

MODIFICATION REPORT for Modification Proposal P231 'Black Start and Fuel Security Code Procedures under the Balancing and Settlement Code (BSC)'

Prepared by: ELEXON¹ on behalf of the BSC Panel

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This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.²

P231 aims to improve the transparency of the arrangements and obligations associated with a Black Start or Fuel Security Code (FSC) event, as the current detail in the BSC is only high level. The P231 solution outlines the processes for confirming the duration of a Black Start / FSC event and to enable normal market operations to resume. The Proposal also clarifies the responsibilities of relevant participants.

No Alternative Modification has been developed.



Another draft Modification Report regarding the calculation of a Single Imbalance Price and the processes for Party compensation as a result of a Black Start or FSC event (P232) was issued in parallel with this document for an Authority decision.

BSC PANEL'S RECOMMENDATIONS

Having considered and taken into due account the contents of the P231 draft Modification Report, the BSC Panel recommends:

- **that Proposed Modification P231 should be made;**
- **an Implementation Date for Proposed Modification P231 for the next planned BSC Systems Release which falls at least 4 months after an Authority Decision has been received; and**
- **the proposed text for modifying the Code, as set out in the Modification Report.**

The rationale for this recommendation can be found in Section 5 of this document.

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¹ ELEXON Ltd fulfils the role of the Balancing and Settlement Code Company ('BSCCo').

² The current version of the Code can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as Modification Group has been able to assess, the following parties/documents would be impacted by P231.

Parties	Sections of the BSC	Code Subsidiary Documents
Distribution System Operators <input type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Interconnectors <input checked="" type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Party Service Lines <input type="checkbox"/>
Non-Physical Traders <input type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Suppliers <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Transmission Company <input checked="" type="checkbox"/>	G <input checked="" type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents	H <input checked="" type="checkbox"/>	Core Industry Documents
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Ancillary Services Agreement <input type="checkbox"/>
Data Collectors <input type="checkbox"/>	J <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
Meter Administrators <input type="checkbox"/>	K <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	L <input type="checkbox"/>	Distribution Code <input type="checkbox"/>
ECVNA <input checked="" type="checkbox"/>	M <input checked="" type="checkbox"/>	Distribution Connection and Use of System Agreement <input type="checkbox"/>
MVRNA <input checked="" type="checkbox"/>	N <input type="checkbox"/>	Grid Code <input checked="" type="checkbox"/>
BSC Agents	O <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
SAA <input checked="" type="checkbox"/>	P <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
FAA <input checked="" type="checkbox"/>	Q <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
BMRA <input checked="" type="checkbox"/>	R <input type="checkbox"/>	BSCCo
ECVAA <input checked="" type="checkbox"/>	S <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
CDCA <input checked="" type="checkbox"/>	T <input type="checkbox"/>	BSC Panel/Panel Committees
TAA <input type="checkbox"/>	U <input type="checkbox"/>	Working Practices <input checked="" type="checkbox"/>
CRA <input type="checkbox"/>	V <input type="checkbox"/>	Other
SVAA <input checked="" type="checkbox"/>	W <input type="checkbox"/>	Market Index Data Provider <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	X <input type="checkbox"/>	Market Index Definition Statement <input type="checkbox"/>
BSC Auditor <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
Profile Administrator <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		
Other Agents		
Supplier Meter Registration Agent <input type="checkbox"/>		
Unmetered Supplies Operator <input type="checkbox"/>		
Data Transfer Service Provider <input type="checkbox"/>		

1 SUMMARY

Background

P231 has been raised by National Grid and the P231 solution is based on the discussions from Issues 32 'Black Start' and 33 'Fuel Security Code'. P231 provides clearer processes for the industry to follow in the event of a Black Start or FSC direction, thereby allowing National Grid, BSCCo and BSC Parties to fulfil their BSC obligations.

Impacts:

- **BSC Parties:** The Transmission Company, Generators, Suppliers, Licence Exemptable Generators, Licensed Distribution System Operators, Interconnector Administrators, Interconnector Users and BSCCo.
- The Grid Code.
- **BSC Agents:** All BSC Agents

Implementation Costs

Total costs:

- £17,670 (includes BSCCo and BSC Agent cost) if P231 is implemented outside a standard BSC release
- £7,770 (includes BSCCo and BSC Agent cost) if P231 is implemented as part of a standard BSC release

Operational costs (per year):

None, but if a Black Start/FSC event occurs, any costs would be absorbed under normal BSCCo operational costs.

Industry implementation costs:

Although no costs were provided, the costs are expected to be minimal.

Implementation Approach

The Panel recommend an Implementation Date for the Proposed Modification for the next planned BSC Systems Release which falls at least 4 months after an Authority Decision has been received.

The Panel's preference is that P231 be included in the next Planned BSC Systems Release together with P232, so as to realise the benefits of these modifications in a more efficient manner.

Benefit and Drawbacks under Applicable BSC Objectives (b), (c) and (d) as identified by the Panel and Modification Group

Benefits:

- The current lack of a clear process is untenable in the long term and does not facilitate an efficient market recovery following a Black Start / FSC event;
- The lack of a clear process would mean that there would be widespread confusion within the industry. This could prove to be expensive where participants make ill-informed decisions for example, where to look for the details of the process, understanding the activity and role of participant, whether or not contracts should be made, and other trading related issues;
- The process will also clarify to BSC Parties when they will be despatched by National Grid (under Emergency Instructions) and when BSC Parties will self despatch (as per normal BSC operation). This can be seen as Point K in the Black Start Recovery Diagram in Section 3,2;
- Although it was not possible to quantify the benefits in definite financial terms, it was agreed that there would be cost savings to participants in having a clear and transparent process. P231 puts in place a coherent process which would mean that an efficient return to normal market operation under the BSC. This facilitates a more competitive market. By virtue of having such a market, it can be assumed that this is more efficient than central despatch (which would occur under Black Start). By facilitating earlier return to market operation, P231 would, by definition, have cost savings by reducing the time under central despatch. It is expected that, in the event that Black Start occurred, this benefit would outweigh the cost for the implementation of P231;
- No drawbacks have been identified; and
- Although no definitive financial benefits were stated, the Group strongly believed that the benefits outweigh the costs for implementation of P231 (see points above).

The Panel's Recommendation

The final unanimous view of the BSC Panel is that:

- **the Proposed Modification SHOULD BE MADE.**

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2 P231 SOLUTION

P231 deals with the:

- commencement of a Black Start Period;
- return of normal market operation following a Black Start Period; and
- clarification that complying with a Fuel Security direction would not lead to a breach of the BSC and that Parties would not incur Energy Indebtedness during a Black Start Period.

In clarifying these arrangements, P231 establishes the specific obligations during a Black Start or FSC event on:

- the BSC Panel;
- BSCCo;
- BSC Parties (Suppliers and Generators);
- BSC Agents;
- Interconnector Administrators and Users; and
- the Transmission Company.

2.1 Solution

For a full description of the original Modification Proposal as submitted by National Grid ('the Proposer'), please refer to the [P231 Initial Written Assessment](#) (IWA).

The P231 solution can be broken down into the following three areas:

2.1.1 Commencement of a Black Start Period

For a Black Start event, the BSC currently states that the Panel determines the Settlement Period where the Total / Partial Shutdown of the Transmission System commenced. In practice the Panel determination would simply be based on the Transmission Company's (National Grid) declaration. Therefore P231 proposes that the commencement of a Black Start Period is based on National Grid's declaration. National Grid will communicate this to BSCCo.

Following National Grid's declaration, BSCCo will be required to notify all BSC Parties of the beginning of the Black Start Period; BSCCo's notification will include details of the Settlement Day and Settlement Period that the Black Start Period commenced.

2.1.2 Return of Normal Market Operations following a Black Start Period

For a Black Start event, the BSC currently states that the Panel determines the Settlement Period where normal operations apply following a Black Start Period. However, several key steps (which are not described in the BSC) need to occur beforehand to ensure a prompt and orderly return to normal operation of the BSC arrangements. These steps are:

- Broadcasting of information by National Grid and BSCCo to BSC Parties, e.g. state of the relevant IT systems;
- The Panel determining the Single Imbalance Price (this is being considered by P232);
- The Panel determining the timeframe for the start of normal BSC market operation;

- BSCCo and BSC Agents to broadcast information and report to BSC Parties, including the ECVAAs sending reports to BSC Parties prior to normal market operations, informing BSC Parties of their contract positions. It should be noted that Volume Notifications relating to Settlement Periods prior to normal market resumption will be treated as null;
- BSC Parties sending Volume Notifications to ECVAAs in order to notify their contract position for Settlement Periods following the return to normal operations;
- BSC Parties submitting BM Unit data (e.g. Physical Notifications) to National Grid prior to normal market operations. Specifically BSC Parties should submit Physical Notifications relating to their required physical position for the Settlement Period following the return to normal market operations at least 10 hours prior to this Settlement Period. This would provide National Grid greater visibility of the state of the electricity grid and BSC Parties required physical positions at the point of return to normal market operations; and
- National Grid informing the Panel at least one hour before normal market operations are due to commence whether it believes normal operations can commence.

Sections 3.2 and 3.3 below provide further detail on the process steps required during the Black Start Period to enable an orderly return to normal operation.

2.1.3 Clarification Regarding BSC Defaults and FSC Events/ Black Start Periods

In an FSC event, the FSC provisions supersede those of the BSC. This means that a BSC Party will not be in breach of the BSC if the cause of that breach was from complying with a direction issued to them specifically under the provisions of the FSC.

The Group noted that if BSCCo was unaware of an FSC direction and a Party breached their Credit Default level as a direct result of taking action under an FSC direction, BSCCo would notify that default to industry in accordance with the BSC rules. It is therefore imperative that BSCCo is made aware of an FSC direction to avoid taking such action. However there is no obligation under the FSC for BSCCo to be informed of FSC directions. Therefore, the Group concluded that it is a Party's responsibility to provide details of such a notification to BSCCo if a Credit Default situation occurs. In addition, a statement will be included in the BSC to explicitly state that:

- a BSC Party will not be in breach of the BSC as a direct result of complying with an FSC direction; and
- BSCCo will not provide authorisation to place a Party in Credit Default if the reason for the breach of the Credit Default threshold is proved to be an FSC direction.

For a Black Start event, the BSC states that the value of Credit Assessment Energy Indebtedness shall be set to zero for all Trading Parties in relation to Settlement Periods which fall within a Black Start Period. However with the introduction of changes to the credit arrangements the Credit Assessment Energy Indebtedness is not the only component of the credit calculation. It is therefore proposed that the BSC be amended so that the value of Energy Indebtedness (to include Credit Assessment Energy Indebtedness, Metered Energy Indebtedness and Actual Energy Indebtedness) is set to zero. This would therefore ensure that Parties can not incur any indebtedness during the Black Start Period.

The draft legal text (Appendix 1) includes proposed amendments to sections G4 (FSC), G3 (Black Start), M (Credit Default) and H (Default) to give effect to this proposal.

2.2 Overview of the Proposed Modification during a Black Start Period

The Black Start aspects of the P231 solution is easily explained with reference to the 'Black Start Recovery' Diagram and accompanying explanations below. Section 2.3 details the P231 process as well as the requirements on each participant during a Black Start Period.

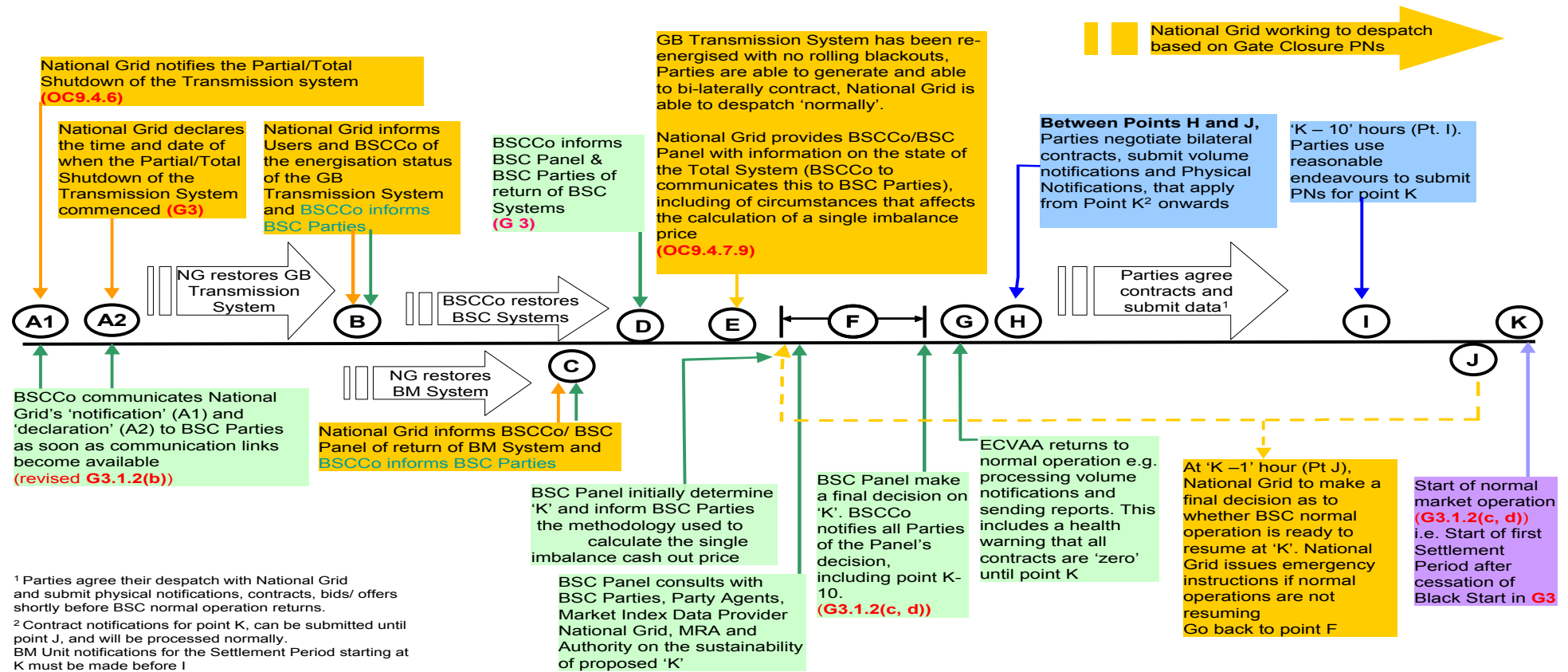


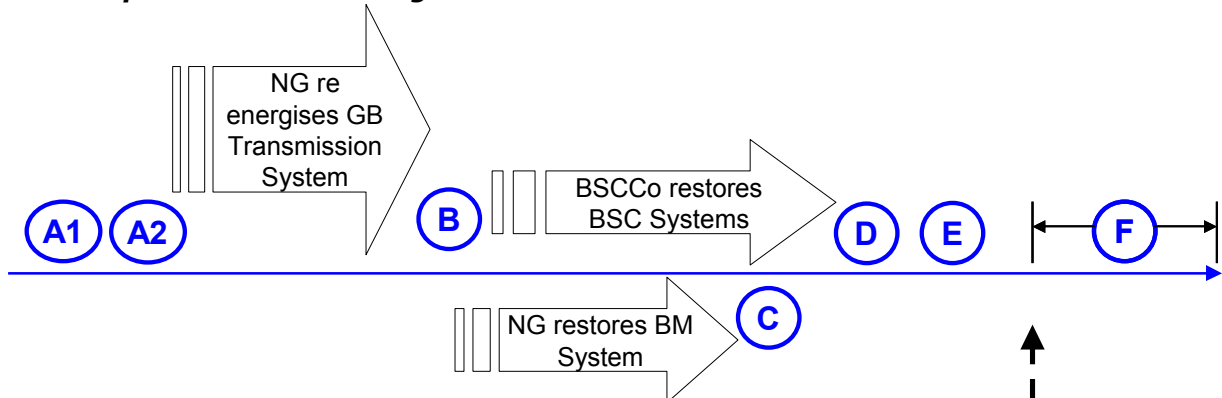
Figure 1: Black Start Recovery Diagram where: orange boxes are National Grid obligations/inputs, Green boxes are BSCCo / BSC Panel obligations/ inputs and Blue boxes are BSC Party obligations/ inputs. The purple box denotes the start of normal BSC market operations. P231 obligations on National Grid and BSCCo are shown in red.

2.3 Detailed Black Start Process

Areas which involve the restoration of the Transmission System fall under the Grid Code and not the BSC. These have been included for completeness.

The purpose of this section is to describe the overall Black Start recovery process in greater detail.

Simplified Black Start diagram Points A – F



POINT A1 – Existence of a Black Start Period

- National Grid will contact power stations with the ability to 'Black Start', to begin the restoration of the Transmission System. This is not an instruction from National Grid, but rather part of general communication between National Grid and 'Black Start capable' power stations.
- National Grid will work towards restoring the GB Transmission System (period A1 to B).
- National Grid will inform BSCCo that a Total/Partial Shutdown is in existence and that the market has entered a Black Start Period (National Grid will subsequently inform BSCCo, in its reasonable opinion, of the time and date of the Shutdown, known as Point A2).
- After receipt of National Grid's notification, BSCCo will communicate this to all BSC Parties and BSC Agents as soon as normal communication channels³ become available.
- Where data is not available Settlement Runs will be delayed in accordance with Sections T1.4.2 and T1.4.5 of the BSC. The corresponding Payment Runs will also be delayed in accordance with Section N.6.6 of the BSC.

POINT A2 – National Grid declaration of time and date

- Based on their investigations, National Grid will declare the indicative start time and day of the Total/Partial Shutdown to users of the Grid Code and BSCCo.
- After receipt of National Grid's declaration, BSCCo will communicate this declaration as the start of the Black Start Period to all BSC Parties and BSC Agents.

POINT B – Energisation of the Transmission System

- When the GB Transmission System is energised, National Grid will inform BSCCo.
- BSCCo will pass this information on to BSC Parties, via normal communication channels, with the caveat that the market is still suspended and individuals may not have power, hampering their ability to receive those communications.

³ This is likely to be via email, ELEXON Circular or the posting of information on the BMRS website. Normal communication between BSCCo and the industry might be difficult at the start of the Black Start Period as the 'electricity grid' will begin to be re-energised and any available communication channels could suffer from congestion/unavailability. Therefore ELEXON may only be able to communicate the commencement of the Black Start Period once the electricity grid is totally/ almost re-energised.

POINT C⁴ (B to C) – Restoration of National Grid's BM system

- National Grid will work to restore its BM systems, which are capable of communications with Grid Code users. Grid Code users and BSCCo will be informed when the systems have been restored and are therefore available and capable of operation.
- BSCCo will pass this information onto BSC Parties.

POINT D⁴ (B to D) – Restoration of BSC Systems

- BSCCo will work with BSC Agents to restore the BSC systems. When the BSC systems are restored, BSCCo will inform the BSC Panel and BSC Parties that the BSC systems are available and capable of operating.

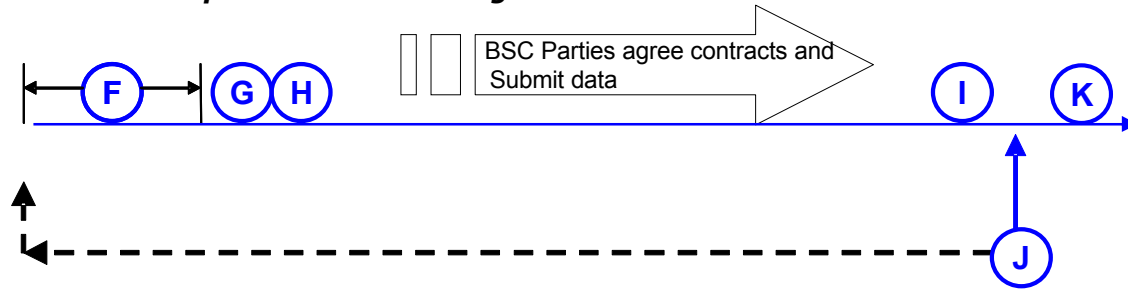
POINT E – Stabilisation of the Transmission System

- At this point, the GB Transmission System has been re-energised with no rolling black outs. Generators are able to generate sufficient electricity to meet demand and are under instructions of National Grid.
- National Grid will inform BSCCo and Grid Code users that, to the best of its knowledge, the events which gave rise to the Black Start no longer exist and the market is capable of operating normally. BSCCo will convey the information contained in these updates to the BSC Panel and BSC Parties via normal communication channels.

POINT F – Panel determination of the return to normal operations

- At the start of Point F, the BSC Panel will determine a proposed time and date for normal BSC market operations to resume. This is 'Point K' on the diagram.
- The BSC Panel will consult with BSC Parties, Party Agents, the Market Index Data Provider, National Grid, MRASCo and the Authority on the proposed timetable for the resumption of normal BSC market operations.
- Following feedback received during the consultation, the BSC Panel will make a final decision on when normal market operations will resume (Point K), subject to National Grid's 'Go-Live' confirmation.
- BSCCo will inform all BSC Parties of the time of return to normal operation under the BSC (Point K).

⁴ Note: Points C and D may occur before or after point E.

Simplified Black Start diagram Points F – K**POINT G: ECVAAs return to normal operations**

- The ECVAAs will return to normal operations. Therefore Volume Notifications submitted by Parties will be processed and reports issued to Parties. This will include the forward contract report (ECVAA-I022) which is issued daily to each Contract Trading Party summarising notifications received relating to that Contract Trading Party for the next seven days. This will therefore show Parties their contract position following point K at K – 7 days. A health warning will be placed on the BMRS to remind Parties that all contract positions are zero until normal market operations resume (at Point K).

POINTS H - J: Submission of Party data to National Grid and BSC Systems (Bids and Offers, Volume Notifications and Physical Notifications)

- It is expected that BSC Parties will begin negotiating bilateral contracts.
- Between Points H and J (K-1hr) Parties can submit Volume Notifications and Bid/ Offer data in relation to the first and subsequent Settlement Periods after Point K.
- Between Points H and I (K-10 hrs) Parties should submit Physical Notifications to reflect their required physical position at Point K.

POINT I: 10 hours to Point K

- This point is 10 hours before normal market operations resume. Parties should use reasonable endeavours to submit Physical Notifications for 'Point K', the restoration of normal BSC market operations. National Grid will then despatch plant to enable Parties to meet their required physical position at Point K. If a Party submits a revised Physical Notification after Point I, it may not be possible for National Grid to despatch the plant in order for the Party to meet this revised position.
- For subsequent Settlement Periods following the start of the normal market operation, the Parties should submit BMU data in accordance with BC1 of the Grid Code.

POINT J: Gate Closure for Point K and final decision

- National Grid will make a final decision as to whether it believes it is permissible to allow normal BSC operation to resume at 'Point K'.
- If National Grid does not believe it is permissible to restart normal market operations, it will need to submit a set of Emergency Instructions to every BM Unit informing them that BSC 'normal' operation will no longer be re-starting as envisaged, at 'Point K'. In this instance, the Black Start process moves back to 'Point F'. The Panel will propose a new start date and time for normal BSC market operations to resume.

POINT K: End of the Black Start/ restoration of normal market operations

- This is the point at which normal BSC market operations resume.
- At this point, Black Start provisions (Section G) no longer apply. The Balancing Mechanism and all BSC systems are operating normally.
- No specific rules are required for any subsequent Settlement Periods after 'Point K', e.g. Parties can submit revised Physical Notifications up to Gate Closure.

3 IMPLEMENTATION

3.1 Implementation Approach

Responses from the P231 impact assessment/consultation have indicated that there are minimal costs from both the industry and BSC Agents in implementing the P231 solution. Changes are confined to updating internal procedures/Local Working Instructions and processes (no system changes have been indicated). There will be a cost associated with the drafting and progression of the new BSCP (see below).

The P231 implementation approach is driven by the lead time for the documentation changes. Development of the new BSCP will take 4 months. **Therefore implementation is proposed to be included in the next planned BSC Systems Release which falls at least 4 months after an Authority Decision.** Although the Group prefers that P231 be implemented as soon as possible, there is a cost saving of approximately £10,000 if P231 is included in a standard BSC release.

This 4 month lead time includes internal drafting and review cycles for the BSCP, an industry consultation followed by the BSC Panel approval. The Panel would be responsible for agreeing any further amendments to this BSCP, although the Panel may wish to delegate this to a Panel Committee.

P231 and P232 are being progressed to identical timescales as there are potentially cost savings in progressing and implementing P231 and P232 together. The Group has suggested that ideally, a single BSCP will be developed for both the P231 and P232 solution (assuming Authority approval is granted for P231 and P232) containing the non BSC details regarding contingency arrangements.

Rationale for inclusion of guidance in the new BSCP

This new BSCP would also contain guidance for market participants on the Black Start Recovery process, guidance on the FSC processes and include explanatory process diagrams. This type of guidance information has normally been contained in separate guidance notes published on the BSC Website and not in BSCPs (in accordance with the CSD Architectural Principles Statement). However, the Group believed that having all the relevant information in a single document is appropriate as in these extreme events it would be beneficial for market participants to obtain this information quickly and efficiently (alongside the BSCP structured processes). This is in contrast to having the same information attached to the Assessment Report or a stand alone guidance note, for which visibility could reduce over time. Therefore, the new BSCP should include the following:

- P231 Black Start Recovery Diagram;
- Guidance on the P231 Black Start Recovery process;
- P231 Black Start Recovery processes;
- Guidance on FSC events and directions;
- P232 Claims Application Process;
- P232 Black Start Period and Fuel Security Code Event Claims Forms;
- P232 Black Start Period and Fuel Security Code Event Request for Time extension form;
- P232 draft Claims Committee terms of Reference; and
- P232 Claims Committee guidance.

The Group also recommends the BSCP sits with the Panel, as a single document in a high-profile position will promote regular review and familiarity.

Both Modifications could be implemented as a stand alone Modification if the Authority were to reject either Modification or if it was recommended that P231 and P232 should be implemented separately. However, a

more efficient route would be to implement P231 together with P232 and included as part of a standard BSC Systems release.

3.2 Implementation Costs

The implementation costs for P231 are noted in the table below:

P231 IMPLEMENTATION COSTS⁵

		P231 implemented as a stand alone release	P231 implemented in a standard BSC release	Tolerance
BSC Agent Cost	Updating internal processes and documentation	£3,150	£3,150	-
Total Demand Led Implementation Cost		£3,150	£3,150	-

BSCCo Implementation Resource Cost		66 man days £14,520	21 man days £4,620	+/- 30%
Total Implementation Cost		£17,670	£7,770	+/- 30%

Note: There is an additional cost saving if both P231 and P232 are implemented together, whether or not both Modifications are implemented as part of a standard BSC release.

⁵ An explanation of the cost terms used in this section can be found on the BSC Website at the following link:
http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf

4 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATION TO THE PANEL

4.1 Conclusion

The UNANIMOUS view of the Modification Group is that the Proposed Modification would better facilitate Applicable BSC Objectives (b), (c) and (d) when compared with the existing arrangements. The reasoning provided by the Group is detailed in Section 4.2 below.

The Group, as well as respondents to the P231 impact assessment and consultation agreed to the Implementation approach outlined in Section 3 of this document.

Further details on the Group's discussions can be found in Appendix 4 of this document.

4.2 P231 Quantifying benefits in financial terms

The Group found it difficult to quantify the benefits for P231 in financial terms but made the following arguments in support:

- The current lack of a clear process is untenable in the long term and does not facilitate an efficient market recovery following a Black Start / FSC event;
- The lack of a clear process would mean that there would be widespread confusion within the industry. This could prove to be expensive where participants make ill-informed decisions for example, where to look for the details of the process, understanding the activity and role of participant, whether or not contracts should be made, and other trading related issues;
- The process will also clarify to BSC Parties when they will be despatched by National Grid (under Emergency Instructions) and when BSC Parties will self despatch (as per normal BSC operation). This can be seen as Point K in the Black Start Recovery Diagram in Section 2.2;
- Although it was not possible to quantify the benefits in definite financial terms, it was agreed that there would be cost savings to participants in having a clear and transparent process. P231 puts in place a coherent process which would mean that an efficient return to normal market operation under the BSC. This facilitates a more competitive market. By virtue of having such a market, it can be assumed that this is more efficient than central despatch (which would occur under Black Start). By facilitating earlier return to market operation, P231 would, by definition, have cost savings by reducing the time under central despatch. It is expected that, in the event that Black Start occurred, this benefit would outweigh the cost for the implementation of P231 (approx £7-9k if implemented in a BSC Release);
- The process would clarify the process for moving from central despatch via National Grid emergency instructions to BSC Parties self despatch. This can be seen as Point K in the Black Start Recovery Diagram in Section 2.2;
- No drawbacks have been identified; and
- Although no definitive financial benefits were stated, the Group strongly believed that the benefits outweigh the costs for implementation of P231 (see points above).

4.3 Assessment of P231 Against Applicable BSC Objectives

The view of the Modification Group was that the Proposed Modification **WOULD** better facilitate the achievement of Applicable BSC Objective b, c and d when compared to the current BSC baseline for the reasons set out below:

BSC Objective (b): The efficient, economic and co-ordinated operation of the GB transmission system	
For	Against
<ul style="list-style-type: none"> P231 sets out a clear transparent process which will ensure that individual BSC participants have a better understanding of the Black Start and FSC procedures. This will assist the Transmission Company to operate in an efficient manner, for National Grid (and BSC Participants) to carry out their BSC obligations during a Black Start and therefore ensures that the GB Market is operating normally in the most efficient manner. P231 enables BSC Parties to interact effectively with the Transmission Company, which is required to operate the Transmission System efficiently and economically. 	<ul style="list-style-type: none"> None identified

BSC Objective (c): Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity	
For	Against
<ul style="list-style-type: none"> P231 would improve competition, by the virtue of having clear transparent procedures for a Black Start recovery/FSC event. This would enable the market to restart in a more efficient manner, which was seen to enhance competition. By ensuring that the market restarts in a manner where participants are clear on roles and activities, the potential for misinterpretation by some participants, resulting in inefficient or costly actions is avoided. 	<ul style="list-style-type: none"> None identified

BSC Objective (d): Promoting efficiency in the implementation and administration of the balancing and settlement arrangements	
For	Against
<ul style="list-style-type: none"> The administration of the balancing and settlement arrangements would be more efficient due to the detailed Black Start/FSC processes being documented; The Panel, BSC Parties, BSC Agents and the wider industry would have the benefit of guidance and a structure in which to act; BSC Parties will have comfort that, under exceptional market conditions, procedures are in place to ensure their commercial interests are considered; and Clarifications/amendments to the Black Start and Fuel Security provisions would benefit the determination and financial Settlement of obligations between BSC Parties. 	<ul style="list-style-type: none"> None identified

4.4 P231 Legal text and BSCP

BSCCo developed the draft legal text, guidance notes and draft BSCP for P231 which outlined the P231 processes. (This documentation was made available to industry during the P231 impact assessment and consultation).

At the final Modification Group meeting, the Group reviewed the draft legal text. Changes to the draft legal text were made to address industry comments and the Group unanimously agreed that the revised draft legal text delivered the intended solution.

Draft legal text for the Proposed Modification can be found in Appendix 1 whereas the draft BSCP can be found as Attachment B to the [P231 Assessment Report](#).

5 RATIONALE FOR PANEL'S RECOMMENDATIONS TO THE AUTHORITY

5.1 Panel's Consideration of Assessment Report

The Panel considered the P231 Assessment Report at its meeting on 09 April 2009. This section summarises the Panel's discussions in formulating its provisional recommendation for inclusion in the draft Modification Report.

5.1.1 Panel discussions

The following clarifications were discussed on the P231 solution:

- A Black Start Period would be a minimum of 10 hours, which reflects the existence of Point I (K-10hours) on the Black Start Recovery Diagram (See sections 3.2 and 3.3); and
- The Panel would determine the time span for the 'Panel consultation' at Point F on the Black Start Recovery Diagram. The Panel noted that at Point F, the Transmission Network would be energised with no rolling blackouts, and that the market should be capable of normal operation. Therefore, the Panel could use its discretion on the time span for the 'Panel consultation' e.g. a few hours or a few days;
- Assurance was provided to the BSC Panel that in an event of a system Shutdown, the Panel would have responsibilities for communications to BSC Parties but such responsibilities would only be expected once the Transmission System was completely energised;
- It was noted that a cross code Working Group may be required to consider different occurrences of a System Shutdown e.g. Regional Shutdown, Local Shutdown, as the Grid Code currently makes reference to a Total and Partial Shutdown;
- The Panel agree that the Proposed Modification should be part of the next planned BSC Systems Release which falls at least 4 months after an Authority Decision is received, and that it was more efficient to implement P231 alongside P232; and
- The Panel agreed the legal text for modifying the Code in respect of the Proposed Modification, as provided in Appendix 5
- **One Panel member noted that BSC Parties should provide as much information as possible, in order for the Panel to make a final decision on P231.**

5.1.2 Applicable BSC Objectives

The Panel unanimously agreed that P231 better facilitated the Applicable BSC Objectives (b), (c) and (d). The Panel did not make any new arguments during the Panel consideration of the Applicable BSC Objectives.

5.1.3 Legal Text

The Panel agreed with the Modification Group's recommendation that the Legal Text satisfactorily delivers the P231 solution.

5.1.4 Provisional recommendation to the Authority

The Panel therefore agreed a majority provisional recommendation to the Authority that:

- The Proposed Modification **SHOULD** be made

5.2 Results of Report Phase Consultation

7 responses were received to the P231 Report Phase consultation. Respondents did not provide any new arguments when compared to those received as part of the Assessment Report consultation or those made by the Panel and Modification Group.

A summary of the consultation responses received is listed by question below. Further information can be found in Appendix 5 of this document.

- ***Do you agree with the Panel's provisional recommendation to the Authority that Proposed Modification P231 should be made (and the rationale for how the Applicable BSC objectives are better facilitated)?***

All respondents agreed that P231 should be made. Where rationale was provided the views against the objectives reflected those outlined in Section 4.3 of this report. Further comments provided reiterated comments made in the Assessment Phase of P231. These comments relate to Grid Code requirements; ELEXON has shared these responses with National Grid.

- ***Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P231?***

Respondents unanimously agreed with the Panel's recommended implementation approach as described in Section 3 of this document.

- ***Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group?***

Six respondents agreed with the draft legal text, one respondent provided a neutral response. Respondents did not provide any further comments on the P231 legal text.

5.3 Panel's Consideration of Draft Modification Report

The Panel reconfirmed its unanimous view that the Proposed Modification better facilitated BSC objectives (b), (c) and (d) when compared to the current arrangements, for the reasons set out in Section 4.3 of this report. Panel members noted the responses received were unanimous in support of the Proposed Modification.

In addition the following areas were discussed:

- The Panel noted that two respondents to the Report Phase consultation requested clarification from National Grid on the requirements for submission of Physical Notifications during a Black Start and at the point of return to normal market operations (please refer to the response comments to Question 4 of the Report Phase consultation, provided in Appendix 5 of this document). National Grid confirmed that they would consider these comments.

- It was confirmed that the consultation process during the market recovery process would provide information from National Grid and industry to allow the Panel to determine whether the market was ready to resume normal operations. It was noted that the Panel would only be able to determine a return to normal market operations when sufficient information from industry had been received;
- The Panel believed a cross code Working Group may be required to consider the wider aspects of a Black Start and other similar issues, such as different occurrences of a system shutdown (e.g. regional/local shutdown, as the Grid Code currently makes reference only to a Total and Partial Shutdown), market failure and demand control. BSCCo noted that the Group had suggested that once P231/232 had run their course, National Grid and ELEXON could co-ordinate a Grid Code/BSC issue to discuss these matters; and
- A Panel member reiterated the view of the Group that the benefits of P231 solution are the saving in operational costs if a Black Start/FSC event occurred, as clear processes would be in place. It was noted that if such an event occurred before P231 was approved the Panel would use the steps set out in the P231 processes to enable market recovery.

5.4 Panel's Final Recommendation to the Authority

The Panel UNANIMOUSLY agreed a recommendation to the Authority that the Proposed Modification **SHOULD** be made.

The Panel recommend an Implementation Date for the Proposed Modification for the next planned BSC Systems Release which falls at least 4 months after an Authority Decision has been received.⁶

The Panel agreed the legal text for modifying the Code in respect of the Proposed Modification, as provided in Appendix 1.

6 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
BERR	Department for Business Enterprise and Regulatory Reform
BMRS	Balancing Mechanism Reporting Service
BSCP	BSC Procedure
CDCA	Central Data Collection Agent
DECC	Department for Energy and Climate Change
DPC	Daily Profile Co-efficient
ECVAA	Energy Contract Volume Aggregation Agent
FAA	Funds Administration Agent
FSC	Fuel Security Code
GSMG	Governance Standing Modification Group
ISG	Imbalance Settlement Group
PTS	Participant Test Service

⁶ The next BSC System Releases are scheduled for 05 November 2009 and 25 February 2010.

PN	Physical Notification
SSMG	Settlement Standing Modification Group
SAA	Settlement Administration Agent
SVAA	Supplier Volume Allocation Agent

7 REFERENCES

Ref.	Document Title	Owner	Issue Date	Version
1	Issue 32 Black Start Report	ELEXON	10/07/08	1.0
2	Issue 33 Fuel Security Code (FSC) Guidance	ELEXON		
3	P231 Initial Written Assessment	ELEXON	09/01/09	1.0
4	The Fuel Security Code	BERR	10/07	
5	Fuel Security Code Guidance	BERR	10/07	
6	P231 Assessment Report	ELEXON	03/04/09	1.0

APPENDIX 1: DRAFT LEGAL TEXT

This is included as Attachment A.

APPENDIX 2: COSTS AND PROCESS FOLLOWED

PROCESS FOLLOWED

Date	Event
23/12/08	Modification Proposal raised by National Grid
15/01/09	IWA presented to the Panel
20/01/09	First Modification Group meeting held
28/01/09	Second Modification Group meeting held
13/02/09	Third Modification Group meeting held
25/02/09	P231 issued for simultaneous Industry Impact Assessment and Consultation (in parallel with P232)
10/03/09	Impact assessment and Consultation responses returned
16/03/09	Fourth Modification Group meeting held
09/04/09	Assessment Report Presented to the Panel
17/04/09	Report Phase consultation issued to Industry (in parallel with P232)
01/05/09	Report Phase responses returned
14/05/09	Draft Modification Report presented to the Panel
20/05/09	Modification Report submitted to the Authority

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL⁷

Meeting Cost	£ 1,750
Legal/Expert Cost	£ 0
Impact Assessment Cost	£ 5,000
BSCCo Resource	59 man days
	£ 17,705

Copies of all documents referred to in the table below can be found on the [P231 webpage](#)

⁷ Clarification of the meanings of the cost terms in this appendix can be found on the BSC Website at the following link:
http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf.

APPENDIX 3: AREAS RAISED BY THE TERMS OF REFERENCE

The following areas were considered by the P231 Modification Group; formed from the Settlement Standing Modification Group (SSMG) and Governance Standing Modification Group (GSMG), in accordance with the Standing Modification Group's respective Terms of Reference and this Appendix.

- Consider the revised processes relating to:
 - Commencement and cessation of a Black Start/FSC event including the role of the BSC Panel;
 - BSCCo communication of Black Start/FSC events;
 - Issuing of information from ECVAAs;
 - Submission of BMU data to National Grid by 10 hours before market re-start;
 - Transmission Company decision as to whether market operations can resume one hour prior to market re-start; and
 - Whether there are any other requirements to ensure a smooth return to normal market operations.
- Determine whether all the additional information introduced by P231 will be in the BSC or whether a (new) BSCP is required to detail certain procedures. ELEXON has drafted a legal requirements matrix of the anticipated changes (see Appendix 4);
- Consider if further clarity is required for the communications processes. This will include notification of Black Start periods from the BSC Panel/BSCCo and National Grid to the wider industry;
- Describe the benefits of P231;
- Identify any impacts on ECVAAs and credit checking/ credit default processes;
- Identify any consequential impacts on the Grid Code;
- Establish if it is necessary to define what information ELEXON will provide to enable a decision to be made regarding market stability and re-starting market operations; and
- The Group should also be mindful of the conclusions arising from P232.

These issues are discussed in the Assessment Report contained in Appendix 5, and are not covered further here.

APPENDIX 4: P231 ASSESSMENT REPORT

For the purposes of the Report Phase consultation and the Panel's consideration of the draft Modification Report, the P231 Assessment Report can be found on the BSC Website at the [P231 webpage](#).

The Assessment Report includes:

- An explanation of Black Start and Fuel Security Code events;
- The discussions of the Modification Group regarding the areas set out in the P231 Terms of Reference;
- The Modification Group's conclusions in regard to the benefits, implementation and the Group's views against the applicable BSC Objectives;

- Details of the Group's membership, attendance, discussion and analysis;
- The BSCP which contains the Black Start Recovery diagram, guidance and processes;
- The results of the Assessment Procedure impact assessment; and
- Full copies of all responses to the Assessment Procedure consultation.

APPENDIX 5: REPORT PHASE CONSULTATION RESPONSES

This is included as Attachment B

APPENDIX 6: ESTIMATED IMPACT OF MODIFICATION ON SYSTEMS, PROCESSES AND DOCUMENTATION

An assessment has been undertaken by BSCCo in respect of all BSC systems, documentation and processes. The following will be impacted by P231.

a) Impact on BSC Systems and Processes

BSC System / Process	Potential Impact of Proposed Modification
ECVAA	ECVAA would be required to send reports to industry prior to normal market operations, informing Parties of their market positions. Any Volume Notifications in place during the Black Start Period would be nullified before being sent to the SAA.
BMRS	The BMRS would be required to operate normally where possible although indicative prices would not be accurate. The BMRS may be used to provide information to the industry in relation to the state of the Transmission System and various IT systems.
CDCA	The CDCA would operate normally, although Aggregation Runs may be delayed.
SVAA	The SVAA would operate normally, although Volume Allocation Runs may be delayed.
SAA	Settlement Runs could be delayed until data is available.
FAA	Payment Runs could be delayed until data is available.

b) Impact on BSC Parties and Party Agents

BSC Parties will be required to familiarise themselves with the solution and assess any changes to their working processes. Volume Notification Agents will need to ensure their processes allow for the resubmission of contracts for affected periods.

c) Impact on Transmission Company

The Transmission Company will need to ensure the solution is consistent with its processes and obligations under the BSC and other Codes. In particular the Grid Code may require revision.

d) Impact on BSCCo

Area of Business	Potential Impact of Proposed Modification
Operational Support	Support the operational processes during a Black Start and/or FSC period. This will require the update to, and potential creation of, new Local Working Instructions.
Change Delivery	Update to the BSC and the creation of a new BSCP.

e) Impact on Code

Code Section	Potential Impact of Proposed Modification
Section G	The BSC will need to be amended to include new obligations on: <ul style="list-style-type: none"> • The BSC Panel; • BSC Parties; • BSC Agents; • Interconnector Administrators and users; and • Transmission Company.
Section H	Amendments to state that a BSC Party complying with an FSC direction will not be in breach of the BSC.
Section M	Amendments to state that BSCCo will not provide authorisation to place a Party in Credit Default if the reason for breaching the Credit Default threshold was due to an FSC direction.

f) Impact on Code Subsidiary Documents

A new BSCP will be created to outline the procedures relating to the duration of a Black Start / FSC event, and the return to normal market operations. It is envisaged that P232 solution will utilise the same BSCP.

g) Impact on Core Industry Documents and Other Documents

Document	Potential Impact of Proposed Modification
Grid Code	Operating Code 9 may require amendments to reflect the solution.

h) Impact on Other Configurable Items

None

i) Impact on BSCCo Memorandum and Articles of Association

None

j) Impact on Governance and Regulatory Framework

None