Modification Proposal	MP No: P8
	(mandatory by BSCCo)

Title of Modification Proposal *(mandatory by proposer)*:

Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

Submission Date *(mandatory by proposer)*: 20 April 2001

Description of Proposed Modification *(mandatory by proposer)*:

The recent Modification (P3) implemented a Price Adjuster for System Sell Price and System Buy Price by altering the Balancing Services Adjustment Data Methodology and implementing workaround W024. This modification proposes to retain the same functionality, but to implement the Price Adjuster within the BSC and Elexon's central systems. This would be achieved by removing Option Fees from the calculation of Buy Cost Adjustment and Sell Cost Adjustment as described in the Balancing Services Adjustment Data Methodology. Two new variables are then introduced, Buy Price Price Adjuster and Sell Price Price Adjuster. These variables are calculated by dividing the option fees by the total contracted capability. The Price Adjusters are then added on to the System Buy Price or System Sell Price. This modification will need to be mirrored by a corresponding change to the Balancing Services Adjustment Data methodolgy.

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

The setting of System Buy Price and System Sell Price was originally defined in the BSC and calculated using the audited central systems. The price adjuster was subsequently implemented via the Balancing Services Adjustment Data and workaround W024 as this change could be implemented more quickly. This modification would restore the original intention of imbalance prices being defined in the BSC and calculated by the central systems.

Impact on Code *(optional by proposer)*:

Modifications required to definition of System Buy Price and System Sell Price in Section T Paragraph 4.4 of the Code with coresponding changes to the glossary.

Impact on Core Industry Documents *(optional by proposer)*:

None

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

The software calculating System Sell Price and System Buy Price and the form of the Balancing Services Adjustment Data will need altering.

Impact on other Configurable Items *(optional by proposer)*:

National Grid's Balancing Services Adjustment Methodology Statement will also be need to be changed.

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

This proposal improves the transparancy of calculating System Sell Price and System Buy Price and moves the process into the central systems. It therefore meets the objective of "promoting efficiency in the implementation and administration of the balancing and settlements arrangements."

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Details of Proposer:

Name: John Greasley

Organisation: National Grid

Telephone Number: 024 7642 3190

Email Address: john.greasley@uk.ngrid.com

Details of Proposer's Representative:

Name: John Greasley

Organisation: National Grid

Telephone Number: 024 7642 3190

Email Address: john.greasley@uk.ngrid.com

Details of Representative's Alternate:

Name: Mike Calviou

Organisation: National Grid

Telephone Number: 024 7642 3958

Email Address: mike.calviou@uk.ngrid.com

Attachments: NO

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