

4.5. MP Form

Modification Proposal – BSCP40/03	MP No: P328 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal	
Clarifying BSC SBR definitions to align with the BSAD and SMAF Methodology Statements	
Submission Date	
6 November 2015	
Description of Proposed Modification	
<p>The proposed modification would involve changing the definitions of “SBR Action” and “SBR” as follows to align with the approved changes to the C16 statements established under the Electricity Transmission Licence (specifically changes to the Balancing Services Adjustment Data (BSAD) and System Management Action Flagging (SMAF) Methodology Statements):</p> <p>ANNEX X-1: GENERAL GLOSSARY</p> <p>Amend the definition of "Supplemental Balancing Reserve" or "SBR" to:</p> <p style="padding-left: 40px;">“the Balancing Service that the Transmission Company procures from time to time which is targeted at generating plant that would otherwise be unavailable and is held in reserve to be used only in the event that there is insufficient generation output in the market to meet demand;”</p> <p>ANNEX X-2: TECHNICAL GLOSSARY</p> <p>Amend the ‘Definition/Explanatory Text’ column for the “SBR Action” in Table X–2 ‘Terms and Expressions Applying Except in Relation to Section S’ to:</p> <p style="padding-left: 40px;">“An Offer as determined in accordance with Section T3.16.1 where, for the purposes of the Code, the related Acceptance was taken by the Transmission Company to instruct the provision of output for SBR purposes (excluding system constraint management), where:</p> <ul style="list-style-type: none"> (i) the Acceptance will result in the related BM Unit’s output exceeding its Stable Export Limit (to the extent only that such Acceptance relates to output that exceeds the related BM Unit’s Stable Export Limit); or (ii) the Acceptance relates to a BM Unit which has a Stable Export Limit that is equal to its Maximum Export Limit. <p style="padding-left: 40px;">Any such Acceptance should not include output for non-SBR purposes.”</p>	

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Description of Issue or Defect that Modification Proposal Seeks to Address	
<p>Approved BSC Modification P323 was raised to allow certain energy volumes associated with Supplemental Balancing Reserve (SBR) provision to be priced into the imbalance calculation at the Value of Lost Load (VoLL) in line with the C16 statements under the Transmission Company Licence without impacting BSC cash flow payments. This modification was approved by the Authority on 15 October 2015 and implemented on 5 November 2015.</p> <p>Following this approval it transpired that, as a result of the current tendered SBR units available to the Transmission Company, a scenario exists for which the imbalance treatment is not explicitly catered for in the BSC as amended by the P323 Legal Text. This relates to SBR units for which the Stable Export Limit (SEL) is equal to the Maximum Export Limit (MEL).</p> <p>Under the BSC (as of 5 November 2015) the volumes associated with these units would not be treated as “SBR actions” as the definition of “SBR action” (and “SBR” for the purposes of the BSC) explicitly relates to volume instructed above SEL. As such, the volumes would not be impacted by the P323 changes (i.e. this volume enters the cash-out calculation as any other Bid Offer Acceptance (BOA)).</p> <p>The BSAD and SMAF Methodology Statements have already been amended to address the scenario referenced above so that, in the event that the SEL of an SBR unit is equal to its MEL, the resulting BOA is not System Operator (SO)-Flagged.</p> <p>If this change is not made, the defect that exists is that the BSC will not be aligned with the C16 Licence Statements. This could cause confusion that could result in SBR volumes on units where SEL = MEL not being treated as “SBR Actions” and the volume not being priced at VoLL.</p> <p>Furthermore, this modification proposal will reflect how these should be priced based on the principles agreed and established during the progression of P323. That is, as there is no ramping element to the dispatch of the unit under this scenario and the volume could be instructed only minutes before it is required, it should be treated as a proxy for Demand Control actions and thus priced at VoLL.</p>	
Impact on Code	
<p>It is envisaged that this Modification will require changes to the following sections of the BSC but that no system changes will be required:</p> <ul style="list-style-type: none"> • ANNEX X-1: GENERAL GLOSSARY (V69.0) • ANNEX X-2: TECHNICAL GLOSSARY (V35.0). 	
Impact on Core Industry Documents or System Operator-Transmission Owner Code	
N/A	

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Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties	
No system or process changes are required as a result of this modification which only requires minor text changes.	
Impact on other Configurable Items	
N/A	
Justification for Proposed Modification with Reference to Applicable BSC Objectives	
<p>This Modification has been submitted in order to ensure that the BSC accurately reflects the desired approach to treatment of SBR in the imbalance calculation (i.e. as discussed during the P323 modification process) and that it also aligns with the approved changes to the C16 Licence Statements: BSAD and SMAF Methodology Statements. Therefore, this Modification would better facilitate BSC Objective (a) as it will ensure consistency with the C16 statements in effect and also better facilitate BSC Objective (d) as it will ensure that the BSC legal text accurately reflects the desired intent of BSC Modification P323.</p>	
Is there a likely material environmental impact?	
No	
Urgency Recommended: Yes	
Justification for Urgency Recommendation	
<p>Urgency is recommended as this change needs to be in place as close as possible to 5 November 2015, which is the Implementation Date of the P305 and P323 changes and standard BSC governance is likely to mean that the earliest the changes can be implemented is 05 January 2016. This would mean that half of the period during which SBR is contracted for would have passed.</p> <p>Due to the levels of cash-out prices that this issue could impact we believe that this modification meets Criteria (a) as there is a very real likelihood of significant commercial impact upon industry parties if a Modification Proposal is not urgent. We also believe that Criteria (c) is met as the Modification Proposal is linked to the implementation of P305 and P323 which is an imminent date-related event (5th November 2015).</p>	
Self-Governance Recommended: Yes	
Justification for Self-Governance Recommendation	
Self-Governance is recommended as it is unlikely to either have a material effect or discriminate against different classes of BSC Parties.	

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Fast Track Self-Governance Recommended: No	
Justification for Fast Track Self-Governance Recommendation	
N/A	
Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?	
No relevant ongoing SCRs although this proposed Modification is aligned with the EBSCR in the same way as P323 was.	
Details of Proposer:	
<i>Name</i> ...Alex Haffner.....	
<i>Organisation</i>National Grid Electricity Transmission plc ...	
<i>Telephone Number</i>01926 655838.....	
<i>Email Address</i> ...alex.haffner@nationalgrid.com.....	
Details of Proposer's Representative:	
<i>Name</i> Alex Haffner.....	
<i>Organisation</i> ... National Grid Electricity Transmission plc.....	
<i>Telephone Number</i>01926 655838.....	
<i>Email address</i> alex.haffner@nationalgrid.com	
Details of Representative's Alternate:	
<i>Name</i> Francesca Scucces	
<i>Organisation</i> National Grid Electricity Transmission plc	
<i>Telephone Number</i>01926 653632.....	
<i>Email address</i> francesca.scucces @nationalgrid.com.....	

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Attachments: Yes Open Letter circulated on 30 October 2015 by NGET in relation to this point so as to provide clarification to the market on the issue.	