

## P232 – PROPOSED DRAFT LEGAL TEXT

### SECTION B: THE PANEL (Version 14)

*Insert new paragraph 3.5 after paragraph 3.4 to read as follows:*

#### **3.5 Claims Committee**

**3.5.1** The Panel may establish a Panel Committee or Committees to be called the "Claims Committee(s)", from time to time, in accordance with paragraph 5 to determine applications for compensation made pursuant to Sections G3 and G5.

### SECTION G: CONTINGENCIES (Version 7)

*Amend paragraph 1.1.5 to read as follows:*

1.1.5 Paragraph 5 sets out arrangements for giving effect to ~~a Generator Compensation Instruction delivered the recovery of Exceptional Costs~~ pursuant to the Fuel Security Code.

*Amend paragraph 2.1.1 to read as follows:*

2.1.1 This paragraph 2 applies, ~~for the purposes of any Contingency Provision which refers to Avoidable Costs~~, for the purposes of determining ~~such costs~~ Avoidable Costs (which are used in the calculation of compensation claims for certain Contingency Provisions). Avoidable Costs are determined:

(a) for all applicable Contingency Provisions (including paragraph 3), in relation to:

~~(a)~~ a BM Unit; and

~~(b)~~ such changes ("**relevant changes**") in Exports and/or Imports of that BM Unit during a Settlement Period as are specified in or determined pursuant to the relevant Contingency Provision; and

(b) in addition, where paragraph 3 applies, also in relation to:

(i) a BM Unit,

(ii) that is the subject of a black start instruction (as defined in paragraph 3.3.1(b)); and

(iii) there are no changes in Exports and/or Imports of that BM Unit during a Settlement Period within the Black Start Period.

*Amend paragraph 2.1.2 to read as follows:*

2.1.2 Where any such Contingency Provision applies, the Panel shall determine, in its opinion, what is the amount of the net costs of operating the BM Unit which would not have been incurred but for the relevant changes in Exports and/or Imports and, where applicable, the net costs of operating the BM Unit (where no changes in Exports and/or Imports have occurred) which would not have been incurred but for a black start instruction.

*Amend paragraph 2.1.3 to read as follows:*

- 2.1.3 For the purposes of the Code, the "Avoidable Costs" ~~in relation to the relevant changes in Exports and/or Imports of the BM Unit~~ shall be the amount determined by the Panel under paragraph 2.1.2 (which may for the avoidance of doubt be a negative amount, in a case where net costs were saved or revenues earned as a result of the relevant changes in Exports and/or Imports, and which otherwise shall be positive).

*Amend paragraph 2.2.1 to read as follows:*

- 2.2.1 Where under any Contingency Provision the amount of Avoidable Costs is to be determined for any Settlement Period or Periods:
- (a) the Lead Party shall prepare, consistently with the principles in paragraph 2.1.3, and submit to BSCCo its estimate (for each such Settlement Period) of the net costs of operating the BM Unit which would not have been incurred:
    - (i) ~~but for the relevant change in Exports and/or Imports;~~ and/or
    - (ii) ~~but for a black start instruction (where no changes in Exports and/or Imports have occurred).~~
  - together with an explanation of and supporting information for its estimate, and shall provide to the Panel such further information as the Panel may require for the purposes of making its determination under paragraph 2.1.2;
  - (b) if required by the Panel, the Lead Party shall, by such time as the Panel may reasonably stipulate, submit a statement signed by its (or in the case in paragraph 2.1.4(b), the Customer's) statutory auditors to the effect that the Party's estimate of such costs have been prepared on a fair, complete and reasonable basis and consistent with the principles in paragraph 2.1.3; and
  - (c) BSCCo shall notify the Panel's determination under paragraph 2.1.2 to the Lead Party.

*Amend paragraph 3.3.2. to read as follows:*

- 3.3.2 For the purposes of this paragraph 3.3, in relation to a Settlement Period in the Black Start Period and a BM Unit:

- (a) the "**black start compensation amount**" shall be an amount determined as:

$$(A - B)$$

where

A is the amount of the Avoidable Costs of the Lead Party ~~in relation to the changes in Exports and/or Imports~~ determined by the Panel under paragraph 3.3.4(a) and 3.3.4(c);

B is an amount determined as:

$$(BSCQ_{ij}^n * P_{ij}^n)$$

where  $P_{ij}^n$  is the System Sell Price (equal, in accordance with Section T1.6.1, to the System Buy Price) for that Settlement Period;

- (b) the "**black start compensation volume**" ( $BSCQ_{ij}^n$ ) is the quantity (in MWh) determined by the Panel under paragraph 3.3.4(b);
- (c) for the purposes of paragraph (b),  $BSCQ_{ij}^n$  shall be negative where it represents an increase in net Imports or a reduction in net Exports, and otherwise positive.

*Amend paragraph 3.3.4 to read as follows:*

3.3.4 Where a Party submits a claim under paragraph 3.3.1, the Panel shall determine, in its opinion:

- (a) what changes in Exports and/or Imports of the BM Unit during each relevant Settlement Period resulted from action taken by the Lead Party for the purposes of complying (in accordance with the Grid Code) with black start instructions relating to that Settlement Period; and
- (b) what is the net quantity (in MWh) of such changes in Exports or Imports of the BM Unit for each such Settlement Period; and
- (c) where no such changes in Exports and/or Imports occurred, what, if any, were the changes in operation of the BM Unit that would not have occurred but for a black start instruction.

*Amend paragraph 3.3.5 to read as follows:*

3.3.5 For the purposes of assisting the Panel to determine a claim for compensation under this paragraph 3.3:

- (a) the Lead Party shall, at the time at which it submits its claim under paragraph 3.3.1, provide a statement to the Panel of the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(a), ~~and~~ the quantity which the Lead Party considers to be the net quantity described in paragraph 3.3.4(b); and the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(c). and shall provide such other information as the Panel may reasonably request for the purposes of determining the matters in paragraphs 3.3.4(a), ~~and (b) and (c)~~, for each relevant Settlement Period;
- (ab) the Lead Party may submit additional supporting material to establish the validity of its claim under paragraph 3.3.1, the procedure for which, including any timescales therein, shall be set out in the relevant BSCP;
- (b) the Lead Party shall comply with the requirements of paragraph 2.2.1 in relation to determination of Avoidable Costs;
- (c) the Transmission Company and each Distribution System Operator shall provide such information as the Panel may reasonably request for the purposes of determining the black start compensation volumes; and
- (d) the Transmission Company shall provide such information as the Panel may reasonably request for the purposes of determining the changes in operation of a BM Unit described in paragraph 3.3.4(c).

*Amend paragraph 3.3.6, including inserting new sub-paragraph 3.3.6(ab), to read as follows:*

3.3.6 Where the Lead Party has submitted a claim in accordance with paragraph 3.3.1, subject to the provisions of the Code:

- (a) the Lead Party shall be entitled to be paid by the BSC Clearer the net sum, for all relevant BM Units and relevant Settlement Periods, of the black start compensation amounts, together with interest at the Base Rate on each compensation amount from (and including) the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;
- (ab) for the avoidance of doubt, if the net sum for a Lead Party, of the black start compensation amounts, for all relevant BM Units and relevant Settlement Periods is a negative sum, the Lead Party shall not be liable for that sum;
- (b) each Trading Party (including the Lead Party) shall be liable to pay to the BSC Clearer its Black Start Reallocation Proportion of the net amount payable to the Lead Party under paragraph (a);
- (c) the amounts of the entitlements and liabilities under paragraphs (a) and (b) shall be Ad-hoc Trading Charges for the purposes of Section N6.9; and
- (d) BSCCo shall give such instructions to the FAA as are necessary to give effect to the payment of such Ad-hoc Trading Charges.

*Insert new paragraph 5.3.3 after paragraph 5.3.2.to read as follows:*

5.3.3 The procedure for submitting an application for Exceptional Costs shall be as set out in the relevant BSCP. The Panel may determine any additional procedural requirements in relation to the progress and procedure of an application for Exceptional Costs.

*Amend the heading for Section 5.4 to read as follows:*

#### **5.4 Statement and Evidence to Accompany in Support of Application**

*Insert new paragraph 5.4.2 after paragraph 5.4.1 to read as follows:*

5.4.2 The Lead Party may submit to the Panel any additional information or explanation in support of its application under paragraph 5.2.1 in accordance with the procedure set out in the relevant BSCP, including any timescales set out therein.

*Amend the numbering for paragraph 5.6.1 to read as follows:*

5.6.1 If required to do so by the Panel, the Lead Party shall, within such period as the Panel may reasonably stipulate, submit a statement signed by:

- (a) 5.6.1.1 — the Lead Party's Auditors; and
- (b) 5.6.1.2 — where the Exceptional Costs which are the subject of the application under paragraph 5.2.1 relate to a BM Unit comprising the premises of a Claimant Customer and include costs incurred by that Claimant Customer, the Claimant Customer's Auditors

to the effect that the Generator's estimate of Exceptional Costs has been prepared on a basis which is both fair, complete and reasonable and consistent with the definition of the term Exceptional Cost.

## SECTION T: SETTLEMENT AND TRADING CHARGES (Version 17)

*Amend paragraph 1.6.1 to read as follows:*

- 1.6.1 Where, for the purposes of any Contingency Provisions, a single imbalance price is to apply in relation to any Settlement Period:
- (a) paragraph 1.6.1A or paragraph 1.6.2 shall apply;
  - (b) the provisions of paragraphs 4.4.5 and 4.4.6 in relation to the determination of System Buy Price and System Sell Price shall not apply; and
  - (c) for all purposes of the Code, the System Buy Price and the System Sell Price for that Settlement Period shall be the same and shall have the value established in accordance with paragraphs 1.6.1A or (as applicable) 1.6.2 (and shall be deemed to have been determined under paragraph 4.4).

*Insert new paragraph 1.6.1A directly after paragraph 1.6.1 to read as follows:*

- 1.6.1A Where a single imbalance price is to apply in relation to a relevant Settlement Period for the purposes of Section G3 or Section G4, the Panel shall, subject to the approval of the Authority, determine that single imbalance price in accordance with this paragraph 1.6.1A or, where the Panel, in its opinion, considers this provision unsuitable, in accordance with paragraph 1.6.2. For the purposes of this paragraph 1.6.1A the single imbalance price shall be:
- (a) subject to sub-paragraph (d), the mean of the System Sell Price and the System Buy Price calculated respectively for each set of corresponding Settlement Periods in the 30 whole Settlement Days immediately prior to the day on which a Black Start Period (as defined in Section G3.1.3) or Security Period (as defined in the Fuel Security Code) commenced;
  - (b) the Transmission Company may, in its absolute discretion, determine that certain Settlement Days thereby identified be excluded from the single imbalance price calculation if those Settlement Days wholly or partially occur within a Black Start Period, Security Period or during an emergency instruction (given under the Grid Code) and do not represent normal operation of the Transmission System;
  - (c) where paragraph (b) and (d) apply, the Panel shall use the System Sell Price and the System Buy Price from additional Settlement Days to achieve a mean of 30 System Sell Prices and System Buy Prices for each corresponding Settlement Period. Such additional Settlement Days shall be those days immediately prior to the 30 Settlement Days referred to in paragraph (a) other than a Clock Change day;
  - (d) where a Clock Change day occurs in the 30 Settlement Days immediately prior to the Black Start Period or Security Period that Settlement Day is to be excluded for the purposes of this paragraph 1.6.1A and a further Settlement Day in accordance with paragraph (c) is to be selected;
  - (e) in respect of a Clock Change day that occurs in a Black Start Period or Security Period;

- (i) where the Clock Change day is short the third and fourth Settlement Periods of that Settlement Day shall be ignored; and
- (ii) where the Clock Change day is long the single imbalance price calculated for the third and fourth Settlement Periods shall be repeated; and
- (f) in this paragraph 1.6.1A "corresponding" means corresponding in sequence (that is to say, the first Settlement Period of a Settlement Day corresponds to the first Settlement Period of another Settlement Day and so on).

*Amend paragraph 1.6.2 to read as follows:*

- 1.6.2 Subject to paragraph 1.6.1A, Wwhere this paragraph applies, the Panel shall determine, in its opinion, subject to the approval of the Authority, what is or would have been the market price for bulk electricity in the relevant Settlement Period; and for these purposes:
- (a) bulk electricity means electricity traded under contracts which may be performed by the notification of Energy Contract Volumes in accordance with Section P;
  - (b) the Panel may make reference for the purposes of its determination to reported prices and price indices for bulk electricity for any Settlement Period (on any day) which the Panel considers to be comparable, and to equivalent prices and indices relating to periods prior to the Go-Live Date (making appropriate adjustments in respect of any differing treatment of transmission losses and related matters).