

ALTERNATIVE MODIFICATION PROPOSAL LEGAL DRAFTING

Section K (V7.0)

Amend paragraph 3.2.3 as follows:

3.2 Registration of BM Units

3.2.3 A Party may apply to register a BM Unit by submitting a registration application to the CRA specifying:

- (a) the identity of the applicant Party;
- (b) the date with effective from which the applicant wishes the registration to be effective;
- (c) the estimated amounts referred to in paragraph 3.4.1 (for the purposes of establishing the Generation Capacity and the Demand Capacity), and the estimated amount referred to in paragraph 3.4A (for the purposes of establishing the Exemptable Capacity) for the proposed BM Unit;
- (d) the CVA metering Systems associated with the proposed BM Unit.

Amend paragraph 3.3.1 and 3.3.2 as follows:

3.3 Supplier BM Units

3.3.1 Each Supplier shall:

- (a) automatically be registered as holding one BM Unit for each GSP Group, irrespective of whether it has any Registered SVA Metering Systems in the GSP Group (and, for the purposes of this paragraph (a), a Party shall be deemed to have applied for such registrations upon applying to register itself as a Supplier pursuant to Section A4); and
- (b) (i) notify the estimated amounts (for the purposes of establishing the Generation Capacity and Demand Capacity) for each such BM Unit in accordance with paragraph 3.4.2(a) at or before the registration of such BM Unit, provided that if such Supplier fails to notify such amounts as required by this paragraph (b)(i), it shall be deemed to have notified a value of zero for each such amount (but without prejudice to paragraph 3.4.2(c)); and
(ii) notify the estimated amount (for the purposes of establishing the Exemptable Capacity) for each such BM Unit in accordance with paragraph 3.4A.3(b) at or before the registration of such BM Unit, provided that if such Supplier fails to notify such amounts as required by this paragraph (b)(ii), it shall be deemed to have notified a value of zero for each such amount (but without prejudice to paragraph 3.4A.3(b)(iii)).

3.3.2 In addition, a Supplier may apply to register a BM Unit associated with a GSP Group by giving notice to the CRA specifying:

- (a) the identity of the Supplier;
- (b) the GSP Group with which the BM Unit is to be associated;
- (c) the date with effect from which the BM Unit is to be established;

- (d) the estimated amounts referred to in paragraph 3.4.1 (for the purposes of establishing the Generation Capacity and the Demand Capacity) for the proposed BM Unit)- and the estimated amount referred to in paragraph 3.4A (for the purposes of establishing the Exemptable Capacity) for the proposed BM Unit.

Insert new paragraph 3.4A as follows:

3.4A Exemptable Capacity

3.4A.1 Where the Lead Party of a BM Unit (except where such BM Unit is an Interconnector BM Unit within the meaning of paragraph 5.5) which includes Exemptable Generating Plant elects that the Exemptable Capacity of that BM Unit shall be taken into account for the purposes of Section T4.5A, such BM Unit shall be a relevant BM Unit for the purposes of this paragraph 3.4A; and a Party shall be taken to have made such election if (and only if) it has notified a value under paragraph 3.4A.3(b) and has not given notice to BSCCo that it wishes to withdraw such election. For the avoidance of doubt where no such election has been made the Exemptable Capacity shall be zero.

3.4A.2 For the purposes of this paragraph 3.4A:

- (a) in relation to each BSC Season, the exemptable capacity of the Exemptable Generating Plant is:
- (i) the declared net capacity (being the highest generation of electricity (at the main alternator terminals) in MW which can be maintained indefinitely without causing damage to such Exemptable Generating Plant) less so much of that capacity consumed by the plant, or
 - (ii) if less, the amount determined as E / SPD, where E is the highest actual output of electricity (at the main alternator terminals) in MWh of the Exemptable Generating Plant in any Settlement Period during that BSC Season, less so much of that output as is consumed by the Exemptable Generating Plant, as estimated before the relevant BSC Season by the relevant Lead Party in accordance with paragraph 3.4A.3(a), subject to paragraph 3.4A.4
in each case, expressed as a value at (that is, adjusted for losses downstream of) the relevant Boundary Point;
- (b) the relevant Lead Party in relation to the Exemptable Generating Plant is the Lead Party of the BM Unit which includes such plant, subject to paragraph (d);
- (c) the "Exemptable Capacity" of a relevant BM Unit is the sum of the exemptable capacities for all Exemptable Generating Plant included in that BM Unit, subject to paragraph (d);
- (d) where there is a Shared SVA Meter Arrangement in relation to a Metering System for Exports of an Exemptable Generating Plant:
- (i) references to the relevant Lead Party are to the Lead Parties of each BM Unit which comprises such Metering System, acting jointly; and
 - (ii) the exemptable capacity of such Exemptable Generating Plant shall be allocated (in determining the Exemptable Capacity of each such plant) in such proportions (fixed for each BSC Season, and aggregating unity) in accordance with BSCP550 and (if BSCCo so requires) notified to BSCCo before the BSC Season;

- (e) Exemptable Generating Plant may not be treated as included in a BM Unit for the purposes of this paragraph 3.4A unless such Exemptable Generating Plant:
- (i) is, in normal circumstances, in operation; and
 - (ii) (for the avoidance of doubt) when in operation, is connected to the Total System.

3.4A.3 The Lead Party of each relevant BM Unit shall:

- (a) determine in good faith and exercising judgement in accordance with Good Industry Practice what it considers to be the Exemptable Capacity of the BM Unit, and
- (b) notify the value so determined to the CRA:
 - (i) initially, at the time of registration of the BM Unit under paragraph 3.2 or 3.3;
 - (ii) not later than the time specified in BSCP 15 in the BSC Season preceding the relevant BSC Season; and
 - (iii) as soon as reasonably practicable after the Lead Party becomes aware that, or ought reasonably to have become aware that the Exemptable Capacity of the BM Unit has changed in respect of a relevant BSC Season, provided that the Lead Party shall have no obligation to submit a revised estimate of any such amount more than 20 Business Days after the Initial Settlement Run in respect of the last Settlement Period in that BSC Season;

and the Exemptable Capacity of that BM Unit shall be the value so notified, subject to paragraph 3.4A.4.

3.4A.4 If the Panel has particular grounds on which to do so, the Panel may take any steps available to it to investigate and verify any value notified (in relation to any BSC Season) under paragraph 3.4A.3(b) by the Lead Party, and (if the Panel requests) the Lead Party, the Transmission Company and the relevant Licensed Distribution System Operator shall cooperate with the Panel in such investigation; and following such investigation the Panel may require the Lead Party to redetermine such value, and such redetermined value shall apply in relation to the BSC Season in question (including all or any part of that season which is past).

Amend paragraph 5.5.3 as follows:

5.5 Interconnector BM Units

5.5.3 Any Trading Party may apply to register Interconnector BM Units in relation to an Interconnector, and paragraph 3.2.3 to 3.2.8 shall apply in relation to such application and registration, subject as follows:

- (a) the Party shall identify the Interconnector in its registration application;
- (b) the requirement (to identify the associated Metering Systems) in paragraph 3.2.3(d) shall not apply;
- (c) the requirements referred to in paragraph 3.2.6 shall be replaced by the requirements in paragraph 5.5.4-;
- (d) the requirement in relation to Exemptable Capacity as referred to in paragraph 3.2.3(c) shall not apply.

Section T (V8.0)

Insert new paragraph 4.4A as follows:

4.4A Determination of System Neutral Price

4.4A.1 In respect of each Settlement Period the System Neutral Price (SNP_j) will be determined as follows:

- (a) if the Net Imbalance Volume is zero or a negative number, SNP_j shall be equal to SBP_j;
- (b) if the Net Imbalance Volume is a positive number, SNP_j shall be equal to SSP_j;

Insert new paragraph 4.5A as follows:

4.5A Determination of Account Exemptable Imbalance Volume QAEC_{aj}

4.5A.1 In respect of each Settlement Period, for each Energy Account of a Party, the Account Exemptable Imbalance Volume QAEC_{aj} will be determined as follows:

$$\text{QAEC}_{aj} = \sum_j \text{EC}_{ij} * \text{SPD}$$

where \sum_j represents the sum over all BM Units for which that Party is the Lead Party and has made an election under Section K3.4A.1 and for which that Energy Account is the corresponding Energy Account.

Delete existing paragraph 4.7.1 and replace with the following:

4.7 Determination of Energy Imbalance Cashflows (CAEI_{aj} and TCEI_j)

~~4.7.1 In respect of each Settlement Period, the Account Energy Imbalance Cashflow for each Energy Account, other than the TC (Non-IEA) Energy Accounts held by the Transmission Company, will be determined as follows:~~

~~$$\text{if } \text{QAEL}_{aj} > 0 \text{ then } \text{CAEI}_{aj} = \text{QAEL}_{aj} * \text{SSP}_j$$~~

~~$$\text{otherwise } \text{CAEI}_{aj} = \text{QAEL}_{aj} * \text{SBP}_j$$~~

~~In respect of each Settlement Period, the Account Energy Imbalance Cashflow for each Energy Account held by the Transmission Company will be determined as follows:~~

~~$$\text{CAEI}_{aj} = 0$$~~

In respect of each Settlement Period, the Account Energy Imbalance Cashflow for each Energy Account, other than the TC (Non-IEA) Energy Accounts held by the Transmission Company, will be determined as follows:

- (a) if QAEL_{aj} > QAEC_{aj}

then:

$$\underline{CAEI_{aj} = - \{ (QAEL_{aj} - QAEC_{aj}) * SSP_j \} - (QAEC_{aj} * SNP_j)}$$

(b) if $QAEC_{aj} \geq QAEL_{aj} \geq -QAEC_{aj}$

then:

$$\underline{CAEI_{aj} = -QAEL_{aj} * SNP_j}$$

(c) otherwise:

$$\underline{CAEI_{aj} = - (QAEL_{aj} + QAEC_{aj}) * SBP_j + QAEC_{aj} * SNP_j}$$

In respect of each Settlement Period, the Account Energy Imbalance Cashflow for each Energy Account held by the Transmission Company will be determined as follows:

$$\underline{CAEI_{aj} = 0}$$

ANNEX X-2 (V10.0)**Table X-2***Insert new defined terms as follows*

<u>Defined Term</u>	<u>Acronym</u>	<u>Units</u>	<u>Definition/Explanatory Text</u>
<u>System Neutral Price</u>	<u>SNP_j</u>	<u>£/MWh</u>	<u>The amount determined in accordance with section T4.4A.</u> <i>[The Neutral Price is the price applied to energy imbalance falling within the Account Exemptable Imbalance Volume for a Party]</i>
<u>Exemptable Capacity</u>	<u>EC_{ij}</u>	<u>MW</u>	<u>In relation to a BM Unit and a Settlement Period, the Exemptable Capacity for the BSC Season in which that Settlement Period falls as determined in accordance with Section K3.4A.</u> <i>[The Exemptable Capacity is the amount of exemptable generation within a BM Unit.]</i>
<u>Account Exemptable Imbalance Volume</u>	<u>QAEC_{aj}</u>	<u>MWh</u>	<u>The amount determined in accordance with Section T4.5A.</u> <i>[The Account Exemptable Imbalance Volume, is the maximum amount of energy imbalance for a Party to be cashed out at the System Neutral Price]</i>

Table X-3*Insert new acronyms as follows:*

<u>Acronym</u>	<u>Units</u>	<u>Corresponding Defined Term or Expression</u>
<u>SNP_j</u>	<u>£/MWh</u>	<u>System Neutral Price</u>
<u>EC_{ij}</u>	<u>MW</u>	<u>Exemptable Capacity</u>
<u>QAEC_{aj}</u>	<u>MWh</u>	<u>Account Exemptable Imbalance Volume</u>