

## CP Consultation

### CP1581 'Recommendation to update BSCP18 following Issue 105'

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#### Committee

Imbalance Settlement Group (ISG)



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#### About This Document



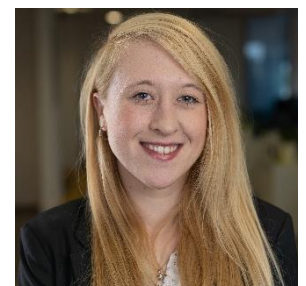
Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 4, 5 and 6
- Have 30 mins? Read all sections
- Have longer? Read all sections and the annexes and attachments
- *You can find the definitions of the terms and acronyms used in this document in the [BSC Glossary](#)*

The purpose of this Change Proposal (CP) Consultation is to invite BSC Parties, Party Agents and other interested parties to provide their views on the impacts and the merits of CP1581. The ISG will then consider the consultation responses before making a decision on whether or not to approve CP1581.

There are 4 parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the ISG's initial views on the proposed changes.
- Attachment A contains the CP proposal form.
- Attachment B contain(s) the proposed redlined changes to deliver the CP1581 solution.
- Attachment C contains the specific questions on which we seek your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish to be considered.



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## 1. Summary

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### Why change?

The [Issue 105 'Further considerations following implementation of BSC Modification P448'](#)<sup>1</sup> Workgroup has suggested a number of improvements to [BSC Procedure \(BSCP\) 18 'Corrections to Bid-Offer Acceptance Related Data'](#)<sup>2</sup>:

- a) To clarify is when the Lead Party can and cannot update Physical Notifications (PNs) during Load Shedding as a result of a Stage 2+ National Gas Supply Emergency (NGSE).
- b) The draft Network Gas Supply Emergency Settlement Validation Committee (NGSESVC) Terms of Reference (ToR) are including in BSCP18. The Panel own the ToR and should be able to make amendments without the need for a CP to be raised.

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### Solution

- a) To add a paragraph to Appendix 1 to clarify when the Lead Party can and cannot update Physical Notifications (PNs) during Load Shedding as a result of a Stage 2+ NGSE.
- b) To remove Appendix 2 'Draft Terms of Reference for the NGSESVC' from BSCP18 and in text references to Appendix 2.

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### Impacts and costs

This CP will require changes to BSCP18. The central implementation cost will be less than £1K to implement the relevant document changes. No BSC central system changes or impacts to BSC Party or Party Agents are anticipated.

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### Implementation

This CP is proposed for implementation on 2 November 2023 as part of the November 2023 Standard Release.

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<sup>1</sup> <https://www.elexon.co.uk/smg-issue/issue-105/>

<sup>2</sup> <https://bscdocs.elexon.co.uk/bsc-procedures/bscp-18-corrections-to-bid-offer-acceptance-related-data>

## 2. Why Change?

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### What is the issue?

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#### The Process for Settlement of Network Gas Supply Emergency Acceptances

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P448 'Protecting Generators subject to Firm Load Shedding during a Gas Supply Emergency from excessive Imbalance Charges'<sup>3</sup> introduced a new process by which a Load Shedding instruction issued to a gas-fired generator during Stage 2 or higher of a Network Gas Supply Emergency can be treated as a type of Acceptance (a Network Gas Supply Emergency Acceptance) for purposes of the Code.

The intent of this process is to protect the affected generators (and/or their associated Lead Parties and Subsidiary Parties) from the Imbalance Charges they would otherwise have incurred if prevented by the Load Shedding instruction from delivering electricity they had contracted to deliver prior to receipt of that instruction.

This process is outlined in BSCP18, Appendix 1. During the period of Load Shedding the Lead Party can continue to update Physical Notifications (PNs), Bid Offer Data and Dynamic Data in accordance with the provisions of the Grid Code. However, in accordance with those Grid Code provisions, PNs that cover the period of Load Shedding should reflect the firm contracted position of the BM Unit immediately prior to receipt of the Load Shedding instruction.

However, following Gate Closure (1 hour prior to the start of the Settlement Period), the Lead Party will no longer be able to send PNs as Gate Closure triggers a Final Physical Notification (FPN). At the point the Load Shedding instruction is received (working on the basis it requires immediate curtailment), the current, and two following Settlement Periods will already have passed Gate Closure. If data for these Settlement Periods needs to be amended, this will need to be done by the NGSESVC rather than 'in real time' by Lead Parties. The Issue 105 Workgroup has recommended that a CP be raised to clarify this in BSCP18.

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#### The Network Gas Supply Emergency Settlement Validation Committee Terms of Reference

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P448 added a new appendix to BSCP18 outlining the draft ToR for the NGSESVC.

The NGSESVC was established for the purpose of verifying that Trading Charges relating to Network Gas Supply Emergency Acceptances are consistent with the Network Gas Supply Emergency Adjustment Principles set out in [Section G6.1.3](#) of the Code.

The BSC Panel has ownership of the ToR and should have the capability to make amendments at their discretion. However, a CP would need to be raised to make any amendments to BSCP18, including to the ToR. The Issue 105 Workgroup recommends removing the ToR from BSCP18 to allow for its timely modification without industry approval (but with oversight provided by the BSC Panel).

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<sup>3</sup> <https://www.elexon.co.uk/mod-proposal/p448/>

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## Background

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### Issue 105

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Issue 105 was raised by Elexon on 22 December 2022 to consider the consequential impacts of P448.

P448 was approved by Ofgem on 6 December 2022 for implementation on 7 December 2022. Ofgem approved the Alternative Modification. P448 placed a mechanism in the BSC that allows Load Shedding instructions issued during a Stage 2+ NGSE to be treated as Accepted Bids for BSC purposes.

As P448 was deemed to be an Urgent Modification Proposal, some of its consequential impacts could not be fully explored by the P448 Workgroup. Topics needing further consideration were proposed by the P448 Workgroup, within consultation responses to P448, in the Ofgem P448 decision letter, and by the BSC Panel. These topics made up the ToR for Issue 105.

One ToR was to review changes to BSCP18 and the new [Guidance Note on Network Gas Supply Emergency Acceptances \(NGSEA\)](#)<sup>4</sup> to determine whether these provide sufficient information to market participants, in the event of a NGSE Load Shedding instance occurring.

The Issue 105 Workgroup has recommended changes to BSCP18 and the NGSEA Guidance Note. This CP considers the changes to BSCP18. The NGSEA Guidance Note will also be updated by Elexon but will not require consultation or Committee approval as it is not classified as a Configurable Item on the [BSC Baseline Statement](#)<sup>5</sup>.

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### The Network Gas Supply Emergency Settlement Validation Committee

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Under P448, gas-fired Generators will be protected from BSC Imbalance Charges if the Load Shedding prevents them from delivering contracted positions agreed prior to the receipt of the Load Shedding instruction.

If a NGSE event were to occur, Generators subject to Load Shedding would be required (for the duration of the NGSE) to submit FPNs to National Grid ESO that reflected their contractual position prior to the Load Shedding instruction.

The P448 process would then settle the Load Shedding instructions as Bids to ensure the Generator was not subject to electricity Imbalance Charges as a result of not being able to deliver the FPN.

The NGSESVC would meet after the NGSE to verify the Settlement data and determine whether the data should be amended. The committee would have the power to either:

- Amend the FPNs if it is not satisfied that they reflect the contractual position prior to receipt of the Load Shedding Instruction; or
- Amend the Bid Price if it is not satisfied that it reflects the net saving in Avoidable Costs from not being able to generate.

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<sup>4</sup> <https://bscdocs.elexon.co.uk/guidance-notes/network-gas-supply-emergency-acceptances>

<sup>5</sup> <https://www.elexon.co.uk/bsc-and-codes/bsc-baseline-statement/>

### 3. Solution

#### Proposed solution

This CP proposes:

1. To add the following paragraph to Appendix 1 'Process for Settlement of Network Gas Supply Emergency Acceptances':

It is recognised that the first three Settlement Periods of Load Shedding may have passed Gate Closure when the Load Shedding instruction is received, and the Lead Party will therefore not be able to update Physical Notifications or Bid Prices for these Settlement Periods to reflect the impact of Load Shedding. The NGSESVC may address this by directing appropriate changes to data in these Settlement Periods.

2. To remove Appendix 2 'Draft Terms of Reference for the NGSESVC' from BSCP18 and in text references to Appendix 2.

#### Proposer's rationale

Elxon is raising this CP on behalf of the Issue 105 Workgroup to provide clarity to the Process for Settlement of NGSE Acceptances. It will also allow the BSC Panel to modify the NGSESVC ToR without the need for further CPs to be raised.

##### CP Consultation Question

**Do you agree with the CP1581 proposed solution?**

*Please provide your rationale.*

We invite you to give your views using the response form in Attachment C

#### Proposed redlining

The proposed redlining to BSCP18 can be found in Attachment B.

##### CP Consultation Question

**Do you agree that the draft redlining delivers the CP1581 proposed solution?**

*If 'No', please provide your rationale.*

We invite you to give your views using the response form in Attachment C

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4. Impacts and Costs

BSC Party & Party Agent impacts and costs

Participant impacts

Elexon does not expect this CP to impact BSC Party or Party Agents. We will seek to confirm this through the CP consultation.

Central impacts and costs

Central impacts

This CP will require changes to BSCP18. No central system change or impact on BSC Systems are anticipated.

Central Impacts	
Document Impacts	System Impacts
<a href="#">BSCP18: Corrections to Bid-Offer Acceptance Related Data</a>	<ul style="list-style-type: none"><li>None</li></ul>

Impact on BSC Settlement Risks

Impact on BSC Settlement Risks
Elexon anticipates no impact on Settlement Risks.

Central costs

The central implementation costs for CP1581 will be approximately £1k to implement the document only changes.

## CP Consultation Questions

### Will CP1581 impact your organisation?

*If 'Yes', please provide a description of the impact(s) on your organisation and any activities which you will need to undertake between the approval of CP1581 and the CP1581 Implementation Date (including any necessary changes to your systems, documents and processes). Where applicable, please state which of the roles that you operate as will be impacted and any differences in the impacts between each role.*

### Will your organisation incur any costs in implementing CP1581?

*If 'Yes', please provide details of these costs, how they arise and whether they are one-off or on-going costs.*

We invite you to give your views using the response form in Attachment C

## 5. Implementation Approach

### Recommended Implementation Date

This CP is recommended for implementation on 2 November 2023 as part of the standard November 2023 BSC Release.

CP Consultation Question
<b>Do you agree with the proposed implementation approach for CP1581?</b> <i>Please provide your rationale.</i>
We invite you to give your views using the response form in Attachment C



## 6. Initial Committee Views

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### ISG's initial views

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The CP1581 Progression Paper ([ISG266/04](#)<sup>6</sup>) was presented to the ISG at its meeting on 6 June 2023.

The ISG had no comments.

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<sup>6</sup> <https://www.elexon.co.uk/meeting/isg266/>