

**MP Form (F76/01)**

<b>Modification Proposal – F76/01</b>	<b>MP No:</b> <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal</b> <i>(mandatory by originator):</i> Calculation of Negative Estimates of Annual Consumption (EAC)	
<b>Submission Date</b> <i>(mandatory by originator):</i> 25 <sup>th</sup> September 2001	
<b>Date Logged</b> <i>(mandatory by BSCCo):</i>	
<b>Description of Proposed Modification</b> <i>(mandatory by originator)</i> <p>Amendments to calculation of <math>EAC_{KR}</math> in BSC Annex S-2 paragraph 4.3.7. This will introduce an extension to this calculation to remove the ability for <math>EAC_{KR}</math> to be calculated as a negative value. Negative EACs are logically inconsistent and should be replaced by a more appropriate value. This would minimise inaccuracies in settlements and ensure a Public Distribution System Operator (PDSO) does not have any material unbilled Use of System or cashflow impact.</p>	
<b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> <i>(mandatory by originator)</i> <p>Elxon developed EAC/AA calculator allows a negative Estimate of Annual Consumption (EAC) to be calculated.</p> <p>A negative Annualised Advance (AA) may arise as a result of an erroneously large previous AA value or as a result of failure to detect a meter-rollover. In the former case, the erroneously large AA and negative AA will cancel out, in as much as overall metered volume over the two meter advance periods will be correct, albeit that profiled demand values will be inaccurate. In the latter case, no such compensation will take place.</p> <p>In either of these cases, a negative AA may (depending on its magnitude, the meter advance period and the value of Previous Estimated Annual Consumption (PEAC)) result in a negative EAC.</p> <p>Current value of Smoothing Parameter (SPAR) is set at 2. Any negative AA where the sum of Daily Profile Coefficients for the associated meter advance period is 0.5 or more will lead to a negative EAC.</p> <p>A negative EAC is counter-intuitive. It can only arise from an erroneously calculated AA value and estimating future demand as negative merely compounds the original error.</p> <p>Where, within the Settlement window, a negative EAC is not replaced by an AA, a Supplier would receive a credit from a PDSO for using its distribution network rather than a charge.</p>	
<b>Impact on Code</b> <i>(optional by Originator)</i> Amendments to calculation of $EAC_{KR}$ in Annex S-2 paragraph 4.3.7.	

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<b>Impact on Core Industry Documents</b> <i>(optional by Originator)</i>	
There may be impacts on a number of documents, including but not exclusively, BSCP 504 and PSL 120.	
<b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> <i>(optional by originator)</i>	
EAC/AA calculator changes	
<b>Impact on other Configurable Items</b> <i>(optional by originator)</i>	
<b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> <i>(mandatory by originator)</i>	
<p>This modification should better facilitate achievement of Applicable BSC Objectives set out in Transmission Licence Condition 7A(3)(d) in promoting efficiency in implementation and administration of balancing and settlement arrangements.</p> <p>As a result of the volume of erroneously large AA and EAC values (currently subject to data cleansing), large numbers of negative EAC values have been calculated. Not all negative EAC (and associated negative AA) values have been cleansed by Final Reconciliation (or Disputes Final) Run. This has led to inaccuracies in Settlements.</p> <p>For PDSOs any negative EACs will initially create a material cash flow impact. Experience of the market has confirmed that on many occasions negative EAC values can still be present and "crystallised" in the Final Reconciliation Run.</p> <p>This flawed process implies a payment from a PDSO to a Supplier for use of distribution network, rather than a charge, hence leading to a loss of DUoS income. PDSOs do not have a direct contractual relationship with a Supplier's appointed Data Collector to monitor ongoing performance and seek appropriate remedies to such issues.</p>	
<b>Details of Proposer:</b>	
<p style="text-align: center;"><i>Name.....</i><b>Dave Morton</b><i>.....</i></p> <p style="text-align: center;"><i>Organisation.....</i><b>SEEBOARD</b><i>.....</i></p> <p style="text-align: center;"><i>Telephone Number....</i><b>0190 328 3465</b><i>.....</i></p> <p><i>Email Address.....</i><b>iss_architecture@seeboard.com</b><i>.....</i></p>	

**Modification Proposal – F76/01**

**MP No:**  
*(mandatory by BSCCo)*

**Details of Proposer's Representative:**

*Name* Peter Merrick

*Organisation* SEEBOARD

*Telephone Number* 01444 477 733

*Email address* pmerrick@seeboard.com

**Details of Representative's Alternate:**

*Name* Bob Brennan

*Organisation* SEEBOARD

*Telephone Number* 01444 477 731

*Email address* bbrennan@seeboard.com

**Attachments: Yes** *(delete as appropriate) (mandatory by originator)*

1 Page, appended to this proposal entitled "Options to replace calculated negative EACs."