

Modification Proposal	MP No: 71 (mandatory by BSCCo)
Title of Modification Proposal (mandatory by proposer): Transfer of imbalances caused by Balancing Services to the Transmission Company Energy Account	
Submission Date (mandatory by proposer): 4 March 2002	
Description of Proposed Modification (mandatory by proposer): To modify the calculation of Credited Energy Volume (QCE_{iaj}) such that the imbalance caused by the delivery of Balancing (Ancillary) Services is transferred from the provider's energy account to the Transmission Company's energy account.	
Description of Issue or Defect that Modification Proposal Seeks to Address (mandatory by proposer): <p>Certain Balancing Services, required by the System Operator for economic operation of the Transmission System (notably Response and Standing Reserve) and the testing of other Balancing Service (such as Black Start), result in the provider's energy account (or their supplier's) being exposed to imbalance charges. Imbalance charges are designed to reflect the cost of being out of balance. To the extent that the imbalance is as a result of delivering balancing services, it is inappropriate to charge imbalance prices to parties that have assisted in system balancing.</p> <p>Risk of exposure to high imbalance charges is making service providers (in particular, smaller demand side providers) reluctant to provide services, and some services are being withdrawn. The loss of these services will result in the Transmission Company having to use more expensive service providers; this will increase the overall cost of system balancing, and potentially reduce system security.</p> <p>The Transmission Company's energy account is not exposed to imbalance charges, and this is appropriate for services that assist in the balancing of the system.</p>	
Impact on Code (optional by proposer): We envisage a change as identified in the legal drafting for P34 (original) without the retrospective element.	
Impact on Core Industry Documents (optional by proposer): None envisaged.	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties (optional by proposer): As identified for P34.	
Impact on other Configurable Items (optional by proposer): <p>National Grid will need to calculate and inform the SAA the volume (if any) of energy allocated to each BMU for Balancing Services.</p> <p>National Grid will need to publish a methodology by which the volume of energy allocated to a BMU for balancing services is allocated.</p>	

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Justification for Proposed Modification with Reference to Applicable BSC Objectives (mandatory by proposer): This proposal will reduce the prices and increase the availability of Balancing Services (required to operate the system). This will assist the Transmission Company in meeting its objective of "the efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System".	
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Details of Proposer's Representative: <div style="margin-left: 40px;"> Name: Nicholas Sillito Organisation: National Grid Telephone Number: 024 7642 3082 Email Address: nick.sillito@uk.ngrid.com </div>	
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Attachments: YES If Yes, Title and No. of Pages of Each Attachment: Proposal to transfer energy imbalances resulting from the delivery of Balancing Services to the Transmission Company. Paper by National Grid (3 pages).	