

<b>Modification Proposal</b>	<b>MP No: 139</b> <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal</b> <i>(mandatory by proposer):</i> Removal of Trading Unit Restriction on Interconnector Users	
<b>Submission Date</b> <i>(mandatory by proposer):</i> 21 <sup>st</sup> August 2003	
<b>Description of Proposed Modification</b> <i>(mandatory by proposer):</i> The proposal is to modify the current BSC rule as specified in Para 5.7.1 of Section K, Classification and Registration of Metering Systems and BM Units, such that Interconnector BM Units can belong to a Trading Unit. It may also be necessary for there to be a special Class of Trading Unit ie an Interconnector Trading Unit, if one of the existing classifications is not thought appropriate.	
<b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> <i>(mandatory by proposer):</i> Para 5.7.1 of Section K of the BSC states that 'An Interconnector BM Unit may not belong to a Trading Unit other than a Sole Trading Unit.' It is contended that this is an unnecessary and unfair restriction on Interconnector BM Units who may wish to operate as a Trading Unit in similar fashion to other BM Units operating at the same site. The effect of the current rule is such that BSUoS charges are charged to each BM Unit active on the interconnectors for each half hour, whether or not the energy contracted transfers are superposed on each other and even though the System Operator will only react to the 'net' positions. By way of illustration, if there was 1000MW contracted from France to UK and at the same time as 500MW from UK to France, there would currently be BSUoS charges made on the gross value of 1500MW. If amended as proposed and an Interconnector Trading Unit is then formed, the BSUoS charges would be charged to those Interconnector BM Units (participating in the Trading Unit) in such a way as if the BSUoS charges were based on the 'net' value. In the above example the BSUoS charges would correspond to 500MW, equivalent to the actual metered interconnector flow and the amount 'seen' by the SO. The proposal would provide the means by which Interconnector BM Units can avoid bearing an unfair proportion of the total BSUoS charges, as can currently be the case if there are contractual flows operating in opposite directions across an interconnector ie if Superposition is taking place.  For the proposal to be fully operational it is likely it will require either one of the Interconnector Users or the Interconnector Administrator to act as a coordinator and contract between all the Interconnector Users who wish to participate in the Trading Unit, in order to reconcile the relevant BSUoS and Residual Cash Flow payments amongst the relevant Interconnector BM Units.  Under such an arrangement an IU as the Lead Party of the Interconnector BM Unit would receive an invoice from NGC, if its transfer was in the same direction as that of the Trading Unit in total. It would receive a payment if it is operating in the opposite direction to the Trading Unit and, if the Trading Unit registered a net zero then none of the IUs would be invoiced or be paid for that Settlement Period.	
<b>Impact on Code</b> <i>(optional by proposer):</i> The proposal seeks the deletion or amendment of Para 5.7 of Section K of the BSC, with consequent impacts on Paras 4.1 – 4.6 , Annex K-2 and BSCP31.	
<b>Impact on Core Industry Documents</b> <i>(optional by proposer):</i> Possible changes to the terms of the Use of Interconnector Agreements.	

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### Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties:

The Interconnector Trading Unit would need to have the Deemed Metered Values summated for each of the participants for each of the half hours. This would allow NGC to determine the appropriate BSUoS charges and/or payments for each Lead Party of each BM Unit and, similarly, for Elexon to determine the Residual Cash Flow payments and/or charges amongst parties.

### Impact on other Configurable Items *(optional by proposer)*:

### Justification for Proposed Modification with Reference to Applicable BSC Objectives:

By removing the restriction on Interconnector BM Units forming a Trading Unit, the Proposal would remove an unnecessary and unfair potential financial burden on existing and new Interconnector Users. The proposal would also ease trades between the E&W market and the markets of neighbouring systems. It would provide Interconnector Users with similar opportunities as afforded to other Trading Parties in E&W operating from the same site for the formation of a Trading Unit. It would therefore remove the undue discrimination in this context, facilitate more efficient and competitive trading activity between neighbouring systems and remove the potential for duplicate charging of BSUoS Charges, thereby meeting Applicable BSC Objectives (a), (c) and (d).

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**Attachments: NO**

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