

High-Level Emergency Provisions (Communications & Actions) Refresher

BSC Panel

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Summary **Elxon has provided a high-level outline of when and how the Panel would be engaged during an 'Emergency Situation' and the expectations upon the Panel during this time.**

1. Full or Partial Shutdown

- 1.1 When a Full Shutdown or a Partial Shutdown occurs, the following process is enacted as detailed in the BSC (note, dependencies or actions expected of the Panel are highlighted):
- a) Definition of a Total Shutdown: *A "Total Shutdown" is the situation existing when all generation has ceased and there is no electricity supply from External Interconnections.*
 - b) Definition of a Partial Shutdown: *A "Partial Shutdown" is the same as a Total Shutdown except that all generation has ceased in a separate part of the Total System and there is no electricity supply from External Interconnections or other parts of the Total System to that part of the Total System.*

Ref.	Event	From	Notes	Reference
A1	A Total or Partial Shutdown of the Transmission System has occurred	NETSO (National Grid Electricity Transmission System Operator)	May be notified at the same time as A2	BSC Section G 3.1.2 Grid Code OC9.4 BSCP201 3.2.1
A2	Time and Date of Total or Partial Shutdown established	NETSO	Elxon pre-determined point of contact will be notified after or at the same time as A1	BSC Section G 3.1.2 BSCP201 3.2.4
A3	Time and Date of Market Suspension Threshold met	NETSO	Only notified in the event of Partial Shutdown (Market Suspension is automatically in effect if a Full Shutdown occurs)	BSC Section G3.1.6 Grid Code OC9.4 BSCP201 3.2.7
B	Update on operation of the Transmission System	NETSO	Elxon forwards information to BSC Parties, Agents, Panel via Circular	BSCP201 3.1.4

Ref.	Event	From	Notes	Reference
			(Templates for all industry engagement communications have been pre-written; with just specifics needing to be populated, which would be supplied by NETSO)	
D	BSC Systems have been restored	BPO (Business Process Outsourcing – Elexon ownership and accountability)		BSCP201 3.3.8
E	National Grid determines when the Total System could return to normal.	NETSO	<p>NETSO will also provide information on any circumstances, which may affect the calculation of the single imbalance price. This information is to be used by the S&I (Elexon) team. If none provided, the S&I (Elexon) team should contact the NETSO. The S&I (Elexon) team will pass this information to the Panel when seeking agreement for the Single Imbalance Price methodology (as part of point F, in the event Market Suspension has occurred.</p> <p>See Panel Paper entitled 'Contingency Imbalance Price Methodology and BSC Panel Acceptance' for detailed description of this step</p> <p>Please note that the process for calculating the single imbalance price starts at this point (method for calculating the Single Imbalance Price detailed in section 8). The market suspension will continue until point K.</p>	Grid Code OC9.4 BSCP201 3.1.7
F	A urgent Panel Meeting would be called, allowing the Panel to determine the proposed time to start normal market operations, both the Calendar Day and Settlement Period – point K	Panel	<p>This is potentially an iterative step. It can occur after point B and D above.</p> <p>Elexon will advise the Panel on a proposed date and time (see Actions Checklist). The Panel may</p>	BSC Section G 3.1.8 Grid Code OC9.4 BSCP201 3.3.6 - 3.3.8

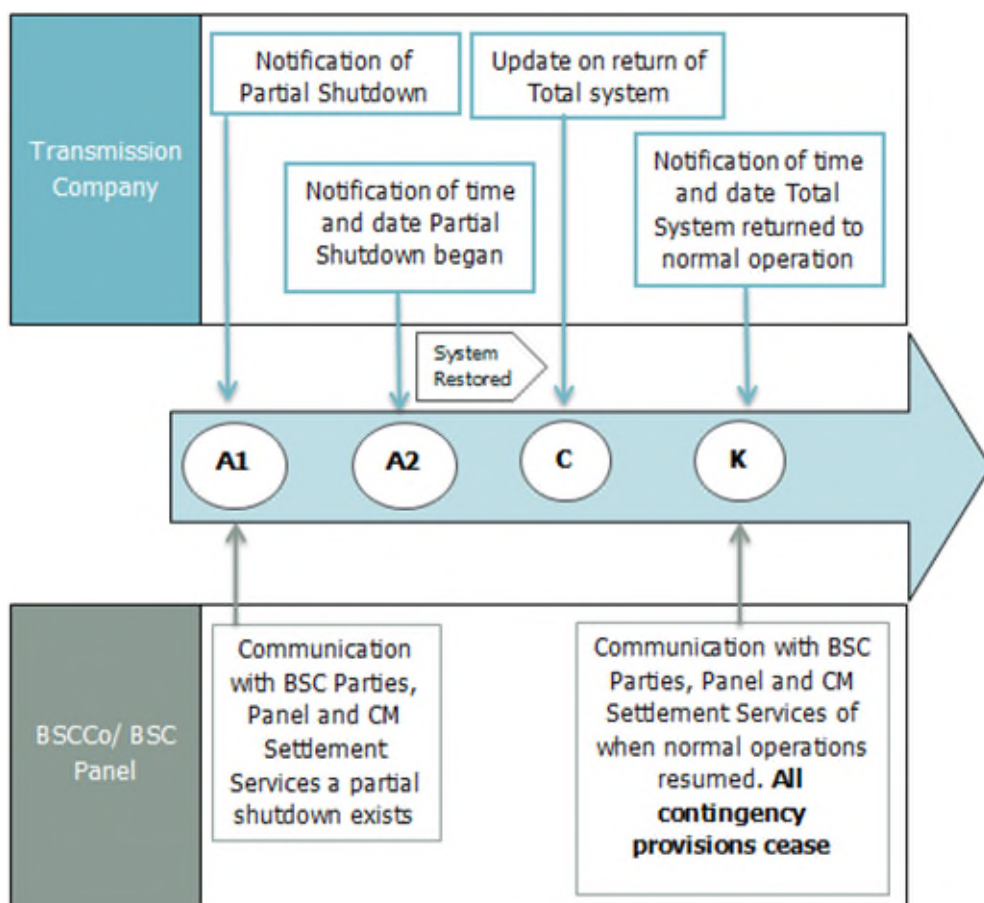
Ref.	Event	From	Notes	Reference
	After consultation, the Panel makes the final decision on the date and time to start normal market operations – point K		<p>also choose to consult with industry representatives to judge the viability and preparedness of the industry at the proposed start date and time.</p> <p>A new date and time may be proposed a) following consultation or b) or if a “no go” decision is made, by NETSO, at point J.</p> <p>Elexon will advise the Panel on the feedback from industry (see Actions Checklist).</p>	
G	ECVAA returns to normal operations	ECVAA	<p>No specific trigger for point G, which occurs after the Panel has made the final decision on the date and time for resuming market operations.</p> <p>Normal operations mean that Volume Notifications submitted by parties will be processed and forward contract report issued. However, contract positions CEI (Credit Assessment Energy Indebtedness), AEI (Actual Energy Indebtedness), MEI (Metered Energy Indebtedness) are zero until point K.</p>	BSCP201 3.3.12
H	BSC Parties submit Physical Notifications, Volume Notifications and Bid Offer Data applying from point K onwards	BSC Parties	No specific trigger for point H, but it occurs after the Panel has made the final decision on the date and time for resuming market operations.	BSCP201 3.3.14 BSCP201 3.3.15
I	10 hours before point K	NETSO	The point at which all Physical Notifications for point K should have been received.	BSCP201 3.3.14
J	1 hour before the return to normal operation, the NETSO decides whether or not it is practical to return to normal market operations	NETSO	Actions and communications will depend on whether this is a ‘yes’ or a ‘no’ decision. If ‘no’ return to point F.	BSC Section G 3.1.8 BSCP201 3.3.17
K	Normal market operations are in place and Black Start Provisions no longer apply	-	All normal rules apply and BSC Parties can submit Physical Notifications up to	BSCP201 3.3.18

Ref.	Event	From	Notes	Reference
			Gate Closure. Confirm resumption of normal BSC market operations and end of Black Start period.	

2. Process Overviews

2.1 Partial Shutdown – Market Suspension Threshold not met

A Partial Shutdown occurs when all generation has ceased in a part¹ of the Total System, and there is no electricity supply from external interconnectors or other parts of the system.



This Partial Shutdown is considered a Black Start when the part of the system in shutdown cannot function again without National Grid's direction relating to a Black Start. See Grid Code OC9.4 for further information on definitions of Partial and Total Shutdowns.

During a Partial Shutdown, National Grid will monitor the spot time Initial National Demand Out-Turn against its spot time National Demand Forecast (both available on BMRS).

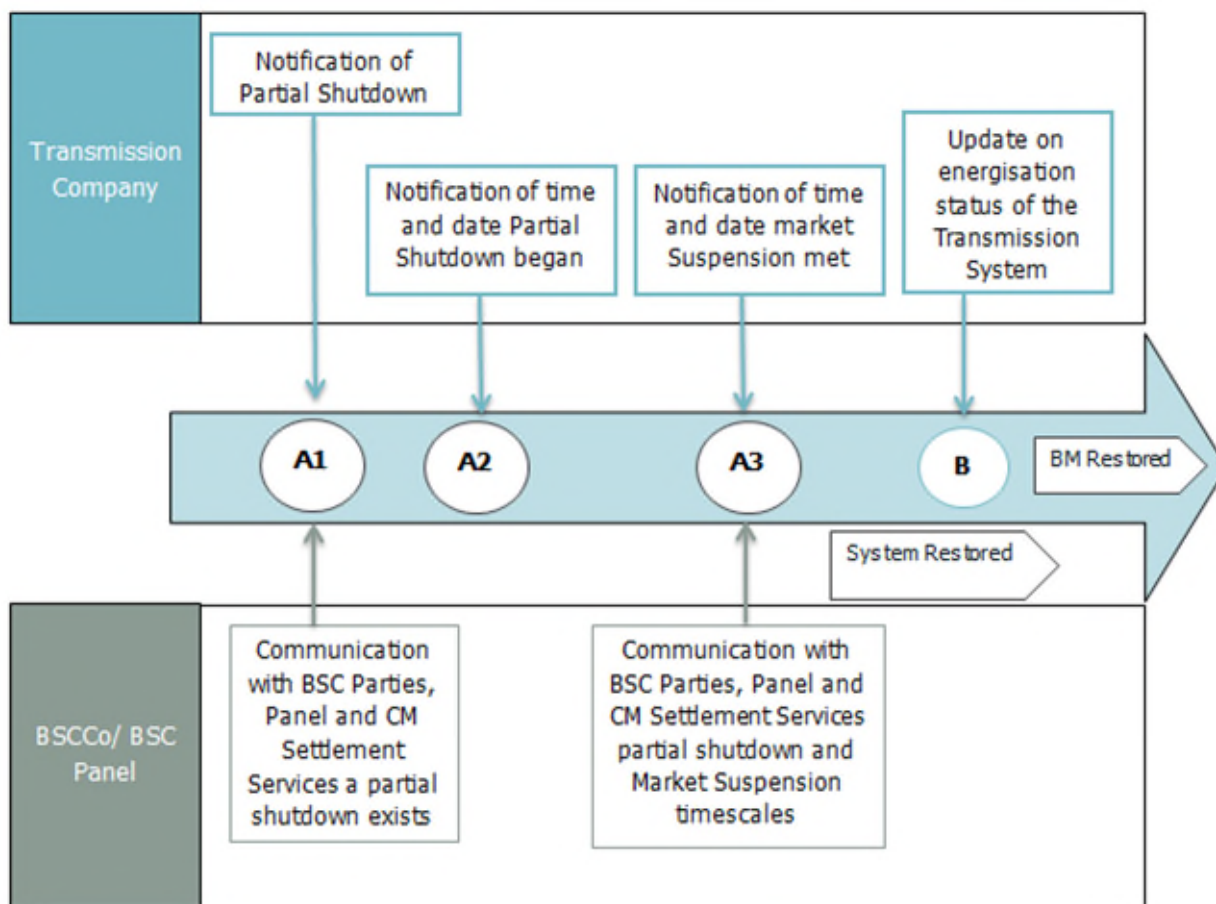
¹ Grid Code defines 'a part' as: OC9.4.7.7 The Company will instruct the relevant Users so as to interconnect Power Islands to achieve larger sub-systems, and subsequently the interconnection of these sub-systems to form an integrated system. This should eventually achieve the re-establishment of the Total System or that part of the Total System subject to the Partial Shutdown, as the case may be. The interconnection of Power Islands and sub-systems will utilise the provisions of all or part of OC9.5 (Re-Synchronisation of De-synchronised Islands) and in such a situation such provisions will be part of the Black Start.

The Market Suspension Threshold occurs when **spot time Initial National Demand Out-Turn is equal to or lower than 95% of the spot time National Demand Forecast**, or **72 hours have elapsed** since the Partial Shutdown began.

If the Market Suspension Threshold is not met and the Balancing Mechanism (BM) and TERRE Market is not suspended, National Grid will determine without consulting the Panel the time that all contingency provisions cease.

2.2 Partial Shutdown – Market Suspension Threshold met

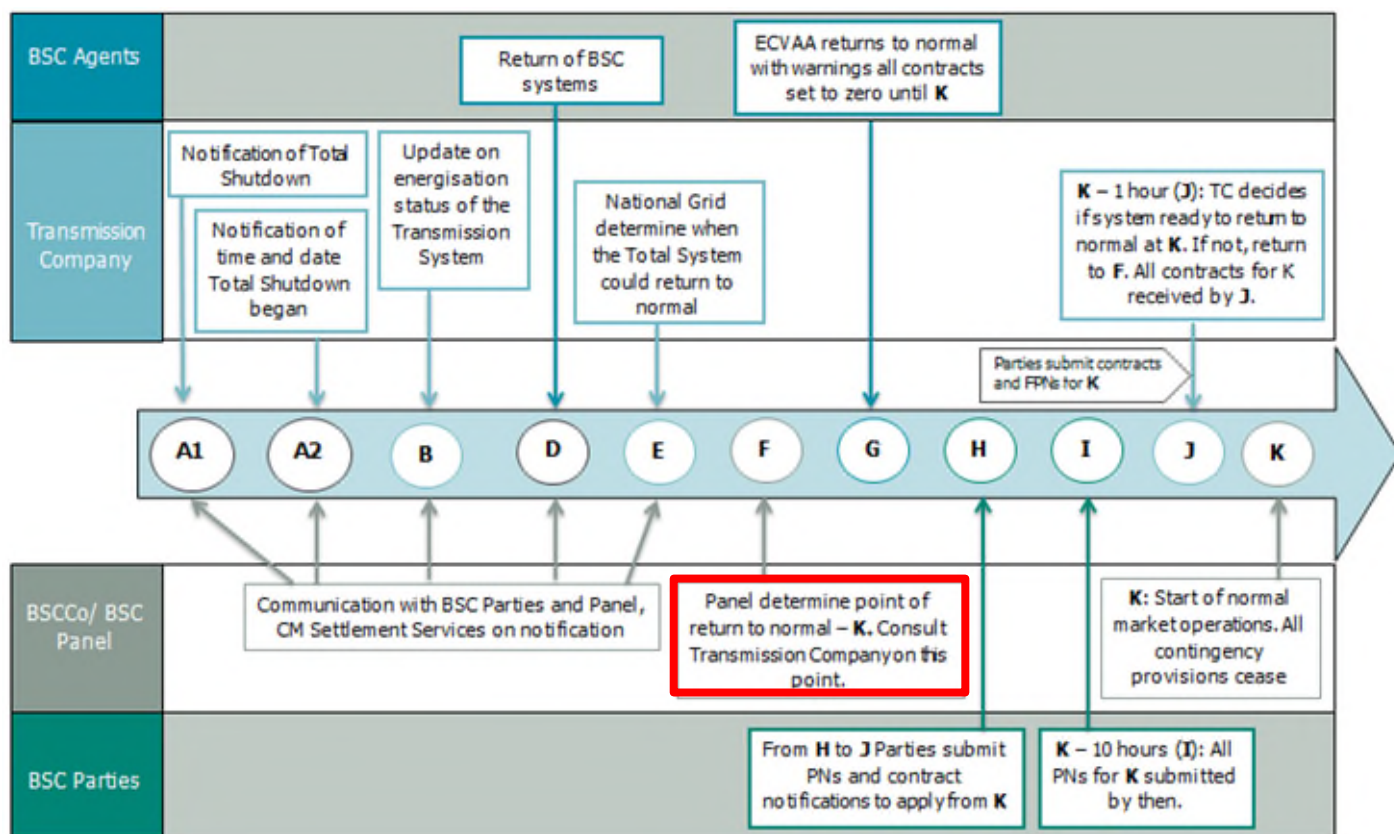
Where a Partial Shutdown occurred once the Market Suspension Threshold has been met, the timeline continues in the same manner from B as the Total Shutdown on the next page. A Market Suspension Period will apply for all Settlement Periods between A3 and K in the event of a Partial Shutdown.



2.3 Full Shutdown

This process diagram for the Black Start Recovery Process is based on Section 2.1 of BSCP201. A Market Suspension Period will apply for all Settlement Periods between A and K in the event of a Full Shutdown.

Panel interaction highlighted in red on the following flow diagram:



3. Actions Checklist

- 3.1 This is a list of all the actions that need to be completed when Full Shutdown occurs. Event references relate to the **Process Overviews** timelines in Section 2 (note, dependencies or actions expected of the Panel are highlighted).

Communicating information to BSC Parties, BPO, the NETSO, the Panel and the Authority is covered by the **Communications Checklist** in Section 4.

Event	Action	who	Notes	Reference	complete ☑
A1	Determine the availability and capability of the BSC Central Systems	Settlement & Invoicing (Elexon) [shortened to S&I (Elexon) throughout the remainder of this document] (including out of hours contact notified via BSC Service Desk)	As soon as possible after the NETSO has notified a Partial or Total Shutdown, S&I (Elexon) should establish which central systems are available. S&I (Elexon) should also check the status of the high and low grade communications links, whether further power interruptions are expected and whether input data is being received – e.g. ECVNs, NHHDA and HHDA data, teleswitch data etc. Tracking the status of the central systems will be an iterative step, until the BPO has confirmed the return of all systems (event D). S&I (Elexon) will	BSCP201 3.3.1	

Event	Action	who	Notes	Reference	complete ☑
			provide updates to Panel and BSC Parties as required until systems are restored.		
A1	Communicate in detail with relevant BSC Agents to confirm what actions are required and when for all affected BSC Systems	S&I (Elexon)	<p>S&I (Elexon) will need to inform BPO how to operate during Market Suspension Period:</p> <ul style="list-style-type: none"> • Settlement Administration Agent (SAA) – Delay settlement runs for Settlement Periods/days where data is not/no longer available • Funds Administration Agent (FAA) – revise/delay Payment date for affected Settlement Days. • Balancing Mechanism Reporting System (BMRS) – Suspend imbalance price calculation • Energy Contract Volume Administration Agent (ECVAA) – disregard set CEI/MEI/AEI to zero – see credit default section <p>These measures will exist until point K.</p>	BSC Section N 6.6 BSC Section G 3.2.1 BSC Section G 3.2.2 BSCP201 3.3.1 – 3.3.5	
A2	Determine the Settlement Period that corresponds with the date and time at which the Total Shutdown/Market Suspension began and notify industry	S&I (Elexon)	<p>Following notification from the System Operator of the time and date for Total/Partial shutdown, convert time/date for Settlement Period/Date and notify BSC Parties, BSC Agents, The Panel, CM, Settlement Services</p> <p>A circular would be sent for BSC Parties.</p>	BSC Section G 3.1.2 BSCP201 3.2.5 – 3.2.8	

Event	Action	who	Notes	Reference	complete ☑
			The Panel would get notification from Elexon Exec.		
D	Once the BSC Systems have been restored, confirm with the BPO that the actions agreed at point A1 have been carried out	S&I (Elexon)		BSCP201 3.3.2 – 3.3.5	
F	Propose a time and date for normal BSC market operations to resume, via an Emergency Panel meeting	S&I (Elexon), Panel (Rules Management team)	BSCP201 describes this as a Panel determination, but Elexon will need to put forward a proposal. The proposal will need to allow for operational considerations (discuss with the BPO and the NETSO) and timescales for industry consultation and Panel decisions (Rules Management team). Under OC9.4.7.9 of the Grid Code, the NETSO should determine the time that the Total System could return to normal operation.	BSC Section G 3.1.2 BSC Section G 3.1.8 BSCP201 3.3.6	
F	Seek the opinion of National Grid and (if deemed necessary by Panel) the industry on the feasibility of starting market operations at the proposed point.	NETSO, BSC Parties, Party Agents, MIDP(s), The Authority	This is likely to take place in tandem with the proposal above and be iterative. We will need to have some discussions in order to propose a date and time, and then have further discussions to check the feasibility of the proposal. Consulting BSC Parties has the potential to increase the Market Suspension period, thereby increasing costs to industry.	BSCP201 3.3.7	
F	Following any Panel engagement with industry on the feasibility and feedback of proposed restart of market operations. Elexon to obtain a final decision from the Panel on the date and time to resume normal market operations – point K	S&I (Elexon) team, Panel (Rules Management team)	Elexon will need to consider feedback from industry on the feasibility of the proposed point K, and make a recommendation to the Panel. If the proposed date and time is not feasible, all steps at point F will need to be repeated.	BSCP201 3.3.8	

Event	Action	who	Notes	Reference	complete ☑
F	Communicate instructions on the requirements and timing of relevant BSC System reports, including the 7-day forward report (ECVAA-I022)	S&I (Elexon)	<p>BPO instructed to resume ECVA reporting, setting contracts to zero in the feed to the SAA, and placing a notification to this effect on the BMRS.</p> <p>The SAA will be able to resume runs for dates on or after point K, but runs for days in the Black Start Period will remain on hold pending availability of the single imbalance price.</p> <p>BAU ECVA-I022 Reports released at GMT – 09:00; 14:30; 18:30; 22:00.</p>	BSC Section G 3.2.1 BSCP201 3.3.11 - 3.3.13	
If the decision at point J is ‘yes’					
J	Prepare BSC Agents to take actions to resume normal operation	S&I (Elexon)	<p>This will involve</p> <ul style="list-style-type: none"> • Removing caveat that all contracts are zero from the BMRA. Posting a note on BMRS that normal market operations have resumed (after point K) • Discontinue the defaulting of CEI and MEI to zero from point K onwards. • Discontinue the defaulting of AEI to zero for all Settlement Days within the Black Start Period. 		
If the decision at point J is ‘no’					
J	The NETSO makes a ‘no go’ decision	S&I (Elexon) team, Rules Management	The Black Start process returns to the beginning of point F	BSC Section G 3.1.8 BSCP201 3.3.17	

4. Communications Checklist

The following serves as a checklist for all communications during an emergency event and at what points participants are communicating and to whom. The events themselves are described in Section 1, **Full or Partial Shutdown**, and the references relate to the **Process Overviews** in Section 2 (note, dependencies or actions expected of the Panel are highlighted).

Event	Communication	To	Notes	Reference	complete ☑
A1	A Total or Partial Shutdown has occurred and that National Grid intends to implement a Black Start	BSC Parties, BPO, the Panel, CM Settlement Services Provider	Notify existence after notification from National Grid (as soon as practicable). The method of contact depends on what is available. Refer to section 2.2 for communication responsibilities.	BSC Section G 3.1.2 BSCP201 3.2.3	
A2	Time and date of Total/Partial Shutdown, including the Settlement Period	BSC Parties, BPO, the Panel, CM Settlement Services Provider	Time and date that the shutdown began confirmed by National Grid. Convert this into a Settlement Period and notify market. If a Total Shutdown , also notify that the start of the Black Start is the start of a Market Suspension Period.	BSC Section G 3.1.2 BSCP201 3.2.5 BSCP201 3.2.6	
A3	Notify the time/Settlement Period and date on which the Market Suspension Threshold was met	BSC Parties, BPO, the Panel, CM Settlement Services Provider	Only if a Partial Shutdown : National Grid will notify the time and date that the Market Suspension Threshold has been met.	BSC Section G 3.1.7 BSCP201 3.2.8	
B	Information of the Operation of the Transmission System and the availability and capability of BSC Systems	BSC Parties, BPO, the Panel	These may be multiple updates as more information is received from the NETSO and BSC agents.	BSCP201 3.1.3 - 3.1.6	
D	The BSC Systems have been restored	BSC Parties, BPO, the Panel, NETSO		BSCP201 3.1.6 BSCP201 3.1.7 BSCP201 3.3.6	
E	Information on the state of the Total System and the circumstances which affect the calculation of the single imbalance price	BSC Parties, BPO, the Panel	TC will inform of any circumstances likely to affect the Total System. S&I (Elexon) team will provide circumstances affecting the single imbalance price.	BSC Section G 3.2.2 BSCP201 3.4.3	
F	Final Decision from the Panel on the Calendar Day and Settlement Period for the return to normal operations	BSC Parties, BPO, Party Agents, NETSO, Retail Energy Code (REC), MIDP(s), the Authority, CM Settlement	Elexon would send a Circular advising of Settlement Date, Time and Settlement Period normal operations will resume.	BSCP201 3.3.8	

Event	Communication	To	Notes	Reference	complete ☑
		Services Provider			
J	Decision to return to normal market operations; or Failure to return to normal market operations	BSC Parties, The Panel, BPO, Party Agents, NETSO, Retail Energy Code (REC), MIDP(s), the Authority, CM Settlement Services Provider	This is a critical communication, because the NETSO can notify the go/no-go decision up to an hour before point K (although the Panel may adjust the timetable dependent on advice from industry).	BSC Section G 3.1.8 BSCP201 3.3.17	
K	Confirmation normal BSC market operations have resumed	BSC Parties, The Panel, BPO, Party Agents, NETSO, Retail Energy Code (REC), MIDP(s), the Authority, CM Settlement Services Provider	Following the start of the Settlement Period from which normal BSC market operations have resumed.	BSCP201 3.3.18	

5. Fuel Security & Civil Emergencies – High-Level Summary

5.1 A 'Fuel Security' and 'Civil Emergency' event are both mentioned as part of Section G, but are separate from a Black Start event, in that no loss of the electricity transmission system would have occurred in either of these events. Either event could occur though in the run up to and as part of preventing a Black Start event from occurring, i.e. as part of preventative measures.

5.1.1 **A Fuel Security Code (FSC) event occurs when the Secretary of State exercises his powers under sections 34 and 35 of the Electricity Act 1989, to direct power stations or the NETSO to operate in specific ways (for example a power station with a particular fuel could generate more or less energy in order to balance the electricity grid, rather than a power station which would otherwise provide that service). A FSC 'direction' can be issued to one or multiple participants and a single FSC direction or several distinct FSC directions can be issued over the course of an event.**

In a FSC event Generators (or the recipient of instructions from the Secretary of State) can claim Exceptional Costs. With this in mind, the BSC states that the FSC provisions supersede that of the BSC, and a BSC Party will not be in breach of the BSC for following a FSC direction.

Generally (but not always), the Secretary of State issues instructions via the NETSO, who informs the relevant BSC Party. However, there is no means for BSCCo to be aware of FSC directions as the Secretary of State does not provide information on FSC directions to BSCCo.

It should be noted that mod P448 'Mitigating Gas Supply Emergency Risks' may have an impact on the above.

5.1.2 **A Civil Emergency would be any application of emergency powers, as described in Energy Act 1976 where the Secretary of State gives a direction under Section 34(4)(b) of the Act. This is likely to be in instances where the Secretary of State is of the opinion (in their discretion) that such action has, or will or is likely to have, a material effect on the ability of a party to participate in the market. It is also the Secretary of State that will inform the market, via NGESO, of any changes to the directives and the point of cessation of the instruction and normal market operations resuming.**

5.2 The Secretary of State would communicate with Elexon, via NGESO, to instruct prices to be set manually in SAA, activating one of more of the following:

- i adopting a contingency imbalance cash-out price
- ii limiting the prices for Bids and Offers
- iii determine a reduced value of Credit Assessment Price (CAP)

The Secretary of State would give direction under Section 34(4)(b) of the Electricity Act; or where action is taken under sections 1 to 4 of the Energy Act 1976 (and such action will have a material effect); or if action is taken in accordance with Section 96 of the Electricity Act. These actions and directions essentially represent the exercise of powers available if circumstances arise such as fuel securities, civil emergencies and events threatening supplies.

Once initiated, the BSC provisions apply for so long as the relevant action or direction takes effect (or longer if so decided by the Secretary of State).

- 5.3 Post a 'Contingencies event', reconciliation processes would commence; compensations, claims for exceptions costs etc. Ordinarily applications must be made within 60 days of the end of the event.
- The Panel can approve a longer period, if appropriate, for example a longer approval period may be needed if there were significant complexities to the claims or if there were a higher number of claim than expected and could be reasonably handled during the initial 60 day period.

The following sections go through the processes and procedures in more detail.

6. Ad-Hoc Trading Charges

A number of contingency provisions within the BSC can result in the need for adjustment payments and charges to be made between Parties. These adjustment payments are made by way of Ad-hoc Trading Charges under the BSC. The amount of any such Ad-hoc Trading Charges are determined from the Initial Settlement Run (or Reconciliation Run if one has been carried out at the time of calculation). Unless decided by the Panel, no adjustment is made in the determination of the Ad-hoc Trading Charges when a subsequent Settlement Run is carried out.

7. Party Daily Reallocation Proportions

Section G also provides for the calculation of a Party Daily Reallocation Proportion for each Party. This is each Party's pro-rata share of the revenue surplus on any particular day. It should be noted that it is possible for the proportion to be received by a Party to be negative as well as positive. Again, these are determined from a particular Settlement Run and not recalculated from Reconciliation Runs (unless the Panel decides otherwise).

8. Review of Emergency Arrangements

If, at any time, the Secretary of State announces his intention to carry out a review of the arrangements that may apply in relation to the exercise of his powers under Sections 34 and 35 of the Electricity Act 1989 and Sections 1 to 4 of the Energy Act 1976 (essentially powers available if circumstances arise such as fuel securities, civil emergencies and events threatening supplies) then Elexon is required to participate in this review if requested to do so by the Secretary of State.

Furthermore, following the review, the Panel is required² to propose a modification to the BSC (on the recommendation of Elexon, and after consulting with the Secretary of State and the Authority) to support the outcome of the review.

9. Avoidable Costs

Section G defines Avoidable Costs and sets out how they are determined. Avoidable Costs are used in the calculation of compensation claims arising under three Contingency Provisions in the Code: Black Start Periods, the NETSO outages and Manifest Errors.

² As described in Section G 1.5 Review of emergency arrangements

They are determined by the Panel (or a "Claims Committee" if established by the Panel) for a BM Unit in relation to either:

- (a) changes in Imports and/or Exports of that BM Unit; or
- (b) costs incurred due to a black start instruction received from the NETSO.

The Panel determines the net costs of operating the BM Unit that would not have been incurred but for the change in Imports and/or Exports of the BM Unit or the black start instruction, i.e. what additional operating costs were incurred as a result of changing the Import and/or Export of the BM Unit as a consequence of the Contingency Provision.

These are the Avoidable Costs being costs that would have been avoided or not incurred but for the advent of the Contingency Provision. It is possible for Avoidable Costs to be negative if net costs were saved or revenues earned.

In determining the operating costs of the BM Unit, and consequently the costs that would not have been incurred but for the Contingency Provision (i.e. the Avoidable Costs), a number of factors are to be taken into account:

- (a) costs include lost revenues, and costs saved include revenues earned;
- (b) if the BM Unit comprises premises of a Customer, the relevant costs are those of the Customer (and not the Party, i.e. the Supplier);
- (c) costs are not counted unless they are demonstrably:
 - (i) directly incurred in operating the Plant and Apparatus comprised in the BM Unit;
 - (ii) reasonably and prudently incurred; and
 - (iii) costs that would be expected to differ according to whether there were changes in Imports and/or Exports or changes in operation to comply with a black start instruction in the relevant Settlement Period alone;
- (d) costs (incurred or saved) include costs of consumption of electricity or fuel; (e) the costs of losses in respect of damage to property or death or injury to persons; insurance premia; and financing and overhead costs are excluded;
- (f) compensation payments made under contract (in particular between a Supplier and their Customer) for loss of supply or otherwise in consequence of the change in Imports and/or Exports are disregarded; and
- (g) Trading Charges and BSCCo Charges are disregarded.

10. Changes to Trading Rules

If the conditions described above prevail and if the Secretary of State decides (after consultation with the Authority and the Panel), then the Secretary of State may activate one or more of the following changes to the trading rules in the BSC:

- (a) adopting a contingency imbalance cash-out price (determined in the same way as in a Market Suspension Period);
- (b) limiting the prices for Bids and Offers (in accordance with the provisions of Section Q) to historic values (the Secretary of State may decide the limits apply to all BM Units or to specific BM Units, and also determine the historic period if they wish it to differ from the default period set down in Section Q); and
- (c) determine a reduced value of Credit Assessment Price (CAP) (setting down the principles and objectives to apply in determining the price).

The Panel may determine a difference reduced price in order to achieve the principles and objectives set down by the Secretary of State. The Secretary of State may activate each of these changes together or separately by giving an appropriate direction to the Panel. If such a direction is given, Elexon is required to copy the direction to all Parties.

11. Lead Party Compensation

If a BM Unit is given a black start instruction by the NETSO under the Grid Code that relates to any Settlement Period(s) within a Black Start Period, then the Lead Party of the BM Unit may submit a claim for compensation to Elexon.

- i Any claim must be submitted within 20 Business Days of the end of the Black Start Period (or longer if the Panel decides).
- ii Where a claim is submitted, the Panel decides what change in Imports and/or Exports of the relevant BM Unit occurred and what other charges occurred in the operation of the BM Unit (if any) in each Settlement Period as a result of complying with black start instructions. The change in Imports and/or Exports is expressed as the net quantity in MWh for each Settlement Period, which is the "black start compensation volume".
- iii The Panel determines the Avoidable Costs associated with these changes for each Settlement Period. The "black start compensation amount" is, in simple terms, the Avoidable Costs determined by the Panel minus the imbalance charges received (or reduction in imbalance charges paid) for the black start compensation volume.

Note that because contract notifications are disregarded and a contingency imbalance price is determined during Market Suspension Periods, the Lead Party of the BM Unit will implicitly be paid at the relevant contingency imbalance price(s) for any BM Unit Metered Volume during a Market Suspension Period. For any Settlement Periods which fall within a Black Start Period but not within a Market Suspension Period, the Lead Party (and/or the Subsidiary Party where there is a Metered Volume Reallocation Notification in place) will pay or be paid the relevant imbalance price(s) calculated under the normal imbalance pricing rules. The black start compensation amount calculation therefore takes this into account.

When submitting a claim for compensation, the Lead Party must itself estimate the relevant changes in Imports and/or Exports and the black start compensation amounts associated with each relevant instruction. The Lead Party must also provide other information reasonably requested by the Panel, and comply with the provisions relating to the determination of Avoidable Costs. NETSO and Distribution System Operators are also required to provide information if requested to do so by the Panel.

The Lead Party is entitled to payment of the black start compensation amount plus interest. This money is recovered from all parties broadly speaking pro-rated on the basis of Credited Energy Volumes for each Party over the seven-day period prior to the start of the Black Start Period (note that the Party Daily Reallocation Proportions are not used for this pro-rating in the case of Black Start).

12. Generator Compensation Instructions

This section of the BSC provides for payments to be made following the receipt of a Generator Compensation Instruction. A Generator Compensation Instruction is a compensation amount that has been authorised and delivered to Elexon by a Generator in accordance with the Fuel Security Code (essentially a payment to a generator to be recovered from nominated Suppliers arising under the provisions of the Fuel Security Code).

13. Claiming for Exceptional Costs

When a Generator has been subject to a direction given by the Secretary of State (either in anticipation of or during a Fuel Security Period), the Lead Party in relation to that BM Unit may claim to the Panel for any 'Exceptional Costs' they have incurred. The Panel, or the Claims Committee if delegated, assesses all applications for Exceptional Costs and determines the amount of compensation to be paid to the Generator. In making such determinations the Panel shall take into account any guidance given by the Authority.

14. Claims Process Procedures

Avoidable Costs must be determined for each Settlement Period covered by the claim.

The Lead Party of the relevant BM Unit is required to prepare and submit a statement of claim of the estimated Avoidable Costs for each Settlement Period on the relevant BSCP form together with any information supporting the estimates to the Panel.

The Party may be required by the Panel to submit a signed statement by its auditors to confirm that the information submitted has been prepared on a fair, complete and reasonable basis. Whilst the estimate and supporting information are submitted by the Lead Party, it is for the Panel to determine the relevant Avoidable Costs. These are notified to the Lead Party by Elexon.

If requested by the Authority, the Panel is required to discuss any determinations of Avoidable Costs, and take into account any guidance from the Authority. It must also exclude any costs which the Authority directs the Panel to exclude. The Panel, in accordance with Section B, may establish a Panel Committee to determine these claims.

15. Timeframes and Claim Submission

An Application to claim Exceptional Costs must be made within sixty days after the end of the Security Period, unless the Panel approves a longer period. If the instruction is in anticipation of a Security Period and no Security Period results the Claimant has sixty days from the date of the direction. If the Security Period continues over a long period a claim for an interim payment can be submitted.

The Lead Party shall provide a written statement with its application of the circumstances which the Exceptional Costs were incurred and the amount of those costs. The Lead Party shall also comply with any request of further information by the Panel, and, if required, submit a statement signed by the Lead Party's Auditors stating that the estimate of the Exceptional Costs has been prepared on a basis that is fair, reasonable and complete.

The procedure for submitting an application for Exceptional Costs (including the claim form, the written statement and any additional information in support) is set out in BSCP201 Black Start and Fuel Security Contingency Provisions and Claims Processes. The Panel, or Claims Committee, determine any additional procedural requirements in relation to the progress and procedure of applications for compensation from Exceptional Costs incurred.

16. Cost Recovery

The proportion of Exceptional Costs allowed by the Panel shall be settled as a charge upon Suppliers in accordance with instruction from the Authority.

The BSC establishes the entitlements and liabilities associated with the payments and charges set down in the Generation Compensation Instruction. It also requires Elexon to notify the Funds Administration Agent (FAA) of the relevant payments and charges and for Elexon to keep records of the compensation amounts made and charged.

17. Recommendation

17.1 We invite the Panel to:

- a) **NOTE** the high-level outline of when and how the Panel would be engaged during an 'Emergency Situation' and the expectations upon the Panel during this time.

For more information, please contact:

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