

# Report Phase Consultation Responses



## P356 'Aligning the BSC with Grid Code Modification GC0099 "Establishing a common approach to interconnector scheduling consistent with the single intraday market coupling processes set out within Regulation (EU) 2015/1222 (CACM)'"

### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

This Report Phase Consultation was issued on 14 February 2018, with responses invited by 27 February 2018.

### Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Drax Power Limited	1	Generator
EDF Energy	6	Generator; Supplier; ECVNA; MVRNA
Scottish Power	1	Generator; Supplier; ECVNA; and MVNA

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Question 1: Do you agree with the Panel's initial unanimous recommendation that P356 should be approved?

## Summary

Yes	No	Neutral/No Comment	Other
3	0	0	0

## Responses

Respondent	Response	Rationale
Drax Power Limited	Yes	We agree with the recommendation of the Panel. The modification has merit and better facilitates BSC Applicable Objectives. In particular objective C and E in promoting effective competition whilst facilitating greater harmonisation of arrangements in line with the Third Package and specific Network Codes. In our view the Mod achieves this in the most efficient way which satisfies BSC Objectives A and B.
EDF Energy	Yes	<p>The proposal would better meet BSC objective (c) concerning competition, by allowing individual imbalance positions of interconnector users to be better managed by them without limiting future XBID trading in the period just before Gate Closure. The proposal would allow XBID transactions occurring just before gate closure to be allocated to individual Interconnector User metered volumes even if the transactions are not published until after gate closure. In conjunction with approved proposal P342 (which allows trade notifications after gate closure up until the start of each half-hour), this should allow out-turn imbalance associated with interconnection flows themselves to be managed.</p> <p>However, the proposal does not fully resolve issues for GB balancing and settlement created by the EU requirement to support continuous cross-border trading right up to current GB gate closure:</p> <ul style="list-style-type: none"> <li>• Larger BM Units and BM Units participating in the Balancing Mechanism and the proposed future TERRE cross-border balancing market are required to provide and operate to a Gate Closure value of Physical Notification provided by them, and only deliberately deviate from it if instructed by the System Operator. Balancing actions instructed by the System Operator are measured relative to this Final Physical Notification (FPN). But if the volume of a trade made automatically on a central platform is not known until at or after Gate Closure, a participant cannot allow for</li> </ul>

Respondent	Response	Rationale
		<p>it in setting the FPN for BM Units which can deliver it. The participant can either deliver the FPN, or deliver the trade, but cannot do both, with consequences in either case.</p> <p>For example, where an offer to sell export from GB on an interconnector is accepted just before Gate Closure, but the participant cannot turn up generation in GB from FPN after gate closure to deliver it. P356 will allow the trade volume to be included in the user's interconnection flow (a negative BMU volume), but the user cannot turn up positive generation from FPN and can only buy from elsewhere and notify or face imbalance. Perfect anticipation of the trade being executed is not realistic; withdrawal of offers from GB participants before each gate closure seems undesirable. Delivery of post-gate volumes by 'non-BM' activity (small generators and demand less bound by FPN requirements) is possible, perhaps likely, but discriminatory against large efficient generators, and defeats the purpose of having FPN as an indicator of reference levels. P356 does not address these issues.</p> <ul style="list-style-type: none"> <li>• Changes to interconnector scheduled transfer and individual participants' XBID positions that are only discovered after gate closure may distort post-gate balancing and the proposed TERRE balancing auctions. Ideally, there would be rapid XBID reporting and processing allowing a short window after gate closure for changes to scheduled transfers, Physical Notifications and Expected Transfers to be made before the main balancing processes begin. In the absence of this, uncertainty is likely to reduce the effectiveness of balancing.</li> <li>• P356 does not address the issue identified during assessment, that Interconnector BMU FPN is used in BSC credit calculations during the first days following each half-hour as a proxy for metered volume, before actual BMU Metered Volume becomes available to the credit calculation. Because FPN cannot include intra-day transactions made immediately prior to Gate Closure, it may not reflect the actual outturn BMU metered volume, and the initial credit calculation will not reflect the actual indebtedness. A perfectly balanced position in reality could appear as an imbalance in the credit calculation (in either direction depending on circumstances). Interconnector users who are accustomed to being able to manage credit relatively easily may have more difficulty due to this.</li> </ul>

Respondent	Response	Rationale
		<p>The existing BSC rules are particularly opaque, with many explicit details referred to the relevant Interconnection Agreements, and the organisations actually fulfilling obligations not being the ones on which the BSC places responsibility in the first instance. For example, the BSC expects the Interconnected System Operator (NGET) to deliver Interconnector Scheduled Transfer to the Interconnector Administrator (effectively the interconnector itself), whereas the interconnector itself may have that information first, at least in relation to trading activity. The BSC expects individual Interconnector Users to provide Physical Notifications, whereas the trading platform and interconnector itself has confirmed flow nominations and performs interconnector loss calculations in accordance with interconnection agreements.</p>
Scottish Power	Yes	<p>By aligning the BSC with CACM, P356 will better enable NGET to comply with its obligations under its Transmission Licence – Objective A. By helping facilitate cross-border trade, P356 will better facilitate competition – Applicable Objective C.</p> <p>P356 will better facilitate Applicable Objective E by ensuring Compliance with the Electricity Regulation.</p>

Question 2: Do you agree with the Panel that the draft legal text in Attachment A delivers the intention of P356?

### Summary

Yes	No	Neutral/No Comment	Other
2	0	1	0

### Responses

Respondent	Response	Rationale
Drax Power Limited	Yes	Yes the legal text delivers the intent of P356.
EDF Energy	Neutral	Assuming the intention of P356 is very limited, it probably does, subject to the following comment. The proposed change to BSC Section R7.1.3 permits change to Interconnector Scheduled Transfer for "(iv) in relation to an Interconnector, the results of Single Intraday Coupling provided that such adjustment shall be made following the Intraday Cross-Zonal Gate Closure Time for the relevant Settlement Period,". It should be made clear that this doesn't relieve the obligations in R7.2 to provide prevailing information at Gate Closure, in so far as it is known. There is only a short period just before gate closure for which trade results may not be immediately known, and it is only changes as a result of this that should be able to be changed after gate closure. There should be no risk of interpreting that all results of Single Intraday Coupling may be made after Gate Closure.
Scottish Power	Yes	We agree that the draft legal text will deliver the intention of P356.

## Question 3: Do you agree with the Panel's recommended Implementation Date?

### Summary

Yes	No	Neutral/No Comment	Other
3	0	0	0

### Responses

Respondent	Response	Rationale
Drax Power Limited	Yes	We agree with the recommended implementation dates.
EDF Energy	Yes	The implementation date doesn't seem critical given that the requirement to consider trades resulting from single intraday coupling just before gate closure is reported to now be some 2 years away. Implementation of P356 on 1 November 2018 provides a firm indicator of expectation for when such trades begin.
Scottish Power	Yes	P356 should be implemented as proposed consistent with the commencement of XBID trading on 1 July 2018.

Question 4: Do you agree with the Panel's initial view that P356 should not be treated as a Self-Governance Modification?

## Summary

Yes	No	Neutral/No Comment	Other
3	0	0	0

## Responses

Respondent	Response	Rationale
Drax Power Limited	Yes	We agree that the decision is not self-governance and should be considered by the authority.
EDF Energy	Yes	Given the potential impact on NGET and interconnector administrators in supporting the mechanics of the proposal (as indicated in responses to previous consultation), and the competitive effect on interconnector users trading close to Gate Closure using XBID in future, we agree that self-governance is not appropriate.
Scottish Power	Yes	No rationale provided

## Question 5: Do you have any further comments on P356?

### Summary

Yes	No
1	2

### Responses

Respondent	Response	Rationale
Drax Power Limited	No	No further comments provided
EDF Energy	Yes	<p>The BSC rules concerning interconnectors do not explicitly describe how BM Unit Metered Volumes for individual Interconnector Users should be determined. The rules place certain constraints on the values, but otherwise detail is reserved to the Interconnection Agreements (between each relevant interconnector operator, the associated two Interconnected System Operators (NGET and relevant external System Operator) and relevant Interconnector Users). An Interconnector Administrator acts on behalf of the interconnector operator for BSC purposes.</p> <p>BSCP04 describes the process for an Interconnector Administrator (IA) to submit BM Unit Metered Volumes, expressed as Expected Transfers, for its Interconnector User BM Units to the BSC Settlement Administration Agent (SAA) by the end of the next working day following the settlement day to which they apply.</p>
Scottish Power	No	No further comments provided