

Stage 03: Draft Solution to Identify Impacts

P282 'Allow MVRNs from Production to Consumption or Vice Versa'

P282 proposes to allow energy reallocated via a Metered Volume Reallocation Notification (MVRN) to be reallocated to either a Production or Consumption Energy Account regardless of the BM Unit's P/C Status.

This would remove the current restriction that energy can only be reallocated from a Production BM Unit to a Production Energy Account, or a Consumption BM Unit to a Consumption Energy Account.

This Impact Assessment for P282 closes:

5pm on Friday 29 June 2012

The Workgroup may not be able to consider late responses.



High Impact:

- Metered Volume Reallocation Notification Agents (MVRNAs)
- Energy Contract Volume Aggregation Agent (ECVAA)



Medium Impact:

- BSC Trading Parties
- Settlement Administration Agent (SAA)



Low Impact:

- ELEXON

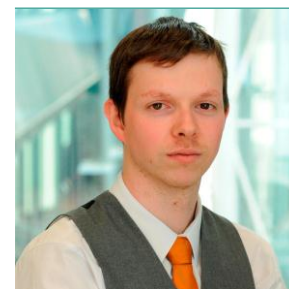
What stage is this document in the process?

- | | |
|----|----------------------------|
| 01 | Initial Written Assessment |
| 02 | Definition Procedure |
| 03 | Assessment Procedure |
| 04 | Report Phase |



Any questions?

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About this Document

This document is the Draft Solution to Identify Impacts for P282. It summarises the proposed P282 solution requirements. It also summarises the changes – to the extent that the P282 Workgroup has been able to identify them – that will be required to participants' systems, BSC Central Systems, Code Subsidiary Documents and Configurable Items to implement the proposed P282 solution.

We are issuing this document for impact assessment by ELEXON, BSC Agents (AM/Dev service provider and BPO/Host service provider), the Transmission Company, BSC Parties and Party Agents in order to establish the impacts, costs and lead times of P282 (including any impacts which are not identified in this document). At this stage the Workgroup is not seeking your views on the pros or cons of P282, as these will be the subject of a subsequent industry consultation.

Please provide your response using the attached response form (Attachment A).

You can find more details on the scope of this impact assessment in Section 2.

Further Information

You can find further documentation and information on P282 on the [P282 page](#) of the ELEXON website.

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What are the current arrangements with Energy Accounts?

Under the GB arrangements introduced by the New Electricity Trading Arrangements (NETA) in 2001, Parties are required to keep their production (Exports onto the GB Total System) separate from their consumption (Imports off of the GB Total System). This requirement to treat the two sides of the market separately is one of the key principles of NETA.

Under this requirement, each Party is allocated two Energy Accounts: a Production Energy Account and a Consumption Energy Account. In addition, each BM Unit is classed as either a Production BM Unit or a Consumption BM Unit, depending on whether it is expected to net Export or net Import. If a BM Unit is a Production BM Unit then its Credited Energy Volumes (QCE_{iaj}) will be allocated to the Lead Party's Production Energy Account. Similarly, a Consumption BM Unit's Credited Energy Volumes would be allocated to the Lead Party's Consumption Energy Account. The Lead Party would then be required to balance their position in each of their Energy Accounts through the use of Energy Contract Volume Notifications (ECVNs).

The theory behind two Energy Accounts is that it provides a level playing field between Parties that operate on both sides of the market (Production and Consumption) and those that only operate on one side of the market (Production or Consumption). If all Parties only had a single Energy Account then a Party which operated on both sides of the market would be able to net Production and Consumption volumes automatically, without the need to trade with other Parties. This would allow them to offset their generation with their demand, and they would only be required to trade their net position, leaving a smaller volume exposed to imbalance risk.

In contrast, a Party that only operates on one side of the market will have all of their Credited Energy Volume in one direction (either Production or Consumption), which presents no opportunity for netting. Subsequently, they would be required to balance all of their volumes through trading with other Parties, which would leave them more exposed to potential imbalance.

By treating production and consumption separately, a Party cannot automatically net their generation against their demand. They are therefore required to balance these volumes through trading with other Parties. This means that the Production and Consumption volumes of a Party operating on both sides of the market are separately exposed to the same level of imbalance risk as those of Parties that only operate on one side of the market. This places Parties on a level playing field and prevents Parties operating on both sides of the market benefitting from a netting advantage.

What are MVRNs?

Metered Volume Reallocation Notifications (MVRNs) allow the Lead Party of a BM Unit to reallocate some or all of that BM Unit's Credited Energy Volumes to another Party (known as the Subsidiary Party). This Subsidiary Party would be responsible for any Trading Charges associated with these volumes, and would be exposed to imbalance charges if they do not balance their position.

What is...

The issue?

MVRNs can only be used to reallocate a Production BM Unit's Credited Energy Volumes to another Production Energy Account, or a Consumption BM Unit's Credited Energy Volumes to another Consumption Energy Account. Energy cannot be reallocated from Production to Consumption or vice versa.

The proposed solution?

Credited Energy Volumes reallocated via an MVRN can be reallocated to either Energy Account, regardless of the P/C Status of the BM Unit.

There are two ways of specifying the amount to be reallocated through an MVRN:

- **Percentage volume:** A 'percentage volume' MVRN will transfer a percentage of the BM Unit's QCE_{iaj} in that Settlement Period to the Subsidiary Party. It is therefore not possible to know the exact amount of energy that will be reallocated until after the BM Unit's QCE_{iaj} has been calculated. However, this does allow the Lead Party to reallocate all of a BM Unit's QCE_{iaj} to a Subsidiary Party without needing to know what the value of QCE_{iaj} will be in each Settlement Period. It is possible to transfer a BM Unit's QCE_{iaj} across multiple Subsidiary Parties in this way, but the total amount of energy transferred through percentage MVRNs cannot exceed 100% of the BM Unit's QCE_{iaj} .
- **Fixed volume:** A 'fixed volume' MVRN will transfer a specified volume of energy to the Subsidiary Party. This volume will be reallocated regardless of the BM Unit's QCE_{iaj} in that Settlement Period, and so it is possible to transfer volumes that are larger or in the opposite direction to the BM Unit's QCE_{iaj} .

Multiple MVRNs, percentage and fixed, can be applied to a single BM Unit in a given Settlement Period. Once all the reallocations have been made, the remaining Credited Energy Volume is allocated to the Lead Party.

It should be noted that MVRNs can only be made to the same Energy Account as the BM Unit's Production/Consumption (P/C) Status – i.e. Credited Energy Volumes from a Production BM Unit can only be reallocated to the Subsidiary Party's Production Energy Account, and Credited Energy Volumes from a Consumption BM Unit can only be reallocated to their Consumption Energy Account.

These restrictions are linked to the requirements under the GB arrangements that Production and Consumption volumes are managed separately. If a Subsidiary Party were to receive volumes from a Production BM Unit, they would be required to manage those through their Production Energy Account, just as the Lead Party would, and the same for volumes from Consumption BM Units being managed through their Consumption Energy Account.

What problem does P282 identify with the current rules?

The use of MVRNs allows Parties some flexibility in who is responsible for a BM Unit's Credited Energy Volumes. For example, a Party who has multiple generation sites split across multiple Party IDs can use MVRNs to allocate all of the energy into a single Production Energy Account. This makes it easier for them to balance their position, as they would only have to consider the net generation when submitting ECVNs, rather than having to balance multiple Energy Accounts individually.

However, the limitations on which Energy Account a BM Unit's Credited Energy Volumes can be reallocated to places restrictions on smaller market participants and prevent them from managing their risk in the most efficient way. This can lead to increased costs for these Parties in managing and complying with the complexity of the rules. It also prevents them from managing their position by netting with another market participant who is active on the other side of the market, which again limits flexibility.

The Proposer notes that the original restrictions were introduced to ensure that larger vertically integrated companies would not benefit from the advantage of being able to net their volumes from their generation sites and their supply volumes in a single Energy Account, and so reduce their exposure to imbalance charges. However, the Proposer

believes that the current rules do not provide an effective check, as vertically integrated companies have found solutions that minimise their exposure to imbalance, for example through the formation of Trading Units or by making volume reallocations. It was also initially assumed that many smaller Parties would only be active on one side of the market; something the Proposer notes has not proven to have been the case.

In addition, the Proposer highlights that Lead Parties of Exempt Export BM Units have the ability to set the P/C Flag of these BM Units, which allows them to choose which Energy Account their Credited Energy Volumes are allocated to. This allows them more flexibility should they choose to reallocate their volumes to another Party. For example, by setting their P/C Flag to 'Consumption', they can then elect to MVRN the BM Unit's Credited Energy Volumes to the Consumption Energy Account of a Supplier, consolidating these volumes with the Supplier's existing consumption volumes. This option is not currently available to other Parties, as the P/C Status of their BM Units cannot be elected.

What is the proposed solution?

P282 proposes to remove the restriction whereby energy from a Production BM Unit can only be reallocated to the Subsidiary Party's Production Energy Account and energy from a Consumption BM Unit can only be reallocated to their Consumption Energy Account. Instead, the energy could be reallocated to either Energy Account (Production or Consumption) of the Subsidiary Party, regardless of the BM Unit's P/C Status.

This would also allow the Lead Party of a BM Unit to reallocate the energy to its own opposite Energy Account (i.e. the Lead Party could reallocate the energy from one of their Production BM Units to its own Consumption Energy Account, or vice versa). It would therefore be possible for a Party to allocate all of their Credited Energy Volumes into a single Energy Account. For example, a Party that operates on both sides of the market could set up MVRNs on all of their Production BM Units to allocate their Credited Energy Volumes into their Consumption Energy Account. These volumes would then net off against the Credited Energy Volumes from their Consumption BM Units, leaving only the net volume needing to be balanced.

2 Summary of Impact Assessment Requirements

Scope of Impact Assessment

The Workgroup is currently only considering one solution for P282, which is the Proposer's preferred solution (see Section 1). The detailed requirements of this solution are listed in Section 3.

The solution will impact the following participants in the BSC arrangements:

- BSC Party Agents (specifically Metered Volume Reallocation Notification Agents (MVRNAs));
- BSC Parties;
- ELEXON; and
- BSC Agents (specifically the Energy Contract Volume Aggregation Agent (ECVAA) and the Settlement Administration Agent (SAA)). At this stage we anticipate that the ECVAA impacts will be on both the Business Process Outsourcing/Host (BPO/Host) service provider and the BSC Application Management and Development (AM/Dev) service provider, and the SAA impacts will be on the AM/Dev service provider only.

This impact assessment seeks to identify the full impacts of the P282 solution on affected participants, including the following:

- The changes which participants would need to make to systems, documents and/or processes to implement the requirements of P282 (including any not identified in this document);
- The implementation effort/costs which participants would incur in making these changes; and
- The lead times (from the point of Ofgem approving P282) that participants would need to make these changes.

The proposed solution will require changes to the BSC (particularly Sections D and P), and will require changes to ECVAA and SAA System Documentation. For the purposes of this impact assessment, you should assume that the changes to the BSC will be drafted by the Workgroup, consulted on and agreed by the Panel as part of the P282 progression process before the Modification is sent to Ofgem for decision. Any other impacted documents will be amended following Ofgem's approval of P282. You can find a full list of the likely impacts in Section 4. Please highlight in your response if there are any additional impacts not identified in this Draft Solution.

3 Detailed Solution Requirements

Requirements for proposed solution

The Workgroup has identified the following solution requirements for P282.

The submission and validation of MVRNA Authorisations (MVRNAAs) and MVRNs will remain subject to the same processes and timescales as currently, apart from the changes that are stated in the requirements below.

The P282 solution is not intended to impact any of the imbalance calculations, including the calculation of Imbalance Charges and the redistribution of the Residual Cashflow Reallocation Cashflow (RCRC).

It is also not intended to impact any reporting flows; the relevant flows all currently either explicitly identify a P/C Flag for the Subsidiary Party or include the MVRNAA ID (which identifies the relevant Energy Account of the Subsidiary Party), both of which would allow the recipient to identify which of the Subsidiary Party's Energy Accounts the BM Unit's Credited Energy Volumes (QCE_{iaj}) have been reallocated to under the MVRN.

Requirement 1

MVRNAs will be able to submit MVRNAAs and MVRNs between a Production BM Unit and a Consumption Energy Account or between a Consumption BM Unit and a Production Energy Account.

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| 1.1 | BSC Parties and MVRNAs will be able to register MVRNAAs (via the ECVAAs-I003 flow) and subsequently submit MVRNs (via the ECVAAs-I005 flow) that will reallocate QCE_{iaj} from a Production BM Unit to the Subsidiary Party's Consumption Energy Account or from a Consumption BM Unit to the Subsidiary Party's Production Energy Account. |
| 1.2 | The Effective From Date of a new MVRNAA and any subsequent MVRNs that would reallocate energy from a Production BM Unit to a Consumption Energy Account or from a Consumption BM Unit to a Production Energy Account shall be on or after the P282 Implementation Date. |
| 1.3 | Any MVRNAAs and associated MVRNs that already exist between a BM Unit and a Subsidiary Party's Energy Account will not need to be reregistered or resubmitted, and the P282 arrangements will automatically apply to these from the P282 Implementation Date (see Requirement 3). |
| 1.4 | <p>The ECVAAs (AM/Dev service provider) shall ensure that an MVRNAA that would reallocate energy from a Production BM Unit to a Consumption Energy Account or from a Consumption BM Unit to a Production Energy Account can be registered in the ECVAAs system with an Effective From Date on or after the P282 Implementation Date. The relevant amended software should be made effective in advance of the P282 Implementation Date, so that BSC Parties and MVRNAs can submit any such MVRNAAs that will have an Effective From Date of the P282 Implementation Date in advance of this date.</p> <p>The ECVAAs shall also ensure that once such an MVRNAA has been registered, the ECVAAs system will accept and subsequently report any MVRNs that are made between the relevant BM Unit and Energy Account.</p> |

Requirement 1

1.5	If the ECVAAs (BPO/Host service provider) receives a request to register a new MVRNAA that would reallocate energy from a Production BM Unit to a Consumption Energy Account or from a Consumption BM Unit to a Production Energy Account that has an Effective From Date of before the P282 Implementation Date, that request shall be rejected in line with the current arrangements. The ECVAAs will contact the MVRNA(s) and the relevant Lead and Subsidiary Parties to explain why the request has been rejected, and the MVRNA(s) and BSC Parties can subsequently resubmit their request with a revised Effective From Date.
1.6	The SAA (AM/Dev service provider) shall ensure that any MVRNs that are made between a Production BM Unit and a Consumption Energy Account or between a Consumption BM Unit and a Production Energy Account can be processed in Settlement.

Requirement 2

The Lead Party of a BM Unit will be able to reallocate energy from their Production BM Unit to their own Consumption Energy Account or from their Consumption BM Unit to their own Production Energy Account.

2.1	BSC Parties and MVRNAs will be able to register MVRNAAs and subsequently submit MVRNs where the Lead Party and the Subsidiary Party under the MVRNAA are the same BSC Party. This would allow the Lead Party of a BM Unit to reallocate energy from one of their Production BM Units to their own Consumption Energy Account or from one of their Consumption BM Units to their own Production Energy Account.
2.2	The Effective From Date of a new MVRNAA and any subsequent MVRNs where the same BSC Party is both the Lead Party and the Subsidiary Party shall be on or after the P282 Implementation Date.
2.3	<p>The ECVAAs (AM/Dev service provider) shall ensure that MVRNAAs where the same BSC Party is both the Lead Party and the Subsidiary Party can be registered in the ECVAAs system with an Effective From Date on or after the P282 Implementation Date. The relevant amended software should be made effective in advance of the P282 Implementation Date, so that BSC Parties and MVRNAs can submit any such MVRNAAs that will have an Effective From Date of the P282 Implementation Date in advance of this date.</p> <p>The ECVAAs shall also ensure that once such an MVRNAA has been registered, the ECVAAs system will accept and subsequently report any MVRNs that are made between the relevant BM Unit and Energy Account.</p>
2.4	If the ECVAAs (BPO/Host service provider) receives a request to register a new MVRNAA where the same BSC Party is both the Lead Party and the Subsidiary Party that has an Effective From Date of before the P282 Implementation Date, that request shall be rejected in line with the current arrangements. The ECVAAs will contact the MVRNA(s) and the BSC Party to explain why the request has been rejected, and the MVRNA(s) and BSC Party can subsequently resubmit their request with a revised Effective From Date.
2.5	The SAA (AM/Dev service provider) shall ensure that any MVRNs that are made where the same BSC Party is both the Lead Party and the Subsidiary Party can be processed in Settlement.

Requirement 3

An MVRNAA and associated MVRNs will not be terminated if the relevant BM Unit's P/C Status changes.

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| 3.1 | An MVRNAA and associated MVRNs will not be automatically terminated if the P/C Status of the relevant BM Unit were to change with an Effective From Settlement Date of on or after the P282 Implementation Date. |
| 3.2 | The ECVA (AM/Dev service provider) shall ensure that if a BM Unit's P/C Status changes for any reason with an Effective From Settlement Date of on or after the P282 Implementation Date, any MVRNAAs and associated MVRNs that have been submitted against that BM Unit are not automatically terminated with an Effective To Date of the Settlement Date before the Settlement Date that the change in P/C Status takes effect. The BM Unit's QCE_{iaj} will continue to be reallocated to the nominated Energy Account (Production or Consumption) of the Subsidiary Party(s) in line with the submitted MVRN(s) irrespective of the change in the BM Unit's P/C Status. |
| 3.3 | This requirement will apply to all MVRNAAs and MVRNs, irrespective of whether they were submitted before or after the P282 Implementation Date, should a BM Unit's P/C Status change with an Effective From Settlement Date on or after the P282 Implementation Date. However, MVRNAAs and MVRNs would still be terminated as currently if a BM Unit's P/C Status were to change with an Effective From Settlement Date of before the P282 Implementation Date. |

Requirement 4

A Party's proportion of the Main Funding Share will remain unchanged irrespective of which Energy Account a BM Unit's QCE_{iaj} is allocated to.

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| 4.1 | ELEXON shall amend the calculation of the Main Funding Share to deliver the revised equation in Appendix 1. The revised equation will continue to distribute the Main Funding Share 50:50 between Production and Consumption. However, which half of the calculation a BM Unit's QCE_{iaj} is allocated to will be determined based on the BM Unit's P/C Status and not which Energy Account (Production or Consumption) the BM Unit's Credited Energy Volumes are allocated to. If the BM Unit is a Production BM Unit, its QCE_{iaj} will be considered in the Production half of the calculation, irrespective of whether it has been allocated to a Production or a Consumption Energy Account. If the BM Unit is a Consumption BM Unit, its QCE_{iaj} will be considered in the Consumption half of the calculation, irrespective of whether it has been allocated to a Production or a Consumption Energy Account. |
| 4.2 | For the avoidance of doubt, the BSC Party who is allocated the relevant share of the Main Funding Share will continue to be the Subsidiary Party. If the Lead Party elects to reallocate some or all of a BM Unit's QCE_{iaj} to a Subsidiary Party, the Subsidiary Party will also be allocated the corresponding proportion of the Main Funding Share, as currently. |
| 4.3 | The AM/Dev service provider shall ensure that the required changes to the Funding Share calculation systems are made. |
| 4.4 | The revised equation shall be applied on a Settlement Date basis, effective from the first Settlement Period on the P282 Implementation Date. |



Funding Share equations

The proposed changes to the equations for the Main Funding Share and the SVA (Production) Funding Share can be found in Appendix 1.

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Requirement 4

4.5	There will be no impact on BSC Parties as a result of this change. This is because energy that would be considered in the Production half of the equation currently will continue to be considered in this half under the proposed equation, and energy that would be considered in the Consumption half of the equation currently will continue to be considered in this half under the proposed equation. This will produce the same outcome as currently, irrespective of how a BSC Party elects to reallocate their QCE_{iaj} under the P282 arrangements.
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Requirement 5

A Party's proportion of the SVA (Production) Funding Share will remain unchanged irrespective of which Energy Account a BM Unit's QCE_{iaj} is allocated to.

5.1	ELEXON shall amend the calculation of the SVA (Production) Funding Share to deliver the revised equation in Appendix 1. The revised equation will continue to distribute the SVA (Production) Funding Share to Production only. However, whether a BM Unit's QCE_{iaj} is considered in the calculation will be determined based on the BM Unit's P/C Status and not which Energy Account (Production or Consumption) the BM Unit's Credited Energy Volumes are allocated to. If the BM Unit is a Production BM Unit, its QCE_{iaj} will be considered in the calculation, irrespective of whether it has been allocated to a Production or a Consumption Energy Account. If the BM Unit is a Consumption BM Unit, its QCE_{iaj} will not be considered in the calculation, irrespective of whether it has been allocated to a Production or a Consumption Energy Account.
5.2	For the avoidance of doubt, the BSC Party who is allocated the relevant share of the SVA (Production) Funding Share will continue to be the Subsidiary Party. If the Lead Party elects to reallocate some or all of a Production BM Unit's QCE_{iaj} to a Subsidiary Party, the Subsidiary Party will also be allocated the corresponding proportion of the SVA (Production) Funding Share, as currently.
5.3	The AM/Dev service provider shall ensure that the required changes to the Funding Share calculation systems are made.
5.4	The revised equation shall be applied on a Settlement Date basis, effective from the first Settlement Period on the P282 Implementation Date.
5.5	There will be no impact on BSC Parties as a result of this change. This is because energy that would be considered in the equation currently will continue to be considered in the proposed equation, and energy that would not be considered in the equation currently will continue to not be considered in the proposed equation. This will produce the same outcome as currently, irrespective of how a BSC Party elects to reallocate their QCE_{iaj} under the P282 arrangements.

4 Likely Impacts

Impact on BSC Systems and process

BSC System/Process	Potential impact
ECVAA	Changes will be required to allow MVRNAAs and MVRNs between a Production BM Unit and a Consumption Energy Account or vice versa to be accepted.
SAA	Changes may be required to allow MVRNs between a Production BM Unit and a Consumption Energy Account or vice versa to be processed in Settlement.
Funding Share System	Changes will be required to amend the calculation of the Main and SVA (Production) Funding Shares.

Impact on BSC Parties and Party Agents

BSC Trading Parties would be able to reallocate their Credited Energy Volumes from a Production BM Unit to a Consumption Energy Account or vice versa.

Metered Volume Reallocation Notification Agents (MVRNAs) will need to be able to submit MVRNAAs and MVRNs between a Production BM Unit and a Consumption Energy Account or vice versa.

Impact on Transmission Company

None identified.

Impact on ELEXON

Area of ELEXON	Potential impact
Release Management	ELEXON will manage the implementation project.
Finance	Changes to the calculation of the Funding Shares will be needed.

Impact on Code

Code Section	Potential impact
Section D	Changes will be required to implement the solution.
Section P	Changes will be required to implement the solution.

Impact on other Configurable Items

Configurable Item	Potential impact
ECVAA System Docs	The impacts will be confirmed during Assessment Procedure.
SAA System Docs	The impacts will be confirmed during Assessment Procedure.

Other Impacts

Item impacted	Potential impact
ELEXON Guidance Docs	Updates will be required to the 'Overview of Volume Notifications' Guidance Document.

Why are changes needed to the Funding Share calculations?

Under the current arrangements, energy from a Production BM Unit will be allocated to a Production Energy Account and energy from a Consumption BM Unit will be allocated to a Consumption Energy Account. The Main Funding Share splits its associated costs 50:50 between the Production and Consumption sides of the market, while the SVA (Production) Funding Share allocates its costs entirely to the Production side of the market. The calculation of these Funding Shares references the energy in a BSC Party's Production and Consumption Energy Accounts accordingly, relying on the current segregation between the two halves of the market.

P282 would allow energy from a Production BM Unit to be reallocated into a Consumption Energy Account and vice versa. This would remove the current segregation, which would impact the calculations of these Funding Shares. If Parties were able to reallocate Production volumes into their Consumption Energy Account or vice versa then the relevant allocations would become distorted, resulting in incorrect charges being calculated.

Consider, for example, the scenario where every Party except one reallocates all of their Credited Energy Volumes into their Consumption Account, with that remaining Party electing to use their Production Account. This would result in that one Party becoming liable for 50% of the costs allocated under the Main Funding Share and all of the costs allocated under the SVA (Production) Funding Share.

What changes have been proposed?

Changes have been proposed to these equations as part of P282. These changes apply only to the definitions of the summations used within each equation, so that it is the relevant BM Unit's P/C Status that is used to determine whether Credited Energy Volumes are Production or Consumption, and not which Energy Account the volumes are ultimately allocated to. Therefore, it will not matter which Energy Account a BM Unit's Credited Energy Volumes are subsequently reallocated to; if the energy originated from a Production BM Unit it will still be considered Production energy by the proposed equations even if it is subsequently reallocated into a Consumption Energy Account, and vice versa. Consequently, the proposed equations will mean that P282 would have no impact on each Party's Funding Shares.¹

For the avoidance of doubt, the equations will continue to allocate the relevant share of each Funding Share to the BSC Party to which a BM Unit's Credited Energy Volumes are reallocated to (i.e. the Subsidiary Party). So if the Lead Party elects to reallocate some or all of a BM Unit's Credited Energy Volumes to a Subsidiary Party, the Subsidiary Party will continue to also be allocated the corresponding proportion of each Funding Share.

¹ It should be noted that under the current arrangements there would be no difference in the results between the current and proposed equations, as energy from Production BM Units can only be allocated to Production Energy Accounts while all energy from Consumption BM Units can only be allocated to Consumption Energy Accounts. It is only when energy from a Production BM Unit can be reallocated to a Consumption Energy Account, or vice versa, that the different equations would produce different results.

Main Funding Share

The following changes are proposed to the current equation for calculating the Main Funding Share, which is given in Section D Annex D-1 Part 1 of the Code, as follows:

$$FSM_{pm} = \frac{1}{2} * \{P\Sigma^+ (QCE_{iaj}) + P\Sigma^- (-QCE_{iaj})\} / \Sigma_p \{P\Sigma^+ (QCE_{iaj}) + P\Sigma^- (-QCE_{iaj})\} \\ + \frac{1}{2} * \{C\Sigma^+ (QCE_{iaj}) + C\Sigma^- (-QCE_{iaj})\} / \Sigma_p \{C\Sigma^+ (QCE_{iaj}) + C\Sigma^- (-QCE_{iaj})\}$$

where:

$P\Sigma^+$ represents, ~~for the Production a sum over the~~ Energy Accounts a belonging to Party p, ~~a sum over~~ each Settlement Period in month m and each Production BM Unit, where the Trading Unit to which the Production BM Unit belongs is delivering in the Settlement Period j;

$P\Sigma^-$ represents, ~~for the Production a sum over the~~ Energy Accounts a belonging to Party p, ~~a sum over~~ each Settlement Period in month m and each Production BM Unit, where the Trading Unit to which the Production BM Unit belongs is offtaking in the Settlement Period j;

$C\Sigma^+$ represents, ~~for the Production a sum over the~~ Energy Accounts a belonging to Party p, ~~a sum over~~ each Settlement Period in month m and each Consumption BM Unit, where the Trading Unit to which the Consumption BM Unit belongs is delivering in the Settlement Period j;

$C\Sigma^-$ represents, ~~for the Production a sum over the~~ Energy Accounts a belonging to Party p, ~~a sum over~~ each Settlement Period in month m and each Consumption BM Unit, where the Trading Unit to which the Consumption BM Unit belongs is offtaking in the Settlement Period j;

Σ_p represents the sum over all Trading Parties p;

and where delivering and offtaking are constructed in accordance with Section T2.1.1.

SVA (Production) Funding Share

The following changes are proposed to the current equation for calculating the SVA (Production) Funding Share, which is given in Section D Annex D-1 Part 3 of the Code, as follows:

$$FSPS_{pm} = \{P\Sigma^+ (QCE_{iaj}) + P\Sigma^- (-QCE_{iaj})\} / \Sigma_p \{P\Sigma^+ (QCE_{iaj}) + P\Sigma^- (-QCE_{iaj})\}$$

where the summations are the same as for the Main Funding Share.