposed Modification **should not** be made; and that
- The Alternative Modification **should** be made.

5.1.3 Implementation Date

The Panel agreed with the Modification Group's recommendation that the implementation is to be included in the nearest planned BSC Systems Release, which falls at least 4 months after an Authority decision has been received.

5.1.4 Legal Text

The Panel agreed with the Modification Group's recommendation that the Legal Text satisfactorily delivers the solution proposed by both the P232 Proposed and P232 Alternative Modifications.

5.2 Results of Report Phase Consultation

The Report consultation was issued to the industry on 17 April 2009 with responses received 1 May 2009.

5.2.1 Report Phase Consultation - Industry Responses

A total of 7 responses were returned.

5.2.1.1 Panel's Assessment on P232 Proposed Modification

Question 1: Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P232 should not be made (and the arguments against the applicable BSC objectives)?

All responses agreed with the Panel's provisional recommendation that Proposed Modification P232 should not be made. Reasons provided against the applicable objectives reflected the arguments set out in Section 4.3 of this report. 3 Respondents also felt the Proposed was a better option than the current baseline; however they believe that P232 Alternative was superior.

5.2.1.2 Panel's Assessment on P232 Alternative Modification

Question 2: Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P232 should be made (and the arguments against the applicable BSC objectives)?

All responses agreed with the Panel's provisional recommendation that Alternative Modification P232 should be made. Reasons provided against the applicable objectives reflected the arguments set out in Section 4.3 of this report.

5.2.1.3 Panel's Assessment on P232 Implementation Date

Question 3: Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P232?

All responses agreed with the Panel's provisional recommendation that P232 should be implemented in the next BSC Systems Release a minimum of four months since a decision has been received from the Authority.

5.2.1.4 Panel's View on P232 Proposed and P232 Alternative Legal Text

Question 4: Do you agree with the Panel's view that the legal text (for both the Proposed and the Alternative) provided in the draft Modification Report delivers the solution agreed by the Modification Group?

All responses (bar one, which was due to their approval of the revised legal text update as described in 5.2.2) agreed with the Panel's provisional recommendation that the P232 Proposed and the P232 Alternative Legal Text delivers the solution agreed by the Modification Group.

5.2.2 Clarification to Legal Text

After issuing the consultation ELEXON reconsidered an area of the legal text that describes what happens on a clock change day. ELEXON proposes that a change be made to the drafting of the P232 Proposed and the P232 Alternative Legal Text. The current drafting for BSC Section T 1.6.1A (f) (ii) states:

*"...the third and fourth Settlement Periods shall be repeated for the fifth and sixth Settlement Periods of that Clock Change Day. The single imbalance price for the **remaining** Settlement Periods for that Clock Change*

Day will be the single imbalance price calculated in accordance with this paragraph 1.6.1A for two Settlement Periods earlier..."

The word **remaining** can be interpreted to include Settlement Periods 1 and 2, which is not the intention of the paragraph (as these periods do not move due to a long Clock Change Day). ELEXON's proposed solution has the following revision (clarified in bold):

*"...the third and fourth Settlement Periods shall be repeated for the fifth and sixth Settlement Periods of that Clock Change Day. The single imbalance price for the remaining Settlement Periods for that Clock Change Day will be the single imbalance price calculated in accordance with this paragraph 1.6.1A **but (other than for the first and second Settlement Periods) for two Settlement Periods earlier...**"*

We provided the revised wording to the P232 Modification Group who endorsed this clarification.

5.3 Panel's Consideration of Draft Modification Report

[This section to be completed following the Panel meeting at which the draft Modification Report and Report Phase consultation responses are considered.]

5.4 Panel's Final Recommendation to the Authority

[This section to be completed following the Panel meeting at which the draft Modification Report and Report Phase consultation responses are considered.]

6 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
BSC	Balancing and Settlements Code
BSCCo	Balancing and Settlements Code Company
BSCP	Balancing and Settlements Code Procedure
FSC	Fuel Security Code
LWI	Local Work Instruction
Ofgem	Office of Gas and Electricity Markets
SAA	Settlement Administration Agent
SBP	System Buy Price
SSP	System Sell Price

7 DOCUMENT CONTROL

7.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	09/04/09	Graeme Windley	David Jones Sarah Jones	For technical review
0.2	17/04/09	Graeme Windley	BSC Parties and other interested parties	For consultation
0.3	05/05/09	Graeme Windley	David Jones	For technical and quality review
1.0	dd/mm/yy	BSC Panel		For Authority decision

7.2 References

Ref.	Document Title	Owner	Issue Date	Version
1	Issue 32 Report	ELEXON	10/07/08	
2	Issue 33 Report	ELEXON	10/07/08	
3	P232 Initial Written Assessment	ELEXON	09/01/09	
4	The Fuel Security Code	DECC	10/07	
5	Fuel Security Code Guidance	DECC	10/07	
6	P232 Assessment Consultation Document	ELEXON	25/02/09	

APPENDIX 1: LEGAL TEXT

Draft legal text for the Proposed Modification is attached as a separate document, Attachment A.

Draft legal text for the Alternative Modification is attached as a separate document, Attachment B.

APPENDIX 2: PROCESS FOLLOWED

Copies of all documents referred to in the table below can be found on the [P232 page](#) of the BSC Website.

Date	Event
23/12/08	Modification Proposal raised by National Grid
23/12/08	Issue 32 Report
23/12/08	Issue 33 Report
15/01/09	IWA presented to the Panel
19/01/09	P232 Modification Group Terms of Reference developed
23/01/09	First Assessment Procedure Modification Group meeting held
29/01/09	Second Assessment Procedure Modification Group meeting held
13/02/09	Third Assessment Procedure Modification Group meeting held
17/03/09	Fourth Assessment Procedure Modification Group meeting held
20/03/09	Walkthrough of Legal Text held
09/04/09	Assessment Report to be presented to Panel
17/04/09	Draft Modification Report issued for industry consultation
01/05/09	Report Phase consultation responses returned
14/05/09	Draft Modification Report presented to the Panel
	Final Modification Report issued to the Authority for decision

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL ⁴	
Meeting Cost	£2,200
Legal/Expert Cost	£0
Impact Assessment Cost	£5,000
ELEXON Resource	102 man days
	£26,100

⁴ Clarification of the meanings of the cost terms in this appendix can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

The ELEXON Resource costs are slightly higher than anticipated, due to extra work agreeing the legal text. This is also reflected in an extra Modification Group meeting and an additional teleconference to further discuss the legal drafting.

APPENDIX 3 AREAS RAISED BY THE TERMS OF REFERENCE

The following areas were considered by the Modification Group during the Assessment Procedure for P232:

- Confirm what further detail is required regarding the compensation arrangements pursuant to a Black Start or FSC event, and where this detail should be documented including:
 - Whether there should be a 'de-minimis threshold' and, if so, what it should be;
 - The timetable for submission of claims and admission of further evidence;
 - The timetable and process for progressing claims;
 - The treatment of interim claims; and
 - The publication of claims material and compensation decisions.
- Confirmation of the process for cost recovery under the BSC;
- Identify the impacts on BSC Parties, BSC Panel, BSCCo and the Transmission Company;
- Detail the formulation and composition of the claims committee;
- Confirm the further detail of the calculation of a single Imbalance Price, to determine whether this is the best methodology to use and to ensure the methodology is enduring to a range of possible FSC events, and to confirm the Panel's role in the process;
- Determine whether additional procedures introduced by P232 will necessitate the development of a new BSCP to facilitate the proposed claims process; and
- Determine which costs should constitute Avoidable Costs (in terms of a Black Start) and, with respect to what are determined as Exceptional Costs in the FSC, identifying the cost headings for dealing with FSC Claims.

These issues are discussed in the Assessment Report contained in Appendix 4, and are not covered further here.

APPENDIX 4: ASSESSMENT REPORT

The P232 Assessment Report is attached as a separate document, Attachment C.

For the purposes of the Report Phase consultation and the Panel's consideration of the draft Modification Report, the P232 Assessment Report can be found on the BSC Website at the [P232 Webpage](#).

The Assessment Report includes:

- An explanation of Black Start and Fuel Security Code events;
- The discussions of the Modification Group regarding the areas set out in the P232 Terms of Reference;
- The Modification Group's conclusions in regard to the financial benefits, implementation and the Group's views against the applicable BSC Objectives;
- Details of the Group's membership, attendance, discussion and analysis;

- The BSCP which contains the BSCP claims forms, the claims submission process, guidance and a draft Terms of Reference for the Claims Committee to use, if it so chooses;
- The full results of the Assessment Procedure impact assessment; and
- Full copies of all responses to the Assessment Procedure consultation.

APPENDIX 5: REPORT PHASE CONSULTATION RESPONSES

The P232 Report Phase consultation responses are attached as a separate document, Attachment C.

APPENDIX 6: ESTIMATED IMPACT OF MODIFICATION ON SYSTEMS, PROCESSES, AND DOCUMENTATION

An initial assessment has been undertaken by BSCCo in respect of all BSC systems, documentation and processes.

a) Impact on BSC Systems and Processes

No impact anticipated on BSC Systems, as they currently must have the capability to cater for a Single Imbalance Price if required. This is likely to be via manual processes to enter this data into Settlement.

b) Impact on BSC Agent Contractual Arrangements

No significant impact anticipated.

c) Impact on BSC Parties and Party Agents

No day-to-day impact is anticipated for BSC Parties or Party Agents. There will be procedures which BSC Parties can now follow in relation to claiming compensation under a Black Start Period or FSC event. No impact for Party Agents.

d) Impact on Transmission Company

No impact anticipated, however National Grid will be asked to confirm any impact and whether legal drafting is in line with the Grid Code.

e) Impact on BSCCo

Area of Business	Impact of Proposed/Alternative Modification
Stakeholder Assurance	Local Work Instructions (LWI) are to be developed regarding BSCCo's role in assisting the BSC Panel or the Claims Committee (if delegated).
Implementation	BSCCo would need to implement the proposed changes. This process is likely to include Code Subsidiary Document drafting and education.

f) Impact on Code

Code Section	Impact of Proposed/Alternative Modification
B (The Panel)	The Panel are responsible for Panel Committee's and the delegation of powers, reference to the Claims Committee is required.
G (Contingencies)	This section is to include the application of the Single Imbalance Price methodology, updates to the Avoidable Costs and timetable for

Code Section	Impact of Proposed/Alternative Modification
	evidence submission.
P (Energy Contract Volumes and Metered Volume Reallocations)	Capitalisation of 'clock change' and 'clock change day'.
Q (Balancing Mechanism Activities)	Capitalisation of 'clock change' and 'clock change day'.
T (Settlement and Trading Charges)	Methodology for setting the Single Imbalance Price is to be updated in this section.
Annex X-1 (General Glossary)	Definition of 'Clock Change' and 'Clock Change Day'

A copy of the draft legal text to give effect to these changes can be found in Attachment A.

g) Impact on Code Subsidiary Documents

Document	Impact of Proposed/Alternative Modification
New BSCP	A new BSCP will document all the processes, forms and guidance
BSCP18 'Corrections to Bid-Offer Acceptance Related Data'	A reference to the process of entering Single Imbalance Cash-out Price into Settlement (in the new BSCP) should be included here.
SAA Service Description	The process of entering Single Imbalance Cash-out Price into Settlement documented as a requirement here
SAA User Requirements Specification	The process of entering Single Imbalance Cash-out Price into Settlement documented as a requirement here

h) Impact on Core Industry Documents/System Operator-Transmission Owner Code

Document	Impact of Proposed/Alternative Modification
Fuel Security Code	No changes will be made to or requested for the FSC, but any interaction between this and the P232 solution needs to be considered for the drafting of the P232 legal text.
Grid Code	It is assumed that no changes will be required to the Grid Code; however any interaction between this and the P232 solution needs to be considered.

i) Impact on Other Configurable Items

No impact anticipated.

j) Impact on BSCCo Memorandum and Articles of Association

No impact anticipated.

k) Impact on Governance and Regulatory Framework

No impact anticipated.

P232 – PROPOSED DRAFT LEGAL TEXT

SECTION B: THE PANEL (Version 14)

Insert new paragraph 3.5 after paragraph 3.4 to read as follows:

3.5 Claims Committee

3.5.1 The Panel may establish a Panel Committee or Committees to be called the "Claims Committee(s)", from time to time, in accordance with paragraph 5 to determine applications for compensation made pursuant to Sections G3 and G5.

SECTION G: CONTINGENCIES (Version 7)

Amend paragraph 1.1.5 to read as follows:

1.1.5 Paragraph 5 sets out arrangements for giving effect to a Generator Compensation Instruction delivered the recovery of Exceptional Costs pursuant to the Fuel Security Code.

Amend paragraph 2.1.1 to read as follows:

2.1.1 This paragraph 2 applies, for the purposes of any Contingency Provision which refers to Avoidable Costs, for the purposes of determining such costs Avoidable Costs (which are used in the calculation of compensation claims for certain Contingency Provisions) in relation to:

(a) ~~_____~~ a BM Unit; and;

(~~ba~~) such changes ("**relevant changes**") in Exports and/or Imports of that BM Unit during a Settlement Period as are specified in or determined pursuant to the relevant Contingency Provision; or

(b) where paragraph 3 (Black Start) applies, a BM Unit that is the subject of a black start instruction (as defined in paragraph 3.3.1(b)) whether or not relevant changes occur.

Amend paragraph 2.1.2 to read as follows:

2.1.2 Where any such Contingency Provision applies, the Panel shall determine, in its opinion, ~~what is the amount of~~ the net costs of operating the BM Unit which would not have been incurred but for:

(a) ~~_____~~ the relevant changes in Exports and/or Imports; or

(b) a black start instruction.

Amend paragraph 2.1.3 to read as follows:

2.1.3 For the purposes of the Code, the "**Avoidable Costs**" ~~in relation to the relevant changes in Exports and/or Imports of the BM Unit~~ shall be the amount determined by the Panel under paragraph 2.1.2 (which may for the avoidance of doubt be a negative amount, in a case where net costs were saved or revenues earned ~~as a result of the relevant changes in Exports and/or Imports, and which otherwise shall be positive~~).

Amend paragraph 2.1.4 to read as follows:

- 2.1.4 In determining what are the costs of operating a BM Unit and what such costs would not have been incurred (as provided in paragraph 2.1.2), the Panel shall have regard to the following:
- (a) costs include lost revenues, and costs saved include revenues earned;
 - (b) in the case of a BM Unit comprising premises of a Customer, the costs which are to be counted are the costs incurred by the Customer;
 - (c) costs are not to be counted unless they are demonstrably:
 - (i) costs directly incurred in the operation of the Plant and Apparatus comprised in the BM Unit;
 - (ii) costs which were reasonably and prudently incurred, and incurred pursuant to commitments reasonably and prudently made; and
 - (iii) costs the amount of which would be expected to differ according to whether there occurred the relevant changes in Exports and/or Imports or changes in operation to comply with a black start instruction in the relevant Settlement Period alone;
 - (d) costs include costs (incurred or saved) of consumption of electricity or fuel;
 - (e) the following costs are not to be counted:
 - (i) costs or losses in respect of damage to property (including Plant or Apparatus) or death or injury to persons;
 - (ii) insurance premia; and
 - (iii) financing costs and overhead costs;
 - (f) amounts payable (other than by way of rebate of payment for supply), under any contract or otherwise, by way of compensation for loss of supply or otherwise in consequence of relevant changes in Exports and/or Imports, by the Lead Party to the person referred to in paragraph (b), are to be disregarded; and
 - (g) amounts payable or receivable under the Code in respect of Trading Charges or BSCCo Charges are to be disregarded.

Amend paragraph 2.2.1 to read as follows:

- 2.2.1 Where under any Contingency Provision the amount of Avoidable Costs is to be determined for any Settlement Period or Periods:
- (a) the Lead Party shall prepare, consistently with the principles in paragraphs 2.1.3 and 2.1.4, and submit to BSCCo its estimate (for each such Settlement Period) of the net costs of operating the BM Unit which would not have been incurred:
 - (i) _____ but for the relevant change in Exports and/or Imports; ~~or~~
 - (ii) _____ but for a black start instruction.

together with an explanation of and supporting information for its estimate, and shall provide to the Panel such further information as the Panel may require for the purposes of making its determination under paragraph 2.1.2;

- (b) if required by the Panel, the Lead Party shall, by such time as the Panel may reasonably stipulate, submit a statement signed by its (or in the case in paragraph 2.1.4(b), the Customer's) statutory auditors to the effect that the Party's estimate of such costs have been prepared on a fair, complete and reasonable basis and consistent with the principles in paragraphs 2.1.3 and 2.1.4; and
- (c) BSCCo shall notify the Panel's determination under paragraph 2.1.2 to the Lead Party.

Insert new paragraph 3.3.1A directly after paragraph 3.3.1 to read as follows:

3.3.1A A claim for payment of compensation submitted under paragraph 3.3.1 shall comprise:

- (a) a claim, the form of which shall be prescribed under the relevant BSCP; and
- (b) a statement detailing the claim in accordance with paragraph 3.3.5(a).

Insert new paragraph 3.3.1B directly after paragraph 3.3.1A to read as follows:

3.3.1B A Lead Party may submit evidence to the Panel in support of its claim for payment of compensation under paragraph 3.3.1 at any time within:

- (a) the period of 60 Business Days after the day on which the Lead Party submits a claim for payment of compensation under paragraph 3.3.1; or
- (b) if the Panel determines there are exceptional circumstances and it would not be fair and reasonable to impose a period of 60 Business Days, such longer period as the Panel may approve in that case.

Amend paragraph 3.3.2 to read as follows:

3.3.2 For the purposes of this paragraph 3.3, in relation to a Settlement Period in the Black Start Period and a BM Unit:

- (a) the "**black start compensation amount**" shall be an amount determined as:

$$(A - B)$$

where

A is the amount of the Avoidable Costs of the Lead Party in relation to the operation of the BM Unit \pm

~~the changes in Exports and/or Imports as~~ determined by the Panel under paragraphs 3.3.4(a) and 3.3.4(c);

B is an amount determined as:

$$(BSCQ_{ij}^n * P_{ij}^n)$$

where P_{ij}^n is the System Sell Price (equal, in accordance with Section T1.6.1, to the System Buy Price) for that Settlement Period; and

~~BSCQⁿ_{ij}~~ ~~(b)~~ the "~~black start compensation volume~~" ~~(BSCQⁿ_{ij})~~ is the quantity (in MWh) determined by the Panel under paragraph 3.3.4(b) and shall be called the "black start compensation volume";

- (e**b**) for the purposes of paragraph (b~~a~~), BSCQⁿ_{ij} shall be negative where it represents an increase in net Imports or a reduction in net Exports, zero (0) where it represents no change in Exports and/or Imports and otherwise positive.

3.3.3 Where a Party submits a claim under paragraph 3.3.1, each Settlement Period (in the Black Start Period) in relation to which the Lead Party is given any black start instruction shall be a "**relevant**" Settlement Period for the purposes of this paragraph 3.3, and the amounts to be determined under this paragraph 3.3 shall be determined for all such Settlement Periods.

Amend paragraph 3.3.4 to read as follows:

3.3.4 Where a Party submits a claim under paragraph 3.3.1, the Panel shall determine, in its opinion:

- (a) what changes in Exports and/or Imports of the BM Unit during each relevant Settlement Period resulted from action taken by the Lead Party for the purposes of complying (in accordance with the Grid Code) with black start instructions relating to that Settlement Period; and
- (b) what is the net quantity (in MWh) of such changes in Exports or Imports of the BM Unit for each such Settlement Period; and
- (c) what, if any, other changes occurred in the operation of the BM Unit as a result of a black start instruction.

Amend paragraph 3.3.5 to read as follows:

3.3.5 For the purposes of assisting the Panel to determine a claim for compensation under this paragraph 3.3:

- (a) the Lead Party shall, at the time at which it submits its claim under paragraph 3.3.1, provide a statement to the Panel of the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(a), ~~and~~ the quantity which the Lead Party considers to be the net quantity described in paragraph 3.3.4(b); and the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(c), and shall provide such other information as the Panel may reasonably request for the purposes of determining the matters in paragraphs 3.3.4(a), ~~and~~ (b) and (c), for each relevant Settlement Period;
- (b) the Lead Party shall comply with the requirements of paragraph 2.2.1 in relation to determination of Avoidable Costs;
- (c) the Transmission Company and each Distribution System Operator shall provide such information as the Panel may reasonably request for the purposes of determining the black start compensation volumes; and
- (d) the Transmission Company shall provide such information as the Panel may reasonably request for the purposes of determining the changes in operation of a BM Unit described in paragraph 3.3.4(c).

Amend paragraph 3.3.6, including inserting new sub-paragraph 3.3.6(b), to read as follows:

- 3.3.6 Where the Lead Party has submitted a claim in accordance with paragraph 3.3.1, subject to the provisions of the Code:
- (a) the Lead Party shall be entitled to be paid by the BSC Clearer the net sum, for all relevant BM Units and relevant Settlement Periods, of the black start compensation amounts, together with interest at the Base Rate on each compensation amount from (and including) the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;
 - (b) for the avoidance of doubt, if the net sum for a Lead Party, of the black start compensation amounts, for all relevant BM Units and relevant Settlement Periods is a negative sum, the Lead Party shall not be liable to pay for that sum;
 - ~~(bc)~~ each Trading Party (including the Lead Party) shall be liable to pay to the BSC Clearer its Black Start Reallocation Proportion of the net amount payable to the Lead Party under paragraph (a);
 - ~~(ed)~~ the amounts of the entitlements and liabilities under paragraphs (a) and (b) shall be Ad-hoc Trading Charges for the purposes of Section N6.9; and
 - ~~(de)~~ BSCCo shall give such instructions to the FAA as are necessary to give effect to the payment of such Ad-hoc Trading Charges.

Insert new paragraph 5.3.3 after paragraph 5.3.2. to read as follows:

5.3.3 The procedure for submitting an application for Exceptional Costs (including the written statement and any additional information in support of the application submitted under paragraph 5.4) shall be as set out in the relevant BSCP. The Panel may determine any additional procedural requirements in relation to the progress and procedure of an application for Exceptional Costs.

Amend the heading for Section 5.4 to read as follows:

5.4 Statement and Evidence to Accompany in Support of Application

Insert new paragraph 5.4.2 after paragraph 5.4.1 to read as follows:

5.4.1 The Lead Party shall enclose with its application under paragraph 5.2.1 a written statement (signed by a director of the relevant Generator) of the circumstances in which that Generator considers that it has incurred Exceptional Costs and the amount of the Exceptional Costs which that Generator considers that it has incurred and the Lead Party shall provide a copy of any such application to the Authority.

5.4.2 The Lead Party may submit to the Panel any additional information or explanation in support of its application under paragraph 5.2.1 at any time within:

- (a) 60 Business Days after the day on which the Lead Party submits an application for Exceptional Costs; or
- (b) if the Panel determines there are exceptional circumstances and it would not be fair and reasonable to impose a period of 60 Business Days, such longer period as the Panel may approve in that case.

Amend the numbering for paragraph 5.6.1 to read as follows:

5.6.1 If required to do so by the Panel, the Lead Party shall, within such period as the Panel may reasonably stipulate, submit a statement signed by:

(a) ~~5.6.1.1~~—the Lead Party’s Auditors; and

(b) ~~5.6.1.2~~—where the Exceptional Costs which are the subject of the application under paragraph 5.2.1 relate to a BM Unit comprising the premises of a Claimant Customer and include costs incurred by that Claimant Customer, the Claimant Customer’s Auditors

to the effect that the Generator’s estimate of Exceptional Costs has been prepared on a basis which is both fair, complete and reasonable and consistent with the definition of the term Exceptional Cost.

SECTION P: ENERGY CONTRACT VOLUMES AND METERED VOLUME REALLOCATIONS (Version 14)

Amend paragraph 1.2.5 to read as follows:

1.2.5 In respect of ~~clock-Clock change-Change days-Days~~ for which Energy Contract Volume Notifications or Metered Volume Reallocation Notifications are submitted which do not take account of the ~~clock-Clock change-Change~~, the Energy Contract Volume Aggregation Agent will apply defaulting rules such as to ignore values submitted in respect of the third and fourth Settlement Periods of that Settlement Day (for a short ~~clock-Clock change-Change day-Day~~) and to repeat values submitted in respect of the third and fourth Settlement Periods of that Settlement Day (for a long ~~clock-Clock change-Change day-Day~~), or such other or supplementary defaulting rules as may be approved from time to time by the Panel and notified by BSCCo to Trading Parties and the Transmission Company.

SECTION Q: BALANCING MECHANISM ACTIVITIES (Version 17)

Amend paragraph 4.2.1 to read as follows:

4.2.1 If, in respect of a relevant BM Unit and a Settlement Period, no Bid-Offer Pairs are received by the Transmission Company in accordance with paragraph 4.1, the Transmission Company shall establish the Bid-Offer Pair data for that BM Unit for that Settlement Period by copying and applying the Bid-Offer Pair data (if any) that was applying for that BM Unit at 1100 hours on the preceding day for the equivalent Settlement Period in that day (or, in the case of ~~clock-Clock change-Change days-Days~~, for the Settlement Period determined under the Grid Code) in accordance with the provisions of the Grid Code; and the Lead Party shall be deemed under this Section Q to have submitted such Bid-Offer Pair(s) in accordance with paragraph 4.1.

SECTION T: SETTLEMENT AND TRADING CHARGES (Version 17)

Amend paragraph 1.6.1 to read as follows:

1.6.1 Where, for the purposes of any Contingency Provisions, a single imbalance price is to apply in relation to any Settlement Period:

- (a) paragraph 1.6.1A or paragraph 1.6.2 shall apply;
- (b) the provisions of paragraphs 4.4.5 and 4.4.6 in relation to the determination of System Buy Price and System Sell Price shall not apply; and
- (c) for all purposes of the Code, the System Buy Price and the System Sell Price for that Settlement Period shall be the same and shall have the value established in accordance with paragraphs 1.6.1A or (as applicable) 1.6.2 (and shall be deemed to have been determined under paragraph 4.4).

Insert new paragraph 1.6.1A directly after paragraph 1.6.1 to read as follows:

1.6.1A Where a single imbalance price is to apply in relation to a relevant Settlement Period for the purposes of Section G3 or Section G4, the Panel shall, subject to the approval of the Authority, determine that single imbalance price in accordance with this paragraph 1.6.1A or, where the Panel, in its opinion, considers this provision unsuitable, in accordance with paragraph 1.6.2. For the purposes of this paragraph 1.6.1A the single imbalance price shall be:

- (a) subject to paragraphs (b) and (d), the mean of the System Sell Price and the System Buy Price calculated respectively for each set of corresponding Settlement Periods in the 30 whole Settlement Days immediately preceding the Settlement Day on which the Black Start Period (as defined in Section G3.1.3) or Security Period (as defined in the Fuel Security Code) commenced;
- (b) the Transmission Company shall determine that certain Settlement Periods within the Settlement Days identified under paragraph (a) be excluded from the single imbalance price calculation if those Settlement Periods occur within a Black Start Period or Security Period or if during those Settlement Periods emergency instructions were issued under the Grid Code;
- (c) where paragraph (b) applies, the Panel shall use the System Sell Price and the System Buy Price from additional Settlement Periods to achieve a mean of 30 System Sell Prices and System Buy Prices for each corresponding Settlement Period. Such additional Settlement Periods shall be those corresponding Settlement Periods in the Settlement Day immediately preceding the 30 Settlement Days identified in paragraph (a);
- (d) where a Clock Change Day occurs in the 30 Settlement Days immediately prior to the Black Start Period or Security Period that Settlement Day is to be excluded for the purposes of this paragraph 1.6.1A and a further Settlement Day in accordance with paragraph (e) is to be selected;
- (e) where paragraph (d) applies, the Panel shall use the System Sell Price and the System Buy Price from an additional Settlement Day (immediately prior to the 30 Settlement Days referred to in paragraph (a)) to achieve a mean of 30 System Sell Prices and System Buy Prices for each corresponding Settlement Period;
- (f) where a Clock Change Day occurs in a Black Start Period or Security Period:
 - (i) if the Clock Change Day is short (46 Settlement Periods) the third and fourth Settlement Periods (and thus the single imbalance price calculated in accordance with this paragraph 1.6.1A for the third and fourth Settlement Periods) shall be ignored for that Clock Change Day; and

(ii) where a Clock Change Day is long (50 Settlement Periods) the single imbalance price calculated in accordance with this paragraph 1.6.1A for the third and fourth Settlement Periods shall be repeated for the fifth and sixth Settlement Periods of that Clock Change Day. The single imbalance price for the remaining Settlement Periods for that Clock Change Day will be the single imbalance price calculated in accordance with this paragraph 1.6.1A but (other than for the first and second Settlement Periods) for two Settlement Periods earlier (that is to say the single imbalance price calculated for Settlement Period five will apply to Settlement Period seven on a long Clock Change Day, the single imbalance price calculated for Settlement Period six will apply to Settlement Period eight and so on); and

(g) in this paragraph 1.6.1A, save for paragraph (f), "corresponding" means corresponding in sequence (that is to say, the first Settlement Period of a Settlement Day corresponds to the first Settlement Period of another Settlement Day and so on).

Amend paragraph 1.6.2 to read as follows:

1.6.2 Subject to paragraph 1.6.1A, ~~W~~where this paragraph applies, the Panel shall determine, in its opinion, subject to the approval of the Authority, what is or would have been the market price for bulk electricity in the relevant Settlement Period; and for these purposes:

- (a) bulk electricity means electricity traded under contracts which may be performed by the notification of Energy Contract Volumes in accordance with Section P;
- (b) the Panel may make reference for the purposes of its determination to reported prices and price indices for bulk electricity for any Settlement Period (on any day) which the Panel considers to be comparable, and to equivalent prices and indices relating to periods prior to the Go-Live Date (making appropriate adjustments in respect of any differing treatment of transmission losses and related matters).

Amend paragraph 4.2.2 to read as follows:

4.2.2 For the purposes of the Interim Information Settlement Run only, the BM Unit Metered Volume for Supplier BM Unit i for Settlement Period j in Settlement Day d will be determined as follows:

$$QM_{ij} = GSPGT_j * QM_{ij'} / GSPGT_{j'}$$

where:

- (a) GSPGT_j is the GSP Group Take received by the SAA from the CDCA in respect of Settlement Period j for the GSP Group in which the Supplier BM Unit i is registered, and
- (b) QM_{ij'} and GSPGT_{j'} are respectively the values of BM Unit Metered Volume for that Supplier BM Unit and GSP Group Take for that GSP Group in Settlement Period j', and
- (c) Settlement Period j' is defined as follows:

- (i) if Settlement Day d is not a ~~clock~~-~~Change~~ ~~change~~-~~Change~~ ~~day~~Day, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
- (ii) if Settlement Day d is a short ~~clock~~-~~Change~~ ~~change~~-~~Change~~ ~~day~~Day, defaulting rules will be applied as follows:
 - (1) if Settlement Period j is one of the first two Settlement Periods of Settlement Day d, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (2) if Settlement Period j is not one of the first two Settlement Periods of Settlement Day d, Settlement Period j' is the second Settlement Period after the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
- (iii) if Settlement Day d is a long ~~clock~~-~~Change~~ ~~change~~-~~Change~~ ~~day~~Day, defaulting rules will be applied as follows:
 - (1) if Settlement Period j is one of the first four Settlement Periods of Settlement Day d, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (2) if Settlement Period j is not one of the first four Settlement Periods of Settlement Day d, Settlement Period j' is the second Settlement Period prior to the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;

or, in the case of paragraphs (ii) and (iii), such other or supplementary defaulting rules as may be approved from time to time by the Panel and notified by BSCCo to Trading Parties and the Transmission Company;

- (d) Settlement Day d' is the most recent Settlement Day prior to Settlement Day d, that is not a ~~clock~~-~~Change~~ ~~change~~-~~Change~~ ~~day~~Day and is the same day of the week as Settlement Day d, and for which the Initial Settlement Run has taken place;
- (e) in this paragraph 4.2.2, corresponding means corresponding in sequence (that is to say, the first Settlement Period of a Settlement Day corresponds to the first Settlement Period of another Settlement Day and so on).

ANNEX X-1: GENERAL GLOSSARY (Version 39)

Insert the following new definitions into Annex X-1 in alphabetical order to read as follows:

"Clearing Account": means the clearing account established with the BSC Banker in the name of the BSC Clearer pursuant to Section N4.1.1(a);

"Clock Change"

means a step change in local time in accordance with the beginning and ending of summer time in Great Britain as defined by the Summer Time Act 1972;

"Clock Change Day"

means the 24 hour period commencing at 00:00 during which a Clock Change occurs;

"Coal Plant":

means a Power Station which uses coal as the primary source of fuel;

ANNEX X-2: TECHNICAL GLOSSARY (Version 26)

Delete the definition of Clock Change from Table X-6:

Clock Change			A step change in local time the details of which are provided pursuant to paragraph 5.1.5 of Annex S-2.
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P232 – ALTERNATIVE DRAFT LEGAL TEXT

SECTION B: THE PANEL (Version 14)

Insert new paragraph 3.5 after paragraph 3.4 to read as follows:

3.5 Claims Committee

3.5.1 The Panel may establish a Panel Committee or Committees to be called the "Claims Committee(s)", from time to time, in accordance with paragraph 5 to determine applications for compensation made pursuant to Sections G3 and G5.

SECTION G: CONTINGENCIES (Version 7)

Amend paragraph 1.1.5 to read as follows:

1.1.5 Paragraph 5 sets out arrangements for giving effect to ~~a Generator Compensation Instruction delivered the recovery of Exceptional Costs~~ pursuant to the Fuel Security Code.

Amend paragraph 2.1.1 to read as follows:

2.1.1 This paragraph 2 applies, ~~for the purposes of any Contingency Provision which refers to Avoidable Costs,~~ for the purposes of determining ~~such costs~~ Avoidable Costs (which are used in the calculation of compensation claims for certain Contingency Provisions) in relation to:

(a) ~~_____ a BM Unit;~~ and;

(~~ba~~) such changes ("**relevant changes**") in Exports and/or Imports of that BM Unit during a Settlement Period as are specified in or determined pursuant to the relevant Contingency Provision; or

(~~b~~) where paragraph 3 (Black Start) applies, a BM Unit that is the subject of a black start instruction (as defined in paragraph 3.3.1(b)) whether or not relevant changes occur.

Amend paragraph 2.1.2 to read as follows:

2.1.2 Where any such Contingency Provision applies, the Panel shall determine, in its opinion, what is the amount of the net costs of operating the BM Unit which would not have been incurred but for:

(a) _____ the relevant changes in Exports and/or Imports; or

(b) a black start instruction.

Amend paragraph 2.1.3 to read as follows:

2.1.3 For the purposes of the Code, the "**Avoidable Costs**" ~~in relation to the relevant changes in Exports and/or Imports of the BM Unit~~ shall be the amount determined by the Panel under paragraph 2.1.2 (which may for the avoidance of doubt be a negative amount, in a case where net costs were saved or revenues earned ~~as a result of the relevant changes in Exports and/or Imports, and which otherwise shall be positive~~).

Amend paragraph 2.1.4 to read as follows:

- 2.1.4 In determining what are the costs of operating a BM Unit and what such costs would not have been incurred (as provided in paragraph 2.1.2), the Panel shall have regard to the following:
- (a) costs include lost revenues, and costs saved include revenues earned;
 - (b) in the case of a BM Unit comprising premises of a Customer, the costs which are to be counted are the costs incurred by the Customer;
 - (c) costs are not to be counted unless they are demonstrably:
 - (i) costs directly incurred in the operation of the Plant and Apparatus comprised in the BM Unit;
 - (ii) costs which were reasonably and prudently incurred, and incurred pursuant to commitments reasonably and prudently made; and
 - (iii) costs the amount of which would be expected to differ according to whether there occurred the relevant changes in Exports and/or Imports or changes in operation to comply with a black start instruction in the relevant Settlement Period alone;
 - (d) costs include costs (incurred or saved) of consumption of electricity or fuel;
 - (e) the following costs are not to be counted:
 - (i) costs or losses in respect of damage to property (including Plant or Apparatus) or death or injury to persons;
 - (ii) insurance premia; and
 - (iii) financing costs and overhead costs;
 - (f) amounts payable (other than by way of rebate of payment for supply), under any contract or otherwise, by way of compensation for loss of supply or otherwise in consequence of relevant changes in Exports and/or Imports, by the Lead Party to the person referred to in paragraph (b), are to be disregarded; and
 - (g) amounts payable or receivable under the Code in respect of Trading Charges or BSCCo Charges are to be disregarded.

Amend paragraph 2.2.1 to read as follows:

- 2.2.1 Where under any Contingency Provision the amount of Avoidable Costs is to be determined for any Settlement Period or Periods:
- (a) the Lead Party shall prepare, consistently with the principles in paragraphs 2.1.3 and 2.1.4, and submit to BSCCo its estimate (for each such Settlement Period) of the net costs of operating the BM Unit which would not have been incurred:
 - (i) _____ but for the relevant change in Exports and/or Imports; or
 - (ii) _____ but for a black start instruction.

together with an explanation of and supporting information for its estimate, and shall provide to the Panel such further information as the Panel may require for the purposes of making its determination under paragraph 2.1.2;

- (b) if required by the Panel, the Lead Party shall, by such time as the Panel may reasonably stipulate, submit a statement signed by its (or in the case in paragraph 2.1.4(b), the Customer's) statutory auditors to the effect that the Party's estimate of such costs have been prepared on a fair, complete and reasonable basis and consistent with the principles in paragraphs 2.1.3 and 2.1.4; and
- (c) BSCCo shall notify the Panel's determination under paragraph 2.1.2 to the Lead Party.

Amend paragraph 3.3.1 to read as follows:

3.3.1 Subject to the provisions of the Code, each Party which:

- (a) is the Lead Party of any BM Unit (whether or not comprising Plant or Apparatus which is comprised in a Black Start Station as defined in the Grid Code), and
- (b) is given any instruction (a "**black start instruction**") by the Transmission Company pursuant to OC9.4.7.4, BC2.7 or BC2.9 of the Grid Code relating to any Settlement Period(s) during a Black Start Period

may, within the period of 20 Business Days (~~or such longer period as the Panel may approve in that case~~) after the end of the Black Start Period, submit to BSCCo a claim for payment of compensation to be determined in accordance with this paragraph 3.3.

Insert new paragraph 3.3.1A directly after paragraph 3.3.1 to read as follows:

3.3.1A The Panel may approve a period longer than 20 Business Days for the submission of a claim for compensation under paragraph 3.3.1:

- (a) upon application of the Lead Party within the period of 20 Business Days after the end of the Black Start Period; or
- (b) as the Panel deems appropriate in the circumstances.

Insert new paragraph 3.3.1B directly after paragraph 3.3.1A to read as follows:

3.3.1B A claim for payment of compensation submitted under paragraph 3.3.1 shall comprise:

- (a) a claim, the form of which shall be prescribed under the relevant BSCP;
- (b) a statement detailing the claim in accordance with paragraph 3.3.5(a); and
- (c) any additional supporting material in accordance with paragraph 3.3.5(b).

Amend paragraph 3.3.2. to read as follows:

3.3.2 For the purposes of this paragraph 3.3, in relation to a Settlement Period in the Black Start Period and a BM Unit:

(a) the "**black start compensation amount**" shall be an amount determined as:

$$(A - B)$$

where

A is the amount of the Avoidable Costs of the Lead Party in relation to the operation of the BM Unit as:

~~the changes in Exports and/or Imports~~ determined by the Panel under paragraphs 3.3.4(a) and 3.3.4(c); or

;

B is an amount determined as:

$$(BSCQ_{ij}^n * P_{ij}^n)$$

where P_{ij}^n is the System Sell Price (equal, in accordance with Section T1.6.1, to the System Buy Price) for that Settlement Period; and

~~(b) the "**black start compensation volume**" ($BSCQ_{ij}^n$) is the quantity (in MWh) determined by the Panel under paragraph 3.3.4(b) and shall be called the "**black start compensation volume**";~~

~~(e)~~ for the purposes of paragraph ~~(b)~~, $BSCQ_{ij}^n$ shall be negative where it represents an increase in net Imports or a reduction in net Exports, zero (0) where it represents no change in Exports and/or Imports and otherwise positive.

3.3.3 Where a Party submits a claim under paragraph 3.3.1, each Settlement Period (in the Black Start Period) in relation to which the Lead Party is given any black start instruction shall be a "**relevant**" Settlement Period for the purposes of this paragraph 3.3, and the amounts to be determined under this paragraph 3.3 shall be determined for all such Settlement Periods.

Amend paragraph 3.3.4 to read as follows:

3.3.4 Where a Party submits a claim under paragraph 3.3.1, the Panel shall determine, in its opinion:

(a) what changes in Exports and/or Imports of the BM Unit during each relevant Settlement Period resulted from action taken by the Lead Party for the purposes of complying (in accordance with the Grid Code) with black start instructions relating to that Settlement Period; and

(b) what is the net quantity (in MWh) of such changes in Exports or Imports of the BM Unit for each such Settlement Period; and

(c) what, if any, other changes occurred in the operation of the BM Unit as a result of a black start instruction.

Amend paragraph 3.3.5 to read as follows:

- 3.3.5 For the purposes of assisting the Panel to determine a claim for compensation under this paragraph 3.3:
- (a) the Lead Party shall, at the time at which it submits its claim under paragraph 3.3.1, provide a statement to the Panel of the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(a), ~~and~~ the quantity which the Lead Party considers to be the net quantity described in paragraph 3.3.4(b); and the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(c), and shall provide such other information as the Panel may reasonably request for the purposes of determining the matters in paragraphs 3.3.4(a), ~~and (b) and (c)~~, for each relevant Settlement Period;
 - (b) the Lead Party may at the time at which it submits its claim under paragraph 3.3.1 submit additional supporting material to establish the validity of its claim;
 - (c) the Lead Party shall comply with the requirements of paragraph 2.2.1 in relation to determination of Avoidable Costs;
 - (~~ed~~) the Transmission Company and each Distribution System Operator shall provide such information as the Panel may reasonably request for the purposes of determining the black start compensation volumes; and
 - (~~e~~) the Transmission Company shall provide such information as the Panel may reasonably request for the purposes of determining the changes in operation of a BM Unit described in paragraph 3.3.4(c).

Amend paragraph 3.3.6, including inserting new sub-paragraph 3.3.6(b), to read as follows:

- 3.3.6 Where the Lead Party has submitted a claim in accordance with paragraph 3.3.1, subject to the provisions of the Code:
- (a) the Lead Party shall be entitled to be paid by the BSC Clearer the net sum, for all relevant BM Units and relevant Settlement Periods, of the black start compensation amounts, together with interest at the Base Rate on each compensation amount from (and including) the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;
 - (~~b~~) for the avoidance of doubt, if the net sum for a Lead Party, of the black start compensation amounts, for all relevant BM Units and relevant Settlement Periods is a negative sum, the Lead Party shall not be liable to pay for that sum;
 - (~~bc~~) each Trading Party (including the Lead Party) shall be liable to pay to the BSC Clearer its Black Start Reallocation Proportion of the net amount payable to the Lead Party under paragraph (a);
 - (~~ed~~) the amounts of the entitlements and liabilities under paragraphs (a) and (~~bc~~) shall be Ad-hoc Trading Charges for the purposes of Section N6.9; and
 - (~~de~~) BSCCo shall give such instructions to the FAA as are necessary to give effect to the payment of such Ad-hoc Trading Charges.

Insert new paragraph 5.3.3 after paragraph 5.3.2. to read as follows:

5.3.3 The procedure for submitting an application for Exceptional Costs (including the written statement and any additional information in support of the application submitted under paragraph 5.4) shall be as set out in the relevant BSCP. The Panel may determine any additional procedural requirements in relation to the progress and procedure of an application for Exceptional Costs.

Amend the heading for Section 5.4 to read as follows:

5.4 Statement ~~and Evidence to Accompany~~ in Support of Application

Insert new paragraph 5.4.2 after paragraph 5.4.1 to read as follows:

5.4.1 The Lead Party shall enclose with its application under paragraph 5.2.1 a written statement (signed by a director of the relevant Generator) of the circumstances in which that Generator considers that it has incurred Exceptional Costs and the amount of the Exceptional Costs which that Generator considers that it has incurred and the Lead Party shall provide a copy of any such application to the Authority.

5.4.2 The Lead Party may submit to the Panel with its application for Exceptional Costs under paragraph 5.2.1 any additional information or explanation in support of its application under paragraph 5.2.1.

Amend the numbering for paragraph 5.6.1 to read as follows:

5.6.1 If required to do so by the Panel, the Lead Party shall, within such period as the Panel may reasonably stipulate, submit a statement signed by:

(a) ~~5.6.1.1~~—the Lead Party’s Auditors; and

(b) ~~5.6.1.2~~—where the Exceptional Costs which are the subject of the application under paragraph 5.2.1 relate to a BM Unit comprising the premises of a Claimant Customer and include costs incurred by that Claimant Customer, the Claimant Customer’s Auditors

to the effect that the Generator’s estimate of Exceptional Costs has been prepared on a basis which is both fair, complete and reasonable and consistent with the definition of the term Exceptional Cost.

SECTION P: ENERGY CONTRACT VOLUMES AND METERED VOLUME REALLOCATIONS (Version 14)

Amend paragraph 1.2.5 to read as follows:

1.2.5 In respect of ~~clock-Clock change-Change days-Days~~ for which Energy Contract Volume Notifications or Metered Volume Reallocation Notifications are submitted which do not take account of the ~~clock-Clock change-Change~~, the Energy Contract Volume Aggregation Agent will apply defaulting rules such as to ignore values submitted in respect of the third and fourth Settlement Periods of that Settlement Day (for a short ~~clock-Clock change-Change day-Day~~) and to repeat values submitted in respect of the third and fourth Settlement Periods of that Settlement Day (for a long ~~clock-Clock change-Change day-Day~~), or such other or supplementary defaulting rules as may be approved from time to time by the Panel and notified by BSCCo to Trading Parties and the Transmission Company.

SECTION Q: BALANCING MECHANISM ACTIVITIES (Version 17)

Amend paragraph 4.2.1 to read as follows:

- 4.2.1 If, in respect of a relevant BM Unit and a Settlement Period, no Bid-Offer Pairs are received by the Transmission Company in accordance with paragraph 4.1, the Transmission Company shall establish the Bid-Offer Pair data for that BM Unit for that Settlement Period by copying and applying the Bid-Offer Pair data (if any) that was applying for that BM Unit at 1100 hours on the preceding day for the equivalent Settlement Period in that day (or, in the case of ~~clock~~~~Clock~~ ~~change~~~~Change~~ ~~days~~~~Days~~, for the Settlement Period determined under the Grid Code) in accordance with the provisions of the Grid Code; and the Lead Party shall be deemed under this Section Q to have submitted such Bid-Offer Pair(s) in accordance with paragraph 4.1.

SECTION T: SETTLEMENT AND TRADING CHARGES (Version 17)

Amend paragraph 1.6.1 to read as follows:

- 1.6.1 Where, for the purposes of any Contingency Provisions, a single imbalance price is to apply in relation to any Settlement Period:
- (a) [paragraph 1.6.1A](#) or paragraph 1.6.2 shall apply;
 - (b) the provisions of paragraphs 4.4.5 and 4.4.6 in relation to the determination of System Buy Price and System Sell Price shall not apply; and
 - (c) for all purposes of the Code, the System Buy Price and the System Sell Price for that Settlement Period shall be the same and shall have the value established in accordance with paragraphs [1.6.1A](#) or (as applicable) [1.6.2](#) (and shall be deemed to have been determined under paragraph 4.4).

Insert new paragraph 1.6.1A directly after paragraph 1.6.1 to read as follows:

1.6.1A Where a single imbalance price is to apply in relation to a relevant Settlement Period for the purposes of Section G3 or Section G4, the Panel shall, subject to the approval of the Authority, determine that single imbalance price in accordance with this paragraph 1.6.1A or, where the Panel, in its opinion, considers this provision unsuitable, in accordance with paragraph 1.6.2. For the purposes of this paragraph 1.6.1A the single imbalance price shall be:

- (a) subject to paragraphs (b) and (d), the mean of the System Sell Price and the System Buy Price calculated respectively for each set of corresponding Settlement Periods in the 30 whole Settlement Days immediately preceding the Settlement Day on which the Black Start Period (as defined in Section G3.1.3) or Security Period (as defined in the Fuel Security Code) commenced;
- (b) the Transmission Company shall determine that certain Settlement Periods within the Settlement Days identified under paragraph (a) be excluded from the single imbalance price calculation if those Settlement Periods occur within a Black Start Period or Security Period or if during those Settlement Periods emergency instructions were issued under the Grid Code;
- (c) where paragraph (b) applies, the Panel shall use the System Sell Price and the System Buy Price from additional Settlement Periods to achieve a mean of 30 System Sell Prices and System Buy Prices for each corresponding Settlement

Period. Such additional Settlement Periods shall be those corresponding Settlement Periods in the Settlement Day immediately preceding the Settlement Days identified in paragraph (a);

- (d) where a Clock Change Day occurs in the 30 Settlement Days immediately prior to the Black Start Period or Security Period that Settlement Day is to be excluded for the purposes of this paragraph 1.6.1A and a further Settlement Day in accordance with paragraph (e) is to be selected;
- (e) where paragraph (d) applies, the Panel shall use the System Sell Price and the System Buy Price from an additional Settlement Day (immediately prior to the 30 Settlement Days referred to in paragraph (a)) to achieve a mean of 30 System Sell Prices and System Buy Prices for each corresponding Settlement Period;
- (f) where a Clock Change Day occurs in a Black Start Period or Security Period:
 - (i) if the Clock Change day is short (46 Settlement Periods) the third and fourth Settlement Periods (and thus the single imbalance price calculated in accordance with this paragraph 1.6.1A for the third and fourth Settlement Periods) shall be ignored for that Clock Change Day; and
 - (ii) where the Clock Change Day is long (50 Settlement Periods) the single imbalance price calculated in accordance with this paragraph 1.6.1A for the third and fourth Settlement Periods shall be repeated for the fifth and sixth Settlement Periods of that Clock Change Day. The single imbalance price for the remaining Settlement Periods for that Clock Change Day will be the single imbalance price calculated in accordance with this paragraph 1.6.1A but (other than for the first and second Settlement Periods) for two Settlement Periods earlier (that is to say the single imbalance price calculated for Settlement Period five will apply to Settlement Period seven on a long Clock Change Day, the single imbalance price calculated for Settlement Period six will apply to Settlement Period eight and so on); and
- (g) in this paragraph 1.6.1A, save for paragraph (f), "corresponding" means corresponding in sequence (that is to say, the first Settlement Period of a Settlement Day corresponds to the first Settlement Period of another Settlement Day and so on).

Amend paragraph 1.6.2 to read as follows:

- 1.6.2 Subject to paragraph 1.6.1A, ~~W~~where this paragraph applies, the Panel shall determine, in its opinion, subject to the approval of the Authority, what is or would have been the market price for bulk electricity in the relevant Settlement Period; and for these purposes:
- (a) bulk electricity means electricity traded under contracts which may be performed by the notification of Energy Contract Volumes in accordance with Section P;
 - (b) the Panel may make reference for the purposes of its determination to reported prices and price indices for bulk electricity for any Settlement Period (on any day) which the Panel considers to be comparable, and to equivalent prices and indices relating to periods prior to the Go-Live Date (making appropriate adjustments in respect of any differing treatment of transmission losses and related matters).

Amend paragraph 4.2.2 to read as follows:

4.2.2 For the purposes of the Interim Information Settlement Run only, the BM Unit Metered Volume for Supplier BM Unit i for Settlement Period j in Settlement Day d will be determined as follows:

$$QM_{ij} = GSPGT_j * QM_{ij'} / GSPGT_{j'}$$

where:

- (a) GSPGT_j is the GSP Group Take received by the SAA from the CDCA in respect of Settlement Period j for the GSP Group in which the Supplier BM Unit i is registered, and
- (b) QM_{ij'} and GSPGT_{j'} are respectively the values of BM Unit Metered Volume for that Supplier BM Unit and GSP Group Take for that GSP Group in Settlement Period j', and
- (c) Settlement Period j' is defined as follows:
 - (i) if Settlement Day d is not a ~~clock~~ Clock change ~~Change~~ dayDay, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (ii) if Settlement Day d is a short ~~clock~~ Clock change ~~Change~~ dayDay, defaulting rules will be applied as follows:
 - (1) if Settlement Period j is one of the first two Settlement Periods of Settlement Day d, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (2) if Settlement Period j is not one of the first two Settlement Periods of Settlement Day d, Settlement Period j' is the second Settlement Period after the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (iii) if Settlement Day d is a long ~~clock~~ Clock change ~~Change~~ dayDay, defaulting rules will be applied as follows:
 - (1) if Settlement Period j is one of the first four Settlement Periods of Settlement Day d, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (2) if Settlement Period j is not one of the first four Settlement Periods of Settlement Day d, Settlement Period j' is the second Settlement Period prior to the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;

or, in the case of paragraphs (ii) and (iii), such other or supplementary defaulting rules as may be approved from time to time by the Panel and notified by BSCCo to Trading Parties and the Transmission Company;

- (d) Settlement Day d' is the most recent Settlement Day prior to Settlement Day d, that is not a ~~clock~~Clock change~~Change day~~Day and is the same day of the week as Settlement Day d, and for which the Initial Settlement Run has taken place;
- (e) in this paragraph 4.2.2, corresponding means corresponding in sequence (that is to say, the first Settlement Period of a Settlement Day corresponds to the first Settlement Period of another Settlement Day and so on).

ANNEX X-1: GENERAL GLOSSARY (Version 39)

Insert the following new definition into Annex X-1 in alphabetical order to read as follows:

"Clearing Account": means the clearing account established with the BSC Banker in the name of the BSC Clearer pursuant to Section N4.1.1(a);

"Clock Change" means a step change in local time in accordance with the beginning and ending of summer time in Great Britain as defined by the Summer Time Act 1972;

"Clock Change Day" means the 24 hour period commencing at 00:00 during which a Clock Change occurs;

"Coal Plant": means a Power Station which uses coal as the primary source of fuel;

ANNEX X-2: TECHNICAL GLOSSARY (Version 26)

Delete the definition of Clock Change from Table X-6:

Clock Change			A step change in local time the details of which are provided pursuant to paragraph 5.1.5 of Annex S-2.
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P232 Report Phase Consultation Responses

Consultation Issued on 17 April 2009

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	National Grid	P232_dMR_01	1	0
2.	Centrica	P232_dMR_02	10	0
3.	Uskmouth Power Company Limited	P232_dMR_03	1	0
4.	EDF Energy	P232_dMR_04	13	-
5.	SAIC Ltd. (for and on behalf of ScottishPower)	P232_dMR_05	7	0
6.	Scottish and Southern	P232_dMR_06	6	0
7.	E.ON UK (*)	P232_dMR_07	6	0

Question 1: Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P232 should not be made (and the arguments against the applicable BSC objectives)?

Please give rationale.

Summary

Yes	No	Neutral/Other
6	0	1

Responses

Respondent	Response	Rationale
National Grid	Yes	Please see response to question 1. I think hr might mean 'question 2'
Centrica	Yes	Whilst we believe that the Proposed Modification is better than the baseline, it is inferior to the Alternative Modification because the extra 60 days for a Party to submit evidence would create a delay before a Claims Committee determination. This would be less efficient under Objective (d), and the more efficient resolution provides greater

* Late Response

Respondent	Response	Rationale
		certainty which improves competition under objective (c).
Uskmouth Power Company Limited		<p>We have supported the alternative as, although the claim amount is submitted in the initial period, for smaller players more time to gather information may be helpful, but would not be believe be necessary in all circumstances. Were resources are thin, the extra time would simply ease the administrative burden on the smaller players in the market, but at the same time the process should not be dragged out.</p> <p>That said we do still think that the modification would be an improvement over the current baseline as it would add certainty to market players and increase the efficiency of the market.</p>
EDF Energy	Yes	The proposed does offer the advantage of having a guaranteed additional 60 days for claim details to be submitted. However this could prolong the claims process unnecessarily in the case that the time may not actually be required in practice. On balance this could result in a less efficient process when compared to the alternative (also see below), requiring the panel to wait for a party to submit their evidence.
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	ScottishPower agree with the Panel initial views against the Proposed Modification. As stated in our Assessment Consultation response, although we feel that the Proposed Modification will be an improvement over the current baseline, we are of the opinion that the Alternative is superior and should be implemented in preference. The Panel's views of the Proposed against the applicable BSC Objectives mirror our own.
Scottish and Southern	Yes	<p>The need for P232 (and the associated P231) arose from the industry discussions and involvement with (a) Exercise Phoenix and (b) the revision of the Fuel Security Code during 2006 and 2007 respectively. This in turn lead to the raising of Issues 32 and 33 in 2008 which has lead to P232 (and P231) being raised. SSE has played an active role, from the earliest days with Exercise Phoenix, in all these developments and we therefore welcome P232.</p> <p>However, the original P232 proposal, as developed by the Modification Group, includes for an "Application to Extend Allocated time-frame for claims submission" process. We do not believe this element of the proposed solution is efficient or effective: we agree with the views that the (upto) 60 additional days would be expected to slow down the claims determination process. For this reason we not believe that P232 Original would better facilitate the achievement of the Applicable BSC Objectives.</p>
E.ON UK	Yes	But only because P232 Alternative seems a more efficient solution and thus better supports applicable objectives b, c and d.

Question 2: Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P232 should be made (and the arguments against the applicable BSC objectives)?

Summary

Yes	No	Neutral/Other
7	0	0

Responses

Respondent	Response	Rationale
National Grid	Yes	<p>P232 will clarify Transmission Company's post-event obligations and will help individual participants to have a better understanding of Black Start and FSC procedures. This will facilitate efficient and economic operation of the Transmission System (objective (b)).</p> <p>P232 will provide more detail on the Black Start and Fuel Security processes, including clarification of obligations on individual parties. This will bring about efficiencies in the administration and implementation of the BSC arrangements (objective (d)).</p> <p>The Alternative Modification removes the need to have an additional 60 day period for submission of claims evidence thereby improving the efficiency of the claims process. This will better facilitate the applicable objective (d) when compared to the Proposed Modification.</p>
Centrica	Yes	<p>For the reasons outlined by the Modification Group and supported by the Panel, the Alternative Modification can be shown to better facilitate the relevant BSC objectives. The Alternative can also be shown to better facilitate the objectives compared to the Proposed for the reasons outlined in question</p> <p>1 above.</p>
Uskmouth Power Company Limited	Yes	<p>The process outlined in the alternative is flexible and would allow for additional time for players to gather information if required. The overall process looks efficient and will add clarity to the market as they will better understand the process to be followed if there is a black start or fuel security event. The certainty of a robust mechanism and clear pricing will improve the efficiency of the market.</p> <p>The setting of the single imbalance price will also now be better understood. And that will add certainty for all market players.</p> <p>We note that Elexon has tightened the legal drafting around the clock change and again support this change as it will add certainty.</p>
EDF Energy	Yes	<p>EDF Energy is happy to support the implementation of the Alternative modification. The time-scales for claim submission should be adequate, but allow BSC parties to apply for extra time should they require it.</p> <p>We support a claims determination process which would allow for individual claims to be processed as expeditiously as possible; on balance we therefore feel the alternative better achieves this end and therefore objective (d) when compared with the proposed.</p>

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	ScottishPower agree with the Panel's initial views against the Alternative Modification. We agree that the Alternative solution is superior to that of the Proposed and the Alternative should be made. Again, the Panel's views against the Objectives match ours.
Scottish and Southern	Yes	<p>The need for P232 (and the associated P231) arose from the industry discussions and involvement with (a) Exercise Phoenix and (b) the revision of the Fuel Security Code during 2006 and 2007 respectively. This in turn led to the raising of Issues 32 and 33 in 2008 which has led to P232 (and P231) being raised. SSE has played an active role, from the earliest days with Exercise Phoenix, in all these developments and we therefore welcome P232.</p> <p>We have been mindful of the differences between P232 Original and Alternative. We believe that the proposed timings outlines for the Alternative conform with the latest version of the Fuel Security Code (and associated Guidance Note).</p> <p>For this reason we believe P232 Alternative would better facilitate the achievement of the Applicable BSC Objectives by clarifying what would happen with respect to the method/approach for BSC Parties to claim for costs arising from a black start and/or Fuel Security Code incident and for the handling of the validation of those claims through a predefined claims assessment process in a timely manner.</p> <p>By clarifying this in advance of such an event occurring (we hope it will never occur, but we must plan for it nevertheless) our industry has been able to have the luxury of time to consider all the issues involved and the how we might best address them. If P232 (and P231) were not to be implemented then the issues surround the claims process (post event) would have to be addressed 'on the hoof' at the same time as market participants and key stakeholders are trying to address the incident itself (which must, at that time, be the first priority). To do a P232 change at that time of system (as well as personal) stress would, in our view, lead to a less than optimal solution being arrived at, which could also give rise to (potentially huge) unintentional consequences at the time. Furthermore, in bringing forward P232 Alternative (and P231) at this time we have been able to utilise the information and understanding built up, across the industry, over the past three years in the most appropriate way to come to a sensible, pragmatic and workable solution which better meets the applicable objectives.</p>
E.ON UK	Yes	As above, P232 Alternative can be said to support BSC objectives b, c and d. Improving Parties' understanding of their obligations, the SIP they may expect and the process for cost compensation under the BSC in the event of a Black Start or Fuel Security Code period should help achieve co-ordinated operation of the GB Transmission System by providing reassurance that reasonable costs incurred in assisting the SO are recoverable. Likewise effective competition amongst generators and efficiency in the implementation and administration of the balancing and settlement arrangements are also supported by having a transparent claim process and SIP mechanism in place.

Question 3: Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P232?

Please give rationale.

Summary

Yes	No	Neutral/Other
7	0	0

Responses

Respondent	Response	Rationale
National Grid	Yes	-
Centrica	Yes	-
Uskmouth Power Company Limited	Yes	-
EDF Energy	Yes	We support the proposed implementation date which should be as soon as practicable. Given that this is mainly driven by the drafting of the new BSCP, the 4 month lead time seems reasonable.
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	The Modification should be implemented as soon as possible.
Scottish and Southern	Yes	It seems a pragmatic approach given the additional tasks involved post approval but prior to implementation.
E.ON UK	Yes	This seems appropriate; this should be implemented as soon as practicable but cost-savings by combining in one BSCP with related P231 understandable.

Question 4: Do you agree with the Panel's view that the legal text (for both the Proposed and the Alternative) provided in the draft Modification Report delivers the solution agreed by the Modification Group?

Please give rationale.

Summary

Yes	No	Neutral/Other
6	1	0

Responses

Respondent	Response	Rationale
National Grid	Yes	-
Centrica	Yes	-
Uskmouth Power Company Limited	No	We understand that Elexon has tightened the wording around the clock change provisions, which we agree are an improvement over the text circulated with the report.
EDF Energy	Yes	-
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	-
Scottish and Southern	Yes	It appears to delivers the solution agreed by the Modification Group.
E.ON UK	Yes	It appears appropriate.

Question 5: Are there any further comments on P232 that you wish to make?

Responses

Respondent	Response	Rationale
National Grid	No	-
Centrica	No	-
Uskmouth Power Company Limited	No	
EDF Energy	No	
SAIC Ltd. (for and on behalf of ScottishPower)	No	-
Scottish and Southern	No	Nothing further at this time.
E.ON UK	Yes	Only that it could perhaps be clarified re. the Claim Application Process (p8) that as the SO confirmed to one of the Modification group meetings, all instructions received by generators during a Black Start are effectively 'emergency instructions' and thus related avoidable costs are eligible for compensation.

Respondent	Response	Rationale
		<p><i>ELEXON response: Called respondent, and confirmed the sentence on Page 7 of the Modification Report was satisfactory:</i></p> <p><i>In the case of a Black Start Period, by the Lead Party of BM Units who have received an Emergency Instruction during that Black Start Period (to clarify, any instruction from National Grid during a Black Start Period is to be considered an Emergency Instruction for the purposes of Black Start compensation);</i></p> <p><i>The respondent was happy her concern was reflected in the Modification Report.</i></p>