

**Modification Proposal – F76/01**

**MP Number:20**  
*(mandatory by BSCCo)*

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

Revision of Obligations of Parties in Relation to BM Unit Registrations

**Submission Date** *(mandatory by originator):*

18 May 2001

**Date Logged** *(mandatory by BSCCo):*

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

London Electricity ('London') proposes to clarify the position in relation to the registration of BM Units in the name of a BSC Party that is an affiliate of the company responsible for the exports or imports connected with that BM Unit.

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

There is currently some dispute within the industry regarding the complex area of which BSC Party a BM Unit should be registered to. Even Elexon has the need to carefully consider internally what position in response to this question it should take. Clarification of this issue would therefore be very useful for all parties involved.

London believes that BSC parties should be able to register BM Units in the name of affiliated companies that are themselves a Party to the BSC, with the capacity of a Trading Party. This should have the following advantages for all such BSC parties :

1. it would place groups of companies that hold generation assets and supply businesses in separate companies in the same position as BSC parties that hold generation assets and supply businesses in the same company;
2. the risk management involved in the administration of one BM Unit is necessarily less than the risk management involved in managing two BM Units;
3. the information technology infrastructure and level of credit cover required to operate via one registration is necessarily less than the infrastructure required for two or more separate registrations;
4. the risk of information technology system failures is less if only one account is operated, rather than two or more separate accounts being operated.

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### **Impact on Code** (optional by originator):

Section K1.2 will need to be redrafted to read as follows :

#### **1.2 Obligations of Parties in Relation to Exports and Imports**

1.2.1 Subject to the further provisions of this Section K, the Party responsible (in accordance with paragraph 1.2.2 below) for any Exports or Imports of electricity at a Boundary Point shall:

- (a) install, maintain and operate or secure that there is installed, maintained and operated, subject to and in accordance with Section L, Metering Equipment by which (over periods and otherwise in accordance with the further requirements of the Code) the quantities of such Exports and Imports separately can be measured, but subject to the provisions of Section S8 as to Unmetered Supplies;
- (b) register or procure the registration of the Metering System(s) which result or will result from installation of such Metering Equipment either in the name of the Party responsible (in accordance with paragraph 1.2.2 below) for any Exports or Imports of electricity, or in the name of a Party that is an affiliate of the Party responsible for any Exports or Imports of electricity (in accordance with paragraph 1.2.2 below);
- (c) establish and register BM Unit(s) comprising the relevant Plant and Apparatus in accordance with paragraph 3;
- (d) assign each BM Unit to a Trading Unit established and registered in accordance with paragraph 4.

Section K2.2 will also need to be amended as follows:

#### **2.2 Registration requirements**

2.2.1 A Party may apply to register a Metering System in CMRS by submitting a registration application to the CRA specifying:

- (a) the identity of the Party to be registered as the Registrant;
- (b) the Metering System;
- (c) the Meter Operator Agent appointed or to be appointed in accordance with Section J6.1; and
- (d) the date with effect from which the applicant wishes the registration to be effective.

### **Impact on Core Industry Documents** (optional by originator):

London does not consider that any other Core Industry Documents would require amendment.

### **Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties** (optional by originator):

London does not believe that the BSC systems would need to be adapted, since the BSC systems currently process information in this way.

### **Impact on Other Configurable Items** (optional by originator):

London does not believe any other configurable items would be affected.

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(mandatory by BSCCo)**Justification for Proposed Modification with Reference to Applicable BSC Objectives** (mandatory by originator):

The Proposed Modification is consistent with the BSC objectives for the following reasons:

1. The Proposed Modification promotes effective competition in the generation and supply of electricity in that companies that hold generating and supply business assets in separate companies are placed in the same position as companies holding generating assets and supply businesses in one corporate vehicle in respect of the following factors :
  - the risk management of an equal number of balancing mechanism units;
  - the costs of its mission technology infrastructure;
  - the risk of IT system failure.
2. The Proposed Modification will provide efficiency in the implementation and administration of the BSC by reducing risk and costs involved in the implementation and administration of BSC processes for BSC parties.
3. In addition, the Proposed Modification complies with the objective of the BSC Panel to give effect to the Code without undue discrimination between parties or classes of Party. As mentioned above, the purpose of the Proposed Modification is to ensure a level playing field between corporate structures.

**Details of Proposer:**

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**MP Number:**  
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**Details of Representative's Alternate:**

*Name*

.....**N/A**.....

*Organisation*

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*Telephone*

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*e-mail address*

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

**If Yes, Title and Number of Pages of Each Attachment:**

Letter dated 18 May 2001 addressed to BSC Panel Chairman and headed REGISTRATION OF BM UNITS TO TRADING PARTIES AFFILIATED TO BSC PARTIES (three pages)

