Redlined Demand Capacity and Generation Capacity Limit Review and Determination text for P344

P344 proposes changes to sections 1.1, 2.1, 2.2 and 3.3. We have redlined these changes against Version 1.0

There is no impact on any other part of this document for this change.

Amend section 1.1 as follows:

1.1 Purpose and Scope of this document

1.1.1 Further to BSC Section K 'Classification and Registration of Metering Systems and BM Units', paragraphs 3.4.3A and 3.4.3B, this document sets out the principles and processes to be followed by BSCCo and the BSC Panel to review and determine the DC Limits and GC Limits[1]. This document shall not be applicable to Secondary Balancing Mechanism (BM) Units.

1.1.2 In accordance with K3.4.2(c), 3.4.3 and 3.4.5, DC/GC Limits are used to determine whether a Lead Party must resubmit estimates of maximum Metered Volume for a Primary ~~Balancing Mechanism (~~BM~~)~~ Unit in order to recalculate values of Demand Capacity (DC) and/or Generation Capacity (GC) for the Primary BM Unit.

Amend section 2.1 as follows:

2.1 What are DC and GC and how are they used?

2.1.1 DC and GC are estimates of the Settlement Period maximum demand and generation capacity for a Primary BM Unit in a BSC Season. DC and GC values are used in the calculation of Parties' Credit Assessment Energy Indebtedness (CEI) and Credit Cover Percentage (CCP). Accurate values are essential for the Credit Cover Percentage calculation to operate effectively.

2.1.2 In accordance with K3.4.8 and BSCP15 'BM Unit Registration', DC and GC values are derived using either the expected maximum magnitude of negative (indicating demand) or positive (indicating generation) Metered Volumes for a single Settlement Period in the forthcoming or prevailing BSC Season. The Metered Volumes are doubled to convert from MWh to a MW capacity.

2.1.3 In accordance with K3.4 and BSCP15, Parties must submit expected maximum positive and negative values to the Central Registration Agent (CRA) ahead of each BSC Season. This is to ensure that the CRA updates GC and DC values that reflect the likely operation of the Primary BM Unit in the forthcoming BSC Season and facilitate more accurate calculation of CEI and CCP.

Amend section 2.2 as follows:

2.2 What are DC and GC Limits?

2.2.1 The provisions in K3.4.2(c), 3.4.3 and 3.4.5 require that declared DC/GC values are not exceeded by specified limits. Otherwise the Lead Party must re-declare the

[1] For the remainder of this document, DC Limits and GC Limits are collectively referred to as DC/GC Limits.

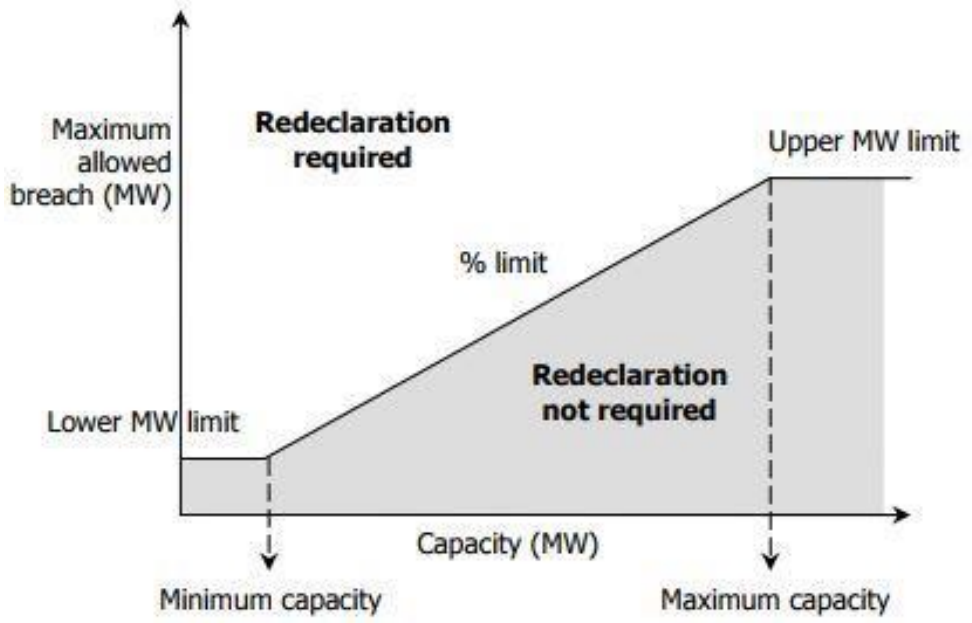
estimates of maximum negative and/or positive Metered Volumes to the CRA.

2.2.2 In particular, K3.4.3 sets out the criteria that trigger the need for Lead Parties to re-declare. In summary, they are that the Lead Party must redeclare if actual Primary BM Unit Metered Volume for a Settlement Period, doubled to convert to MW from MWh, exceeds the GC or DC by the relevant GC Limit or DC Limit. BSCCo regularly monitors Primary BM Unit Metered Volumes and DC/GC values. If a DC/GC Limit is breached, BSCCo will send a reminder to the Lead Party. However, the Lead Party is responsible for monitoring and maintaining its estimates of maximum Metered Volume.

2.2.3 K3.4.3A enables the BSC Panel to specify DC/GC Limits, which BSCCo publishes on the BSC Website – Generation and Demand Capacity.

2.2.4 Diagram 1 below displays the historical relationship between a Primary BM Unit's actual demand and generation capacity and the re-declaration thresholds of the DC/GC Limits. The X-axis shows the measured output in MW and the Y-axis shows by how much that measured output would need to exceed the declared GC or DC to trigger a re-declaration. That is, up to a minimum measured capacity and above a maximum measured capacity the extent to which the Primary BM Unit's output (MW) may exceed the declared GC or DC is fixed. Between the lower and upper limits the extent to which the Primary BM Unit's measured output may exceed the declared GC or DC is set by scaling the measured output by a pre-determined percentage value.

Diagram 1



Amend section 3.3 as follows:

3.3 Key Performance Indicators

3.3.1 As part of the review process, the BSC Panel or its delegated authority will consider a number of KPIs related to the DC/GC Limits. These will be monitored by BSCCo and include at least the following:

- The number of breaches of the limits for each of the GC and DC per BSC Season;
- The maximum and average amplitude of the breaches in MW;
- The maximum and average difference between the relevant Primary BM Units' metered volumes and their declared GC and DC;
- The proportion of distinct Primary BM Units that breached the limits over a BSC Season; and
- The number of dormant Primary BM Units, i.e. with no metered volumes allocated to them.

3.3.2 Each KPI will be reported per capacity category displayed in Diagram 1: Lower MW limit, % limit and Upper MW limit; as well as by Primary BM Unit type.