

August 2001

**INITIAL ASSESSMENT OF
MODIFICATION PROPOSAL P033**

**RECTIFICATION OF INCONSISTENCIES
IN TERMINOLOGY BETWEEN THE BSC
AND GRID CODE OC2**

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Distribution

Name	Organisation
BSC Panel	
BSC Parties	
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The Authority	
National Electricity Consumers Council	
Core Industry Document Owners	
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1 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.

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

2 EXECUTIVE SUMMARY

Modification Proposal P033 was submitted on 10th August 2001 by the National Grid Company plc ('NGC'). The Modification Proposal seeks to modify the BSC and the Grid Code Operating Code (OC) Number 2 (OC2) so that the NGC provides to the Balancing Mechanism Reporting System (BMRS) both the 'OC2 derived surplus data' (which is currently being provided) and the Generating Plant Demand Margin data (which is not currently and should be provided). The Modification is sufficiently well defined to avoid the need for a Definition Procedure.

NGC recently identified that they were inadvertently providing an incorrectly labelled data item to the BMRS. They have been providing the OC2 derived surplus data¹, whereas the BSC requires the provision of Generating Plant Demand Margin data².

The Modification Proposal offers two solutions:

- A) NGC to provide both the OC2 derived surplus data and the Generating Plant Demand Margin data to the BMRS (Solution A); or alternatively
- B) NGC to provide the Generating Plant Demand Margin data as is required by the BSC (Solution B).

The solution preferred by NGC is Solution A. This is on the basis that implementing Solution B may result in market confusion, particularly since there is a likelihood that real-time system warnings could be in force whilst the Generating Plant Demand Margin still indicated a significant positive margin. This is because this data item does not include NGC's Operational Planning Margin (which is the additional generation over and above the demand that NGC need to be available to ensure that the demand can be met).

The provision of the OC2 derived surplus data by NGC to the BMRS has not had / will not have an effect on prices in the balancing market but may potentially have an impact on Parties commercial decisions.

An initial assessment of the Modification Proposal has identified the following potential areas of impact and issues to be considered:

2.1 Solution A

- the main area of impact will be on the BSC, BSC Systems and Code Subsidiary Documents to receive and report on the OC2 derived surplus data and the Generating Plant Demand Margin data via the BMRS;
- there will be impacts on the Grid Code and NGC's systems and processes;
- there may be an impact on Parties' associated systems and processes due to the provision of a new data item (ie. 'Surplus'), though this depends on whether the Parties will use this additional data item within their own systems; and
- the Modification Proposal outlines two proposed solutions, either of which could be implemented. However, if Solution A were to be adopted, it is recommended, subject to initial consultation and impact assessment that the Modification Group consider this as a long-term solution. The basis for this recommendation is that this solution would require significant changes to the BSC and there would potentially be impacts on Parties (for those who want to use the revised data within their own systems).

¹ This term is not defined with the Grid Code though it is used in several places within OC2.

² The BSC defines 'Generation Plant Demand Margin' as 'Has the meaning given to that term in OC2 of the Grid Code'. The OC2 defines the same term as 'The difference between Output Usable and forecast Demand'.

2.2 Solution B

- the main area of impact will be on the Grid Code, NGC systems and processes to provide the correct Generating Plant Demand Margin to the BMRS;
- there is no impact on the BSC, BSC Systems or Code Subsidiary Documents; and
- the Modification Proposal outlines two proposed solutions, either of which could be implemented. However, if Solution B were to be adopted, it is recommended, subject to initial consultation and impact assessment that the Modification Group consider this as a short-term solution. The basis for this recommendation is that the changes are limited to the Grid Code and NGC's systems and processes and therefore could be implemented without impacting the BSC or Parties.

Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC ie. this would result in the inclusion of the OC2 derived surplus data in the BSC, Code Subsidiary Documents and other configurable items.

The initial assessment of the Modification Proposal has identified that changes would also be required to the BMRS, the Grid Code, Code Subsidiary Documents and other configurable items to remove inconsistent naming conventions which exist in relation to the use of Generating Plant Demand Margin, National Margin based on OC2 and National Margin. These changes could be implemented independently of the above solutions.

2.3 Recommendation

It is recommended that the Modification Proposal is progressed as follows:

- through the Assessment Procedure (as defined in the BSC, section F,2.6); and
- the Assessment Report be submitted to the Panel Meeting on 18th October 2001.

3 PURPOSE AND SCOPE OF THE REPORT

Section F of the BSC sets out the procedures for progressing proposals to amend the BSC (known as 'Modification Proposals'. These include procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications.

The BSC Panel is charged with supervising and implementing the modification procedures. ELEXON provides the secretariat and other advice, support and resource required by the Panel for this purpose. In addition, if a modification to the Code is approved or directed by the Authority, ELEXON is responsible for overseeing the implementation of that amendment (including any consequential changes to systems, procedures and documentation).

When a new proposal to modify the BSC is made, it is the responsibility of the Panel to determine how it should be progressed. Options include submitting the proposal to a Definition Procedure³, submitting it to an Assessment Procedure⁴, amalgamating the proposal with another proposal⁵, or proceeding directly to the Report Phase⁶. With a view to assisting the Panel in taking this decision, ELEXON prepares this initial written assessment of the implications of the Modification Proposal as soon as reasonably practicable after the proposal is made⁷. ELEXON endeavours to complete this initial assessment such that it can be reviewed by the Panel at the Panel meeting at which the relevant Modification Proposal is first to be considered.

This initial assessment provides a preliminary view on the following:

- the potential impact of the proposed modification on BSC Systems and processes;
- the potential impact of the proposed modification on other systems and processes used by Parties;
- the potential impact of the proposed modification on the BSC, Code Subsidiary Documents and Core Industry Documents;
- the potential impact of the proposed modification on ELEXON;
- the potential impact of the proposed modification on BSC financial arrangements & budget;
- the potential impact of the proposed modification on BSC Agent contractual arrangements;
- The process and timetable that should be adopted for the progression of the Modification Proposal, in light of its complexity, importance and urgency; and
- Issues that will need to be considered and addressed in progressing the Modification Proposal (including the potential need for impact assessments, consultation and analyses).

It should be noted that, as this document only represents a preliminary assessment of the Modification Proposal, the information contained herein will, in most cases, be superseded by the subsequent analysis and reports produced by the Modification Group to which the Panel assigns the proposal for consideration.

³ see BSC F2.5

⁴ see BSC F2.6

⁵ see BSC F2.3

⁶ see BSC F2.7

⁷ see BSC F2.1.8

4 DETAILS OF THE MODIFICATION PROPOSAL

A copy of the Modification Proposal form, as submitted by its Proposer, can be found at Annex 1 to this report. The form contains the following information provided by the Proposer in relation to the proposal (see BSC F2.1.2):

- the name of the Proposer;
- the name of the representative of the Proposer (and his alternate) who shall represent the Proposer in person;
- a description (in reasonable but not excessive detail) of the issue or defect which the proposed modification seeks to address;
- a description (in reasonable but not excessive detail) of the proposed modification and of its nature and purpose;
- where possible, an indication of those parts of the Code which would require amendment in order to give effect to (and/or would otherwise be affected by) the proposed modification and an indication of the nature of those amendments or effects;
- the reasons why the Proposer believes that the proposed modification would better facilitate achievement of the Applicable BSC Objective(s) as compared with the then current version of the Code;
- where possible, an indication of the impact of the proposed modification on Core Industry Documents; and
- where possible, an indication of the impact of the proposed modification on BSC Systems and on other relevant computer systems and processes used by Parties.

The Modification Proposal offers two solutions:

- A) NGC to provide both the OC2 derived surplus data and the Generating Plant Demand Margin data to the BMRS (Solution A). This will require the definition of the additional term 'Surplus' within the BSC, Code Subsidiary Documents and other configurable items. The inclusion of 'Surplus' will ensure that NGC provide to the BMRS more information than is currently expected. The addition of 'Surplus' will result in the provision of surplus generation after allowances for Demand, NGC's Operational Planning Margin, Plant outages and Breakdown have been subtracted. This additional information may assist Parties in their commercial decisions.
- B) NGC to provide the Generating Plant Demand Margin data as is required by the BSC (Solution B). This data item does not include NGC's Operational Planning Margin (this is the additional generation over and above the demand that is needed in reality to ensure that demand can be met in real time), therefore less information will be provided to the BMRS, than is currently being provided, which may be disadvantageous to Parties who are currently using the OC2 derived surplus data in their commercial decisions.

NGC state that the Modification Proposal will provide clarity and ensure that there is consistency between the Grid Code and BSC. It will remove the existing data error, and ensure the consistent information is sent to generators (via OC2) and BM participants (via the BMRS), thereby eliminating any confusion, improving transparency of information to all market participants. This therefore fulfils the BSC Objective of promoting effective competition in the sale and purchase of electricity.

5 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC System / Process	Potential Impact of Proposed Modification
Registration	No impact identified
Contract Notification	No impact identified
Credit Checking	No impact identified
Balancing Mechanism Activities	<p>Solution A - The OC2 derived surplus data and the Generating Plant Demand Margin data would need to be provided to the BMRS.</p> <p>Solution B - No impact identified.</p> <p>Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC. This would result in the inclusion of the OC2 derived surplus data in the BSC.</p>
Collection and Aggregation of Metered Data	No impact identified
Supplier Volume Allocation	No impact identified
Settlement	No impact identified
Clearing, Invoicing and Payment	No impact identified
Reporting	<p>Solution A - The OC2 derived surplus data and the Generating Plant Demand Margin data would need to be reported via the BMRS.</p> <p>Solution B - No impact identified.</p> <p>Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC. This would result in the reporting of the OC2 derived surplus data.</p>

BSC System / Process	Potential Impact of Proposed Modification
Dispute Resolution	No impact identified

6 IMPACT ON OTHER SYSTEMS AND PROCESSES USED BY PARTIES

System / Process	Potential Impact of Proposed Modification
SO and Party Systems	<p>Solution A</p> <ul style="list-style-type: none"> • <u>SO</u>: The OC2 derived surplus data and the Generating Plant Demand Margin data would need to be reported to the BMRS, thereby requiring changes to the SO systems and processes. • <u>Parties</u>: Parties using the data from the BMRS within their own systems may require changes to their systems to use the OC2 derived surplus data and the Generating Plant Demand Margin data. <p>Solution B</p> <ul style="list-style-type: none"> • <u>SO</u>: The correct Generating Plant Demand Margin data would need to be reported to the BMRS, thereby requiring changes to the SO systems and processes. • <u>Parties</u>: No impact on Party systems.

7 IMPACT ON DOCUMENTATION

7.1 Impact on Balancing and Settlement Code

BSC Section	Potential Impact of Proposed Modification
A: Parties and Participation	No impact identified
B: The Panel	No impact identified
C: BSCCo and its Subsidiaries	No impact identified
D: BSC Cost Recovery and Participation Charges	No impact identified
E: BSC Agents	No impact identified
F: Modification Procedures	No impact identified
G: Contingencies	No impact identified
H: General	No impact identified
I: Not Used	No impact identified
J: Party Agents	No impact identified
K: Classification and Registration of Metering Systems and BM Units	No impact identified
L: Metering	No impact identified
M: Credit Cover and Credit Default	No impact identified
N: Clearing, Invoicing and Payment	No impact identified
O: Communications	No impact identified

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BSC Section	Potential Impact of Proposed Modification
P: Energy Contract Volumes and Metered Volume Reallocations	No impact identified
Q: Balancing Mechanism Activities	<p>Solution A - Section Q6 describes the submission of data provided by the Transmission Company. This Section would need to be changed to allow for the receipt of the OC2 derived surplus data in addition to Generating Plant Demand Margin data, which is already documented in this Section (see 6.1.2 (b)).</p> <p>Solution B – No impact identified.</p> <p>Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC ie. this would result in the inclusion of the OC2 derived surplus data in Section Q.</p>
R: Collection and Aggregation of Metered Data from CVA Metering Systems	No impact identified
S: Supplier Volume Allocation	No impact identified
S: ANNEX S-1 Performance Levels and Supplier Charges	No impact identified
S: ANNEX S-2 Supplier Volume Allocation Rules	No impact identified
T: Settlement and Trading Charges	No impact identified
U: Provisions Relating to Settlement	No impact identified

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BSC Section	Potential Impact of Proposed Modification
V: Reporting	<p>Solution A - Section V includes the data which the BMRS must provide to BMRS market participants. This Section would need to be changed to allow for the provision of the OC2 derived surplus data in addition to Generating Plant Demand Margin data.</p> <p>Solution B – No impact identified.</p> <p>Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC ie. this would result in the inclusion of the OC2 derived surplus data in Section V.</p>
W: Trading Queries and Trading Disputes	No impact identified
X: Definitions and Interpretation	No impact identified
X: ANNEX X-1 General Glossary	<p>Solution A - Section X-1 contains the general glossary. This Section would need to be changed to include a definition of the new term 'Surplus'.</p> <p>Solution B – No impact identified.</p> <p>Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC. This would result in the inclusion of the OC2 derived surplus data in Annex X-1.</p>
X: ANNEX X-2 Technical Glossary	<p>Solution A - Section X-2 contains the technical glossary including a definition for Generating Plant Demand Margin. This Section would need to be changed to include the numerical value to support the 'Surplus' definition included in Annex X-1.</p> <p>Solution B – No impact identified.</p> <p>Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC. This would result in the inclusion of the OC2 derived surplus data in Annex X-2.</p>

7.2 Impact on Code Subsidiary Documents

Code Subsidiary Document	Potential Impact of Proposed Modification
BSC Procedures	No impact identified
Codes of Practice	No impact identified
BSC Service Descriptions	<p>Solution A – No impact identified.</p> <p>Solution B - No impact identified.</p> <p>The BMRA Service Description – Section 8.1 relating to the receipt of BM data refers to 'SO forecast data'. This term should be made consistent with the BSC, the Grid Code, other Code Subsidiary Documents and the BMRS web pages.</p>
Party Service Lines	No impact identified
Data Catalogues	<p>Solution A - The OC2 derived surplus data and the Generating Plant Demand Margin data would need to be clearly defined in the NETA Data File Catalogue.</p> <p>Solution B – No impact identified.</p> <p>Inconsistent terminology exists between a number of configurable items including the NETA Data File Catalogue. Terminology should be made consistent with the BSC, the Grid Code, other Code Subsidiary Documents and the BMRS web pages.</p>
Communication Requirements Documents	No impact identified
Reporting Catalogue	<p>Solution A – No impact identified.</p> <p>Solution B - No impact identified.</p> <p>Section 2.1 'Data Posted on BMRS' refers to '2-14 Day Ahead National Demand forecast (OCNMFD)' and '2-52 Week Ahead National Generating Plant Demand Margin forecast (OCNMFV)'. These terms should be made consistent with the BSC, the Grid Code, other Code Subsidiary Documents and the BMRS web pages.</p>

7.3 Impact on Core Industry Documents

Core Industry Document	Potential Impact of Proposed Modification
Grid Code	<p>A change will be required for Solutions A and B.</p> <p>Solution A will require the inclusion of the OC2 derived surplus data and the Generating Plant Demand Margin in the Grid Code.</p> <p>Solution B will require that the Grid Code is made consistent with the correct Generating Plant Demand Margin data as is required by the BSC.</p>
MCUSA	No impact identified
Supplemental Agreements	No impact identified
Ancillary Services Agreements	No impact identified
Master Registration Agreement	No impact identified
Data Transfer Services Agreement	No impact identified
British Grid Systems Agreement	No impact identified
Use of Interconnector Agreement	No impact identified
Pooling and Settlement Agreement	No impact identified
Settlement Agreement for Scotland	No impact identified
Distribution Codes	No impact identified
Distribution Use of System Agreements	No impact identified
Distribution Connection Agreements	No impact identified

8 IMPACT ON OTHER CONFIGURABLE ITEMS

Item	Potential Impact of Proposed Modification
BMRS Software	The software is not self-consistent or consistent with the BSC, the Grid or Code Subsidiary Documents and should be made consistent.
BMRA URS	Inconsistent terminology exists between a number of configurable items including the BMRA URS. Terminology should be made consistent with the BSC, the Grid Code, Code Subsidiary Documents and the BMRS web pages.

9 IMPACT ON ELEXON

Area of Business	Potential Impact of Proposed Modification
ELEXON Systems	No impact identified at this stage
ELEXON Procedures	No impact identified at this stage
ELEXON Contracts (Excluding BSC Agent Contracts)	No impact identified at this stage
Other (e.g. costs, staffing, etc.)	No impact identified at this stage

10 IMPACT ON FINANCIAL ARRANGEMENTS AND BUDGET

The financial impact of this Modification Proposal has not been identified at this stage. However, it is anticipated that there will be contractual changes with the Logica Consortium (BMRA) to implement the necessary changes to receive and publish the data from the Transmission Company if Solution A were to be implemented. There may also be resultant operation of those systems and services.

There would be no financial impact if Solution B were to be implemented.

11 IMPACT BSC AGENT CONTRACTUAL ARRANGEMENTS

BSC Agent Contract	Potential Impact of Proposed Modification
Logica Consortium (BMRA, CRA, CDCA, SAA, ECVAA, TAA(CVA))	<p>Solution A – The BMRA would receive revised data from the Transmission Company and would be required to publish this data on the BMRS.</p> <p>Solution B – No impact identified.</p> <p>The BMRS Software is not self-consistent or consistent with the BSC, the Grid or Code Subsidiary Documents. The Modification Proposal suggests removing the inconsistencies which exist which may require changes to the Logica Consortium contract.</p>
EPFAL (FAA)	No impact identified
ESIS (TAA(SVA))	No impact identified
Cap Gemini (SVAA)	No impact identified
PwC (BSC Auditor, Certification Agent)	No impact identified
EASL (Teleswitch Agent, Profile Administrator)	No impact identified

12 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

ELEXON recommends that this Modification Proposal is progressed through the Assessment Procedure. The Assessment Procedure is recommended recognising the potential impact of changes which may potentially be required to:

- The Central Service Providers services and systems and the related development needed;
- The Grid Code (these changes would be progressed via the Grid Code Review Panel); and
- Parties' associated systems and processes.

It should be noted that there are interactions between Modification Proposals P022⁸ and P033, in that they both cover the same area. ELEXON therefore recommends that the Assessment Procedure for Modification Proposal P033 should be performed by the same Modification Group but not to the same timetable as the Assessment Procedure for Modification Proposal P022. Whilst it is recommended that the P033 be considered by the same Modifications Group as P022, it is not proposed to amalgamate the two Modification Proposals.

It is proposed that the Assessment Report will be provided to the Panel meeting on the date specified in Section 2.4.

12.1 Impact Assessment Costs

Progressing the Modification Proposal will require at least two meetings of the Modification Group and the commissioning of impact assessments from the System Operator (NGC), Parties and the NETA Central Service Agent (the Logica Consortium). It is believed to be of medium complexity and a budget of £40K should be established to enable progress of the Modification Proposal through the impact assessment stage.

12.2 Modification Group Terms of Reference

It is proposed that the Modification Group's terms of reference, include:

- i) investigation of the inconsistencies in terminology used within the BSC, the Grid Code, Code Subsidiary Documents, other configurable items and the BMRS web pages;
- ii) the examination of the various solutions to determine the preferred approach, taking into account the impact of NGC continuing to operate to the status quo;
- iii) consultation on the proposed options and any alternatives; and
- iv) the impacts on existing processes and systems.

⁸ Modification Proposal P022 is titled 'The Provision of Generator Planned Outage Information to All BSC Signatories'.

13 ISSUES

Modification Proposal raises the following issues:

- The Modification Proposal outlines two potential solutions (Solution A and Solution B), both of which could be implemented, potentially one as a short-term (Solution B) and the other as the long-term solution (Solution A).
- Until either Solution A and or B is implemented, it is assumed that NGC will continue to operate to the status quo. The impact of this needs to be assessed. Potentially an ELEXON Circular could be issued to Parties notifying them of the process being adopted by NGC, outlining the implications of this and that the Modification Proposal has been raised to address this issue.
- Although not proposed in the Modification Proposal an alternative solution to be considered is that of modifying the BSC, Code Subsidiary Documents and other configurable items so that they formalise the status quo which is being operated by NGC ie. this would result in the inclusion of the OC2 derived surplus data in the BSC, Code Subsidiary Documents and other configurable items.

The Modification Group's terms of reference should include the examination of the various solutions to determine the preferred approach, taking into account the impact of NGC continuing to operate to the status quo.

ANNEX 1 – MODIFICATION PROPOSAL – P33

Modification Proposal	MP No: P33 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Rectification of inconsistencies in terminology between the BSC and Grid Code OC2	
Submission Date <i>(mandatory by proposer):</i> 10/08/01	
Description of Proposed Modification <i>(mandatory by proposer):</i> National Grid has recently identified that we are inadvertently providing an incorrectly labelled data item to the BMRS forecast pages. This is due to inconsistencies in terminology between the Grid Code OC2 data we have produced since privatisation and the requirements of the BSC. This confusion is compounded by nomenclature differences between the BSC and the BMRS Forecast and Help pages. This modification seeks to resolve all these issues, and remove any potential misunderstanding by the provision of an additional data item on the BMRS.	
Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i> National Grid has recently identified differences in terminology between the BSC, BMRS and Grid Code OC2 that means that we are currently providing incorrectly labelled data to the BMRS Forecast pages. The problem occurs because the BSC refers to a "Generating Plant Demand Margin" and the Grid Code refers to "Surplus". Unlike "Generating Plant Demand Margin", "Surplus" takes National Grid's Operating Plant Margin into account. This margin represents the additional generation over and above the demand that is needed in reality to ensure that the demand can be met. At present we are providing the OC2-derived Surplus data to the BMRS. To resolve this discrepancy we propose that both Surplus and Generating Plant Demand Margin data is provided in future on the BMRS. This will require the definition of the additional term Surplus within the BSC. For consistency this will need to be given an identical interpretation to that in OC2 of the Grid Code. In addition we have noted that inconsistencies in the labelling of the BMRS 2-14 Day, and 2-52 Week Ahead Forecast and Help pages also need resolving. These currently refer to "National Margin Based on OC2" instead of the correct BSC definition "Generating Plant Demand Margin". Attached to this Modification is a supporting note that provides further details.	
Impact on Code <i>(optional by proposer):</i> The introduction to Table X-1 of a definition of the term Surplus to read 'Surplus generation after allowances for Demand, National Grid's Operating Plant Margin, Plant outages and Breakdown have been subtracted'. In terms of calculating numerical values this will be (Generating Plant Demand Margin)-(National Grid's Operating Plant Margin). Modification of Section V to reflect the introduction of the term 'Surplus' and its inclusion on the BMRS display.	
Impact on Core Industry Documents <i>(optional by proposer):</i> Consistency achieved between the Grid Code and BSC.	

Modification Proposal	MP No: P33 <i>(mandatory by BSCCo)</i>
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i>	
Modification to National Grid's software that provides data to the BMRS. Modification to the BMRS Forecast displays to include a graphical display of Surplus and Generation Plant Demand Margin, for both 2-14 day and 2.52 week timescales. Rationalisation of the BMRS labelling of variables on both the Forecast and Help pages.	
Impact on other Configurable Items <i>(optional by proposer):</i>	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i>	
The modification will provide clarity and ensure that there is consistency between the Grid Code and BSC. It will remove the existing data error, and ensure the consistent information is sent to generators (via OC2) and BM participants (via the BMRS), thereby eliminating any confusion. This also improves transparency of information to all market participants. This therefore fulfils the BSC Objective of promoting effective competition in the sale and purchase of electricity.	
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Attachments: YES	
If Yes, Title and No. of Pages of Each Attachment:	
"BSC Modification – Rectifying Grid Code / BSC Inconsistencies – Supporting Notes" (2 pages)	

BSC Modification – Rectifying Grid Code / BSC Inconsistencies

Supporting Notes

Background

Since the introduction of NETA National Grid has been sending Generation Margin Information to the BMRS Forecast pages. We have recently realised that the data we have been providing, which is an output from our Grid Code OC2 process, is not what is required by the BSC due to detailed differences in terminology between the Grid Code and the BSC. This problem is compounded by nomenclature discrepancies between the BMRS Forecast and Help pages, and the BSC itself. This modification seeks to rectify all these issues, and therefore remove the associated ambiguity.

These supporting notes provide a detailed description of the problem.

Definitions

OCNMFD, **Generating Plant Demand Margin**. (BSC) “Has the meaning given to that term in OC2 of the Grid Code.”

Generating Plant Demand Margin (Grid Code) “The difference between Output Useable and Forecast Demand.”

OU, **Output Useable** (Grid Code) “That portion of Registered Capacity which is not unavailable due to a Planned Outage or Breakdown.”

Grid Code **OC2.4.1.2.3(b)** and **OC2.4.1.2.4(c)** state “NGC will assess whether the estimates of Output Useable supplied by generators are sufficient to meet forecast NGC demand plus the Operational Planning Margin.”

Operational Planning Margin (Grid Code) “An Operational Planning Margin set by NGC.” Effectively this is the additional generation over and above the demand that is needed in reality to ensure that the demand can be met in real time.

Current Situation

The Pre-NETA market information systems, for timescales 2 days to 5 years ahead, are detailed in the Grid Code OC2. These are still required and are being completed in line with the requirements. Effectively, the Grid Code requires National Grid to produce “*MW shortfalls and surpluses* and potential export limitations both nationally and for zonal groups”. These surpluses/shortfalls are not formally defined in the Grid Code. However they are referred to in Grid Code OC2.

The current practice which is understood and accepted by OC2 recipients, is that MW figures of “Surplus” generation take into account allowances for generation plant outages and breakdown, demand, and *National Grid’s Operating Plant Margin*.

The BMRS Forecast pages currently display two values on each of the 2-14 day and 2-52 week pages. These are:

- 1) “Demand” - No issues.
- 2) “National Margin based on OC2” – This variable is called OCNMFD for 2-14 day and OCNMFW for 2-52 week.

The BSC calls OCNMFD the “Generation Plant Demand Margin” and references Grid Code OC2 for a formal definition. In the Grid Code this is defined as the difference between Generation Registered Capacity and demand after allowances for Plant Outages and Breakdown have been removed. The conflict arises because the OCNMFD, (and OCNMFW) data being sent to the BMRS is in fact OCNMFD (or OCNMFW dependant on timescale)

minus National Grid's Operational Planning Margin. In the Grid Code this item is called "Surplus".

Further ambiguity exists because the OCNMFD, (and OCNMFW) variables have different names in the BSC and on the BMRS Forecast and Help pages. These are summarised below:

BSC refers to	"Generation Plant Demand Margin"
BMRS Forecast Pages refers to	"National Margin based on OC2"
BMRS Help pages refer to	"National Margin", (amongst other terms)

Resolution

In order to remove any misunderstanding between conflicting data items being distributed via Grid Code OC2 and the BMRS Forecast pages, National Grid proposes that both "Generating Plant Demand Margin" and "Surplus" data are provided via the BMRS in future. The alternative would be to provide correct "Generating Plant Demand Margin" data as is required by the BSC. However National Grid feels that this may result in market confusion, particularly since there is a likelihood that real time system warnings will be in force whilst the Generation Plant Demand Margin indicates a significant positive margin. This is because this parameter does not include our Operating Plant Margin, which is the additional generation over and above the demand that we need available to ensure that the demand can be met.

It is therefore proposed that the information sent to the BMRS be modified to include the true BSC definition of OCNMFD together with generation "Surplus" data. The term Surplus would also need to be defined in the BSC, and be given the same meaning / interpretation as that under Grid Code OC2. Notes on the BMRS Help pages would also require updating so that all users are fully aware of the differences between the two. This will achieve:

- Consistency between BSC and OC2.
- OCNMFD would be correctly displayed on the BMRS.
- Clarity of information presented to market participants.

Software modifications will be required by both NGC and Logica to achieve these changes.