

Modification Proposal

MP No: 67
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Facilitation of further consolidation options for Licence Exempt Generators (DTI Consolidation Working Group 'Option 4')

Submission Date (mandatory by proposer): 22 January 2002

Description of Proposed Modification (mandatory by proposer):

This Modification Proposal proposes changes to the Code and the related Code Subsidiary Documents so that consolidation method 'Option 4', as outlined in the Interim Report to the DTI of the Consolidation Working Group, can be incorporated into the BSC. The modification provides an additional mechanism to allow the output of an Exemptable Generating Plant to be split into a fixed amount of energy and an unpredictable variable amount of energy.

Option 4 would result in an embedded generator being able to manage directly:

- The sale of a fixed volume of output within a GSP Group to one or more Parties; and
- The sale of the difference between the fixed proportion and actual generation as either an export or an import to another Party.

Option 4 uses the principles outlined in BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy' and requires the creation of potentially multiple pseudo MPANs which are associated with each secondary Supplier involved in the process with the primary Supplier. The relevant Half Hourly Data Collector (HHDC) will be impacted the most by this Modification Proposal on the basis that it will be required to allocate the fixed and variable volume to the primary Supplier and the relevant secondary Suppliers.

Any Party wishing to provide this service would need to appoint a HHDC that was appropriately accredited.

This Modification Proposal would require changes to the Code and a number of Code Subsidiary Documents including:

- BSCP512 'Entry Process – Supplier';
- BSCP531 'Accreditation' and the related Self Accreditation Certification Return (SACR) forms;
- BSCP550 'Shared SVA Meter Arrangement of Half Hourly Import and Export Active Energy'; and
- PSL130 'Half Hourly Data Collection'.

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

The Consolidation Working Group (CWG) has presented its interim report to the DTI. This states as its main finding that "the principle obstacle to consolidation is the inability to sell fixed volumes without becoming a Party to the BSC".

Whilst fixed volume trades may be accommodated by the use of MVRNs, some participants feel that option 4 would give more control to the Licence Exempt Generator.

Option 4 was discussed extensively with various industry groups in the design phase of NETA and was endorsed in the Ofgem/DTI Conclusions Document on NETA, published in October 1999. Following publication of this document, the Special Experts Group (SpEG) further developed Option 4. However, because of time constraints

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imposed in the run up to the NETA Go Live, the proposed trading arrangement was not implemented. This issue has been reconsidered by the CWG. The CWG's preferred initial solution is option 4b), which allows the split and allocation of volumes at the data collector.

In these circumstances the Modification Proposal must be raised by a BSC Party. Powergen has therefore agreed to raise this Modification Proposal on behalf of the CWG.

Impact on Code (optional by proposer):

Annex S-2 'Supplier Volume Allocation Rules' of Section S of the Code.

Impact on Core Industry Documents (optional by proposer):

There may be an impact on the Master Registration Agreement documentation.

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

There are no software changes required to the BSC Systems to support this Modification Proposal.

This Modification Proposal is optional and will be used by those Parties who choose to provide embedded generation via a licensed Supplier. Any Party choosing to offer this service, will be required to appoint an appropriately accredited HHDC. The HHDC will be the most impacted by this Modification Proposal as the HHDC system will require changes to enable the split of the fixed volume from the variable volume. The HHDC will then continue with the collection processes in line with BSCP550. There is no impact on the remaining Settlement processes.

Impact on other Configurable Items (optional by proposer):

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

To enable greater flexibility for embedded generators to sell their output, thereby further promoting competition in the generation market.

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Attachments: No