

## Modification Proposal

**MP No: P38**  
(mandatory by BSCCo)

**Title of Modification Proposal** (mandatory by proposer):

Redefined Definition Of C A D To Allow Prompt Price Reporting

**Submission Date** (mandatory by proposer): 19<sup>th</sup> September 2001

**Description of Proposed Modification** (mandatory by proposer):

CAD should be measured only within settlement periods. For a settlement period CAD calculation, the duration of any acceptance that starts before the beginning of the settlement period and continues during the settlement period will be considered to have started only at the beginning of the settlement period for the purposes of measuring CAD. Similarly, acceptances only count towards a settlement period CAD up to the end of the settlement period.

This means that any CAD that starts less than CADL (currently 15) minutes before the end of the settlement period should automatically be tagged and excluded from imbalance settlement price calculations for that settlement period (but, for the avoidance of doubt, can be counted within the next settlement period if appropriate).

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

Modification 18A has a detrimental impact on BM reporting timescales. This proposal seeks to address that deficiency.

Under the accepted form of Modification P18a, a new Code definition: "Continuous Acceptance Duration" (CAD) was created. This measures the time lapse in minutes of a series of BM Acceptances on the same BMU. Acceptances within a CAD of less than CADL [15] minutes are deemed to be for system balancing purposes and are not included within the calculation of imbalance settlement prices. However, until CADL minutes after the end of the settlement period, it cannot be certain whether the CAD is of a length that would exclude the set of acceptances from settlement prices. This has two results:

Firstly, price calculations cannot be performed until this time has elapsed, which delays reporting of indicative prices and prevents participants making their own estimates of prices based on published acceptances;

Secondly, the basis of exclusion decisions is distorted because bids and offers are priced separately for each settlement period and so should be treated separately for each settlement period.

A fundamental principle of NETA is that price signals from the Balancing Mechanism create incentives for participants to achieve balance. Information on individual acceptances is made available in near real time, which should enable participants to calculate approximate settlement prices even before Indicative Prices are published. This enables pricing decisions in the pre-gate closure markets and in the bid/offer stacks of subsequent settlement periods to be appropriately made.

The additional acceptances that would be excluded were this proposal implemented would, by definition, be for small volumes of energy, which should not, therefore, have a significant impact on settlement prices unless they were very expensive actions which would only be required for system balancing purposes anyway. This proposal therefore enhances price transparency without a detrimental effect on the correctness of price information.

**Impact on Code** (optional by proposer):

**Impact on Core Industry Documents** (optional by proposer):

<b>Modification Proposal</b>	<b>MP No: P38</b> <i>(mandatory by BSCCo)</i>
<b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> <i>(optional by proposer):</i>	
<b>Impact on other Configurable Items</b> <i>(optional by proposer):</i>	
<b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> <i>(mandatory by proposer):</i> <p>The proposal is justified in terms of the following transmission licence objectives:</p> <p>(a) By allowing the timing of price reporting to return to the timescales preceding P18A implementation, discharge of the Transmission Company's obligation is made more efficient.</p> <p>(c) More prompt price reporting facilitates competition in generation and supply by bringing price information into the markets for subsequent settlement periods more quickly.</p> <p>(d) By allowing price reporting to existing timescales, the impact on systems of both Logica and participants is reduced, reducing the cost of implementing P18, which makes arrangements for implementation of the balancing and settlement arrangements more efficient.</p>	
<b>Details of Proposer:</b> <p style="padding-left: 40px;"><b>Name:</b> Steve Garrett</p> <p style="padding-left: 40px;"><b>Organisation:</b> Slough Energy Supplies Limited</p> <p style="padding-left: 40px;"><b>Telephone Number:</b> 01753-213256</p> <p style="padding-left: 40px;"><b>Email Address:</b> SteveGarrett@SloughHeatAndPower.co.uk</p>	
<b>Details of Proposer's Representative:</b> <p style="padding-left: 40px;"><b>Name:</b> Maurice Smith</p> <p style="padding-left: 40px;"><b>Organisation:</b> Campbell Carr Consultancy</p> <p style="padding-left: 40px;"><b>Telephone Number:</b> 01494 432323</p> <p style="padding-left: 40px;"><b>Email Address:</b> M_Smith@Campbellcarr.co.uk</p>	
<b>Details of Representative's Alternate:</b> <p style="padding-left: 40px;"><b>Name:</b> Robert Barnett</p> <p style="padding-left: 40px;"><b>Organisation:</b> Campbell Carr Consultancy</p> <p style="padding-left: 40px;"><b>Telephone Number:</b> 01494 432323</p> <p style="padding-left: 40px;"><b>Email Address:</b> Rob_Barnett@Campbellcarr.co.uk</p>	
<b>Attachments: NO</b> <b>If Yes, Title and No. of Pages of Each Attachment:</b>	