

## **P195 LEGAL TEXT**

### **SECTION D: BSC COST RECOVERY AND PARTICIPATION CHARGES (version 11.0 including all Approved Modifications awaiting implementation)**

**Insert new para 2.5 as follows:**

#### **2.5 Cost attribution**

2.5.1 Where a provision of the Code requires a Party to bear or be liable for, or allows BSCCo to recover from a Party, the BSC Costs incurred in connection with carrying out a specified activity in relation to such Party, such costs shall include, in addition to the additional costs incurred in connection with that activity, an amount in respect of the internal costs of BSCCo (including personnel costs, but excluding overhead) treated as directly attributable to the carrying of that activity, determined in accordance with cost attribution principles established and from time to time revised by BSCCo with the approval of the Panel.

**Amend para 4.1(a)(vii) as follows:**

#### **4.1 Net Annual BSC Costs**

(vii) all amounts otherwise paid to BSCCo (other than as trustee) by any person (including any Party, pursuant to any indemnity given by the Party to BSCCo under the Code, any such provision of the Code as is referred to in paragraph 2.5.1(a), or otherwise;

### **SECTION G: CONTINGENCIES (version 5.0 including all Approved Modifications awaiting implementation)**

**Insert new para 1.1.2(g):**

#### **1.1 Provisions in the Code**

(g) paragraph 6, which applies in certain cases where Production BM Units suffer operational failures while switching fuel.

**Insert new para 6:**

## **6. SWITCHING FAILURE ALLOWANCES FOR CCGTS**

### **6.1 General**

6.1.1 For the purposes of this paragraph 6:

(a) an **eligible** BM Unit is a Production BM Unit which comprises one or more CCGT Units of which the Gas Turbine Unit(s) are capable of being fuelled either by gas (**gas-firing**) or by distillate fuel oil (**distillate-firing**) (where CCGT Unit and Gas Turbine Unit have the meanings given to those terms in the Grid Code);

- (b) **relevant event** means a primary relevant event or a secondary relevant event in accordance with paragraph 6.2;
- (c) **switching** means changing the prevailing mode of operation of an eligible BM Unit from gas-firing to distillate-firing or from distillate-firing to gas-firing, and **switch** shall be construed accordingly;
- (d) switching shall be treated as commencing at the time at which (following the Lead Party's decision to switch) distillate or (as the case may be) gas starts to flow into the eligible BM Unit;
- (e) **winter period** means the period from 00:00 hours on 1 November in any year to 24:00 hours on 31 March in the following year;
- (f) **Switching Failure Allowance** means an allowance in Settlement pursuant to paragraph 6.5;
- (g) **Switching Failure Claim** means a claim by the Lead Party of an eligible BM Unit for a Switching Failure Allowance.

6.1.2 For the purposes of this paragraph 6, in relation to a relevant event:

- (a) the **switching period** is the period of time, commencing when switching (as described in paragraph 6.1.3(c)) commenced, required for switching, as determined by the Panel in accordance with paragraph 6.4.4(b);
- (b) **operational failure** means a failure (whether or not resulting in its de-synchronisation) in the operation of the BM Unit occurring during the switching period, or if more than one such failure occurred during such period, the first such failure to occur;
- (c) **expected export quantity** means the quantity of Active Energy which would have been Exported from the BM Unit in an eligible Settlement Period in the absence of the operational failure, as determined by the Panel in accordance with paragraph 6.4.4(c);
- (d) the **eligible period** is the period commencing with the occurrence of an operational failure, and ending:
  - (i) where the operational failure resulted in the de-synchronisation of the BM Unit, at the end of the third full Settlement Period following the occurrence of the operational failure;
  - (ii) where the operational failure did not result in the de-synchronisation of the BM Unit, at the end of the sixth full Settlement Period following the occurrence of the operational failure;
- (e) an **eligible Settlement Period** is a Settlement Period which:
  - (i) ends within the eligible period; and
  - (ii) does not fall outside the winter period;
- (f) the **failure shortfall quantity** is the amount (in MWh) determined by the Panel in accordance with paragraph 6.4.3(b)(ii), which shall be a negative amount;
- (g) the costs incurred in connection with a Switching Failure Claim are BSC Costs incurred in receiving, processing and dealing (as provided in this paragraph

6) with the claim and (where applicable) the implementation of a Switching Failure Allowance.

6.1.3 Where, in relation to an eligible BM Unit:

- (a) a primary relevant event occurs in the winter period;
- (b) when the primary relevant event occurs, the BM Unit is in operation and is not de-synchronised;
- (c) either:
  - (i) following, and acting reasonably and prudently in order to respond to, the primary relevant event, the Lead Party switched the mode of operation of the BM Unit, or
  - (ii) following, and acting reasonably and prudently in order to respond to, the secondary relevant event, the Lead Party switched the mode of operation of the BM Unit back to the original mode (that is, the prevailing mode of operation when the primary relevant event occurred); and
- (d) during the switching period, there occurred an operational failure of the BM Unit, such that its level of output at any time or times during the eligible period fell below its expected level of output; and
- (e) the Lead Party demonstrates the matters in paragraphs (a) to (d) to the satisfaction of the Panel;

the Lead Party shall be entitled to a Switching Failure Allowance, subject to and in accordance with paragraphs 6.3 and 6.4.

**6.2 Relevant events**

6.2.1 There is a **primary relevant event** in relation to an eligible BM Unit where:

- (a) the Lead Party is instructed, by or on behalf of a relevant Supplier or Shipper or directly by a Transporter, to discontinue or reduce the level of offtake of gas from the gas system at the relevant Supply Point, either:
  - (i) pursuant to the giving of an Interruption Notice, where the relevant Supply Point is an Interruptible Supply Point; or
  - (ii) pursuant to Emergency Steps under TPD Section Q or the Emergency Procedures, in a Gas Supply Emergency or Potential Gas Supply Emergency; or
- (b) where the relevant Supply Point is a Firm Supply Point, the Lead Party is instructed, by or on behalf of a qualifying Supplier, to discontinue consuming gas offtaken from the gas system at the Supply Point for the BM Unit pursuant to the exercise (as described in TPD Section G1.20.1) of an entitlement as therein described (of which the information given to the Transporter pursuant to that Section shall be prima facie evidence);
- (c) an Emergency Instruction (in accordance with BC2.9 of the Grid Code) is given in respect of the BM Unit and it is necessary for the Lead Party to switch the mode of operation of the BM Unit in order to comply with the Emergency Instruction; or

(d) a GB Transmission System Warning is issued under OC7.4.8.5 to OC7.4.8.8 of the Grid Code and it is appropriate for the Lead Party to switch the mode of operation of the BM Unit in response to the GB Transmission System Warning.

6.2.2 There is a **secondary relevant event** in relation to an eligible BM Unit where, following a primary relevant event:

- (a) the Lead Party is first notified by or on behalf of a relevant Supplier or Shipper or directly by a Transporter, or otherwise first becomes aware:
  - (i) in the case of a primary relevant event in paragraph 6.2.1(a)(i), that the requirement for Interruption no longer applies; or
  - (ii) in the case of a primary relevant event in paragraph 6.2.1(a)(ii), that the Gas Supply Emergency has ceased or otherwise that the requirement (pursuant to TPD Section Q or the Emergency Procedures) for discontinuance or reduction in the level of offtake no longer applies; or
- (b) in the case of a primary relevant event in paragraph 6.2.1(b), the Lead Party is authorised (as described in TPD Section G1.20.1) to resume the consumption of gas at the BM Unit (of which the information given to the Transporter pursuant to that Section shall be prima facie evidence); or
- (c) in the case of a primary relevant event in paragraph 6.2.1(c), the period ending with the 'to' time referred to in Section Q5.3.2(b) (subject to any agreed variation under Section Q5.3.3) expires;
- (d) in the case of a primary relevant event in paragraph 6.2.1(d), the period for which the GB Transmission System Warning (including any further related warning(s) under OC7.4.8.10 of the Grid Code) was issued expires, or if sooner the Transmission Company gives notice of a Cancellation of GB Transmission System Warning under OC7.4.8.10 of the Grid Code.

6.2.3 For the purposes of this paragraph 6.2:

- (a) **TPD** means the Transportation Principal Document which forms part of the UNC;
- (b) **UNC** means the Uniform Network Code prepared by certain gas transporters (as defined in the Gas Act 1986), pursuant to conditions contained in their respective licences under Section 7(2) of that Act, as from time to time modified, as incorporated into the Network Code prepared (pursuant to such conditions) by each such gas transporter, as made binding between each such gas transporter and gas shippers (as so defined) pursuant to a Framework Agreement between them;
- (c) terms defined in the UNC shall have the meanings given to them in the UNC;
- (d) relevant Supply Point means a Supply Point at which gas is offtaken from the gas system for supply to the eligible BM Unit; relevant Supplier means the Supplier which supplies gas so offtaken to the eligible BM Unit; and relevant Shipper means the Registered User of a relevant Supply Point;
- (e) **gas system** means the Total System as defined in the UNC;

(f) qualifying Supplier means a relevant Supplier which is not the Lead Party or an Affiliate of the Lead Party of the relevant BM Unit.

### **6.3 Claiming a Switching Failure Allowance**

6.3.1 Subject to paragraphs 6.3.2 and 6.3.3, where the Lead Party of an eligible BM Unit considers that it is entitled to a Switching Claim Allowance, it may make a Switching Failure Claim by giving notice to BSCCo, no later than 10 Business Days after the occurrence of the relevant operational failure:

(a) specifying the eligible BM Unit, and

(b) giving details of:

(i) the relevant event and the steps taken for the purposes of switching, and

(ii) what the Party considers to be the operational failure, the eligible period and the expected export quantity in respect of each such Settlement Period.

6.3.2 A Party may not make a Switching Failure Claim unless the Party has given notice to BSCCo of its intention to do so within 1 Business Day after the occurrence of the relevant operational failure.

6.3.3 Where a Party makes a Switching Failure Claim, such Party shall pay a fee of £10,000 to BSCCo for each such claim (for the purposes of which all such claims in respect of a single eligible BM Unit and a single relevant event shall be treated as a single claim), which shall not be reimbursed in any circumstances, but which shall be credited against any amounts for which the Party is liable pursuant to paragraphs 6.3.4 or 6.3.7.

6.3.4 A Party may, by notice to BSCCo, withdraw a Switching Failure Claim at any time before the Panel's determination thereof under paragraph 6.4, provided that the Party shall be liable to pay to BSCCo the amount of the costs incurred in connection with its claim up to the time of such withdrawal.

6.3.5 Where a Party makes a Switching Failure Claim, the Party shall provide such further evidence and information as BSCCo or the Panel shall request to enable the Panel to consider the claim, including:

(a) details of the operational failure;

(b) details of the planned and actual operation (including the switching) of the BM Unit prior to and following the relevant event and the operational failure;

(c) details of the design and historic operation of the BM Unit when gas-firing and distillate-firing and when switching.

6.3.6 It shall be the responsibility of the Lead Party to make and keep such records in relation to the eligible BM Unit and its operation as are sufficient to demonstrate to the satisfaction of the Panel the matters required to be determined by the Panel under paragraph 6.4.

6.3.7 If the Panel rejects a Party's Switching Failure Claim, the Party shall be liable to pay to BSCCo the amount of the costs incurred in connection with its claim.

6.3.8 The fee under paragraph 6.3.3, and any amounts payable in respect of costs under paragraph 6.3.4 or 6.3.7, respectively, shall be invoiced (as BSCCo Charges for the claiming Party) as soon as reasonably practicable following the submission of the Switching Failure Claim, the making by the Panel of its determination or (as the case may be) the withdrawal of the claim.

6.3.9 BSCCo shall (as soon as reasonably practicable after receiving notice of the same) notify each Party of:

(a) the making of a Switching Failure Claim, giving details of the expected export quantity (as stated by the claiming Party under paragraph 6.3.1(b)(ii)) for each Settlement Period; and

(b) the withdrawal of a Switching Failure Claim.

#### **6.4 Determination of Switching Failure Claims**

6.4.1 The Panel shall consider and determine Switching Failure Claims in accordance with this paragraph 6.4.

6.4.2 For the avoidance of doubt, the Panel may establish or appoint a Panel Committee to discharge its functions under this paragraph 6, and (notwithstanding Section W2.2) the Panel may appoint the Trading Disputes Committee, and (if so appointed) the Trading Disputes Committee shall have the ability and competence, to do so.

6.4.3 Where a Party makes a Switching Failure Claim, the Panel shall determine, in its opinion:

(a) whether the requirements (for entitlement to a Switching Failure Allowance) in paragraph 6.1.3 are satisfied (in which case the claim shall be accepted) or are not satisfied (in which case the claim shall be rejected), and

(b) if the claim is accepted:

(i) what was the expected export quantity in each eligible Settlement Period, and

(ii) the amount (in each eligible Settlement Period) by which the quantity of Active Energy Exported from the BM Unit fell short of the expected export quantity.

6.4.4 In making its determinations under paragraph 6.4.3, the Panel shall (without limitation) determine, in its opinion:

(a) whether the switching of operation of the BM Unit was in response to the relevant event, having regard (inter alia) to the period from the occurrence of the relevant event until the switching commenced;

(b) what period of time was required for switching, on the assumption that the switching would be carried out and completed at the fastest rate which the BM Unit was actually capable of;

(c) what was the expected level of output of the BM Unit from time to time during each eligible Settlement Period, in accordance with paragraph 6.4.5:

6.4.5 For the purposes of this paragraph 6:

(a) the expected level of output of the BM Unit is the level of Active Power output of the BM Unit which the Panel considers that (in the absence of the

operational failure) the BM Unit would have achieved, taking account of the switching, from time to time during the eligible period, disregarding any Acceptance or steps taken by the Lead Party to comply with a communication which constitutes an Acceptance;

(b) the Panel may, in determining the expected level of output:

(i) take into account to the extent it considers appropriate the Physical Notifications from time to time submitted by the Lead Party in respect of the BM Unit for eligible Settlement Periods, the extent to which the Lead Party was able (following the occurrence of the relevant event) to revise such Physical Notifications, and the data submitted (at relevant times) by the Lead Party in respect of the BM Unit pursuant to Sections Q2.1 and 2.2;

(ii) assume that the Lead Party intended to operate the BM Unit with a view to minimising (within the operating capabilities of the BM Unit) the loss or reduction in output of the BM Unit necessary to implement the switching.

6.4.5 The determination of the Panel (or any Panel Committee under paragraph 6.4.2) shall be final and binding on all Parties.

6.4.6 Following the Panel's determination under paragraph 6.4.3, BSCCo shall, as soon as reasonably practicable:

(a) notify the Party and all other Trading Parties of the Panel's determination and the reasons given by the Panel for its determination;

(b) where the claim was accepted, give such instructions to the relevant BSC Agent(s) as are necessary to give effect to the Switching Failure Allowance.

## **6.5 Allowance**

6.5.1 Where a Switching Failure Claim is accepted, an allowance shall be made in Settlement for the failure shortfall quantity pursuant to the application of Section T4.3.2.

6.5.2 The Switching Failure Allowance shall be taken into account in Settlement in the next Settlement Run for the relevant Settlement Period carried out after the Panel's determination or by way of Extra-Settlement Determination.

**SECTION T: SETTLEMENT AND TRADING CHARGES (version 15.0 including all Approved Modifications awaiting implementation)**

**Amend para 4.3.2 to read as follows:**

4.3.2 In respect of each Settlement Period, for each BM Unit, the Period BM Unit Balancing Services Volume will be determined as follows:

$$QBS_{ij} = \sum^n (QAO_{ij}^n + QAB_{ij}^n) + QAS_{ij} + QFS_{ij}$$

where:

- (a)  $\sum^n$  represents the sum over all Bid-Offer Pair Numbers for the BM Unit;
- (b)  $QFS_{ij}$  is zero (0), except in relation to an eligible BM Unit for which the Lead Party is entitled to a Switching Failure Allowance in relation to the Settlement Period pursuant to Section G6.5, in which case  $QFS_{ij}$  is the failure shortfall quantity (as determined under Section G6.4).

**SECTION X-1: GENERAL GLOSSARY (version 31.0 including all Approved Modifications awaiting implementation)**

**Insert the following new definitions:**

- "Switching Failure Allowance": has the meaning given to that term in Section G6.1.1((f);
- "Switching Failure Claim": has the meaning given to that term in Section G6.1.1(g);
- "UNC ": has the meaning given to that term in Section G6.2.3;

**SECTION X-2: TECHNICAL GLOSSARY (version 22.0 including all Approved Modifications awaiting implementation)**

**Insert the following new definition:**

Failure Shortfall Quantity	$QFS_{ij}$	MWh	The amount determined in accordance with Section T4.3.2(b)
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