

Modification Proposal – BSCP40/03	MP No: P273
<p>Title of Modification Proposal</p> <p>Make the SVA Funding Share calculation robust to changes in Scaling Weights</p>	
<p>Submission Date:</p> <p>11 August 2011</p>	
<p>Description of Proposed Modification</p> <p>We propose to change Annex D-1, Annex S-2, and Tables X-5, X-6 and X-7 in Annex X-2 of the BSC, to ensure that the SVA Funding Shares calculation is robust to changes in GSP Group Correction Scaling Weights (WT_N).</p>	
<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i></p> <p>This Modification Proposal seeks to rectify a manifest error/minor inconsistency in the BSC, in accordance with the process described in Section F2.1.1(d)(iv). The Profiling and Settlement Review Group (PSRG) and the Supplier Volume Allocation Group (SVG) have asked us to bring the defect to the attention of the BSC Panel and to recommend that the Panel raises a Modification Proposal.</p> <p>The calculation of SVA Consumption Funding Shares ($FSCS_{pm}$) in Annex D-1 of the BSC currently assumes that Scaling Weights are zero for energy associated with Half Hourly metering. This assumption has been valid since the introduction of supply competition in 1998, but it will cease to be valid if non-zero Scaling Weights are introduced for Half Hourly (HH) GSP Group Correction. As HH metering becomes more prevalent, it becomes more likely that the Scaling Weights may need adjustment.</p> <p>The Panel has the ability to change the Scaling Weights without a Modification Proposal. It has delegated this ability to the SVG. Following the PSRG's recommendation, the SVG is currently discussing whether to introduce cost-reflective Scaling Weights (including non-zero values in the HH market) from 1 April 2012. Further details of the SVG's discussion are available on our website (SVG paper SVG122/09).</p> <p>Annex D-1 clearly states that the quantity $FSCS_{pm}$ is intended to be a measure of Non Half Hourly (NHH) consumption. The fact that the algebra in the calculation currently prevents this from being achieved if HH Scaling Weights are non-zero (even though this is allowed for in the BSC provisions for GSP Group Correction in section 9 of Annex S-2) is therefore clearly a manifest error/inconsistency. A technical change is required to the algebra in order to ensure that the algorithm continues to deliver the correct measure and is robust to any future changes in Scaling Weights.</p> <p>This Modification Proposal is not dependent on the outcome of the SVG's discussions regarding the introduction of new Scaling Weights, as it relates to an existing defect in the BSC. However, the SVG has asked that the defect be rectified before April 2012 so that, if it does decide to change the Scaling Weights in the future, the calculation remains robust.</p> <p>You can find further information in our attached Initial Written Assessment.</p>	
<p>Impact on Code <i>(optional by originator)</i></p> <p>Please see our attached draft legal text. You can find a detail explanation of the changes in our attached Initial Written Assessment.</p>	
<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code</p> <p>None.</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</p> <p>No impact on BSC Parties, as this Modification Proposal in itself will not alter Parties' SVA Funding Shares.</p> <p>We will make changes to the SVA Pool Application to give effect to the new definition. This will impact the Supplier Volume Allocation Agent (SVAA). It will not have any impact on BSC Parties or other BSC documentation.</p>	

Modification Proposal – BSCP40/03	MP No: P273
Impact on other Configurable Items <i>(optional by originator)</i>	
None.	
Justification for Proposed Modification with Reference to Applicable BSC Objectives	
We believe that the Modification Proposal better facilitates the achievement of BSC Objective (d). We believe it is self-evident that removing a manifest error/inconsistency in the Code better facilitates the efficiency of the BSC arrangements, by ensuring that the original intention of the BSC can be given effect and that the calculation of SVA Funding Shares remains robust to any future changes in Scaling Weights.	
Is there a likely material environmental impact?	
No.	
Urgency Recommended:	
No.	
Justification for Urgency Recommendation	
Not applicable.	
Self-Governance Recommended:	
Yes.	
Justification for Self-Governance Recommendation	
<p>We believe that the Modification Proposal fulfils the Self-Governance Criteria set out in Annex X-1 of the Code. It has no material impact on consumers, competition, the Transmission System or BSC governance.</p> <p>The Proposal seeks to correct a known manifest error/inconsistency, and enables the original intention of the BSC to be given effect in the event that the SVG separately decides to change the Scaling Weights. The Modification Proposal itself has no impact on Parties as it will not alter the SVA Funding Shares. Any future change to the Scaling Weights will be the subject of a separate industry consultation.</p>	
Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?	
Yes. This Modification Proposal has no interaction with any current Significant Code Reviews.	
Details of Proposer:	
<i>Name</i>	BSC Panel
<i>Organisation</i>	
<i>Telephone Number</i>	
<i>Email Address</i>	

Modification Proposal – BSCP40/03

MP No: P273

Details of Proposer's Representative:

Name Modification Secretary
Organisation ELEXON
Telephone Number 020 7380 4117
Email address adam.richardson@elexon.co.uk

Details of Representative's Alternate:

Name Adam Lattimore
Organisation ELEXON
Telephone Number 020 7380 4363
Email address adam.lattimore@elexon.co.uk

Attachments: Yes

Draft BSC legal text (4 pages)
Initial Written Assessment (10 pages)