

## Standing Issue – Impact of BSC on Reactive Power Charging

As described in a number of recent SVG papers ([SVG62/08](#), [SVG63/11](#) and [SVG64/07](#)), Section K of the BSC prevents Parties other than licensed Suppliers from taking responsibility for Reactive Energy absorbed by Licence Exempt Generating Plant. This is leading to anomalies in Distribution Use of System (DUoS) charging for sites such as wind farms.

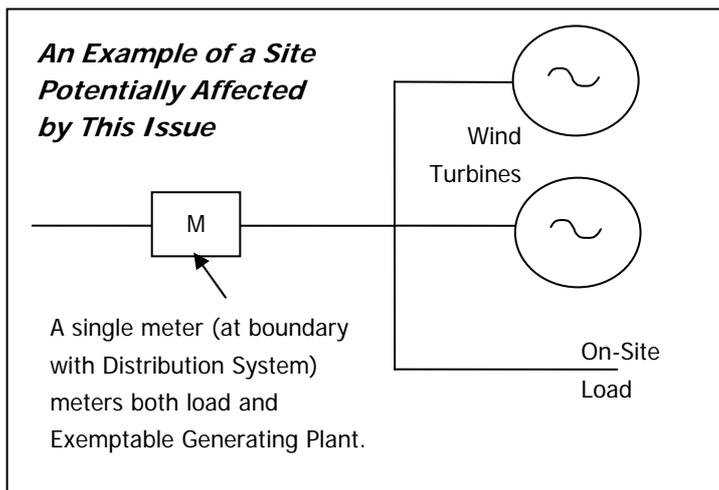
### Summary of Issue

Currently (according to ELEXON's legal advice, as attached to [SVG64/07a](#)) the effect of the Section K drafting is as follows:

| Flow of Active Energy | Power Factor | Treatment of Reactive Power under Section K of the BSC   |
|-----------------------|--------------|--|
| Import                | Lagging      | Flow of Reactive Energy is treated as an Import for the purposes of Section K, which means that the Party responsible for it can be:   |
| Export                | Leading      | <ul style="list-style-type: none"> <li>▪ a Licensed Supplier, under K1.2.2(b)(i); or</li> <li>▪ a Licensed Generator, under K1.2.2(b)(ii)</li> </ul> but <u>not</u> a Licence Exempt Generator   |
| Import                | Leading      | Flow of Reactive Energy is treated as an Export for the purposes of Section K, so K1.2.2(a) applies. In the case of Exemptable Generating Plant, Parties are free to choose who takes responsibility for the Reactive Export, under K1.2.2(a)(ii). |
| Export                | Lagging      |  |

### Impact on BSC Parties

As explained in paper SVG63/11, this issue leads to unreasonable DUoS charges for Suppliers of sites with Exemptable Generating Plant (e.g. wind farms):



At this type of site, the Supplier is responsible for the on-site load, but also (as a result of the above issue with Section K) all of the Reactive Energy absorbed by the wind turbines. This will artificially inflate the Supplier's Maximum Capacity charge, and may also lead to charges for excess Reactive Power.

### Possible Solutions

As Reactive Energy is not settled under the BSC, there does not seem to be any reason for the BSC to specify which Party takes responsibility for Reactive Energy flows. For the type of site described above, there was agreement (when the issue was discussed at SVG) that Parties should have the option of allocating Reactive Imports to the Licence Exempt

Generator. As described in SVG62/08, some Parties have indicated that they would prefer to allocate Reactive Power flows as follows:

- All Reactive Power flows (i.e. Reactive Import and Reactive Export) that occur at times of net Active Import to be allocated to the Supplier responsible for that Active Import; and
- All Reactive Power flows (i.e. Reactive Import and Reactive Export) that occur at times of net Active Export to be allocated to the Party responsible for that Active Export.

Currently (according to ELEXON's legal advice) Section K of the BSC does not permit this type of arrangement. We therefore request that a Standing Modification Group considers this issue, with a view to identifying changes to Section K of the BSC that would give Parties the freedom to allocate Reactive Power flows in a manner they deem appropriate.