

January 2002

MODIFICATION REPORT
MODIFICATION PROPOSAL P55 –
BSC Conflicts with Consolidation of
Embedded Generation in Central
Volume Allocation

**Prepared by ELEXON on behalf of the Balancing
and Settlement Code Panel**

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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Phase, and the resultant findings of this report, the BSC Panel recommends to the Authority that:

- (i) the Proposed Modification should not be made;**
- (ii) the Alternative Modification should be made; and**
- (iii) the Implementation Date for implementation of the Alternative Modification shall be the day following the day on which the Authority directs that the Modification shall be made.**

1.2 Background

The Proposed Modification seeks to amend BSC Section K to address an incompatibility between:

- (i) the requirement that a Metering System may only be registered in the Central Metering Registration Service (CMRS) provided that there is not an associated Metering System registered in the Supplier Metering Registration System (SMRS); and
- (ii) the requirement for the Metering Systems associated with an Exemptable Generating Plant to be registered in CMRS in order that a Trading Unit can be formed with demand in the same GSP Group, and hence realise “embedded benefits”.

“Embedded benefits” can be most simply realised by Suppliers subsuming the Exports of Exemptable Generating Plant into Supplier BM Units that have significant demand, such that the Exports of the Exemptable Generating Plant nets off some or all of the demand. Therefore, by reducing the magnitude of the BM Unit Metered Volume of the Supplier BM Unit, the Exemptable Generating Plant reduces the allocation of transmission losses, in addition to reducing the BSCCo and Balancing Services Use of System (BSUoS) charges. Furthermore, whereas Production and Consumption imbalances are kept separate, in these circumstances the Exports of the Exemptable Generating Plant are able to aggregate directly with demand.

In some cases the generator (referred to in the BSC as a “Third Party Generator”) may wish to elect to be responsible for its Exports a Trading Party that does not have sufficient (or even any) demand in its Supplier BM Unit. Here, the BSC allows ‘netting-off’ benefits to continue to be realised by forming a Trading Unit including a BM Unit comprising the Exemptable Generating Plant and a Supplier BM Unit in the same GSP Group.

However, for a Trading Unit involving a BM Unit comprising Exemptable Generating Plant and a Supplier BM Unit to be formed, the BSC requires that the BM Unit comprising Exemptable Generating Plant must specifically satisfy the definition of an “Exempt Export BM Unit”. This requires that the BM Unit not only comprises only Exemptable Generating Plant, but also that the Metering Systems that the BM Unit comprises are CVA Metering Systems, i.e. registered in the Central Metering Registration System (CMRS). In many cases, existing Metering Systems associated with Exemptable Generating Plant will be registered in SMRS, although, the provisions of the BSC permit Parties to transfer the registration of Metering Systems between CMRS and SMRS and vice-versa.

The Proposed Modification resolves a problem that arises when, as allowed by BSC Section K3.1.3, one Party is responsible for the Exports whilst another Party is responsible for the Imports. For Exemptable Generating Plant, it is likely that the Imports are subject to an existing Supply arrangement wherein the Metering Systems are SVA Metering Systems. The requirement that the Metering Systems associated with the BM Unit associated with the Exports of the Exemptable Generating Plant should be CVA Metering Systems in order that a Trading Unit can be formed then causes a conflict with BSC Section K2.1.2, which requires that Metering Systems associated with Exemptable Generating Plant may only be registered in CMRS provided that no other Metering System associated with the Exemptable Generating Plant is registered in SMRS. The Proposed Modification removes the restriction of K2.1.2 and further provides for both CVA and SVA Data Collectors to access the same Outstation. A similar arrangement has been provided for Meter Operator Agents (MOA) to access the Metering Equipment, albeit the CVA MOA and the SVA MOA must be the same company.

The Modification Group also identified an Alternative Modification which would allow the BM Unit associated with the Exports of the Exemptable Generating Plant to satisfy the definition of an Exempt Export BM Unit, such that a Trading Unit could be established with another Party's Supplier BM Unit, irrespective of whether the Metering Systems are CVA Metering Systems or SVA Metering Systems. This would require the definition of Exempt Export BM Unit in Annex X-1 to be changed. A change would also be required to avoid any conflict with BSC Section K4.4.1(a), which precludes the Trading Unit having more than one Supplier BM Unit,

1.3 Rationale for Recommendations

The Panel agreed that both the Proposed Modification and the Alternative Modification address a defect in the BSC, which it is recognised limits the commercial options available to Exemptable Generating Plant. Thus, both the Proposed Modification and the Alternative Modification better facilitate achievement of the Applicable BSC Objectives.

The Panel also agreed with the Modification Group's view that the objective of the Modification Proposal was to realise 'embedded benefits' for Exemptable Generating Plant, and that there did not appear a reason as to why the definition of Exempt Export should be conditional on the Metering Systems associated with the Exemptable Generating Plant being CVA Metering Systems. The ability to form Trading Units should be dependent on what groupings of Plant and/or Apparatus should be allowed to realise the benefits of netting-off, and the system used to register the Metering Systems should be of no relevance.

The Panel was concerned at the costs and risks and to the integrity of settlements posed by the large number of transfers of registrations from CMRS to SMRS that would be likely to result from the Proposed Modification. The Alternative Modification would avoid the need for such transfers, by allowing the Metering Systems to remain registered in SMRS. Thus, although the Alternative Modification would imply that the Trading Party responsible for Exports would need to be a Supplier (in order to register Metering Systems in SMRS), the Panel decided that the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives, as compared with the Proposed Modification.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is

the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 HISTORY OF PROPOSED MODIFICATION

SmartestEnergy Limited submitted Modification Proposal P55 on 30 November 2001. The Panel meeting on 13 December 2001 agreed that Modification Proposal P55 should be submitted to the Assessment Procedure, and that the Assessment Report should be presented to the Panel meeting on 14 February 2002. Subsequently, ELEXON received a notice from the Authority on 4 January 2002, pursuant to BSC Section F, paragraph 1.4.3 (d), instructing the Panel Chairman to present an Assessment Report to the Panel Meeting on 17 January 2002.

The Modification Proposal was assessed by the Modification Group which held two meetings on 4 January 2002 and 10 January 2002. Both the Proposed Modification and the Alternative Modification were consulted on by the Modification Group, and the Assessment Report was submitted to the Panel meeting on 17 January 2002. The Panel agreed that a draft Modification Report should be prepared recommending that the Proposed Modification should not be made, but that the Alternative Modification should be made, consulted on and presented to the Panel meeting on 14 February 2002.

4 DESCRIPTION OF PROPOSED MODIFICATION AND ALTERNATIVE MODIFICATION

4.1 Proposed Modification

Modification Proposal P55 seeks to address incompatibilities in areas of the BSC with the concept of a 'consolidator'. The Proposed Modification would change Sections J and K of the BSC to allow consolidators to trade Export Active Energy from Exemptable Generating Plant in CVA whilst allowing the Import Active Energy to remain in SVA. The Proposer believes that this approach will provide small embedded generators with an avenue into, and the benefits of, the NETA market, enabling a competitive price for the energy comparable to that of the larger players. The Proposed Modification would also remove the need for a consolidator to have a Supply Licence.

The Proposed Modification would remove the restriction in Section K to register *all* Metering Systems, including both Exports and Imports, associated with an Exemptable Generating Plant in the same Registration System, either CMRS or SMRS. The Proposed Modification proposes changes to BSC Section J that are intended to accommodate two separate Data Collectors accessing the same Outstation associated with Metering Equipment at a Third Party Generating Plant for settlement purposes. Currently, in accordance with BSC Section J, only one Data Collector can access and retrieve data for settlement purposes. However, if the Export Active Energy is to be traded in CVA and the Import Active Energy in SVA then access will be required by two separate Data Collectors (CDCA and SVA) and the relevant data processed through their respective routes.

There is also a similar issue for the Meter Operator Agent (MOA) as BSC Section J allows only one MOA to be appointed for a particular Metering Equipment. Metering Equipment can provide for a number of

Metering Systems, and Agent appointments are based on Metering Systems. The Modification Proposal would allow an Outstation containing two Metering Systems to have one MOA registered in CMRS and the other in SMRS. The Accreditation processes associated with meter operation, and the responsibilities of a MOA, are different for the CVA and SVA sectors of the Trading Arrangements. There are a number of MOAs Accredited for operation in SVA which are not Accredited for operation in CVA, whereas all the MOAs Accredited for CVA are also Accredited for SVA. The Proposed Modification would mean the same MOA 'company' being appointed for both the Export and Import Metering Systems. This arrangement would ensure that faults identified by either Data Collector would be reported to the same source for resolution.

4.2 Alternative Modification

The Alternative Modification would allow the BM Unit associated with the Exports of the Exemptable Generating Plant to satisfy the definition of an Exempt Export BM Unit irrespective of whether the relevant Metering Systems were registered in SMRS or CMRS, such that a Trading Unit could be established with another Party's Supplier BM Unit. This would require the definition of an Exempt Export BM Unit in Annex X-1 to be changed. A further change would also be required to avoid any conflict with BSC Section K4.4.1(a), which precludes the Trading Unit having more than one Supplier BM Unit, i.e. more than one BM Unit with SVA Metering Systems since, if the Metering Systems were to remain in SMRS, the new Exempt Export BM Unit would also be a Supplier BM Unit.

4.3 Modification Proposal P7

The Panel also noted that if the Authority were to direct that the P7 Alternative Modification should be made then the Alternative Modification described here would become unnecessary. This is because under the P7 Alternative Modification, any two Supplier BM Units would be able to form a Trading Unit. Thus a BM Unit comprising Exemptable Generating Plant with Metering Systems registered in SMRS would be able to form a Trading Unit with any other Supplier BM Unit. In this case, the Exemptable Generating Plant would not comply with the definition of an Exempt Export BM Unit, but that would not prevent the Trading Unit being formed. However, until the Authority decides whether or not to direct that the P7 Alternative Modification should be made, the Panel must assume that no such change will be made to the BSC.

It could be argued that if the Alternative Modification described here were to have the same effect as the P7 Alternative Modification, then there would be no point in recommending it, as the Authority would be likely to make the same decision in respect of both. However, the Alternative Modification described here is much more limited in scope than the P7 Alternative Modification. The P7 Alternative Modification allows any two or more Supplier BM Units to form a Trading Unit, which would imply that combinations of Plant and/or Apparatus would be able to form Trading Units that currently are not able to do so. The Alternative Modification described here restricts the formation of a Trading Unit to exactly the same combinations of Plant and/or Apparatus as are able to form Trading Units now, the only difference being that the dependence on the system used to register some of the Metering Systems is removed. Thus it might be reasonable for the Panel to recommend that the Alternative Modification described here should be made, even if the Authority were to direct that the P7 Alternative Modification should not be made.

5 RATIONALE FOR PANEL RECOMMENDATIONS

Both the Proposed Modification and the Alternative Modification address a defect in the BSC which it is recognised limits the commercial options available to Exemptable Generating Plant.

The Proposed Modification highlighted issues associated with data collection, meter operation, etc., although these issues were not necessarily new and may have existed since the previous auction of Non-Fossil Purchasing agency (NFPA) contracts in August 2001 for registrations on 1 October 2001. The ability to have both SVA and CVA Metering Systems associated with Exemptable Generating Plant has so far relied on Panel dispensations granted without any clear criteria on a case-by-case basis. Furthermore the numbers of re-registrations have been small. Nevertheless, operational issues had been associated with the registration process and transfers of Meter Technical Details (MTD) between the SVA MOA and the MOA wishing to provide the relevant information to the BSC Party and to CDCA for operation in CVA, and this is an area of concern for future registrations.

The definition of Exempt Export BM Unit is used in the BSC only to define which BM Units may be part of a Trading Unit with a Supplier BM Unit, and also to define those BM Units in respect of which Lead Parties may elect whether the BM Unit is to be treated as a Production BM Unit or a Consumption BM Unit. Hence, by amending the definition of Exempt Export BM Unit, the Alternative Modification would have no effect other than to affect when Exemptable Generating Plant were able to realise embedded benefits. Thus, when compared with the current BSC, the Alternative Modification would have no impact on any other aspect of the BSC, and the existing procedures for the registration of Metering Systems would be unaffected. Furthermore, where the same Party is responsible for both the Exports and Imports at an Exemptable Generating Plant, or where the Party responsible for the Imports would agree to the re-registration of Metering Systems in CMRS, the Alternative Modification would still avoid the need for migration into CMRS. Parties could thus become responsible for the Exports of Exemptable Generating Plant simply through the existing change of Supplier processes.

Thus the requirement to migrate potentially large numbers of Metering Systems would be avoided by implementing the Alternative Modification. In addition to avoiding the registration costs and associated risks with such transfers in registration, this would considerably reduce the number of occurrences where dual access by appropriately Accredited Data Collectors and Meter Operator Agents is required.

The Panel recognised that, although the Alternative Modification removes the dependence between the ability to form a Trading Unit and the system used to register the relevant Metering Systems, the facility to register Metering Systems in SMRS presently is available only to Suppliers. However, it was noted that the Non-Fossil-Fuel Purchasing Agency (NFPA) auctions were open only to Suppliers, and although it would be desirable to enable Trading Parties that are not Suppliers to assume responsibility for Exports from Exemptable Generating Plant, the reason for the compressed timescale for the Modification procedure was to put in place arrangements that would accommodate changes in responsibility that would result from the forthcoming NFPA auction.

6 LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION

6.1 Conformed Version

Proposed Modification

Section J

Insert new paragraphs 4.1.7 and 4.1.8:

- 4.1.7 *Where the same Metering Equipment at an Exemptable Generation Plant is comprised both in an SVA Metering System and a CVA Metering System:*
- (a) *the Party which is Registrant of the CVA Metering System shall secure that the same person is appointed as Meter Operator Agent in relation to the CVA Metering System as is appointed in relation to the SVA Metering System;*
 - (b) *the Supplier which is Registrant of the SVA Metering System shall provide the Registrant of the CVA Metering System with details of the Meter Operator Agent in relation to the SVA Metering System;*
 - (c) *both such Parties shall ensure that the person so appointed as Meter Operator Agent is appropriately Accredited;*
 - (d) *both such Parties shall notify the nominated Meter Operator Agent of its appointment at least five Business Days before such appointment is to come into effect and (if practicable) give it at least five Business Days' notice of the termination of its appointment.*
- 4.1.8 *Where the same Metering Equipment at an Exemptable Generating Plant is comprised in both an SVA Metering System and a CVA Metering System, and the same Outstation(s) are used for the purposes of transferring data relating to both Metering Systems:*
- (a) *the Party which is Registrant of the SVA Metering System shall provide the Registrant of the CVA Metering System with details of the Data Collector appointed in relation to the SVA Metering System;*
 - (b) *the Party which is Registrant of the CVA Metering System shall request the CDCA to provide to such Data Collector access (pursuant to Section R1.4.7 and subject to the proviso in Section R1.4.6) to the relevant Communications Equipment.*

Section K

Amend K2.1.2 to read:

"... measures quantities of Exports, or Exports and Imports, at the Site of an"

and delete the words:

"provided that no other Metering System associated with such Exemptable Generating Plant is registered in SMRS".

Section L

Insert a new paragraph 1.1.5:

- 1.1.5 *Where the same Metering Equipment at an Exemptable Generating Plant is comprised in both an SVA Metering System and a CVA Metering System:*
- (a) *the Registrant of each such Metering System shall so inform BSCCo and shall provide to BSCCo details of, and BSCCo shall maintain a record of, such Metering Systems and the identities of the Registrants;*
 - (b) *where there is any conflict or inconsistency between the requirements applying (pursuant to this Section L) to such Metering Equipment as CVA Metering Equipment and as SVA Metering Equipment, then the requirements applying to CVA Metering Equipment shall apply.*

Annex X-1

Amend the definition of CVA Metering Equipment by adding at the end:

"(whether or not also comprised in an SVA Metering System)".

Amend the definition of SVA Metering Equipment by adding at the end:

"(whether or not also comprised in a CVA Metering System)".

Alternative Modification

Section K4.4:

Amend K4.4.1(a) to read:

"... but not containing more than one relevant Supplier BM Unit".

Amend K4.4.2 to read:

"4.4.2 For the purposes of paragraph 4.4.1:

- (a) [existing text]*
- (b) a relevant Supplier BM Unit is any Supplier BM Unit which is not itself an Exempt Export BM Unit."*

Note: no amendment of Section K4.4 is required if P7 is approved

Annex X-1

In the definition of Exempt Export BM Unit, delete the word "CVA" so that it reads:

"means a BM Unit which comprises only Metering System(s) associated with ..."

6.2 Clean Version

Proposed Modification

Section J

Insert new paragraphs 4.1.7 and 4.1.8:

4.1.7 Where the same Metering Equipment at an Exemptable Generation Plant is comprised both in an SVA Metering System and a CVA Metering System:

- (a) the Party which is Registrant of the CVA Metering System shall secure that the same person is appointed as Meter Operator Agent in relation to the CVA Metering System as is appointed in relation to the SVA Metering System;
- (b) the Supplier which is Registrant of the SVA Metering System shall provide the Registrant of the CVA Metering System with details of the Meter Operator Agent in relation to the SVA Metering System;
- (c) both such Parties shall ensure that the person so appointed as Meter Operator Agent is appropriately Accredited;

- (d) both such Parties shall notify the nominated Meter Operator Agent of its appointment at least five Business Days before such appointment is to come into effect and (if practicable) give it at least five Business Days' notice of the termination of its appointment.
- 4.1.8 Where the same Metering Equipment at an Exemptable Generating Plant is comprised in both an SVA Metering System and a CVA Metering System, and the same Outstation(s) are used for the purposes of transferring data relating to both Metering Systems:
- (a) the Party which is Registrant of the SVA Metering System shall provide the Registrant of the CVA Metering System with details of the Data Collector appointed in relation to the SVA Metering System;
 - (b) the Party which is Registrant of the CVA Metering System shall request the CDCA to provide to such Data Collector access (pursuant to Section R1.4.7 and subject to the proviso in Section R1.4.6) to the relevant Communications Equipment.

Section K

Amend K2.1.2 to read:

"... measures quantities of Exports, or Exports and Imports, at the Site of an"

and delete the words:

"provided that no other Metering System associated with such Exemptable Generating Plant is registered in SMRS".

Section L

Insert a new paragraph 1.1.5:

- 1.1.5 Where the same Metering Equipment at an Exemptable Generating Plant is comprised in both an SVA Metering System and a CVA Metering System:
- (a) the Registrant of each such Metering System shall so inform BSCCo and shall provide to BSCCo details of, and BSCCo shall maintain a record of, such Metering Systems and the identities of the Registrants;
 - (b) where there is any conflict or inconsistency between the requirements applying (pursuant to this Section L) to such Metering Equipment as CVA Metering Equipment and as SVA Metering Equipment, then the requirements applying to CVA Metering Equipment shall apply.

Annex X-1

Amend the definition of CVA Metering Equipment by adding at the end:

"(whether or not also comprised in an SVA Metering System)".

Amend the definition of SVA Metering Equipment by adding at the end:

"(whether or not also comprised in a CVA Metering System)".

Alternative Modification

Section K4.4:

Amend K4.4.1(a) to read:

"... but not containing more than one relevant Supplier BM Unit".

Amend K4.4.2 to read:

"4.4.2 For the purposes of paragraph 4.4.1:

- (a) [existing text]
- (b) a relevant Supplier BM Unit is any Supplier BM Unit which is not itself an Exempt Export BM Unit."

Note: no amendment of Section K4.4 is required if P7 is approved

Annex X-1

In the definition of Exempt Export BM Unit, delete the word "CVA" so that it reads:

"means a BM Unit which comprises only Metering System(s) associated with ..."

7 ASSESSMENT

The Modification Group agreed that the objective of Proposed Modification was to increase the range of options available to Third Party Generators to contract with Trading Parties to assume responsibility for the Exports from Exemptable Generating Plant, whilst continuing to be able to realise the 'embedded benefits' of: -

- (i) the aggregation of Production from Exemptable Generating Plant with Consumption, thereby potentially reducing exposure to Energy Imbalance Cashflows;
- (ii) the netting of Exports with Imports for the purposes of allocating transmission losses;
- (iii) the netting of Exports with Imports for the purposes of allocating BSCCo Costs; and
- (iv) albeit outside the scope of the Balancing & Settlement Code, the netting of Exports with demand for the purposes of NGC's Use of System charging.

In this respect, the Modification Group agreed that both the Proposed Modification and the Alternative Modification would better facilitate the Applicable BSC Objective of "*promoting effective competition in the generation and supply of electricity*".

The Modification Group could identify no reason as to why the definition of Exempt Export should be conditional on the Metering Systems associated with the Exemptable Generating Plant being specifically CVA Metering Systems. The ability to form Trading Units should be dependent on what groupings of Plant and/or Apparatus should be allowed to realise the benefits of netting-off, and the system used to register the Metering Systems should be of no relevance. The perversity of the restriction is further illustrated by the fact that many Trading Parties are able to circumvent the restriction merely by migrating Metering Systems from SMRS to CMRS, albeit this migration creates a very substantial burden on ELEXON, BSC Agents, Parties and Party Agents if the numbers of Metering Systems being migrated are significant.

Accordingly the Modification Group identified an Alternative Modification which would allow the BM Unit associated with the Exports of the Exemptable Generating Plant to satisfy the definition of an Exempt

Export BM Unit, such that a Trading Unit could be established with another Party's Supplier BM Unit. This would require the definition of Exempt Export BM Unit in Annex X-1 to be changed to allow the BM Unit associated with the Exports of the Exemptable Generating Plant to satisfy the definition of an Exempt Export BM Unit, such that a Trading Unit could be established with another Party's Supplier BM Unit. A change would also be required to avoid any conflict with BSC Section K4.4.1(a), which precludes the Trading Unit having more than one Supplier BM Unit, i.e. more than one BM Unit with SVA Metering Systems¹, since, if the Metering Systems remain in SMRS, the new Exempt Export BM Unit would also be a Supplier BM Unit. The Alternative Modification would not require system changes or the establishment of any new processes and controls, and the associated costs,

By amending the definition of Exempt Export BM Unit, the Alternative Modification would have no effect other than to affect what collections of BM Unit would be permitted to form a Trading Unit. Note that the definition of Exempt Export BM Unit is used in the BSC for no other purpose, except to define which BM Units may be part of a Trading Unit with a Supplier BM Unit, and also to define those BM Units in respect of which Lead Parties may elect whether the BM Unit is to be treated as Production BM Unit or a Consumption BM Unit.

Accordingly, as compared with the current BSC, the Alternative Modification would have no impact on any other aspect of the BSC, and the existing procedures for the registration of Metering Systems would be unaffected. Where the same Party is responsible for both the Exports and Imports at an Exemptable Generating Plant, or where the Party responsible for the Imports would agree to the re-registration of Metering Systems in CMRS, the Alternative Modification would avoid the need for migration into CMRS. Parties could thus become responsible for the Exports through the existing change of Supplier processes.

As compared with the Proposed Modification, by removing the requirement to migrate potentially large numbers of Metering Systems from SMRS to CMRS, the costs and risks of such re-registrations would be avoided. Also, as compared with the Proposed Modification, the Alternative Modification would avoid the requirement to establish new processes to enable Metering Equipment to be accessed by both SVA and CVA accredited Meter Operators and Data Collectors. In this respect, the Modification Group agreed that the Alternative Modification, as compared to the Proposed Modification, would better facilitated the Applicable Objective of, *"promoting efficiency in the implementation and administration of the balancing and settlement arrangements"*.

Parties wishing to register Metering Systems in SMRS must have acceded to the Master Registration Agreement (MRA). Currently, only Suppliers are permitted to receive MPAS Registration Services as Parties to the MRA. Thus the Alternative Modification, as compared to the Proposed Modification, would not prevent Trading Parties that are not Suppliers from needing to migrate Metering Systems associated with Exemptable Generating Plant to CMRS, merely because the non-Suppliers are precluded from registering SVA Metering Systems. Further changes – not identified in this Alternative Modification - may be required to the MRA, and possibly to the Distribution Licence, to permit non-Suppliers to register Metering Systems in SMRS would remove this limitation. The principle catalyst for changes in responsibility for the Exports of Exemptable Generating Plant will be the forthcoming NFPA auctions, which are restricted solely to Suppliers. Thus, the Modification Group felt that this limitation would *not* significantly undermine the extent to which the Alternative Modification, as compared to the Proposed Modification, better met the Applicable BSC Objective of, *"promoting efficiency in the implementation and administration of the balancing and settlement arrangements"*.

¹ Modification Proposal P7 - should the Authority direct that it shall be made to the BSC – will amend K4.4.1(a) so as to remove the limitation to only one Supplier BM Unit.

8 SUMMARY OF REPRESENTATIONS

[Insert summary of responses to consultation on Draft Modification Report. Insert copies at Annex 1.]

A summary and copies of the representations received and considered by the Modification Group under the consultation carried out during the Assessment Procedure can be found in the Assessment Report on this Proposed Modification. This Modification Report should be read in conjunction with that Assessment Report.

ANNEX 1 – REPRESENTATIONS

[Insert copies of representations on Draft Modification Report]