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<b>Paper Title</b>	Modification Proposal P75 Initial Consultation
<b>Date of Issue</b>	22 April 2002
<b>Response Deadline</b>	26 April 2002
<b>Purpose of Paper</b>	For Consultation
<b>Synopsis</b>	Modification Proposal P75 recommends the introduction of fully marginal zonal differentiation of transmission losses. On 18 April, the Panel endorsed ELEXON's recommendation the Modification should be submitted to a one-month 'Definition Procedure' so that the methodology underpinning the proposal can be defined in sufficient detail for it to be assessed. This paper invites Party views on the Modification Proposal to inform the Definition Procedure.

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## 1. BACKGROUND

- 1.1 Modification Proposal P75 ('the Modification') was submitted on 5 April 2002 by Powergen. The Modification proposes that transmission losses be allocated to production and consumption on a zonally differentiated basis. Currently, allocation is on a uniform basis, with a defined split between production and consumption. Whilst the Balancing and Settlement Code (BSC) recognises that transmission losses could be allocated on a locational basis, the parameters to support this (Transmission Loss Factors (TLFs)) are currently set to zero.
- 1.2 The proposal suggests the outline of a methodology for the calculation of zonal TLFs. However, the methodology has not been prescribed in detail and various elements need to be defined.
- 1.3 ELEXON presented an Initial Written Assessment (IWA) to the Panel meeting held on 18 April 2002, recommending that the Modification should be submitted to a one-month 'Definition Procedure' so that the methodology underpinning the Modification could be defined in sufficient detail for it to be assessed<sup>1</sup>. The Panel endorsed the recommendation and determined that the Modification be submitted to the Definition Procedure, and that a Definition Report should be presented to the Panel on 16 May 2002.
- 1.4 The purpose of the Definition Procedure is to define the issues raised by a Modification Proposal in sufficient detail to enable the Panel to determine how to progress it. As part of this procedure, Party views are being sought on the key issues raised by the Modification Proposal.

## 2. AIM OF CONSULTATION EXERCISE

- 2.1 The aim of the consultation exercise is two-fold. First, in accordance with the requirements of the BSC Code F2.2.6, to invite comments on the proposed Modification. Second, to consult on the undefined elements of the proposal, without prejudice as to whether or not the Applicable BSC Objectives would be better facilitated or whether an Alternative Modification might better facilitate achievement of the BSC Objectives. It is hoped that the consultation will assist the

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<sup>1</sup> The IWA for Modification Proposal P75 can be found in the Modifications section on the ELEXON website ([www.elexon.co.uk](http://www.elexon.co.uk)).

Modification Group to define all elements of the proposed Modification and raise issues such that an Assessment Procedure could be undertaken. Should an Assessment Procedure be undertaken, further consultation would be carried out.

- 2.2 To assist with the consultation, a number of particular questions have been formulated, based on the issues raised in the IWA, along with an invitation for more general comments.

### **3. RESPONSE DEADLINE**

- 3.1 Parties are invited to respond as fully as possible to the questions in the attached questionnaire.
- 3.2 The deadline for responses is 12.00 on 25 April 2002.
- 3.3 Responses should be sent by email to [modifications@elexon.co.uk](mailto:modifications@elexon.co.uk) and marked "P75 Definition Response".

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**ELEXON**

#### ***List of enclosures***

- Attachment 1: Modification Proposal P75 – Initial Written Assessment  
Attachment 2: Modification Proposal P75 – Consultation Questionnaire