

## Supplement 1 to Modification Report for Modification Proposal P36

### Amended legal text to give effect to Alternative Proposal

It should be noted that this legal text is drafted on the basis that:

Modification P34 (Original or Alternative) is rejected;

CUSC is amended to remove the imbalance compensation amount and other inconsistent provisions; and

The methodology statement will contain rules for each of the matters envisaged in this legal text.

#### **Conformed Version**

*The following new paragraph 1.4 shall be inserted in Section Q:*

#### **1.4 Applicable Balancing Services**

1.4.1 The Transmission Company shall establish and maintain a statement (the "**Applicable Balancing Services Volume Statement**") approved by the Authority setting out:

- (a) those Balancing Services (other than services bought, sold or acquired via the submission of Bids and Offers and the issue of Acceptances in accordance with the mechanism established under the Code) in respect of which data is to be sent to the SAA pursuant to paragraphs 6.4 and 6.5 ("**Applicable Balancing Services**");
- (b) the methodology to be used by the Transmission Company to determine, in respect of each Settlement Period and each BM Unit, the volume of Active Energy delivered or avoided by way of provision of Applicable Balancing Services which is to be applied, for the purposes of Settlement, as the BM Unit Applicable Balancing Services Volume ( $QAS_{ij}$ ) for that Settlement Period and that BM Unit under Section T4.3.2;
- (c) the methodology to be used by the Transmission Company to determine, in respect of each Settlement Period and each BM Unit and each relevant Bid-Offer Pair Number, the volume of Active Energy delivered or avoided by way of provision of Applicable Balancing Services which is to be applied, for the purposes of Settlement, as the BM Unit Applicable Balancing Services Bid Acceptance Volume or the BM Unit Applicable Balancing Services Offer Acceptance Volume ( $QASB_{ij}^n$  and  $QASO_{ij}^n$  respectively) for that Settlement Period, BM Unit and Bid-Offer Pair Number under Section T3.9; and
- (d) the procedures for reviewing and revising the Applicable Balancing Services Volume Statement from time to time.

1.4.2 In establishing the Applicable Balancing Services Volume Statement, the Transmission Company shall:

- (a) consult with Parties, allowing a period of not less than 28 days (unless otherwise directed by the Authority) in which to make representations;
- (b) produce a report, setting out the statement originally proposed, any representations made to the Transmission Company and any changes made to the statement originally proposed following the consultation; and

- (c) submit such report, along with the final proposed version of the statement, to the Authority for approval.
- 1.4.3 For the avoidance of doubt, the Applicable Balancing Services Volume Statement may be established in accordance with paragraph 1.4.2 and approved by the Authority prior to the date when this paragraph 1.4 comes into effect.
- 1.4.4 From time to time (as the Transmission Company sees fit or as otherwise directed by the Authority) and in any event at least once every 12 months, the Transmission Company shall:
  - (a) review the Applicable Balancing Services Volume Statement with a view to determining whether any revisions should be made to it, and evaluate the effect of any such revisions and the effect of any revisions proposed to it by the Panel or any Party;
  - (b) consult with Parties, allowing a period of not less than 28 days (unless otherwise directed by the Authority) in which to make representations;
  - (c) produce a report, setting out the results of its review and any proposed revisions to the Applicable Balancing Services Volume Statement, any representations made to the Transmission Company and any revisions proposed to the Applicable Balancing Services Volume Statement following the consultation;
  - (d) submit such report, along with the final proposed revisions (if any), to the Authority; and
  - (e) make any such revisions to the Applicable Balancing Services Volume Statement as may be approved by the Authority.
- 1.4.5 The Transmission Company shall publish the Applicable Balancing Services Volume Statement (as revised from time to time in accordance with this paragraph 1.4) on the Transmission Company's website and send a copy of such statement to any person on request.
- 1.4.6 Any question or dispute as to the interpretation of or compliance with this paragraph 1.4 shall be determined by the Authority and the Authority's determination in respect of such matters shall be final and binding on Parties.
- 1.4.7 For the avoidance of doubt, the decision of the Authority to approve the Applicable Balancing Services Volume Statement (or any revisions thereto) shall be final and binding on each Party.

*The following new paragraphs 6.4 and 6.5 shall be inserted in Section Q and the existing paragraph 6.4 shall be renumbered as paragraph 6.6:*

**6.4 Applicable Balancing Services Energy Volumes**

- 6.4.1 In relation to each Settlement Period in a Settlement Day and each BM Unit, the Transmission Company shall send the Applicable Balancing Services Energy Volume Data to:
  - (a) the SAA; and
  - (b) the BMRAno later than the second Business Day after such Settlement Day.
- 6.4.2 Applicable Balancing Services Energy Volume Data shall:
  - (a) be expressed in whole MWh;

- (b) follow the sign conventions set out in paragraph 2.4 of Annex X-2; and
  - (c) represent an aggregate net volume of Active Energy for the whole Settlement Period.
- 6.4.3 The Transmission Company may resubmit to the SAA the Applicable Balancing Services Energy Volume Data in respect of any BM Unit and Settlement Period within a Settlement Day (originally sent under paragraph 6.4.1) at any time prior to the Final Reconciliation Settlement Run for such Settlement Day and the SAA shall correct such data in the Settlement Run following such resubmission.
- 6.4.4 For the avoidance of doubt, in respect of each Settlement Period and each BM Unit, volumes of Active Energy contained in the Applicable Balancing Services Energy Volume Data sent pursuant to this paragraph 6.4 shall not include or be included in any volumes of Active Energy contained in Acceptance Data in respect thereof.
- 6.4.5 If the Lead Party notifies the Transmission Company in writing that it does not wish any volumes of Active Energy to be submitted in respect of a BM Unit for which it is Lead Party pursuant to this paragraph 6.4 with effect from an effective date specified in such notice (which date may not be earlier than 5 days after the Transmission Company receives such notice):
  - (a) the Transmission Company shall notify BSCCo in writing; and
  - (b) the Applicable Balancing Services Energy Volume Data sent by the Transmission Company in respect of that BM Unit shall be set to zero by the Transmission Company in respect of each Settlement Day with effect from the specified effective date until such time as the Lead Party informs the Transmission Company in writing that such notice is to be withdrawn.
- 6.4.6 The obligations of the Transmission Company to send data under this paragraph 6.4 in respect of Settlement Periods and Settlement Days, and the use of such data in the determination of Trading Charges in respect of Settlement Days in accordance with the provisions of Section T, shall apply in respect of each Settlement Period and Settlement Day from the time when this paragraph 6.4 comes into effect.
- 6.4.7 Without prejudice to the Transmission Company's obligations under paragraph 1.4.1, where there is no Applicable Balancing Services Volume Statement in place which has been approved by the Authority, the data submitted by the Transmission Company pursuant to this paragraph 6.4 shall be set to zero.

## **6.5 Applicable Balancing Services Acceptance Volumes**

- 6.5.1 In relation to each Settlement Period in a Settlement Day and each BM Unit and each relevant Bid-Offer Pair Number, the Transmission Company shall send the Applicable Balancing Services Bid Acceptance Volume Data and the Applicable Balancing Services Offer Acceptance Volume Data to:
  - (a) the SAA; and
  - (b) the BMRAno later than the second Business Day after such Settlement Day.
- 6.5.2 Applicable Balancing Services Bid Acceptance Volume Data and Applicable Balancing Services Offer Acceptance Volume Data shall (in each case):
  - (a) be expressed in whole MWh;

- (b) follow the sign conventions set out in paragraph 2.4 of Annex X-2;
  - (c) be associated with the applicable Bid-Offer Pair Number, applying the methodology set out in the Applicable Balancing Services Volume Statement (or, where there is no relevant Submitted Bid-Offer Pair, a Bid-Offer Pair Number  $n$  equal to 1 or  $-1$  as applicable); and
  - (d) represent an aggregate net volume of Active Energy for the whole Settlement Period for that Bid-Offer Pair Number.
- 6.5.3 The Transmission Company may resubmit to the SAA the Applicable Balancing Services Bid Acceptance Volume Data and/or the Applicable Balancing Services Offer Acceptance Volume Data in respect of any BM Unit and Settlement Period within a Settlement Day (originally sent under paragraph 6.5.1) at any time prior to the Final Reconciliation Settlement Run for such Settlement Day and the SAA shall correct such data in the Settlement Run following such resubmission.
- 6.5.4 For the avoidance of doubt, in respect of each Settlement Period and each BM Unit, volumes of Active Energy contained in the Applicable Balancing Services Bid Acceptance Volume Data or Applicable Balancing Services Offer Acceptance Volume Data sent pursuant to this paragraph 6.5 shall not include or be included in any volumes of Active Energy contained in Acceptance Data in respect thereof.
- 6.5.5 If the Lead Party notifies the Transmission Company in writing that it does not wish any volumes of Active Energy to be submitted in respect of a BM Unit for which it is Lead Party pursuant to this paragraph 6.5 with effect from an effective date specified in such notice (which date may not be earlier than 5 days after the Transmission Company receives such notice):
  - (a) the Transmission Company shall notify BSCCo in writing; and
  - (b) any Applicable Balancing Services Bid Acceptance Volume Data or Applicable Balancing Services Offer Acceptance Volume Data sent by the Transmission Company in respect of that BM Unit shall be set to zero by the Transmission Company in respect of each Settlement Day with effect from the specified effective date until such time as the Lead Party informs the Transmission Company in writing that such notice is to be withdrawn.
- 6.5.6 The obligations of the Transmission Company to send data under this paragraph 6.5 in respect of Settlement Periods and Settlement Days, and the use of such data in the determination of Trading Charges in respect of Settlement Days in accordance with the provisions of Section T, shall apply in respect of each Settlement Period and Settlement Day from the time when this paragraph 6.5 comes into effect.
- 6.5.7 Without prejudice to the Transmission Company's obligations under paragraph 1.4.1, where there is no Applicable Balancing Services Volume Statement in place which has been approved by the Authority, the data submitted by the Transmission Company pursuant to this paragraph 6.5 shall be set to zero.
- 6.5.8 References to a 'relevant' Bid-Offer Pair Number in this paragraph 6.5 are to any applicable Bid-Offer Pair Number with which a volume of Active Energy is associated in accordance with paragraph 6.5.2(c).

The following amendments (as marked up) shall be made in Section T:

Section T 1.3.2:

1.3.2 Data required from the Transmission Company are:

- (a) Final Physical Notification Data;
- (b) Bid-Offer Data;
- (c) Acceptance Data;
- (d) Balancing Services Adjustment Data; ~~and~~
- (e) Applicable Balancing Services Energy Volume Data;
- (f) Applicable Balancing Services Bid Acceptance Volume Data; and
- (g) Applicable Balancing Services Offer Acceptance Volume Data.

Section T 3.9.1:

3.9.1 In respect of each Settlement Period, for each BM Unit, the total MWh volume of the Offer accepted from all Acceptances or treated as accepted shall be the Period BM Unit Total Accepted Offer Volume and shall be established as follows:

$$QAO_{ij}^n = \sum^k QAO_{ij}^{kn} + \underline{QASO_{ij}^n}$$

where  $\sum^k$  represents the sum over all Acceptances within the Settlement Period.

Section T 3.9.2:

3.9.2 In respect of each Settlement Period, for each BM Unit, the total MWh volume of the Bid accepted from all Acceptances or treated as accepted shall be the Period BM Unit Total Accepted Bid Volume, and shall be established as follows:

$$QAB_{ij}^n = \sum^k QAB_{ij}^{kn} + \underline{QASB_{ij}^n}$$

where  $\sum^k$  represents the sum over all Acceptances within the Settlement Period.

The following new subparagraphs 3.9B and 3.9C shall be inserted in Section T:

**3.9B** In respect of each BM Unit Applicable Balancing Services Bid Acceptance Volume and each BM Unit Applicable Balancing Services Offer Acceptance Volume, where there is no relevant Submitted Bid-Offer Pair with which it is associated, the Bid Price ( $PB_{ij}^n$ ) and the Offer Price ( $PO_{ij}^n$ ) shall both be £0.00/MWh.

**3.9C** For the avoidance of doubt:

- (a) references in the remaining provisions of this paragraph 3 to Balancing Mechanism action and to Offers and Bids includes the provision of Applicable Balancing Services notified by way of BM Unit Applicable Balancing Services Bid Acceptance Volumes and BM Unit Applicable Balancing Services Offer Acceptance Volumes;
- (b) the application of BM Unit Applicable Balancing Services Bid Acceptance Volumes and BM Unit Applicable Balancing Services Offer Acceptance Volumes in the calculations made under paragraph 3.9 and the association of such volumes with

particular Bid-Offer Pair Numbers is entirely without prejudice to the determinations to be made by the SAA under the preceding provisions of this paragraph 3, and is not intended to affect or alter those determinations in any way.

The following amendments (as marked up) shall be made in Section T:

Section T 4.3.2:

4.3.2 In respect of each Settlement Period, for each BM Unit, the Period BM Unit ~~Bid—Offer~~ Balancing Services Volume, will be determined as follows:

$$QBS_{ij} = \sum^n (QAO_{ij}^n + QAB_{ij}^n) + QAS_{ij}$$

where  $\sum^n$  represents the sum over all Bid-Offer Pair ~~N~~umbers for the BM Unit.

Section T 4.3.3:

4.3.3 In respect of each Settlement Period, for each BM Unit, the Period Expected Metered Volume will be determined as follows:

$$QME_{ij} = FPN_{ij} + QBS_{ij}$$

Section T 4.5.1:

4.5.1 In respect of each Settlement Period and each Energy Account, the Credited Energy Volume for each BM Unit to be allocated to the corresponding Energy Account of the Subsidiary Party and of the Lead Party will be determined as follows:

(a) in the case of the corresponding Energy Account of each Subsidiary Party:

$$QCE_{iaj} = \{(QM_{ij} - QBS_{ij}) * (QMPR_{iaj}/100) + QMFR_{iaj}\} * TLM_{ij}$$

and values of  $QCE_{iaj}$  are then rounded towards zero to the nearest kWh;

(b) in the case of the corresponding Energy Account of the Lead Party:

$$QCE_{iaj} = (QM_{ij} * TLM_{ij}) - \sum_a QCE_{iaj}$$

where  $\sum_a$  represents the sum over all Energy Accounts for Subsidiary Parties of the Lead Party (not including Energy Accounts for the Lead Party itself).

Section T 4.6.2:

4.6.2 In respect of each Settlement Period, for each Energy Account, the Account Period ~~Bid—Offer~~ Balancing Services Volume will be determined as follows:

$$QABS_{aj} = \sum_i QBS_{ij} * TLM_{ij}$$

where  $\sum_i$  represents the sum over all BM Units for which such Energy Account is the corresponding Energy Account of the Lead Party.

Section T 4.6.3:

4.6.3 In respect of each Settlement Period, for each Energy Account, the Account Energy Imbalance Volume will be determined as follows:

$$QAEI_{aj} = QACE_{aj} - QABSO_{aj} - QABC_{aj}$$

The following new paragraph 4.6.5 shall be inserted in Section T:

4.6.5 In respect of each Settlement Period, the Total Period Applicable Balancing Services Volume will be determined as follows:

$$TQAS_j = \sum_i QAS_{ij}$$

where  $\sum_i$  represents the sum over all BM Units.

The following new paragraph 2.6.8 shall be inserted in Section V:

2.6.8 For the purposes of this paragraph 2.6, in calculating  $IQAO^n_{ij}$  and  $IQAB^n_{ij}$  (and any other Indicative values derived in whole or in part from those terms), the BMRA shall disregard references in Section T3 to  $QASO^n_{ij}$  and  $QASB^n_{ij}$  (as if those volumes were zero).

The following new data item shall be inserted in Annex V-1, Table 1:

DATA AND RELEVANT SETTLEMENT PERIODS	FREQUENCY	FORMAT	DEFAULT
<u>BM Unit Applicable Balancing Services Volume</u>	<u>Daily (published for all days on Business Days only)</u>	<u>Tabular</u>	<u>None</u>
<u>BM Unit Applicable Balancing Services Bid Acceptance Volume</u>	<u>Daily (published for all days on Business Days only)</u>	<u>Tabular</u>	<u>None</u>
<u>BM Unit Applicable Balancing Services Offer Acceptance Volume</u>	<u>Daily (published for all days on Business Days only)</u>	<u>Tabular</u>	<u>None</u>

The following new definitions shall be inserted (alphabetically) in Annex X-1:

<b>“Applicable Balancing Services”</b>	shall have the meaning given to that term in Q1.4.1;
<b>“Applicable Balancing Services Energy Volume Data”</b>	means the data in respect of a BM Unit and a Settlement Period representing volumes of Active Energy associated with the provision of Applicable Balancing Services, which is to be applied as BM Unit Applicable Balancing Services Volume (QAS <sub>ij</sub> ) under Section T4.3.2, as determined by the Transmission Company in accordance with the Applicable Balancing Services Volume Statement and sent to the SAA and the BMRA pursuant to Section Q6.4;
<b>“Applicable Balancing Services Bid Acceptance Volume Data”</b>	means the data in respect of a BM Unit and a Settlement Period and a Bid-Offer Pair Number representing volumes of Active Energy associated with the provision of Applicable Balancing Services, which is to be applied as BM Unit Applicable Balancing Services Bid Acceptance Volume (QASB <sup>n</sup> <sub>ij</sub> ) under Section T3.9, as determined by the Transmission Company in accordance with the Applicable Balancing Services Volume Statement and sent to the SAA and the BMRA pursuant to Section Q6.5;
<b>“Applicable Balancing Services Offer Acceptance Volume Data”</b>	means the data in respect of a BM Unit and a Settlement Period and a Bid-Offer Pair Number representing volumes of Active Energy associated with the provision of Applicable Balancing Services, which is to be applied as BM Unit Applicable Balancing Services Offer Acceptance Volume (QASO <sup>n</sup> <sub>ij</sub> ) under Section T3.9, as determined by the Transmission Company in accordance with the Applicable Balancing Services Volume Statement and sent to the SAA and the BMRA pursuant to Section Q6.5;
<b>Balancing Services</b>	has the meaning given to that term in the Transmission Licence;

The following amendments (as marked up) shall be made in Table X-2 of ANNEX X-2:

Defined Term	Acronym	Units	Definition/Explanatory Text
Account Period <del>Bid-Offer</del> <u>Balancing Services</u> Volume	QABS <sub>aj</sub>	MWh	The quantity determined in accordance with section T 4.6.2  <i>The Account Period <del>Bid-Offer</del> <u>Balancing Services</u> Volume is the <u>sum of the net quantity of accepted Bids and Offers, and the net energy associated with delivery of Applicable Balancing Services</u> from all BM Units for which Energy Account a is the Lead Energy Account in Settlement Period j.</i>



Defined Term	Acronym	Units	Definition/Explanatory Text
<u>BM Unit Applicable Balancing Services Bid Acceptance Volume</u>	<u>QASB<sup>n</sup><sub>ij</sub></u>	<u>MWh</u>	<u>In respect of a BM Unit and a Settlement Period and a Bid-Offer Pair Number, the Applicable Balancing Services Bid Acceptance Volume Data sent by the Transmission Company pursuant to Section Q6.5.</u>
<u>BM Unit Applicable Balancing Services Offer Acceptance Volume</u>	<u>QASO<sup>n</sup><sub>ij</sub></u>	<u>MWh</u>	<u>In respect of a BM Unit and a Settlement Period and a Bid-Offer Pair Number, the Applicable Balancing Services Offer Acceptance Volume Data sent by the Transmission Company pursuant to Section Q6.5.</u>
<u>BM Unit Applicable Balancing Services Energy Volume</u>	<u>QAS<sub>ij</sub></u>	<u>MWh</u>	<u>In respect of a BM Unit and a Settlement Period, the Applicable Balancing Services Energy Volume Data sent by the Transmission Company pursuant to Section Q6.4.</u>
Period BM Unit <del>Bid</del> <del>— Offer —</del> <u>Balancing Services</u> Volume	<u>QBSO<sub>ij</sub></u>	MWh	The quantity determined in accordance with section T 4.3.2.  <i>The Period BM Unit <del>Bid</del>—<del>Offer</del> <u>Balancing Services</u> Volume is the <u>sum of the net quantity of accepted Bids and Offers and the net quantity of energy associated with delivery of Applicable Balancing Services</u> from BM Unit i in Settlement Period j.</i>
<u>Total Period Applicable Balancing Services Energy Volume</u>	<u>TQAS<sub>j</sub></u>	<u>MWh</u>	<u>The amount determined in accordance with Section T 4.6.5.</u>  <i>The <u>Total Period Applicable Balancing Services Energy Volume</u> is the net quantity of energy associated with delivery of Applicable Balancing Services by all BM Units in Settlement Period j which is applied as Applicable Balancing Services Energy Volumes under Section T4.3.2.</i>

The following amendments (as marked up) will be made to Table X-3 of Annex X-2:

Acronym	Units	Corresponding Defined Term or Expression
<u>QABS<sup>n</sup><sub>aj</sub></u>	MWh	Account Period <del>Bid</del> — <del>Offer</del> <u>Balancing Services</u> Volume
<u>QAS<sub>ij</sub></u>	<u>MWh</u>	<u>BM Unit Applicable Balancing Services Volume</u>
<u>QASB<sup>n</sup><sub>ij</sub></u>	<u>MWh</u>	<u>BM Unit Applicable Balancing Services Bid Acceptance Volume</u>

<u>QASO<sup>n</sup><sub>ij</sub></u>	<u>MWh</u>	<u>BM Unit Applicable Balancing Services Offer Acceptance Volume</u>
<u>QBS<sub>ij</sub></u>	MWh	Period BM Unit <del>Bid—Offer</del> <u>Balancing Services</u> Volume
<u>TQAS<sub>j</sub></u>	<u>MWh</u>	<u>Total Period Applicable Balancing Services Energy Volume</u>