

## Application for a derogation under BSC Section K5.2.1 for the Isle of Man Interconnector

### BSC Panel

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Purpose of paper **For Information**

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Summary **Elexon will be presenting a request for a derogation under BSC Section K5.2.1 to the 10 March 2022 Panel meeting. This paper is to notify the Panel of next month's paper to allow the Panel to send any initial questions to Elexon in advance of the Panel meeting which will be answered in the March paper.**

### 1. Isle of Man Interconnector Derogation

- 1.1 BSC Section K5.2.1 allows a Distribution Interconnector to be treated as a Single BM Unit as opposed to an Interconnector with the agreement of the BSC Panel.
- 1.2 The Distribution Interconnector to the Isle of Man has been treated as a Single BM Unit (E\_MANXENR-1) since the New Electricity Trading Arrangements (NETA) were introduced. This derogation is specific to the BSC Lead Party who is the registrant of the BM Unit and does not transfer if the BM Unit transfers to a different Lead Party.
- 1.3 The Manx Utilities Authority (MUA) who supply electricity on the Isle of Man came out to tender for their energy requirements in October 2021 for a contract with a start date of 1 April 2022. A BSC Party is in the process of drafting a contract with the MUA. On 1 April 2022, the BM Unit E\_MANXENR-1 will transfer Lead Party via the Change of Primary BM Unit Lead Party (COPBLP) process, and the derogation to treat the Interconnector as a Single BM Unit will cease.
- 1.4 The new Lead Party would like to keep the Isle of Man Interconnector as a Single BM Unit. It will therefore draft an application under BSC Section K5.2.1 which will be presented to the Panel at its March 2022 meeting. As contractual arrangements are not finalised, it was not possible to bring the paper to the 10 February 2022 meeting. The start date for the derogation would be 1 April 2022.
- 1.5 The new Lead Party and Elexon are bringing this to the attention of the Panel in its February meeting as we appreciate that the Panel may have questions and there is a short period between the March 2022 Panel meeting and the start of the new contract.
- 1.6 Elexon note that the last time a request for a derogation for the Isle on Man interconnector was made was in May 2008 (paper 140/11).
- 1.7 If a derogation is not granted by 1 April 2022, the Isle of Man Interconnector would need to be treated as an Interconnector. This would require the appointment of an Interconnector Administrator, Interconnector Error Administrator and an Interconnected System Operator.
- 1.8 Elexon agree with the new Lead Party that the Isle of Man Interconnector should continue to be treated as a Single BM Unit on the change of Lead Party.

1.9 Should the Panel have any questions on this derogation process, please direct them to Katie Wilkinson via [BM.unit@elexon.co.uk](mailto:BM.unit@elexon.co.uk) so that they can be answered in the 10 March 2022 Panel paper.

## 2. Recommendations

2.1 We invite you to:

- a) **NOTE** that Elexon will present a request for a derogation in accordance with BSC Section K5.2.1 at the March 2022 Panel meeting.

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### For more information, please contact:

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