

4.5. MP Form

Modification Proposal – BSCP40/03	MP No: P276 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal:	
Introduce an additional trigger/threshold for suspending the market in the event of a Partial Shutdown	
Submission Date: 30 th September 2011	
Description of Proposed Modification	
<p>We propose to introduce an additional trigger or threshold into the BSC, so that normal BSC market operations are only suspended in the event of a Partial Shutdown of the Transmission System where this additional BSC trigger or threshold is met. This will avoid automatically suspending the market following any small, localised shutdowns for which market suspension would be disproportionate.</p> <p>The BSC's Standing Issue 42 Workgroup recommended this solution.¹</p> <p>The Issue 42 Group discussed a number of potential triggers/thresholds. It did not have a strong preference between these and recommended that further analysis should be carried out under a Modification Proposal. To help us identify the appropriate threshold/trigger to apply under the Proposed Modification, we therefore propose that the Workgroup for this Modification Proposal undertakes further consideration (and, if appropriate, analysis) in this area. We agree with the Issue 42 Group's view that any trigger/threshold must be based on information which is quickly available to the Transmission Company in real time, and must be a 'hard-wired' trigger/threshold so that industry has certainty of the situation.</p> <p>We also propose that the BSC should apply compensation arrangements to generators issued with a Black Start instruction by the Transmission Company when the market is not suspended. The Issue 42 Workgroup also discussed whether compensation arrangements should be required for generators and Suppliers in the affected area, who are prevented from generating or who lose demand as a result of the incident. We believe this falls outside of this Modification Proposal but would be happy to discuss this further within the Workgroup. This could form part of an Alternative Modification.</p> <p>The aim of these compensation arrangements would be to hold affected Parties neutral to the event, and a starting point for discussion could be the BSC's existing 'Avoidable Costs' claims provisions for Black Start situations where the market is suspended. We note that the Issue 42 Group had differing views on what BSC compensation (if any) should apply, and whether it could duplicate existing compensation mechanisms under other codes such as the CUSC. To help us decide what compensation arrangements (if any) to include in the Proposed Modification, we therefore propose that the Workgroup for this Modification Proposal assess this area further.</p>	

¹ <http://www.elexon.co.uk/Pages/Issue42.aspx>

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Description of Issue or Defect that Modification Proposal Seeks to Address	
<p>The issuing of Black Start instructions by the Transmission Company, when reenergising part of the Transmission System following a small localised shutdown, could lead to the automatic suspension of normal GB electricity market operations. As well as being considered under Issue 42, this issue has also been raised previously by the BSC's P231 Workgroup and the Grid Code Review Panel.</p> <p>Section G of the BSC suspends normal BSC market operations in the event of a Black Start situation. This includes suspending the normal operation of the Balancing Mechanism, the notification of contract volumes and the calculation of energy indebtedness (i.e. credit positions). In this situation, a single Imbalance Price would apply and the Lead Parties of any BM Units which had been given Black Start instructions under the Grid Code would be entitled to compensation under the BSC.</p> <p>Operating Code (OC) 9 of the Grid Code defines two types of Black Start situation: a Total Shutdown or a Partial Shutdown of the Transmission System. The BSC's current trigger for suspending the market is the notification by the Transmission Company to Parties that either a Total Shutdown or a Partial Shutdown, as defined in the Grid Code, has occurred. A Partial Shutdown could include 'local' events in which a small part of the Transmission System has shut down in a single area, for which suspending the market would be a disproportionate response.</p> <p>If any part of the GB Transmission System becomes disconnected from the remaining 'healthy' system, resulting in a shutdown of the disconnected part, the Transmission Company will work to restore the disconnected part of the system. This may or may not involve issuing Black Start instructions, and may or may not constitute a Partial Shutdown under the Grid Code, depending on the options available to the Transmission Company.</p> <p>The Transmission Company will have many factors to consider which will ultimately influence the approach that is used. However, the current BSC rules could make the Transmission Company reluctant to issue Black Start instructions even if this is the best/quickest way of restoring supply, in case this fulfils the Grid Code's definition of 'Partial Shutdown' and thereby leads to the automatic suspension of the market. Such suspension would impact every User of the GB market, resulting in significant disruption. For small, localised shutdowns the disruption of market suspension could be greater than that of allowing the market to continue. The key to this Modification Proposal will be establishing an appropriate way of determining the point at which a shutdown becomes significant enough to necessitate market suspension.</p>	
<p>Impact on Code</p> <p>This Modification Proposal is likely to impact Section G 'Contingencies' and possibly the definitions in Annex X-1.</p>	
<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code</p> <p>Depending on the chosen BSC trigger/threshold, a consequential change to the Grid Code may also be needed to add a new definition of 'Local Shutdown'.</p>	

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<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</p> <p>There may be an impact on the BSC Panel, ELEXON, the Transmission Company and BSC Agents to amend their processes, e.g. to administer/apply the compensation arrangements. At this stage, we do not anticipate any significant systems impacts.</p>	
<p>Impact on other Configurable Items</p> <p>This Modification Proposal is likely to impact BSC Procedure (BSCP) 201 'Black Start and Fuel Security Contingency Provisions and Claims Processes'.</p>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives</p> <p>We believe that this Modification Proposal better facilitates the achievement of BSC Objectives (b), (c) and (d).</p> <p>Ensuring that the market is not suspended for small, localised shutdowns where the disruption of suspension would be disproportionate to the event will better facilitate:</p> <ul style="list-style-type: none"> • Applicable BSC Objective (b)², by enabling the Transmission Company to operate the Transmission System in the most efficient manner without being constrained by concerns about triggering market suspension; • Applicable BSC Objective (c)³, by ensuring that BSC Parties are not exposed to the disruption of market suspension in situations where this disruption would be greater than that caused by not suspending the market; and • Applicable BSC Objective (d)⁴, by avoiding the need to suspend normal balancing and Settlement operations (and the effort incurred in restoring these operations post-event) except where justified by the materiality of the shutdown. 	
<p>Is there a likely material environmental impact?</p> <p>No.</p>	
<p>Urgency Recommended:</p> <p>No.</p>	
<p>Justification for Urgency Recommendation</p> <p>Not applicable.</p>	

² 'The efficient, economic and co-ordinated operation of the national electricity transmission system'.

³ 'Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity'.

⁴ 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

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Self-Governance Recommended:	
No.	
Justification for Self-Governance Recommendation	
Not applicable.	
Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews? <i>(mandatory by originator in order to assist the Panel decide whether a Modification Proposal should undergo a SCR Suitability Assessment)</i>	
No. This Modification Proposal has no interaction with any ongoing SCRs.	
Details of Proposer:	
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Attachments: Yes <i>(delete as appropriate) (mandatory by originator)</i> If Yes, Title and No. of Pages of Each Attachment: Panel paper 186/12 'Report on Issue 42 – Defining a Local Shutdown' (10 pages)	