

Appendix 1 – MP Form (F76/01)

Modification Proposal – F76/01	MP No: <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i>	
Credit Cover during holiday Periods	
Submission Date <i>(mandatory by originator):</i>	
Description of Proposed Modification <i>(mandatory by originator)</i>	
<p>The Panel is required to set holiday periods for each year (e.g. the Christmas/New Year period and Easter).</p> <p>Each party is permitted to set a holiday DC/GC for each of its BMUs which shall be the value(s) defined in Section K3.4 with the exception that in K3.4.1 (a) and (b) “relevant BSC Season” be replaced by “relevant Holiday Period”. This will be in addition to their Seasonal DC/GC.</p> <p>At the start of each Holiday Period Elexon will change the applied GC/DC to be the holiday values and at the end of the Holiday Period reset them to the appropriate seasonal values.</p> <p><i>Section T4.2.2 defines the Supplier BM Unit Metered Volume for the Interim Information Settlement Run only, as: $QM_{ij} = GSPGT_j * QM_{ij}' / GSPGT_j'$ where QM_{ij}' and $GSPGT_j'$ are taken from a previous settled day d'.</i></p> <p><i>d' is defined in Section T4.2.2 (d) as Settlement Day d' is the most recent prior to d, that is the same day of the week as Settlement Day d, and for which the Initial Settlement Run has taken place.</i></p> <p><i>It has been common practice in the electricity industry, that when daily volume modelling of a “holiday day” needs to be based on recent data, that the most recent Sunday be used. This is because it gives a significantly better model than the same day of the week.</i></p> <p>Add a new section T4.2.2(d)(i): “When Settlement Day d is in a “Holiday Period” then in (d) above “ the same day of the week as Settlement Day d, and” shall be replaced by “a Sunday”</p> <p>This will result in a more appropriate and risk reflective level of credit cover being required by the BSC.</p>	

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<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i></p> <p>Currently the levels of Credit Cover required to be provided by Suppliers at times of low demand during holiday periods are not reflective of the actual level of indebtedness of the Supplier. For a Supplier in the Industrial and Commercial sector demands over holiday period are around 30% of average seasonal demands.</p> <p>A Supplier who acts responsibly and aims to run with no exposure to the imbalance mechanism at all times will normally only have modest levels of Credit Assessment Energy Indebtedness (<i>indeed given current market conditions will normally be a creditor</i>). However, at times of low demand there are two problems:</p> <ol style="list-style-type: none"> 1. the use of a seasonal average DC results in an unrealistically high level of Energy Indebtedness during the Settlement Days for which the II run has not been completed. 2. the use of “same day of the week” in the II run QM_{ij} calculation distorts the balance between domestic demands and industrial/commercial demands. <p>These problems result in artificially high levels of Security Cover being demanded and can unreasonably place such suppliers into credit default just when they are unable to raise additional credit, due to the non-banking days, and when the risk does not actually exist.</p> <p>The appropriate level of credit cover should be representative of monies potentially owed; under these circumstances, this is not so.</p> <p>This distortion of the competitive market is discriminatory against smaller Suppliers who specialise in the industrial and commercial sector, as the scale of the impact on their business is material, potentially placing them in breach of the Code.</p> <p>Conversely, Suppliers with a relatively high proportion of domestic customers, who experience relatively higher demands over this period, benefit from this distortion.</p>	
<p>Impact on Code <i>(optional by Originator)</i></p>	

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Impact on Core Industry Documents <i>(optional by Originator)</i>	
Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i>	
Impact on other Configurable Items <i>(optional by originator)</i>	
Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i> <p>We believe this Modification is in line with Condition C3 (3)(a) to (c) of the Transmission Licence, namely: promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase (as defined in the Transmission Licence) of electricity.</p>	

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Details of Proposer:	
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Details of Proposer’s Representative:	
<i>Name.....</i>	
<i>Organisation...</i>	
<i>Telephone Number.....</i>	
<i>Email address.....</i>	
Details of Representative’s Alternate:	
<i>Name.....</i>	
<i>Organisation.....</i>	
<i>Telephone Number.....</i>	
<i>Email address</i>	
Attachments: No <i>(delete as appropriate) (mandatory by originator)</i>	
If Yes, Title and No. of Pages of Each Attachment:	