

Modification Proposal

MP No: P125

(mandatory by BSCCo)

Title of Modification Proposal *(mandatory by proposer):*

Apportionment of the Scottish Interconnector flows to the Northern and North Western GSP Groups for the purposes of calculating losses.

Submission Date *(mandatory by proposer):* 31 March 2003

Description of Proposed Modification *(mandatory by proposer):*

This Modification seeks to amend Annex T-2 of Section T of the Balancing and Settlement Code to place the treatment of the Scottish Interconnector on an equitable footing with the other TLF Zones referred to in Paragraph 4.1 of Annex T-2 of Section T.

It seeks to apportion, that is split, the metered volume associated with the Scottish Interconnector between the two GSP Groups into which is connected and apply a composite Transmission Loss Factor (TLF) based on the TLFs for these two zones. Information on the metered volumes at each of the terminating nodes of the Scottish Interconnector circuits is available to do this.

Description of Issue or Defect that Modification Proposal Seeks to Address *(mandatory by proposer):*

The submission of Paper 59/017 to the 13th March 2003 Panel gave rise to a number of issues associated with the suitable TLF Zones to be enacted with the application of Modification P82; approved by the Authority on 17th January 2003, for implementation on 1st April 2004.

In particular it is clear that the methodology of having a non physical 13th TLF Zone, to apply only to the Scottish Interconnector, is incorrect, unnecessary and discriminatory and that a better, more efficient, solution would be to apportion the Scottish Interconnector between the Northern ("TLFZ_6") and North Western ("TLFZ_7") TLF zones.

With regard to the recommendations of the paper 59/017, the Panel was asked to endorse the 13th TLF zone for the Scottish Interconnector, and to approve the TLF Zone definitions. However, it is not clear that the Panel has a vires to do this.

Modification Proposal P82 clearly stated that the TLF zones would be based on the geographical area of GSP Groups and this is reflected in paragraphs 3.1 and 3.2 of the paper 59/017. However, paragraph 3.3 of the paper 59/017 then states that a 13th zone will be deemed to exist for the termination of the Scottish Interconnector. This is incorrect, unnecessary and discriminatory.

It is incorrect because the Code is based on GSP Groups, of which there are twelve, into two of which the Scottish Interconnector is connected.

It is unnecessary because the TLFs for the two zones in which the Interconnector terminates can be calculated using an apportionment of the Interconnector flows between the two zones.

It is discriminatory because it would apply different TLFs to import/export flows associated with different BM Units within the same GSP Group. It appears to have been an oversight on the part of BSC Parties, Elexon, the Panel and the Authority to allow this singularly discriminatory treatment of the Scottish Interconnector, particularly since no such discriminatory treatment is to be applied to any other interconnector.

The more efficient, economic and non discriminatory methodology for dealing with the Scottish Interconnector flows is to calculate the TLFs for the Northern ("TLFZ_6") and North Western ("TLFZ_7") TLF

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zones using an apportionment of the Scottish Interconnector metered volumes between the two terminal nodes of Stella West and Harker. The Scottish Interconnector BM Units can then be subject to a TLF calculated as the weighted average of the Northern ("TLFZ_6") and North Western ("TLFZ_7") TLFs, using the same weighting as was used to apportion the flows.

Furthermore, it would appear that the Panel does not have the vires (as suggested in the Recommendations of the 59/017 paper) to amend the proposed Scottish Interconnector TLF zone. If so then this further exacerbates the discriminatory aspects of the proposals in that the Scottish Interconnector BM Units are the only ones whose zonal location cannot be changed (by the Panel, as outlined in Section 2 of the 59/017 paper) without a change to the BSC rules. It appears to have been an oversight on the part of BSC Parties, Elexon, the Panel and the Authority to allow this singularly discriminatory treatment of the Scottish Interconnector TLF compared to the setting of the other twelve TLFs in the future. An explanation of how this oversight may have come about is set out in the attached paper "TLFMG and the 13th Zone".

Impact on Code *(optional by proposer):*

Minor change to Annex T-2 of Section T of the Balancing and Settlement Code to apportion the Scottish Interconnector between the Northern ("TLFZ_6") and North Western ("TLFZ_7") TLF zones using an apportionment of the Scottish Interconnector metered volumes between the two terminal nodes of Stella West and Harker and remove Paragraph 4.6 of Annex T-2 of Section T.

Impact on Core Industry Documents *(optional by proposer):*

Minor.

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by proposer):*

This Modification avoids the need to develop BSC Systems and Other Relevant Systems and Processes Used By Parties to accommodate a 13th TLF Zone.

Impact on other Configurable Items *(optional by proposer):*

Justification for Proposed Modification with Reference to Applicable BSC Objectives *(mandatory by proposer):*

(b) (iii) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase (as defined in the Transmission Licence) of electricity;

(c) that the Code is given effect without undue discrimination between Parties or classes of Party; and

(d) consistent with the full and proper discharge of the functions and responsibilities of the Panel and BSCCo, that the Code is given effect as economically and efficiently as is reasonably practicable.

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Attachments: Yes (one attachment)

If Yes, Title and No. of Pages of Each Attachment: TLFMG and the 13th Zone (1 page)

TLFMG and the 13th Zone

The notion of a separate zone for the Scottish Interconnector came about from the modeling work undertaken as part of the work on Modifications P82 (and P75), but it was not clear that this formed part of the proposal. What was used as a modeling methodology has persisted to be part of the Code.

At the 5th November 2002 TLFMG meeting the draft legal text for P82 was tabled and discussed. This text was very much draft. It was seen by the TLFMG for the first time at the meeting, and reference to "Zones, nodes and mappings" made no explicit reference to the number of zones, with zone definition left entirely to the discretion of the Panel. There were square bracket references to Interconnectors and other systems connection points. The TLFMG was reminded that the scope of the BSC is only E&W, and the group had instruction from the Panel that analysis should not extend outside E&W. Many comments were made at the meeting, including explicit queries about technical details of the treatment of Interconnectors - circuits, nodes, metering and zone. It is understood that Elexon undertook to look at these issues in detail, taking into consideration (but not necessarily following) the previous Pool work on zonal losses, and to include the treatment of Interconnectors as a report consultation issue.

On the 6th November 2002 the revised Draft Assessment Report was sent to the TLFMG. This did not include legal drafting.

Subsequently, at Panel Meeting 52 on the 14th November 2002, documentation (paper 52/013) was submitted to the Panel that included explicit reference to Interconnector Zones (Annex T2 4.6). It is not clear that the TLFMG had an opportunity of seeing the revised legal text before Panel Meeting 52 and did not comment on the specific changes to the legal text in the Panel paper. It should be noted that this was a busy time, with P74/78 progressing in parallel, and a large volume of paperwork associated with losses and other issues. The Panel recommended, at the 14th November 2002 meeting, that this matter proceed to Report. On 21st November the P82 Draft Modification Report consultation, including draft legal text, was issued with comments due back by 4th December 2002. At its meeting on 12th December the Panel considered and agreed Paper 54/006 recommending the rejection of P82.