

ANNEX A – PROPOSED TEXT TO MODIFY THE CODE

SECTION Q

The following paragraph 5.6A shall be inserted in Section Q:

5.6A **System Fault-affected Period**

5.6A.1 For the purposes of Section Q:

- (a) an "**Eligible BM Unit**" is:
 - (i) a Production BM Unit comprising only CVA Metering System(s) and for which at the relevant time the provisions of Section Q3 applied; and
 - (ii) for which there is no agreement in place for the provision of any compensation or the making of any payment by the Transmission Company to the Lead Party of the BM Unit in consequence of a System Fault (save under paragraph 9A.2).
- (b) a "**System Fault**" is:
 - (i) a de-energisation of Plant or Apparatus forming part of the Transmission System (except where caused by the operation of an intertrip in the circumstances described in BC2.5.2.3 of the Grid Code or resulting from the planned outage of any Plant or Apparatus co-ordinated by the Transmission Company in accordance with the Grid Code);
 - (ii) where such de-energisation causes a loss of one or more connections between the Transmission System and:
 - (1) an Eligible BM Unit directly connected to the Transmission System;
 - (2) a Distribution System to which an Eligible BM Unit is connected; and
 - (iii) where such loss of connection causes a deviation in the Active Energy Export level of that BM Unit from its prevailing Physical Notification level except to the extent:
 - (1) an Acceptance was issued in respect of that BM Unit and the deviation was consistent with that Acceptance;
 - (2) the deviation occurred during a Black Start Period;
- (c) a "**System Fault-affected BM Unit**" is an Eligible BM Unit which has been affected in the manner described in paragraph (b);
- (d) in relation to a System Fault-affected BM Unit:

- (i) the "**System Fault-affected Period**" is the period of time determined by the Transmission Company and notified to BSCCo, being the continuous period of time:
 - (1) commencing with (and including) the Settlement Period in which the System Fault first affected that BM Unit; and
 - (2) ending with (and including) the Settlement Period immediately prior to the first Settlement Period following the System Fault at the start of which the Lead Party was permitted (after taking account of the BM Unit's prevailing Dynamic Data Set) under the Grid Code to operate Plant comprised in that BM Unit at its prevailing Physical Notification level for that Settlement Period; and
- (ii) a "**System Fault-affected Settlement Period**" is a Settlement Period falling within a System Fault-affected Period.

5.6A.2 Where in the reasonable opinion of the Transmission Company a System Fault has occurred the Transmission Company shall notify BSCCo of:

- (a) the System Fault-affected BM Unit; and
- (b) the System Fault-affected Settlement Periods

as soon as reasonably practicable after the commencement of each System Fault-affected Period and for the purposes of the further provisions of this paragraph 5.6A a reference to a System Fault-affected BM Unit is to a BM Unit in respect of which the Transmission Company has given notification to BSCCo under this paragraph 5.6A.2.

5.6A.3 In relation to the Lead Party of a System Fault-affected BM Unit and each System Fault-affected Settlement Period, the Transmission Company shall notify to BSCCo data equivalent to and to be treated, for the purposes of Settlement, as Energy Contract Volume Data as soon as reasonably practicable after such data is available to the Transmission Company and, for these purposes:

- (a) the Energy (From) Account shall be one of the TC (Non-IEA) Energy Accounts as specified by the Transmission Company in such notification;
- (b) the Energy (To) Account shall be the corresponding Energy Account (in accordance with Section X2.2.3(d)) of the Lead Party of the System Fault-affected BM Unit, or such other corresponding Energy Account as the Lead Party may (with the assent of the Trading Party holding such Energy Account) nominate to the Transmission Company;
- (c) the quantity of Active Energy (expressed in MWh) shall be the greater of:
 - (i) the difference between:
 - (1) the quantity of Active Energy to be Exported from the Plant or Apparatus comprised in the System Fault-affected BM Unit as implied from the Final Physical Notification Data for that BM Unit for that Settlement Period (applying the relevant conventions under the Code and adjusted to take account of any Acceptances); and

- (2) the BM Unit Metered Volume for the System Fault-affected BM Unit or, if greater, the BM Unit Metered Volume that could be expected for the System Fault-affected BM Unit were that BM Unit to operate at the level permitted (after taking account of the BM Unit's prevailing Dynamic Data Set) under the Grid Code; and
 - (ii) zero;
 - (d) such notification shall be considered to be additional to any other relevant Energy Contract Volume Notifications relating to the System Fault-affected Settlement Period.
- 5.6A.4 The Transmission Company and the Lead Party of each BM Unit associated with a System Fault shall do such further things as BSCCo may reasonably request in order to give effect to the intent of this paragraph 5.6A (including, if so requested, the submission of a relevant ECVNA Authorisation).
- 5.6A.5 BSCCo shall ensure that data provided by the Transmission Company pursuant to paragraph 5.6A.3 is sent to the relevant BSC Agents as soon as reasonably practicable, and such data shall be taken into account in the next Settlement Run for the relevant System Fault-affected Settlement Period following receipt of such data by the relevant BSC Agents.
- 5.6A.6 For the avoidance of doubt, Settlement Runs in relation to System Fault-affected Settlement Periods shall be carried out without the data referred to in paragraph 5.6A.3 until such data is provided to the relevant BSC Agents, and no Trading Dispute may be raised in respect thereof merely by virtue of the absence of such data (unless such absence constitutes a breach of paragraph 5.6A.3).
- 5.6A.7 In relation to the Lead Party of a System Fault-affected BM Unit, the existence of a System Fault-affected Period which is known to BSCCo shall, if BSCCo considers appropriate, be deemed to constitute such a material doubt as is referred to in, and for the purposes of, Section M3.4 (but no Trading Dispute may be raised in relation to the calculation of such Lead Party's Credit Cover Percentage by virtue of any matter referred to in this paragraph 5.6A and such Lead Party shall not be entitled to any Credit Cover Error Compensation in respect thereof).

The following new paragraph 9A shall be inserted in Section Q:

9A. COMPENSATION FOR SYSTEM FAULTS

9A.1 Claims for compensation for Eligible BM Units

- 9A.1.1 The Lead Party of an Eligible BM Unit shall be entitled to make a claim for compensation to be established pursuant to paragraph 9A.2 in respect of such BM Unit and each System Fault-affected Settlement Period provided the Lead Party has demonstrated, to the satisfaction of the Panel:
 - (a) where in the opinion of the Lead Party the BM Unit is a System Fault-affected BM Unit and the Transmission Company has not given notification to BSCCo under paragraph 5.6A.2, that a System Fault occurred and the BM Unit is a System Fault-affected BM Unit;

- (b) (without prejudice to the compensation to be established pursuant to paragraph 9A.2) it suffered a material loss, which it could not reasonably have avoided, as a result of the System Fault affecting the System Fault-affected BM Unit; and
- (c) the condition in paragraph 5.6A.1(a)(ii) is satisfied.

9A.1.2 Where the Lead Party wishes to make a claim for compensation, it shall submit a notice in writing to BSCCo within 20 Business Days:

- (a) if paragraph 5.6A.3 applied, after the Settlement Run referred to in Section 5.6A.5;
- (b) if paragraph 5.6A.3 did not apply, after the Initial Settlement Run

together with a statement, explanation and such supporting evidence as the Lead Party considers appropriate in order to demonstrate the matters referred to in paragraph 9A.1.1.

9A.1.3 The Panel shall determine whether the Lead Party has demonstrated the matters referred to in paragraph 9A.1.1 and the Panel's determination shall be final and binding.

9A.1.4 For the purposes of paragraph 9A.1.3:

- (a) (without prejudice to the Lead Party's responsibility to demonstrate the matters referred to in paragraph 9A.1.1, the Lead Party, the relevant Distribution System Operator(s) and the Transmission Company shall provide the Panel with such information as the Panel may reasonably request for the purposes of making its determination; and
- (b) if the Transmission Company concurs with the Lead Party's statement that no agreement of the kind referred to in paragraph 5.6A.1(a)(ii) is in place, such concurrence shall be taken as sufficient evidence for the purposes of paragraph 9A.1.1(c).

9A.1.5 BSCCo shall notify the Lead Party and the Transmission Company of the Panel's determination pursuant to paragraph 9A.1.3.

9A.1.6 If the Panel determines that the Lead Party has demonstrated the matters referred to in paragraph 9A.1.1, the Panel shall establish the compensation due to the Lead Party pursuant to and in accordance with paragraph 9A.2.

9A.2 Establishment of compensation

9A.2.1 In this paragraph 9A.2:

- (a) the 'relevant' Lead Party is the Lead Party making a claim for compensation falling within this paragraph 9A.2 under any provision of the Code which provides for such claim to be made;
- (b) the 'relevant' BM Unit is the BM Unit of the Lead Party in respect of which such claim is made;
- (c) the 'relevant' Settlement Period or Periods is (or are) the Settlement Period(s) in respect of which such claim is made;

- (d) the 'relevant' event is the event or circumstance giving rise to such claim as described in the provision of the Code which provides for such claim to be made.

9A.2.2 This paragraph 9A.2 applies where a provision of the Code provides for the establishment of compensation pursuant to this paragraph 9A.2.

9A.2.3 Where this paragraph 9A.2 applies, the Panel shall determine, in respect of a relevant Lead Party, the amount of compensation due to the relevant Lead Party in respect of the relevant BM Unit and each relevant Settlement Period in accordance with the principles set out in paragraph 9A.2.4.

9A.2.4 The principles referred to in paragraph 9A.2.3 are:

- (a) the compensation shall reflect the amount of loss, in the Panel's opinion, suffered by the relevant Lead Party as a result of the relevant event;
- (b) the Panel may take into account the extent to which, in the Panel's opinion, the relevant Lead Party could reasonably have avoided such loss; and
- (c) in considering the amount of such loss and the extent to which it could reasonably have been avoided, the Panel shall have regard to:
 - (i) any Avoidable Costs lost or saved, in the Panel's opinion, as a result of the relevant matter;
 - (ii) any revenue which has, in the Panel's opinion, been foregone (having regard to relevant historical data) by virtue of the Lead Party's inability to provide balancing services via the relevant BM Unit to the Transmission Company as a result of the relevant event;
 - (iii) any Trading Charges incurred or saved by the Lead Party which would not have been incurred or saved but for the relevant event (including any Non-Delivered Offer or Bid Charges and having regard inter alia to whether or not paragraph 5.6A.3 applied).

9A.2.5 For the purposes of paragraph 9A.2.3, the relevant Lead Party, the relevant Distribution System Operator(s) and the Transmission Company shall provide the Panel with such information as the Panel may reasonably request for these purposes.

9A.2.6 The determination of the Panel pursuant to paragraph 9A.2.3 shall be final and binding.

9A.2.7 Where, in relation to a relevant Lead Party, the Panel has established the amount of compensation due to the relevant Lead Party pursuant to this paragraph 9A.2:

- (a) the relevant Lead Party shall be entitled to be paid by the BSC Clearer the sum, for all relevant BM Units and all relevant Settlement Periods relating to the claim, of the amounts of compensation determined by the Panel pursuant to paragraph 9A.2.3 together with interest at the Base Rate on each compensation amount from the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;

- (b) the Transmission Company shall be liable to pay to the BSC Clearer an amount equal to the sum payable to the relevant Lead Party under paragraph (a);
- (c) the amount of the entitlements and liabilities under paragraphs (a) and (b) shall be Ad-hoc Trading Charges for the purposes of Section N6.9;
- (d) BSCCo shall give such instructions to the FAA as are necessary to give effect to the payment of such Ad-hoc Trading Charges; and
- (e) any sum for which the Transmission Company is liable under paragraph (b) shall be treated (other than for Settlement purposes) as if it were a debit or credit (as the case may be) to the Daily System Operator BM Cashflow referred to in Section T1.2.2(b) for the Settlement Day in respect of which the Payment Date is the same as the Payment Date for such Ad-hoc Trading Charges.

Annex X-1

The following new definitions shall be inserted in alphabetical order in Annex X-1:

"Avoidable Costs":	has the meaning given to that term in Section G2.1;
"Eligible BM Unit"	has the meaning given to that term in Section Q5.6A.1;
"System Fault"	has the meaning given to that term in Section Q5.6A.1;
"System Fault-affected BM Unit":	has the meaning given to that term in Section Q5.6A.1;
"System Fault-affected Period":	has the meaning given to that term in Section Q5.6A.1;
"System Fault-affected Settlement Period":	has the meaning given to that term in Section Q5.6A.1;