

<b>Modification Proposal – BSCP40/03</b>	MP No: P233 <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal</b> <i>(mandatory by originator):</i> Housekeeping Modification - Correction of SSL References, Letters of Credit, Definitions in Section X and Manifest Errors in P215 Legal Text	
<b>Submission Date</b> <i>(mandatory by originator):</i> 12 March 2009	
<b>Description of Proposed Modification</b> <i>(mandatory by originator)</i>  Under Section F2.1.1 (d) (iv) of the BSC, BSCCo can recommend a Modification Proposal to the Panel to rectify manifest errors, to correct minor inconsistencies and/or make other minor consequential changes to the BSC.  BSCCo recommends that such a modification be made to address the following manifest and clarification changes: <ul style="list-style-type: none"> <li>• replace references to the SVAA Service Lines with BSC Service Description;</li> <li>• update the current form of Letter of Credit</li> <li>• amend the code to include the two additional forms of Letter of Credit;</li> <li>• include the definition for two previously defined terms in Annex X-2 Table 6; and</li> <li>• correct manifest errors in the P215 Code text.</li> </ul>	
<b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> <i>(mandatory by originator)</i>  <u><b>Replacement of the references to the SVAA Service Lines (SSLs) with the BSC Services Description for the SVAA</b></u>  <u>Background</u>  BSC Service Descriptions set out the business requirements that BSC Agents, appointed by ELEXON, have to follow to meet their contractual obligations.  As Part of the ISIS BPO/Host procurement, ELEXON reviewed the documents detailing BSC Agent requirements. At this time it was determined that a new Supplier Volume Allocation Agent (SVAA) Service Description should be drafted to replace the existing seven SVAA Service Lines (SSLs).  The SVAA Service Description contains no new obligations or requirements. It is simply an amalgamation of the requirements in the existing seven SSLs  Adopting the SVAA Service Description will ensure that all the service requirements for all BSC Agents are set out in a consistent manner as established in the BSC Architectural Principles. It will also mean that interested Parties/Party Agents will only need to look in one document to see the requirements that the SVAA have to meet.  The SVAA Service Description would be a Category 2 configurable item (as defined in BSCP40), and any future changes would be under the responsibility of the Supplier Volume Allocation Group (SVG).  <u>Required Changes</u>  The new BSC Service Description for the SVAA will replace the seven existing SVAA Service Lines. The references to the SVAA Service Lines in Section S will need to be replaced with the BSC Service Description. In addition the defined term 'SVAA Service Line' will require removal from Annex X-1 as it will not be in use in Section S as a result of the above, and is not used anywhere else within the BSC.	

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(mandatory by BSCCo)**Letter of Credit****Background**

To lodge Credit with the Funds Administration Agent (FAA), Parties have two options. They can either lodge cash or submit a Letter of Credit.

At the December 2008 Panel meeting ELEXON presented a paper ([150/09](#)) that proposed introducing two new forms of Letters of Credit to accompany the existing Letter of Credit as set out in Annex M-1 of the Code. The Panel is permitted by the Code to change the accepted form of Letter of Credit. The existing Letter of Credit in Annex M-1 is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, ICC Publication No. 500 (UCP500). Although UCP500 is still accepted when presented to banks, it is now being superseded by new rules governing Letters of Credit. The Panel was presented with a Letter of Credit subject to the Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No.600 (UCP600) and an alternate Letter of Credit subject to International Standby Practices 1998 published by the International Chamber of Commerce (ISP98).

The Panel approved the use of UCP600 and approved the use of ISP98 as an alternative. The Panel also determined that the use of UCP500 would remain valid. The Panel also endorsed our intention to raise a housekeeping Modification to amend Section M to include the two new forms of Letter of Credit.

**Required Changes**

The Letters of Credit UCP600 and ISP98 will be included in the code as Annex M-2 and Annex M-3 respectively. This approach is recommended for consistency reasons and to avoid parties being confused as to the Section M requirements.

In addition, Annex M-1 requires amendment to provide consistency and clarity between it, and UCP600 and ISP98. A typographical error also requires correcting. This error was introduced during the implementation of P214, (i.e. the date reference relating to UCP500 was inadvertently changed from 1993 to 1997).

**Addition of two previously defined terms in Section X****Background**

In Annex S-2, paragraphs 6.4 and 6.5 refer to two capitalised terms 'Specimen Settlement Day' and 'Replica Settlement Day'. The paragraphs were transferred directly from the Pooling and Settlement Agreement at NETA Go-Live, but the definitions were not and thus not included in Section X. As a result of this, the two terms are not defined anywhere in the BSC.

It has been identified that 'Replica Settlement Day' is already found in Annex X-1. However the term provided, is only a reference to paragraph 6.4.7 of Annex S-2. The reference itself does include 'Replica Settlement Day' but rather than providing a definition, explains how it is used. Therefore the Replica Settlement Day in Annex X-1 should be removed to avoid confusion with the actual definition which will go into Annex X-2 Table X-6.

**Required Changes**

ELEXON will add the following definitions to Annex X-2, Table X-6:

- **Replica Settlement Day:** In relation to a Settlement Day, a Settlement Day having the same

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attributes as that Settlement Day including Clock Change.

- **Specimen Settlement Day:** In relation to any Settlement Day, a Settlement Day, a Settlement Day having the same attributes as that Settlement Day other than a Clock Change.

The definitions should be included in Annex X-2 Table X-6, as the terms are only used in Section S, and table 6 in Annex X-2 provides definitions for Defined Terms specifically for Section S.

**Manifest Errors in P215 Legal Text****Background**

ELEXON identified two manifest errors in the Approved P215 legal text which is to be implemented as part of the June 2009 Release on 25 June 2009.

The manifest errors relate to a part of the P215 legal text that seeks to describe the new Metered Energy Indebtedness (MEI) calculation which will be used in the BSC credit arrangements.

The aim of the MEI calculation is to improve the accuracy of the Energy Indebtedness calculation by using Half Hourly metered volume data from the Central Data Collection Agent (CDCA) in relation to those Credit Qualifying BM Units for which, the data is routinely available. The resulting energy volume is referred to as Metered Credit Assessment Credited Energy Volume (MAQCE).

Where metered data is not available, less accurate data (based on Final Physical Notifications) may be used. The less accurate data is referred to as Credit Assessment Credited Energy Volume (CAQCE).

The manifest error in Section M Paragraph 1.2.4B(b), forces the BSC to mix the less accurate CAQCE data with the more accurate MAQCE data. The intention of P215 is to use the more accurate data whenever possible.

**Required Changes**

The formula in Section M1.2.B(b) concerns the allocation of the Metered Credit Assessment (MAQCE) of a BM Unit between the Lead Energy Account and the Subsidiary Energy Accounts. Therefore the reference should be to the quantity MAQCE. The manifest error in this formula forces the BSC to mix the less accurate CAQCE data with the more accurate MAQCE data and is inconsistent with P215's aim of using the more accurate data when it is available.

The formula in Section M 1.2.4B(c) is to be used only when the more accurate MAQCE data is unavailable. The corrected version of Paragraph 1.2.4B(c), says that when the better data is not available, then the potentially less accurate CAQCE should be substituted.

**Impact on Code** *(optional by originator)*

The proposed Modification will make clarification and consequential changes to:

- Section S;
- Section M;
- Section M, Annex M-1; and
- Section X, Annex X-1
- Section X, Annex X-2.

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<b>Impact on Core Industry Documents or System Operator-Transmission Owner Code</b> <i>(optional by originator)</i>  None	
<b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> <i>(optional by originator)</i>  None	
<b>Impact on other Configurable Items</b> <i>(optional by originator)</i> None	
<b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> <i>(mandatory by originator)</i>  By reducing the potential for confusion by addressing the issues above, ELEXON believes the Modification Proposals will promote transparency and efficiency and thereby better facilitates the achievement of Applicable BSC Objective (d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.	
<b>Urgency Recommended: No</b>	
<b>Justification for Urgency Recommendation</b> <i>(mandatory by originator if recommending progression as an Urgent Modification Proposal)</i>  N/A	
<b>Details of Proposer:</b>  <i>Name:</i>  <i>Organisation</i> BSC Panel  <i>Telephone Number</i>  <i>Email Address</i>	

<b>Modification Proposal – BSCP40/03</b>	MP No: P233 <i>(mandatory by BSCCo)</i>
<b>Details of Proposer's Representative:</b>  <i>Name</i> Modification Secretary.  <i>Organisation</i> ELEXON  <i>Telephone Number</i> 020 7380 4337  <i>Email address</i> chris.rowell@elexon.co.uk	
<b>Details of Representative's Alternate:</b>  <i>Name</i> David Barber  <i>Organisation</i> ELEXON  <i>Telephone Number</i> 020 7380 4327  <i>Email address</i> david.barber@elexon.co.uk	
<b>Attachments:</b> Yes  <b>If Yes, Title and No. of Pages of Each Attachment:</b>  Attachment A: P233 Proposed Draft Legal Text (7 pages)	