

Modification Proposal

MP No: 36
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

The generation of Bid-Offer Acceptances relating to energy delivered as a result of providing Applicable Balancing Services

Submission Date (mandatory by proposer): 10 September 2001

Description of Proposed Modification (mandatory by proposer):

For BM Units instructed to provide Applicable Balancing Services the Transmission Company will calculate the expected delivered energy volume for each minute in which the Service is instructed based on an agreed methodology.

The methodology could be incorporated within the code, or appended as a subsidiary document albeit still part of the code.

Once such volume has been calculated, the Transmission Company will submit Bid-Offer Acceptance data to the SAA in the form described in T3.1.2 of the BSC. Thus, the calculated volume of energy delivered as a result of providing the services in any minute shall be included in the calculation of the Period BM Unit Total Accepted Offer Volume (QAO_{ij}^n) and the Period BM Unit Total Accepted Bid Volume (QAB_{ij}^n).

The definition of Applicable Balancing Services would need to be included within the code and would specify those services to which this process would apply. The definition should be developed as part of the modification process. As a minimum it should apply to the Mandatory Ancillary Service of Frequency Response, but it is for consideration as to whether it should extend to other specified services.

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

The provision of certain Balancing Services results in imbalance exposure to providers. To the extent that imbalance is as a result of delivering Applicable Balancing Services, it is inappropriate to charge imbalance prices to parties that have assisted in system balancing.

Furthermore, the energy delivered as a result of providing Applicable Balancing Services should be valued on the same basis as other energy deliveries associated with Bid-Offer Acceptances.

Current Ancillary Services Payments do not provide adequate incentive to deliver the contracted levels of these Services since delivery does not reduce imbalance exposure. This proposal would have the added incentive for correct delivery by exposing non-delivering parties to imbalance and to non-delivery charges.

Impact on Code (optional by proposer):

Change to the definition of Bid-Offer Acceptances in section Q5.1 to allow for automatically generated Acceptances relating to Applicable Balancing Services.

Impact on Core Industry Documents (optional by proposer):

To achieve the benefits associated with the delivery of the Mandatory Ancillary Service of Frequency Response, a modification of the CUSC will be required.

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

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Impact on other Configurable Items (optional by proposer):

National Grid will need to calculate the volume (if any) of energy allocated to each BMU for Applicable Balancing Services

As part of the consideration of this Modification it will be necessary to agree the methodology by which the volume of energy allocated to a BMU is calculated for the Applicable Balancing Services.

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

This proposal will enable the Transmission Company to efficiently schedule responsive plant and to apply economic tests at to whether to allow responsive plant to deliver system balancing energy or to take actions in the BM (reference BSC objective (b)).

The proposal will encourage competition between providers of Frequency Response and other Applicable Balancing Services, and should enhance the economic efficiency with which the system can be balanced (reference BSC objective (c)).

Providers will be incentivised to meet the contracted levels of service.

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Attachments: NO

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