

4.5 MP Form

Modification Proposal – BSCP40/03	MP No: P224 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal Reactive Power Flows Associated with Exemptable Generating Plant	
Submission Date Monday 28 April 2008	
<p>Description of Proposed Modification</p> <p>Section K of the Balancing and Settlement Code (BSC) currently prevents Parties other than Licensed Suppliers from taking responsibility for Reactive Power flows absorbed (imported) by Licence exempt generating plant (Exemptable Generating Plant). This proposal seeks to alter the Code such that Parties other than licensed suppliers may take responsibility for reactive power flows absorbed by licence exempt generating plant, The “straw man” solution for consideration by the Group is as follows:</p> <ol style="list-style-type: none"> a) Replace the terms ‘Import’ and ‘Export’ in Section K with ‘Active Import’ and ‘Active Export’; and b) Introduce two new terms to Section K, ‘Active Import Related Reactive Power’ and ‘Active Export Related Reactive Power’; and two supplementary terms to account for time and the flow of Reactive Power, ‘Active Import Related Reactive Energy’ and ‘Active Export Related Reactive Energy’; and c) Assign responsibility for Active Import Related Reactive Power to a Supplier and assign responsibility for Active Export Related Reactive Power to an Exemptable Generating Plant. <p>The configurer of the data flow D0268, ‘Half Hourly Meter Technical Details’, will be instructed to cross-reference standard meter identity data with MPAN/MSID data to recognise when a site is importing Reactive Power during times when the presence of generating equipment results in a net export of Active Power from that site. For the purpose of accurate Distribution Use of System (DUoS) charging, such imported Reactive Power will be, correctly, attributed to the generator. A detailed explanation of how the configurer could identify combinations of Active and Reactive Power flows is included in attachment, ‘Explanation of Proposed Solution’.</p> <p>Under this proposal how Section K determines responsibility for Active Power flows will not change. This means that an Exemptable Generating Plant, or its authorised Party, will need to have elected to be responsible for Active Export (by applying to register Metering Systems) in order to be responsible for Active Export Related Reactive Power. It also means that the proposal will not apply retrospectively; and an existing generator will need to re-register Metering Systems to qualify.</p> <p>Finally, it is the proposal’s intention to avoid any significant impact on physical Meters, such as a requirement for Parties to replace existing systems. However, as it is likely that certain Meters will have to be re-configured, the proposal includes a materiality threshold of 100kW. This figure is based on the new Statutory Instrument, SI 1679, related to the Measuring Instrument Directive (MID) and is consistent with the Measurement Class definitions for Metering Systems in Annex X-2 of the BSC.</p>	

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Description of Issue or Defect that Modification Proposal Seeks to Address

At present, only Licensed Suppliers are taken to be responsible for Reactive Power flows, which can result in inaccurate DUoS charges. Such inaccuracies are known to occur where there is Exemptable Generating Plant, typically wind generation, behind a single Meter on the boundary between a site and the Distribution System. The problem is therefore likely to become of increased significance as continually more new Licence exempt wind generation is built.

Specifically, if unaddressed, there are likely to be more incidences where a Supplier's Maximum Capacity Charge is artificially inflated and more incidences of charges for excess Reactive Power. This could in turn result in more disputes between the operators of Licence exempt generating plant and supply companies about who should pick up such costs.

The matter has been investigated by the industry in recent years. Papers were brought to both the Supplier Volume Allocation Group (SVG62/08, SVG63/11 and SVG64/07) and the Imbalance Settlement Group (ISG62/04). Consequently an Issues Group was formed (Issue 24 'Impact of BSC on Reactive Power Charging'), which reported to the BSC Panel in May 2007 (paper 127/01e). Since then a broad consensus has formed at the industry's Distribution Charging Methodologies Forum (DCMF) that the problem will be best addressed through a BSC Modification.

Further work to judge the need for a proposal was undertaken by the Renewable Energy Association. The Association issued a survey to its members in February 2008, with a view to supporting investigation of a solution to the problem by a BSC Modification Group. Of 11 respondents, all "wanted to see a modification to the BSC which would ensure that reactive power flows are correctly allocated to those that cause them."

The survey also specifically asked whether, on a site by site basis, respondents were aware of excessive import DUoS charges and whether they had queried these charges with the relevant Distribution Network Operator (DNO). From this sample, 40% of sites had identified excessive charges and had put queries to the DNO, without successful resolution.

To be clear, this survey was specifically intended to validate that there is wider interest in resolving the issue; and it is therefore not expected that it will be of further use to the Modification Group.

Finally, it should be noted that the proposal is based on the solution recommended by the Issue 24 Group. The Group believes that the new definitions referring to 'Active *Related* Reactive Power' allow Reactive Power flows to be attributable to an unlicensed Party in a way that would avoid these power flows being considered to be an unlicensed supply of electricity, which is contrary to the provisions of the Electricity Act (1989).

Impact on Code (optional by originator)

In addition to amendments to Section K, it is expected that amendments will be required to the General Glossary (Annex X-1) and the Technical Glossary (Annex X-2).

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<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code <i>(optional by originator)</i> None expected.</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i> It is likely that Parties will report an impact on their settlement systems and processes.</p>	
<p>Impact on other Configurable Items <i>(optional by originator)</i> It is anticipated that BSCCo will advise the Modification Group where consequential changes will be required to the Codes of Practice (CoPs) for Metering Systems.</p>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i> It is important to note that the accurate DUoS charging is principally a concern for the DNO's charging methodologies. However, the Issue 24 Group acknowledged that it is the baseline BSC text that causes a problem, as it amounts to an inappropriate constraint on the accurate apportioning of Reactive Power costs.</p> <p>The Group went on to note that an amendment to the BSC would therefore better facilitate competition in the generation and supply of electricity, against Objective (c). The baseline drafting of the BSC leads to anomalies in DUoS charges relating to Reactive Power. It is detrimental to competition if Parties are subject to inappropriate costs. Furthermore, inaccurate charging could prove to be a barrier to entry in the growing embedded generation market.</p>	
<p>Urgency Recommended: No <i>(delete as appropriate) (optional by originator)</i></p>	

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Justification for Urgency Recommendation <i>(mandatory by originator if recommending progression as an Urgent Modification Proposal)</i> n/a	
Details of Proposer: Name..... <i>Ben Sheehy</i> Organisation..... <i>E.ON UK plc</i> Telephone Number..... <i>02476 183381</i> Email Address..... <i>ben.sheehy@eon-uk.com</i>	
Details of Proposer’s Representative: Name..... <i>Glenn Sheern</i> Organisation..... <i>E.ON UK plc</i> Telephone Number.... <i>07834 621647</i> Email address..... <i>glenn.sheern@eonenergy.com</i>	
Details of Representative’s Alternate: Name..... <i>Gaynor Hartnell</i> Organisation..... <i>Renewable Energy Association</i> Telephone Number.... <i>020 7747 1830</i> Email address..... <i>ghartnell@r-e-a.net</i>	
Attachments: Yes <i>(delete as appropriate) (mandatory by originator)</i> ‘Explanation of Proposed Solution: Reactive Power Flows Associated with Exemptable Generating Plant, Draft Solution’, 2 pages. If Yes, Title and No. of Pages of Each Attachment:	