

Modification Proposal

MP No: 77
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Interconnector Multiple BM Units

Submission Date (mandatory by proposer): 05 April 2002

Description of Proposed Modification (mandatory by proposer):

At present each User of an Interconnector is limited to the use of 2 BM Units (one Consumption and one Production). It is proposed that this limit is raised to allow a User to apply for up to an additional 2 pairs of BM Units on each Interconnector that it is a User.

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

Like any other BM Unit, each Interconnector BM Unit has an associated set of dynamic parameters, which apply to both FPNs and Bid/Offer Pairs. With the limit of only one Production BM Unit and one Consumption BM Unit for each Interconnector User, the dynamics of the different types of plant behind the Interconnector cannot be fully represented. This presents operational difficulties to both the Interconnector User (IU) and to NGC and limits the ability of Interconnector Users to make bids and offers which fully reflect the dynamic capabilities of plant which is physically available to deliver bids and offers. In short, only one set of independent dynamics can be submitted at any one time, and as such, the IU can only compete in one sector of the Balancing Mechanism at any one time, when plant is available to do more. This limits IU participation in the Balancing Mechanism, therefore limiting liquidity in the Balancing Mechanism.

The following example illustrates the issue. An IU with 500 MW of Interconnector Capacity Entitlement (ICE) submits an FPN at Gate Closure of 300 MW. The spare ICE of 200 MW is backed up by 200 MW of generation from different sources of plant offered into the Balancing Mechanism. With only one Production BM Unit allowed under the BSC, it is impossible to represent the dynamics of the different types of plant. This means they can neither be fully reflected to NGC nor effectively delivered. As a consequence, the IU has to anticipate NGC's dynamic requirements, and offer only plant of that type. This leads to a sub-optimal provision of Bid/Offer, and in addition, because of the constantly changing dynamics causes uncertainty for NGC which leads to increased BM costs.

The limitations on IU participation in the Balancing Mechanism could be eliminated by a change to the BSC allowing for more than one pair of BM Units for each IU. This would allow the different types of plant behind the Interconnector to be more fully represented in, and take part in the Balancing Mechanism. It would allow IUs to continuously offer a variety of response types and enable NGC to efficiently choose between offering different services as required. The limitations are equally applicable to Bids as well as Offers. This proposal seeks the provision of 2 additional pairs of BM Units for each IU, which could be used to represent the different dynamics of available plant behind the Interconnector.

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Impact on Code (optional by proposer):

Minor changes to the Code. These are a non-exhaustive list, but cover the main areas. Sections:

Q 3.2.3(e)(iii) - this should be amended to

" the MW level for BM Units associated with an Interconnector and an Interconnector User shall be such that at no time is the value of FPN(t) for a Production BM Unit and a Consumption BM Unit a non-zero amount for the same spot time."

K5.5.2 - this should be amended to

The Interconnector Error Administrator shall, upon its appointment as such becoming effective, automatically be allocated (and registered in respect of) two Interconnector BM Units in accordance with paragraph 5.5.5(a).

K5.5.5 - this should be amended to

"Each Party who registers Interconnector BM Units in relation to any Interconnector:

(a) will be allocated (and registered in respect of) two Interconnector BM Units designated as a Production BM Unit and a Consumption BM Unit respectively; and

(b) may apply to register up to 2 additional BM Units pairs, each pair designated as a Production BM Unit and a Consumption BM Unit respectively."

Q2.2.2 this should be amended to "In respect of Interconnector BM Units:

(a) the value of Maximum Import Limit for the Production BM Units shall be zero;

and

(b) the value of Maximum Export Limit for the Consumption BM Units shall be zero.

Impact on Core Industry Documents (optional by proposer):

Minor change to BGSA appendix to Code 7

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

Dissaggregation by IA of additional Interconnector BM Units

Impact on other Configurable Items (optional by proposer):

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

The applicable BSC objective is:

BSC Section B1.2.2(b)(iii) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase (as defined in the Transmission Licence) of electricity;

The proposal will facilitate competition in the Balancing Mechanism (and the Fast Reserve market). At present BOAs across the Interconnector are limited in their effectiveness due to the limited representation of dynamics at the Interconnector brought about by the lack of BM Units available to each IU. This proposal will facilitate competition across all sectors of the market, but particularly in the fast response (Fast Reserve) sector.

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Attachments: NO

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