

4.5. MP Form

Modification Proposal – BSCP40/03	MP No: 261 (mandatory by BSCCo)
Title of Modification Proposal (mandatory by originator): Correcting an omission in the BSC arising from the P216 Alternative Modification legal text	
Submission Date (mandatory by originator): 10 June 2010	
Description of Proposed Modification (mandatory by originator) <p>ELEXON has identified that the P216 ‘Audit of LLF Production’ Alternative Modification legal text did not fully reflect the intent of the approved P216 Alternative Modification solution. This Modification amends the BSC to fully reflect the intent of the approved P216 solution.</p> <p>The P216 Alternative Modification introduced 16 principles for the calculation, audit and approval of Line Loss Factors (LLFs) to ensure that LLFs used in Settlement are accurate and consistent. These principles are documented in BSCP128 ‘Production, Submission, Audit and Approval of Line Loss Factors’.</p> <p>Principle 15 states ‘No retrospective changes shall be made to approved site specific or generic LLFs other than to correct material manifest errors’. A material manifest error is ‘An unambiguous error in the application of the approved methodology, in the calculation input data or corruption of the LLF values in the submission process in such a way that there is a material impact on Settlement or a material impact to the advantage or detriment of the customer’. Principle 15 was clearly stated in the P216 Assessment Report, Final Modification Report and Authority decision letter (see ‘Justification for Proposed Modification’).</p> <p>However, principle 15 was not correctly reflected in the P216 Alternative Modification legal text. As a result, the BSC does not allow the Panel (as delegated to the Imbalance Settlement Group (ISG) and the Supplier Volume Allocation Group (SVG)) to correct material manifest errors going back to the start of a BSC year.</p> <p>The Proposed solution would amend the BSC to:</p> <ul style="list-style-type: none"> • Ensure no retrospective changes shall be made to approved site specific or generic LLFs <u>other than to correct material manifest errors</u>; • Where there is a material manifest error, such changes would: <ul style="list-style-type: none"> • only be made ‘mid-year’, i.e. back to the start of the BSC year (1 April) for which they are approved (i.e. a material manifest error identified in the BSC year running from 1 April 2010 to 31 March 2011 could be corrected back to 1 April 2010); • be allowed to be made back to 1 April 2010 for any material manifest errors identified before 1 April 2011; and • require Panel approval (as delegated to the ISG and SVG). 	

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<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i></p> <p>The P216 Alternative Modification clearly states (in the P216 Assessment Report, Final Modification Report and Authority decision letter) that ‘No retrospective changes shall be made to approved site specific or generic LLFs other than to correct material manifest errors’.</p> <p>However, the BSC, in effect, currently states ‘No retrospective changes shall be made to approved site specific or generic LLFs’.</p> <p>This is contrary to the approved P216 Alternative Modification and prevents the Panel (through the ISG and SVG) correcting LLF material manifest errors going back to the start of a BSC year. This error could impose significant unwarranted costs on Parties impacted by a material manifest error.</p> <p>One instance of a material manifest error has already arisen. ISG and SVG have agreed the prospective correction of 30 affected Site Specific LLFs under the BSCP128 processes (SVG112/01, ISG112/06). Currently, this material manifest error cannot be corrected back to 1 April 2010, meaning affected Parties will not be able to recover resultant costs or relieve any other impacts experienced since the current LLFs were introduced.</p> <p>This Modification seeks to amend the BSC to correctly reflect the intent of the approved P216 Alternative Modification solution. Any other changes to the LLF process are out of scope.</p>	
<p>Impact on Code <i>(optional by originator)</i></p> <p>Sections K would be impacted. Legal text detailing the proposed changes is attached.</p>	
<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code <i>(optional by originator)</i></p> <p>No impact.</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i></p> <p>No impact.</p>	
<p>Impact on other Configurable Items <i>(optional by originator)</i></p> <p>No impact.</p>	

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<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i></p> <p>The intent of the P216 Alternative Modification is clearly reflected in the Assessment Report, Final Modification Report and Authority decision letter:</p> <p><u>P216 Assessment Report</u></p> <p>“3.1 High level principles...</p> <p>15 No retrospective changes shall be made to approved site specific or generic LLFs other than to correct material manifest errors.”</p> <p>The Assessment Report also documents the Group’s consideration of principle 15 and the views of Assessment Procedure respondents (sections 5.2.1.43 to 5.2.1.45). Paragraph 5.2.1.43 states ‘The Group agreed that, once approved, LLFs should not be changed, <u>although it was noted that material errors should be corrected to protect Settlement accuracy</u>’.</p> <p><u>P216 Final Modification Report</u></p> <p>Principle 15 is stated in the Final Modification Report (section 1.1.1).</p> <p><u>P216 Authority decision letter</u></p> <p>The Authority decision letter explicitly recognises principle 15 as the high level LLF principles were attached to the letter.</p> <p>On that basis, the omission of part of principle 15 in the BSC is a <u>manifest error</u>. Under BSC Section F2.1.1 (d) (iv), ELEXON 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.</p> <p>We believe this Modification would better facilitate Applicable BSC Objective (d) ‘Promoting efficiency in the implementation and administration of the balancing and settlement arrangements’ as it would:</p> <ul style="list-style-type: none"> • allow the Panel (as delegated to the ISG and the SVG) to correct LLF material manifest errors going back to the start of a BSC year, as originally envisaged under P216; • clarify the provisions around LLF changes; • reduce the risk of Parties being confused about the LLF provisions; and • increase the efficiency of ELEXON’s administration of the LLF arrangements 	
<p>Urgency Recommended: No <i>(delete as appropriate) (optional by originator)</i></p>	

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Justification for Urgency Recommendation (mandatory by originator if recommending progression as an Urgent Modification Proposal)	
N/A	
Details of Proposer's Representative:	
<i>Name</i>	
<i>Organisation.....BSC Panel</i>	
<i>Telephone Number</i>	
<i>Email address</i>	
Details of Proposer's Representative:	
<i>Name.....Modification Secretary</i>	
<i>Organisation.....ELEXON</i>	
<i>Telephone Number.....020 7380 4337</i>	
<i>Email address.....chris.rowell@elexon.co.uk</i>	
Details of Representative's Alternate:	
<i>Name.....Andrew Wright</i>	
<i>Organisation.....ELEXON</i>	
<i>Telephone Number.....020 7380 4217</i>	
<i>Email address.....andrew.wright@elexon.co.uk.</i>	
Attachments: Yes (delete as appropriate) (mandatory by originator)	
P261 Attachment A: Draft Legal Text (5 pages)	