

Modification Proposal

MP No: 87
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

Removal of market risk associated with operation of a Generator Inter-Trip Scheme

Submission Date (mandatory by proposer): 31 May 2002

Description of Proposed Modification (mandatory by proposer):

When a generation inter-trip scheme operates the compensation payable is determined by a two-stage process. Initially it is necessary to determine whether any payment should be made and, if so, the amount of the compensation must be decided. The first issue depends on the reasons for selecting the inter-trip and the cause of the fault; these issues are dealt with under the Grid Code. In those cases where the Grid Code directs that compensation is payable, then the amount is determined under the BSC. This BSC modification proposal is intended to remove problems associated with the current method of calculating the compensation, namely the possibility of "windfall gains" and the setting of extreme negative values of System Sell Price.

Where the Grid Code directs that compensation for the inter-trip operation is payable, then:

1. No deemed bid acceptance would be issued. Instead, contract notifications would be added retrospectively to remove the imbalance exposure associated with the trip from all those settlement periods for which the gate had closed at the time of the trip. This ensures that the affected party has no additional imbalance volume and prevents any impact on imbalance prices.
2. If the commercial consequences of the inter-trip operation are not covered by a Balancing Services Contract and the affected party believes that it has been disadvantaged, it can take a claim to the Trading Disputes Committee (TDC) to recover the costs.

The operation of generation inter-trips is a very rare event and so it is proposed that a manual intervention would be more appropriate than a full system solution. Elexon has used the manual intervention described in the past to correct Central Services problems with contract notification.

Sunset Clause

It is recognised that the revised arrangements for Transmission Access may make the BSC provisions relating to intertrips redundant. Therefore it is proposed that this modification shall include a sunset clause for the introduction of Transmission Access (currently planned for April 2003). The most likely governances for the compensation of intertrips are the BSC and the CUSC. Should the BSC be the chosen governance then another BSC modification will be required in any case. The sunset clause is therefore intended to cover the option of introducing intertrip related clauses to the CUSC and has the following effect: In the event of any conflict between the BSC and the CUSC in relation to payment of compensation for intertrips, then the provisions of the CUSC shall take precedence.

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

When power stations connect to the transmission system an inter-trip scheme is often used as a way of maximising the utilisation of the transmission system. Whilst this reduces the impact of the transmission system on the electricity market and so contributes to the operation of an efficient, economic and co-ordinated transmission system, it requires a method of compensating participants when a scheme operates. Currently, where applicable under the Grid Code, this is achieved via a deemed bid acceptance. Should a participant wish to signal that they are unwilling to reduce output by entering a large negative bid, this creates the possibility of their receiving a "windfall gain" should the inter-trip operate. Such windfall gains would then be funded out of BSUoS charges levied on the rest of the industry and there is the potential to set an extreme, negative level of System Sell Price. This modification deals with the problem in two stages:

1. The post event contract notifications remove the possibility of windfall profits/imbalance exposure from the affected party without affecting System Sell Price (SSP). (It would be inappropriate for a system balancing

Modification Proposal

MP No: 87
(mandatory by BSCCo)

action such as an inter-trip operation to have an effect on SSP.)

2. If there is no Balancing Services Contract in place and the party is able to substantiate that the above clause has disadvantaged them, then the TDC will determine the costs to be paid by National Grid as for any Bid/Offer acceptance. This clause will act as a default and can be used as a starting point for the negotiation of a Balancing Services Contract should the parties prefer to remove the uncertainty of the TDC decision.

Impact on Code (optional by proposer):

Change to the definition of QCE_{ij} in section T4.5.1 to allow for inter-tripped energy volumes.

Change to the definition of QME_{ij} in section T4.3.3 to allow the correct calculation of non-delivery volumes and information imbalance.

Corresponding changes to the glossary.

Changes to section W to reflect the possibility of a party disputing the costs associated with an inter-trip operation.

Impact on Core Industry Documents (optional by proposer):

Corresponding Grid Code change required recognising that there would no longer be a deemed bid acceptance for an inter-trip operation.

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

Given the very rare operation of inter-trip schemes, it is proposed that the modification would be implemented via work-around rather than modifying the systems

Impact on other Configurable Items (optional by proposer):

None identified

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

By removing a potential cause of windfall profits/costs and spikes in System Sell Price, this proposal will "promote effective competition in the generation and supply of electricity".

Details of Proposer:

Name: Isabelle Haigh

Organisation: National Grid

Telephone Number: 024 7642 3818

Email Address: isabelle.haigh@uk.ngrid.com

Details of Proposer's Representative:

Name: As above

Organisation:

Telephone Number:

Email Address:

Modification Proposal

MP No: 87
(mandatory by BSCCo)

Details of Representative's Alternate:

Name: Richard Lavender

Organisation: National Grid

Telephone Number: 024 7642 3967

Email Address: richard.lavender@uk.ngrid.com

Attachments: NO

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