

## Modification Proposal

**MP No: 186**

*(mandatory by BSCCo)*

**Title of Modification Proposal** *(mandatory by originator):*

**Rationalising the criteria for the submission and redeclaration of Demand & Generation Capacities**

**Submission Date** *(mandatory by originator):* **28 January 2005**

**Description of Proposed Modification** *(mandatory by originator)*

This modification proposes that the criteria for the assessment of Demand and Generation Capacity submissions and redeclarations, as referred to in Section K 3.4.3 and detailed in Section K 3.4.3, be rationalised to remove the absolute volume criterium.

**Description of Issue or Defect that Modification Proposal Seeks to Address** *(mandatory by originator)*

Section K3.4 contains provisions for the submission of Generation and Demand Capacities, and for any subsequent resubmissions within a BSC Season. The current criteria are that these submissions should be an estimate of the relevant capacity to within 0.5MW or 1%, whichever is the lower. These criteria are overly onerous, and put undue obligations on Parties when forecasting initial GC and DC values and resubmitting updated values, as well as upon BSCCo who have to undertake the extensive monitoring and enforcement activities. Removal of the absolute volume criteria will eliminate the current undue discrimination against all BM Units with a GC or DC greater than 50MW, whilst not unduly affecting the BSC credit calculations.

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### Impact on Code *(optional by Originator)*

Section K3.4.3 (a) & (b) should be changed to read:

“...by an amount which is more than ~~one or both of the following:~~

~~(i) 0.5MW; or~~

~~(ii) 1% of GC;”~~

and

“...by an amount which is more than ~~one or both of the following:~~

~~(i) 0.5MW; or~~

~~(ii) 1% of the magnitude of DC;”~~

### Impact on Core Industry Documents *(optional by Originator)*

### Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by originator)*

### Impact on other Configurable Items *(optional by originator)*

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### **Justification for Proposed Modification with Reference to Applicable BSC Objectives** *(mandatory by originator)*

We believe that the current criteria are unduly onerous, since the 0.5MW limit simply is not comparable to the average forecast error on many Supplier BM Units. We believe this has forced Parties to over-state their Demand Capacities, thus exacerbating the over-provision of credit under the BSC. By removing the discriminatory criteria, parties will be able to submit values that are a better representation of their Generation and Demand capacities, and avoid having to over-estimate to account of acceptable forecast errors. This will improve the promotion of effective competition in the generation and supply of electricity, thus facilitating BSC Objective (c) by:

- i. Reducing the level of unnecessary credit held within the BSC.

Additionally, this will to some extent ameliorate the monitoring burden on all Parties as well as on BSCCO themselves, therefore improving the efficiency of the Code. This efficiency gain will facilitate BSC Objective (d), by:

- i. Reducing the work-load of BSCCo, freeing up resources that could be better used elsewhere in the arrangements, and;
- ii. Reducing the work-load of BSC Parties when forecasting, submitting, monitoring and re-submitting GC and DC figures.

### **Details of Proposer:**

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### Details of Representative's Alternate:

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**Attachments:** No *(delete as appropriate) (mandatory by originator)*

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