

Modification Proposal

MP No: 7
(mandatory by BSCCo)

Title of Modification Proposal (mandatory by proposer):

"Allocation Of Supplier Demand To The Same BM Unit In A GSP Group For All Suppliers In The Same Company Group"

Submission Date (mandatory by proposer): 18 April 2001

Description of Proposed Modification (mandatory by proposer):

The modification proposes that the Supplier demand, for all supply companies in the same company group, can be allocated to the same BM Unit within a GSP Group.

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

For historical reasons many company groups have more than one licensed supply company. To maximise the embedded benefits associated with embedded license exempt generation, suppliers need a greater amount of demand in a GSP Group than embedded generation. With the increasing of the generation licence exemption limit and the expansion of CHP and renewable generation, there are more embedded generators expecting to realise these embedded benefits. These benefits could be better realised if all the demand for a company group could be allocated to the same BM Unit.

If the total supply take for a company group can be summed together in a GSP Group, the embedded benefits can be fully secured.

Impact on Code (optional by proposer):

Section K Clause 3 "Configuration and Registration of BM Units"
Section T Clause 4 "Settlement Calculations"

Impact on Core Industry Documents (optional by proposer):

Amendment to Balancing and Settlement Code as above

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

Impact on other Configurable Items (optional by proposer):

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

It is essential that embedded generation is able to fully capture the embedded benefit value from suppliers in order to maximise the value of their investment.

As many supply companies have demand in a GSP group on more than one supply licence, they are unable to consolidate their position and offer the full benefit share potential to renewable and CHP generators. Under current arrangements renewable and CHP generators are less likely to experience competitive pricing for their product as many suppliers will have insufficient demand on a single licence to offer a competitive benefit share.

This proposal will better facilitate competition in the embedded generation market and electricity supply in general.

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Attachments: NO

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