

Modification Proposal

MP No: 78
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Revised Definitions of System Buy Price and System Sell Price

Submission Date (mandatory by proposer): 05/04/2002

Description of Proposed Modification (mandatory by proposer):

The proposed definitions for System Buy Price (SBP) and System Sell Price (SSP) are outlined in the attached paper.

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

The current definitions of SBP and SSP give rise to the following issues:

- SBP remains unpredictable with a high mean and spread
- The price of the shorter stack (the "reverse price") can, at times, still be significantly affected by costs associated with system balancing actions
- The resultant high levels of SBP are driving the market long
- The defaulting rules were devised on the basis they would very rarely be called upon and it was therefore considered satisfactory that they should merely avoid setting extreme values. Currently the default rules are being used regularly and the resultant prices are significantly different from those produced by the "standard" rules.

Impact on Code (optional by proposer):

Section T, Paragraph 4.4 would need to be revised.

Impact on Core Industry Documents (optional by proposer):

None identified

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

Change to imbalance price calculation software

Impact on other Configurable Items (optional by proposer):

None identified

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

Promoting effective competition in the generation and supply of electricity by improving the stability and cost reflectivity of the imbalance cash out prices.

Details of Proposer:

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Details of Proposer's Representative:

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Attachments: Yes

If Yes, Title and No. of Pages of Each Attachment:

Proposed Modification to the Determination of Imbalance Prices under the BSC. (5 Pages)