




BSC Modification Proposal Form		At what stage is this document in the process?
<h1>P473</h1> <p>Mod Title: Correcting inconsistencies in the P415 Legal Text</p>		<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; border-radius: 5px; padding: 5px; background-color: #28a745; color: white;">01 Modification</div> <div style="border: 1px solid blue; border-radius: 5px; padding: 5px; background-color: #e6f2ff;">02 Workgroup Report</div> <div style="border: 1px solid purple; border-radius: 5px; padding: 5px; background-color: #f8d7da;">03 Draft Modification Report</div> <div style="border: 1px solid orange; border-radius: 5px; padding: 5px; background-color: #fff3cd;">04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>This Modification is required to correct some errors and discrepancies in eight sections of the P415 BSC approved Legal Text. It will ensure that the intention of the P415 Workgroup is correctly represented following a process of external and internal reviews; as well as further engagement with National Grid Electricity System Operator (NGESO) on their requirements. As well as applying housekeeping fixes, it will correct a mistake with the Energy Imbalance Volume calculation that would have resulted in a Virtual Trading Party (VTP) being paid twice if they were also active in the Balancing Mechanism (BM) and avoiding scenarios where non-BM Secondary Balancing Mechanism Unit (BMU) volumes could inadvertently impact the Wholesale Market proportion calculation.</p>		
<p>Does this Modification impact any of the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>		
	<p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> • be raised by the BSC Panel in accordance with Section F2.1.1(d)(i) • be sent directly into the Report Phase <p>Elxon will present this Modification to the BSC Panel on 9 May 2024. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p>	
	<p>High Impact:</p> <p>None</p>	
	<p>Medium Impact:</p> <p>Virtual Trading Parties (VTPs) NGESO</p>	



Low Impact:
None

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Timetable

The Proposer recommends the following timetable:

Modification raised by BSC Panel	09 May 2024
Report Phase Consultation	15 May 2024 - 17 June 2024
Draft Modification Report presented to Panel	11 July 2024
Final Modification Report submitted to Authority	17 July 2024
Implementation Date	07 November 2024



Any questions?

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1 Why Change?

What is the issue?

Modification [P415 'Facilitating access to Wholesale Markets for flexibility dispatched by Virtual Lead Parties'](#)¹ seeks to allow independent aggregators to sell customers' flexibility into Wholesale Markets. Independent aggregators wishing to do this will be required to accede to the BSC in the new role of Virtual Trading Party (VTP). Ofgem has approved this Modification for implementation on 7 November 2024 as part of the standard November 2024 BSC release.

Elexon has received industry feedback on the Legal Text post Ofgem approval on 6 October 2023, as well as internal feedback during work with service providers to design the system changes required to implement Modification P415, and this has revealed that the P415 Legal Text does not correctly describe the intended solution for P415 as well as some inconsistencies and omissions.

The majority of this impact is in **Section T** '[Settlement and Trading Charges](#)'² where the substantial issues are:

- 1) Where a VTP is active in both Wholesale Market and Balancing Mechanism, the calculation of $QADE_{aj}$ will result in double payments as the whole of the Deviation Volume (QDE_{ij}) is currently assigned to the Virtual Trading Party's Energy Account including any portion of it that relates to a Bid Offer Acceptance (Bid/Offer acceptances are paid through settlement of the offer).
- 2) The WM_{ij} calculation produces incorrect results if NGENSO submits Applicable Balancing Services Volume Data (ABSVD) volumes for Trading Secondary BM Units, which we did not anticipate, meaning it would be possible for the Wholesale market proportion to produce a number outside of 0 and 1 under the current calculation.
- 3) Due to an administrative error, the Legal Text for calculating Supplier Compensation Cashflow (SCC_p) was not copied from the Alternative version to the Proposed when originally drafted. Therefore the approved proposed Legal Text does not include the calculation of SCC_p .
- 4) Other small inconsistencies with naming and subscripts.

We also want to fix P415 Legal text inconsistencies across 7 other Sections of the BSC to clearly represent the intention of the Modification and this Modification is the right place to do this:

Section K: Correcting an inconsistency with Deviation Volume not reflecting MWh.

Section N: Adding "Daily" to new Cashflow names.

Section P: Amending an incorrect change suggesting Metered Volume Reallocation Notification Agents (MVRNAs) can be comprised of Trading Secondary BMUs.

Section S: Removing references to NGENSO's requirement for a VTP to submit deviation volumes to them as this is no longer required by NGENSO to take the correct actions as the Supplier and VTP PN will suffice. Inserting VTP in instances where it should have been included already.

Section S-2: Correcting "Wholesale Market Activation Notice" to "Wholesale Market Activation Notification".

Section X-1: Alignment of the definition of VLP with the definition of VTP from P415.

¹ <https://www.elexon.co.uk/mod-proposal/p415/>

² <https://bscdocs.elexon.co.uk/bsc/bsc-section-t-settlement-and-trading-charges>

Section X-2: Supporting the changes made in this Modification.

The implications of implementing the P415 Modification in line with the previously approved Legal Text would be that the cashflows would be calculated incorrectly and cause parties to either pay or receive incorrect amounts. VTPs active in the WM and BM using a Virtual Lead Party VLP role would be paid twice as it stands and we would not be calculating the Wholesale Market proportion correctly, meaning Compensation Volumes that Suppliers pay or receive would be incorrect.

How did this error in the Legal Text arise?

These errors were included in the P415 Legal Text due to unintended consequences in Settlement that were not previously considered, new information following engagement with service providers and industry participants as well as inconsistencies with the internal peer review system that have since been addressed.

Desired outcomes

The desired outcome is to allow the Legal Text to align to the intentions of the Modification by the P415 Workgroup and described in the P415 Modification Report.

Compensation should only apply to Wholesale Market volumes and a change is needed there to account for unforeseen consequences of the P415 arrangements in calculating that proportion. This will allow the calculations that flow through Section T to provide the correct cashflows.

The final desired outcome is to correct several smaller inconsistencies, improving the clarity and legibility of the Code for the benefit of its users.

2 Solution

Proposed Solution

The proposed solution is to correct the calculations in Section T to adhere to the intention of P415 and then make other smaller corrections to the eight BSC Sections impacted, as outlined in the [solution document](#)³.

Please see the below for a detailed list of the proposed Legal Text changes:

Legal Text changes	
Section T	1.2.2 and 1.2.3 : Add the two new trading charges described in Section N.
	4.3.AA.1 : QM_{ij} (BM Unit Metered Volume) was incorrectly named so this has been corrected.
	4.3C.1 : Due to an unintended consequence in the calculation of the Wholesale Market Proportion ($WM_{i2j} = (QDE_{i2j} - QSD_{i2j}) / QDE_{i2j}$), it was possible where there were Applicable Balancing Services Volume Adjustment Data (ABSVD) volumes included in QSD_{i2j} to produce a value that was less than 0 or greater than 1. Therefore a cap at 0 and 1 has been introduced to avoid this and also a clarification that SAA will only carry out this calculation for non-zero values of QDE_{i2j} .
	4.3C.2 : Changed the reference to Trading Secondary BMUs rather than non-Trading Secondary BMUs.
	4.3C.4 : The summation should be over Primary BMUs so corrected the calculation.
	4.6.2A : The entire Deviation Volume (QDE_{ij}) was mistakenly assigned to the Virtual Trading Party's Energy account including any proportion of it that relates to a Bid Offer Acceptance. This should only include Wholesale Market volumes to avoid

³ <https://www.elexon.co.uk/documents/change/modifications/p401-p450/p415-draft-solution-summary/>

	<p>incorrect payments. The calculation has been changed to make this happen.</p> $QADE_{aj} = (\sum_i QDE_{ij} * WM_{ij} * TLM_{ij})$
	4.11.1: Added subscripts that were missing from Final Demand (FD).
	4.11.2 and 4.11.5: There were inconsistent subscripts in the cashflow calculation that have now been aligned to account throughout. Also corrected the naming of the Virtual Lead Party Compensation Cashflow.
	4.11.6: Added the subscript ϵ to make the summation consistent with other parts of the BSC.
	4.11.7 and 4.11.8: Due to an administration error, the Legal Text for the Supplier Compensation Cashflow calculation was missing from the Proposed Section T Legal Text (it was present in the Alternative version as both were drafted before the Ofgem decision), so has been added to the approved Legal Text.
Section K	8.1.8: Deviation Volume is defined as MWh so there needed to be a division added to this section to be consistent with that definition.
Section N	6.1.3: Added "Daily" to new Cashflow names.
Section P	3.1.3: This was incorrectly changed to suggest Trading Secondary BMUs could be part of a MVRNA. Only Primary BMUs can be part of a MVRNA, so this change has been restored to the previous, correct, version.
Section S	1.2.2(c): There was no reference to the Wholesale Market so this has been added.
	1.2.2(e): There was no reference to the Wholesale Market so this has been added as well as including Virtual Trading Party and Supplier as well as Virtual Lead Party in the text.
	4.1.1(k), 10.1A.1, 10.2A.1(b) and 10.A.1(d): These were missing a reference to Virtual Trading Party so this has now been added.
	16.1(c): After discussions with NGENSO about the requirement for a Virtual Trading Party to send the

	predicted Deviation Volume ahead of a Settlement Period, it was agreed that this was no longer required so this has been removed from the Legal Text.
Section S-2	3.11.1: The Wholesale Market Activity Notification was incorrectly named with “Activation Notice” instead of “Activity Notification”, so this has been corrected.
	9.6.1E: The algebra was missing a Letter so it has been corrected to $BMUGDV_{ij}$.
Section X-1	The definition of Virtual Lead Party did not refer to Section A1.3.1(g) so this update has been included in this Modification while not resulting from changes done by P415.
Section X-2	Aligning previous updates in the Technical Glossary.

Benefits

This change will:

- Ensure that the calculations required by P415 result in the correct outcomes to allow the intention of P415 to be delivered.
- Make the Legal Text more robust and avoid confusion by eliminating inconsistencies.

3 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

Elxon believe this change is positive for objective (d) 'Promoting efficiency in the implementation of the balancing and settlement arrangements'.

Without this change, Elxon would be required to change their system build to comply with the current Legal Text, which will then need to be corrected after P415 is live if not picked up beforehand. This would be an inefficient approach that does not reflect the intention of the P415 Workgroup, which this Modification would avoid by facilitating a more efficient method of implementing the P415 changes into the BSC.

4 Potential Impacts

Impacts on Core Industry Documents

Impacted Core Industry Documents			
<input type="checkbox"/> Ancillary Services Document	<input type="checkbox"/> Connection and Use of System Code	<input type="checkbox"/> Data Transfer Services Agreement	<input type="checkbox"/> Use of Interconnector Agreement
<input type="checkbox"/> Retail Energy Code	<input type="checkbox"/> Transmission License	<input type="checkbox"/> System Operator Transmission Owner Code	<input type="checkbox"/> Supplemental Agreements
<input type="checkbox"/> Distribution Code	<input type="checkbox"/> Grid Code	<input type="checkbox"/> Other (please specify)	

No impact expected.

Impacts on BSC Systems

Impacted Systems				
<input type="checkbox"/> CRA	<input type="checkbox"/> CDCA	<input type="checkbox"/> PARMS	<input type="checkbox"/> SAA	<input type="checkbox"/> BMRS
<input type="checkbox"/> EAC/AA	<input type="checkbox"/> FAA	<input type="checkbox"/> TAAMT	<input type="checkbox"/> NHHDA	<input type="checkbox"/> SVAA
<input type="checkbox"/> ECVAA	<input type="checkbox"/> ECVAA Web Service	<input type="checkbox"/> Elexon Portal	<input type="checkbox"/> Other (Please specify)	

No impact expected.

Impacts on BSC Parties

Impacted Parties			
<input type="checkbox"/> Supplier	<input type="checkbox"/> Interconnector User	<input type="checkbox"/> Non Physical Trader	<input type="checkbox"/> Generator
<input type="checkbox"/> Licensed Distribution System Operator	<input checked="" type="checkbox"/> National Electricity Transmission System Operator	<input type="checkbox"/> Virtual Lead Party	<input checked="" type="checkbox"/> Other (Please specify)

NGESO will no longer receive a file from a VTP containing their forecasted deviation volumes and therefore will not need to develop anything to account for that. VTPs will no longer have to send this file to NGESO as part of P415.

Impacts on consumers and the environment

Impact of the Modification on consumer benefit areas:	
Consumer benefit area	Identified impact
Improved safety and reliability	Neutral
Lower bills than would otherwise be the case	Neutral
Reduced environmental damage	Neutral
Improved quality of service	Neutral
Benefits for society as a whole	Neutral

Legal Text Changes

Eight Sections of the BSC will be impacted by this Modification, set out in the Solution Section of this document.

5 Governance

Self-Governance

<input checked="" type="checkbox"/> Not Self-Governance – A Modification that, if implemented:	
<input type="checkbox"/> materially impacts the Code’s governance or modification procedures	<input type="checkbox"/> materially impacts sustainable development, safety or security of supply, or management of market or network emergencies
<input type="checkbox"/> materially impacts competition	<input type="checkbox"/> materially impacts existing or future electricity consumers
<input type="checkbox"/> materially impacts the operation of national electricity Transmission System	<input type="checkbox"/> is likely to discriminate between different classes of Parties
<input checked="" type="checkbox"/> involves any amendments to the EBGL Article 18 Terms and Conditions related to Balancing; except to the extent required to correct an error or as a result of a factual change	
<input type="checkbox"/> Self-Governance – A Modification that, if implemented:	
Does not materially impact on any of the Self-Governance criteria provided above	
<p>The proposed modification is to help ensure that Modification P415 is implemented as intended. P415 will allow more electricity consumers to benefit from competing in the Wholesale Electricity Market, and some of the corrections included in this proposed Modification are in Section K Article 8, Section N Article 6, and Section T Article 4, which will impact on EBGL Article 18. Therefore, it will materially impact the Self-Governance criteria and should be sent to Ofgem for decision.</p>	
Progression route	
<input type="checkbox"/> Submit to assessment by a Workgroup –:A Modification Proposal which:	
does not meet any criteria to progress via any other route.	
<input checked="" type="checkbox"/> Direct to Report Phase – A Modification Proposal whose solution is typically:	
<input checked="" type="checkbox"/> of a minor or inconsequential nature	<input checked="" type="checkbox"/> deemed self-evident
<input type="checkbox"/> Fast Track Self-Governance – A Modification Proposal which meets the Self-Governance Criteria and:	
is required to correct an error in the Code as a result of a factual change including but not limited to:	
<input type="checkbox"/> updating names or addresses listed in the Code	<input type="checkbox"/> correcting minor typographical errors
<input type="checkbox"/> correcting formatting and consistency errors, such as paragraph numbering	<input type="checkbox"/> updating out of date references to other documents or paragraphs
<input type="checkbox"/> Urgent – A Modification Proposal which is linked to an imminent issue or current issue that if not urgently addressed may cause:	
<input type="checkbox"/> a significant commercial impact on Parties, Consumers or stakeholder(s)	<input type="checkbox"/> a Party to be in breach of any relevant legal requirements.
<input type="checkbox"/> a significant impact on the safety and security of the electricity and/or gas systems	

Should the Panel agree to raise this Modification Proposal, we believe it should progress directly to the Report Phase (no industry Workgroup), with a one month EBGL consultation. Given that the proposed corrections materially impact participant cash flows and that it is crucial that these corrections align with the intent of P415, we believe this Modification does not meet the criteria for Self-Governance, as it could impact consumers and competition (Self-Governance criteria (b)(i) and (ii)). We welcome industry review, validation and comment on the revised Legal Text, but do not believe this review requires a Workgroup and can be achieved via consultation. Following the consultation, this Modification will be submitted to Ofgem for a decision.

Elexon do not believe that the solution meets the Self-Governance Criteria as, while the P415 Workgroup's intention is documented in the written report, the Final Modification Report is comprised of, amongst other things, the requirements document which contains the error that is reflected in the Legal Text and so proceeding as a Self-Governance Modification could introduce a risk to progression under BSC Section F provisions (F6.1.4 and F6.4) that can be avoided by seeking an Authority decision on this Modification.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

We do not believe this Modification is linked to any open SCRs. Therefore, we request that this Modification be exempt from the SCR process.

Does this modification impact the code drafting and system development for Market wide Half Hourly Settlement (MHHS), if so, how?

Elexon do not believe this impacts the MHHS code drafting or system development.

Does this Modification impact any of the EBGL Article 18 Terms and Conditions held within the BSC?

Elexon believes that this Modification will have impacts on the EBGL Article 18 Terms and Conditions held with the BSC as specified in the mapping given in [Section F Annex F-2⁴](#), specifically K8, N6 and T4.

Implementation approach

To avoid the unintended consequences associated with implementing the current P415 solution Elexon believes that the Implementation Date for this Modification should be aligned with Implementation Date for P415 which is 7 November 2024 (November 2024 BSC Release).

⁴ <https://www.elexon.co.uk/the-bsc/bsc-section-f-modification-procedures/>