

Modification Proposal

MP No: 68
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Modification to the BSC relating to the setting of Supplier Caps for use in the Supplier Charges (Liquidated Damages) calculation

Submission Date (mandatory by proposer): 14 February 2002

Description of Proposed Modification (mandatory by proposer):

The manner in which the Supplier Volume Allocation Agent (SVAA) calculates 'Deemed Take' under the Balancing and Settlement Code (BSC) can lead to a Supplier having a negative 'Deemed Take'. 'Deemed Take' is used for the purpose of setting Supplier Grid Supply Point (GSP) Group caps for calculating Supplier Charges (Liquidated Damages). A negative 'Deemed Take' leads to a negative GSP Group Cap that would, mathematically, reward a Supplier for under-performance. This is the direct opposite of the principle behind LDs. An appropriate measure of each Suppliers' energy take within each GSP Group needs to be determined to allow the Liquidated Damages calculations to run according to their purpose.

The objective of the proposed Modification is to formulate an appropriate means of apportioning the GSP Group Cap across Suppliers in accordance with their size (i.e. apportion their total financial liability within each GSP group). Energy volumes for consideration fall into the three categories of Active Import (AI), Active Export (AE) and Unmetered Supplies (UMS).

Three options have been raised for determining each Supplier's relative size and hence its portion of the GSP Group Cap liability. These are outlined below: -

- a) Use of Active Import and Unmetered Supplies only.
- b) Use of absolute values of Active Import, Active Export and Unmetered Supplies.
- c) Calculate a Supplier's deemed take to reflect the results as achieved under the Pooling & Settlement Agreement (P&SA).

Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by proposer):

manifest error in the way that Supplier GSP Group Caps are calculated.

Impact on Code (optional by proposer):

Removal and replacement of BSC defined term 'Supplier Deemed Take' from Annex S-1, 3.8.2 of the Code.
Removal and replacement of the BSC defined term 'Supplier Deemed Take' from BSCP 536, 4.3.1 and 4.11.3

Impact on Core Industry Documents (optional by proposer):

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties (optional by proposer):

Amendment will be required to PARMS system to incorporate changes. A new data item will be required from SVAA that can be used for setting Caps.

Impact on other Configurable Items (optional by proposer):

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Justification for Proposed Modification with Reference to Applicable BSC Objectives (mandatory by proposer):

To correct a manifest error in the BSC Annex S-1, 3.8.2

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Attachments: NO

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