

<p align="center"><b>Modification Proposal – BSCP40/03</b></p>	<p>MP No: P277 (mandatory by BSCCo)</p>
<p><b>Title of Modification Proposal</b> (mandatory by originator): Allow Interconnector BM Units to choose their P/C Status</p>	
<p><b>Submission Date</b> (mandatory by originator): 30 September 2011</p>	
<p><b>Description of Proposed Modification</b> (mandatory by originator)</p> <p><i>Interconnector Users should be allocated a single Interconnector BM Unit for each Interconnector, rather than the existing pair of Production and Consumption Interconnector BM Units. The Lead Party for this single Interconnector BM Unit should be able to choose the BM Unit's P/C Status by electing a P/C Flag of either Production or Consumption. This P/C Status will then not change (regardless of flow direction), unless the Lead Party elects to change the BM Unit's P/C Flag from Production to Consumption or vice versa.</i></p> <p><i>We propose that this arrangement should become mandatory for all existing and future Interconnector Users from the Implementation Date of this Modification Proposal. However, the Workgroup may wish to consider whether the new rules should be voluntary for future and/or existing BM Units.</i></p>	
<p><b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> (mandatory by originator)</p> <p><i>In accordance with BSC Sections K5.5 and K3.5, the Central Registration Agent (CRA) currently assigns Interconnector BM Units in fixed pairs for each Interconnector, as follows:</i></p> <ul style="list-style-type: none"> <li><i>• A Production BM Unit for energy entering Britain over the Interconnector; and</i></li> <li><i>• A Consumption BM Unit for energy leaving Britain.</i></li> </ul> <p><i>The P/C Status of these BM Unit is fixed as Production or Consumption accordingly, and cannot be changed. Energy from the Production BM Unit is therefore assigned to the Lead Party's Production Energy Account and energy from the Consumption BM Unit is assigned to their Consumption Energy Account.</i></p> <p><i>If a Party were to, for example, buy energy in France and transport it to the Netherlands via Britain, the current set-up could potentially leave them open to being charged the System Buy Price/System Sell Price spread over the whole amount. This is because the energy entering Britain would be allocated to the Party's Production Account while the energy leaving Britain would be assigned to their Consumption Account (even though these two amounts are equal and opposite, and would net to zero if they were allowed to be in the same Energy Account). Without additional contracts, this would leave both Accounts in imbalance. This can be resolved by setting up an Energy Contract Volume Notification (ECVN) between the two Accounts<sup>1</sup>, but this is an additional administrative burden and potentially prone to human error by the Party.</i></p>	

<sup>1</sup> A Metered Volume Reallocation Notification (MVRN) cannot be used because BSC Section P3 only allows MVRNs from one Production Account to another or from one Consumption Account to another, and not from Production to Consumption or vice versa.

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<p><b>Impact on Code</b> (optional by originator)</p> <p><i>Section K ‘Classification and Registration of Metering Systems and BM Units’.</i></p>	
<p><b>Impact on Core Industry Documents or System Operator-Transmission Owner Code</b> (optional by originator)</p> <p><i>None anticipated.</i></p>	
<p><b>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties</b> (optional by originator)</p> <p><i>CRA systems will be impacted.</i></p>	
<p><b>Impact on other Configurable Items</b> (optional by originator)</p> <p><i>There will be impacts on BSCP15 ‘BM Unit Registration’, the CRA Service Description, other CRA systems documentation and possibly other Configurable Items.</i></p>	
<p><b>Justification for Proposed Modification with Reference to Applicable BSC Objectives</b> (mandatory by originator)</p> <p><i>Since there is no real physical imbalance caused, Interconnector Users should not be penalised with extra imbalance costs.</i></p> <p><i>This Modification Proposal meets:</i></p> <ul style="list-style-type: none"> <li><i>Applicable BSC Objective (c), as it would reduce the risk of Parties trading over Interconnectors being exposed to imbalance. Being able to choose the P/C Status would also make nominating easier and more transparent to market participants.</i></li> <li><i>Applicable BSC Objective (d), as it would reduce the need for Parties trading over Interconnectors to submit ECVNs in order to balance each of their Energy Accounts.</i></li> </ul>	
<p><b>Is there a likely material environmental impact?</b> (mandatory by originator)</p> <p><i>No</i></p>	
<p><b>Urgency Recommended: Yes / No</b> (delete as appropriate) (optional by originator)</p> <p><i>No</i></p>	

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<b>Justification for Urgency Recommendation</b> <i>(mandatory by originator if recommending progression as an Urgent Modification Proposal)</i>  N/A	
<b>Self-Governance Recommended: No</b> <i>(delete as appropriate) (mandatory by originator)</i>	
<b>Justification for Self-Governance Recommendation</b> <i>(mandatory by originator if recommending progression as Self-Governance Modification Proposal)</i>  N/A	
<b>Should this Modification Proposal be considered exempt from any ongoing Significant Code Reviews?</b> <i>(mandatory by originator in order to assist the Panel decide whether a Modification Proposal should undergo a SCR Suitability Assessment)</i>  Yes	
<b>Details of Proposer:</b>  <i>Name: Andreas Rinck</i>  <i>Organisation: Vattenfall Energy Trading GmbH</i>  <i>Telephone Number: +49 40 24430 285</i>  <i>Email Address: andreas.rinck@vattenfall.de</i>	
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<b>Modification Proposal – BSCP40/03</b>	MP No: P277 <i>(mandatory by BSCCo)</i>
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<b>Attachments: No</b> <i>(delete as appropriate) (mandatory by originator)</i>  <b>If Yes, Title and No. of Pages of Each Attachment:</b>  N/A	