

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

BSC Panel

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Owner/author	Katie Wilkinson	Purpose of paper	For Decision
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Summary **Smartest Energy Limited have applied for a derogation in accordance with BSC Section K5.2.1 to allow the Isle of Man Interconnector to be treated as a Single BM Unit. The Panel is invited to approve the derogation.**

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 current registrant of E_MANXENR-1 advised the Manx Utilities Authority (MUA) they no longer wish to continue in this capacity, and so following a tender process, the MUA selected Smartest Energy Limited to be the Registrant GB Supplier of choice.
- 1.4 The BM Unit E_MANXENR-1 will transfer the Lead Party via the Change of Primary BM Unit Lead Party (COPBLP) process from the current registrant to Smartest Energy Limited, and that previous derogation to treat the Interconnector as a Single BM Unit will cease.
- 1.5 Smartest Energy Limited have applied for a derogation in accordance with BSC Section K5.2.1 to keep the Isle of Man Interconnector as a Single BM Unit.
- 1.6 Smartest Energy Limited requests that this approval should be granted with effect from the date of Smartest Energy Limited's registration of the BM Unit, currently planned to be 4 May 2022.
- 1.7 If a derogation is not granted, 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 Smartest Energy Limited proposal that the Isle of Man Interconnector should continue to be treated as a Single BM Unit on the change of Lead Party.

2. Recommendations

- 2.1 We invite you to:
 - a) **APPROVE** Smartest Energy Limited's request to treat the Isle of Man Interconnector as a Single BM Unit from the date that Smartest Energy Limited becomes responsible for the BM Unit.

Attachments

Attachment A – Application for Derogation for the Isle of Man Distribution Interconnector

Attachment B - SmartestEnergy's Application for Derogation for the Isle of Man Distribution Interconnector Supporting Letter

For more information, please contact:

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