

P232 – PROPOSED LEGAL TEXT

SECTION B: THE PANEL (Version 14)

Insert new paragraph 3.5 after paragraph 3.4 to read as follows:

3.5 Claims Committee

3.5.1 The Panel may establish a Panel Committee or Committees to be called the "Claims Committee(s)", from time to time, in accordance with paragraph 5 to determine applications for compensation made pursuant to Sections G3 and G5.

SECTION G: CONTINGENCIES (Version 7)

Amend paragraph 1.1.5 to read as follows:

1.1.5 Paragraph 5 sets out arrangements for giving effect to ~~a Generator Compensation Instruction delivered the recovery of Exceptional Costs~~ pursuant to the Fuel Security Code.

Amend paragraph 2.1.1 to read as follows:

2.1.1 This paragraph 2 applies, ~~for the purposes of any Contingency Provision which refers to Avoidable Costs,~~ for the purposes of determining ~~such costs~~ Avoidable Costs (which are used in the calculation of compensation claims for certain Contingency Provisions) in relation to:

(a) ~~_____ a BM Unit;~~ and:

(~~ba~~) such changes ("**relevant changes**") in Exports and/or Imports of that BM Unit during a Settlement Period as are specified in or determined pursuant to the relevant Contingency Provision; or

(~~b~~) where paragraph 3 (Black Start) applies, a BM Unit that is the subject of a black start instruction (as defined in paragraph 3.3.1(b)) whether or not relevant changes occur.

Amend paragraph 2.1.2 to read as follows:

2.1.2 Where any such Contingency Provision applies, the Panel shall determine, in its opinion, ~~what is the amount of~~ the net costs of operating the BM Unit which would not have been incurred but for:

(a) ~~_____ the relevant changes in Exports and/or Imports;~~ or

(~~b~~) a black start instruction.

Amend paragraph 2.1.3 to read as follows:

2.1.3 For the purposes of the Code, the "**Avoidable Costs**" ~~in relation to the relevant changes in Exports and/or Imports of the BM Unit~~ shall be the amount determined by the Panel under paragraph 2.1.2 (which may for the avoidance of doubt be a negative amount, in a case where net costs were saved or revenues earned ~~as a result of the relevant changes in Exports and/or Imports, and which otherwise shall be positive~~).

Amend paragraph 2.1.4 to read as follows:

- 2.1.4 In determining what are the costs of operating a BM Unit and what such costs would not have been incurred (as provided in paragraph 2.1.2), the Panel shall have regard to the following:
- (a) costs include lost revenues, and costs saved include revenues earned;
 - (b) in the case of a BM Unit comprising premises of a Customer, the costs which are to be counted are the costs incurred by the Customer;
 - (c) costs are not to be counted unless they are demonstrably:
 - (i) costs directly incurred in the operation of the Plant and Apparatus comprised in the BM Unit;
 - (ii) costs which were reasonably and prudently incurred, and incurred pursuant to commitments reasonably and prudently made; and
 - (iii) costs the amount of which would be expected to differ according to whether there occurred the relevant changes in Exports and/or Imports or changes in operation to comply with a black start instruction in the relevant Settlement Period alone;
 - (d) costs include costs (incurred or saved) of consumption of electricity or fuel;
 - (e) the following costs are not to be counted:
 - (i) costs or losses in respect of damage to property (including Plant or Apparatus) or death or injury to persons;
 - (ii) insurance premia; and
 - (iii) financing costs and overhead costs;
 - (f) amounts payable (other than by way of rebate of payment for supply), under any contract or otherwise, by way of compensation for loss of supply or otherwise in consequence of relevant changes in Exports and/or Imports, by the Lead Party to the person referred to in paragraph (b), are to be disregarded; and
 - (g) amounts payable or receivable under the Code in respect of Trading Charges or BSCCo Charges are to be disregarded.

Amend paragraph 2.2.1 to read as follows:

- 2.2.1 Where under any Contingency Provision the amount of Avoidable Costs is to be determined for any Settlement Period or Periods:
- (a) the Lead Party shall prepare, consistently with the principles in paragraphs 2.1.3 and 2.1.4, and submit to BSCCo its estimate (for each such Settlement Period) of the net costs of operating the BM Unit which would not have been incurred:
 - (i) but for the relevant change in Exports and/or Imports; ~~or~~
 - (ii) but for a black start instruction.

together with an explanation of and supporting information for its estimate, and shall provide to the Panel such further information as the Panel may require for the purposes of making its determination under paragraph 2.1.2;

- (b) if required by the Panel, the Lead Party shall, by such time as the Panel may reasonably stipulate, submit a statement signed by its (or in the case in paragraph 2.1.4(b), the Customer's) statutory auditors to the effect that the Party's estimate of such costs have been prepared on a fair, complete and reasonable basis and consistent with the principles in paragraphs 2.1.3 and 2.1.4; and
- (c) BSCCo shall notify the Panel's determination under paragraph 2.1.2 to the Lead Party.

Insert new paragraph 3.3.1A directly after paragraph 3.3.1 to read as follows:

3.3.1A A claim for payment of compensation submitted under paragraph 3.3.1 shall comprise:

- (a) a claim, the form of which shall be prescribed under the relevant BSCP; and
- (b) a statement detailing the claim in accordance with paragraph 3.3.5(a).

Insert new paragraph 3.3.1B directly after paragraph 3.3.1A to read as follows:

3.3.1B A Lead Party may submit evidence to the Panel in support of its claim for payment of compensation under paragraph 3.3.1 at any time within:

- (a) the period of 60 Business Days after the day on which the Lead Party submits a claim for payment of compensation under paragraph 3.3.1; or
- (b) if the Panel determines there are exceptional circumstances and it would not be fair and reasonable to impose a period of 60 Business Days, such longer period as the Panel may approve in that case.

Amend paragraph 3.3.2.to read as follows:

3.3.2 For the purposes of this paragraph 3.3, in relation to a Settlement Period in the Black Start Period and a BM Unit:

- (a) the "**black start compensation amount**" shall be an amount determined as:

$$(A - B)$$

where

A is the amount of the Avoidable Costs of the Lead Party in relation to the operation of the BM Unit ~~;~~

~~the changes in Exports and/or Imports~~as determined by the Panel under paragraphs 3.3.4(a) and 3.3.4(c);

B is an amount determined as:

$$(BSCQ_{ij}^n * P_{ij}^n)$$

where P_{ij}^n is the System Sell Price (equal, in accordance with Section T1.6.1, to the System Buy Price) for that Settlement Period; and

~~BSCQⁿ_{ij} (b)~~ the "~~black start compensation volume~~"
~~(BSCQⁿ_{ij})~~ is the quantity (in MWh) determined by the Panel under paragraph 3.3.4(b) and shall be called the "black start compensation volume";

- (eb) for the purposes of paragraph (ba), BSCQⁿ_{ij} shall be negative where it represents an increase in net Imports or a reduction in net Exports, zero (0) where it represents no change in Exports and/or Imports and otherwise positive.

3.3.3 Where a Party submits a claim under paragraph 3.3.1, each Settlement Period (in the Black Start Period) in relation to which the Lead Party is given any black start instruction shall be a "**relevant**" Settlement Period for the purposes of this paragraph 3.3, and the amounts to be determined under this paragraph 3.3 shall be determined for all such Settlement Periods.

Amend paragraph 3.3.4 to read as follows:

3.3.4 Where a Party submits a claim under paragraph 3.3.1, the Panel shall determine, in its opinion:

- (a) what changes in Exports and/or Imports of the BM Unit during each relevant Settlement Period resulted from action taken by the Lead Party for the purposes of complying (in accordance with the Grid Code) with black start instructions relating to that Settlement Period; and

- (b) what is the net quantity (in MWh) of such changes in Exports or Imports of the BM Unit for each such Settlement Period; and

- (c) what, if any, other changes occurred in the operation of the BM Unit as a result of a black start instruction.

Amend paragraph 3.3.5 to read as follows:

3.3.5 For the purposes of assisting the Panel to determine a claim for compensation under this paragraph 3.3:

- (a) the Lead Party shall, at the time at which it submits its claim under paragraph 3.3.1, provide a statement to the Panel of the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(a), ~~and~~ the quantity which the Lead Party considers to be the net quantity described in paragraph 3.3.4(b); and the changes which the Lead Party considers to be the changes described in paragraph 3.3.4(c). and shall provide such other information as the Panel may reasonably request for the purposes of determining the matters in paragraphs 3.3.4(a), ~~and~~ (b) and (c), for each relevant Settlement Period;

- (b) the Lead Party shall comply with the requirements of paragraph 2.2.1 in relation to determination of Avoidable Costs;

- (c) the Transmission Company and each Distribution System Operator shall provide such information as the Panel may reasonably request for the purposes of determining the black start compensation volumes; and

- (d) the Transmission Company shall provide such information as the Panel may reasonably request for the purposes of determining the changes in operation of a BM Unit described in paragraph 3.3.4(c).

Amend paragraph 3.3.6, including inserting new sub-paragraph 3.3.6(b), to read as follows:

3.3.6 Where the Lead Party has submitted a claim in accordance with paragraph 3.3.1, subject to the provisions of the Code:

- (a) the Lead Party shall be entitled to be paid by the BSC Clearer the net sum, for all relevant BM Units and relevant Settlement Periods, of the black start compensation amounts, together with interest at the Base Rate on each compensation amount from (and including) the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;
- (b) for the avoidance of doubt, if the net sum for a Lead Party, of the black start compensation amounts, for all relevant BM Units and relevant Settlement Periods is a negative sum, the Lead Party shall not be liable to pay for that sum;
- (bc) each Trading Party (including the Lead Party) shall be liable to pay to the BSC Clearer its Black Start Reallocation Proportion of the net amount payable to the Lead Party under paragraph (a);
- (ed) the amounts of the entitlements and liabilities under paragraphs (a) and (b) shall be Ad-hoc Trading Charges for the purposes of Section N6.9; and
- (de) BSCCo shall give such instructions to the FAA as are necessary to give effect to the payment of such Ad-hoc Trading Charges.

Insert new paragraph 5.3.3 after paragraph 5.3.2.to read as follows:

5.3.3 The procedure for submitting an application for Exceptional Costs (including the written statement and any additional information in support of the application submitted under paragraph 5.4) shall be as set out in the relevant BSCP. The Panel may determine any additional procedural requirements in relation to the progress and procedure of an application for Exceptional Costs.

Amend the heading for Section 5.4 to read as follows:

5.4 Statement and Evidence to Accompanyin Support of Application

Insert new paragraph 5.4.2 after paragraph 5.4.1 to read as follows:

5.4.1 The Lead Party shall enclose with its application under paragraph 5.2.1 a written statement (signed by a director of the relevant Generator) of the circumstances in which that Generator considers that it has incurred Exceptional Costs and the amount of the Exceptional Costs which that Generator considers that it has incurred and the Lead Party shall provide a copy of any such application to the Authority.

5.4.2 The Lead Party may submit to the Panel any additional information or explanation in support of its application under paragraph 5.2.1 at any time within:

- (a) 60 Business Days after the day on which the Lead Party submits an application for Exceptional Costs; or
- (b) if the Panel determines there are exceptional circumstances and it would not be fair and reasonable to impose a period of 60 Business Days, such longer period as the Panel may approve in that case.

Amend the numbering for paragraph 5.6.1 to read as follows:

5.6.1 If required to do so by the Panel, the Lead Party shall, within such period as the Panel may reasonably stipulate, submit a statement signed by:

(a) ~~5.6.1.1~~ the Lead Party's Auditors; and

(b) ~~5.6.1.2~~ where the Exceptional Costs which are the subject of the application under paragraph 5.2.1 relate to a BM Unit comprising the premises of a Claimant Customer and include costs incurred by that Claimant Customer, the Claimant Customer's Auditors

to the effect that the Generator's estimate of Exceptional Costs has been prepared on a basis which is both fair, complete and reasonable and consistent with the definition of the term Exceptional Cost.

SECTION P: ENERGY CONTRACT VOLUMES AND METERED VOLUME REALLOCATIONS (Version 14)

Amend paragraph 1.2.5 to read as follows:

1.2.5 In respect of ~~clock-Clock change-Change days-Days~~ for which Energy Contract Volume Notifications or Metered Volume Reallocation Notifications are submitted which do not take account of the ~~clock-Clock change-Change~~, the Energy Contract Volume Aggregation Agent will apply defaulting rules such as to ignore values submitted in respect of the third and fourth Settlement Periods of that Settlement Day (for a short ~~clock-Clock change-Change dayDay~~) and to repeat values submitted in respect of the third and fourth Settlement Periods of that Settlement Day (for a long ~~clock-Clock change-Change dayDay~~), or such other or supplementary defaulting rules as may be approved from time to time by the Panel and notified by BSCCo to Trading Parties and the Transmission Company.

SECTION Q: BALANCING MECHANISM ACTIVITIES (Version 17)

Amend paragraph 4.2.1 to read as follows:

4.2.1 If, in respect of a relevant BM Unit and a Settlement Period, no Bid-Offer Pairs are received by the Transmission Company in accordance with paragraph 4.1, the Transmission Company shall establish the Bid-Offer Pair data for that BM Unit for that Settlement Period by copying and applying the Bid-Offer Pair data (if any) that was applying for that BM Unit at 1100 hours on the preceding day for the equivalent Settlement Period in that day (or, in the case of ~~clock-Clock change-Change daysDays~~, for the Settlement Period determined under the Grid Code) in accordance with the provisions of the Grid Code; and the Lead Party shall be deemed under this Section Q to have submitted such Bid-Offer Pair(s) in accordance with paragraph 4.1.

SECTION T: SETTLEMENT AND TRADING CHARGES (Version 17)

Amend paragraph 1.6.1 to read as follows:

1.6.1 Where, for the purposes of any Contingency Provisions, a single imbalance price is to apply in relation to any Settlement Period:

- (a) paragraph 1.6.1A or paragraph 1.6.2 shall apply;
- (b) the provisions of paragraphs 4.4.5 and 4.4.6 in relation to the determination of System Buy Price and System Sell Price shall not apply; and
- (c) for all purposes of the Code, the System Buy Price and the System Sell Price for that Settlement Period shall be the same and shall have the value established in accordance with paragraphs 1.6.1A or (as applicable) 1.6.2 (and shall be deemed to have been determined under paragraph 4.4).

Insert new paragraph 1.6.1A directly after paragraph 1.6.1 to read as follows:

1.6.1A Where a single imbalance price is to apply in relation to a relevant Settlement Period for the purposes of Section G3 or Section G4, the Panel shall, subject to the approval of the Authority, determine that single imbalance price in accordance with this paragraph 1.6.1A or, where the Panel, in its opinion, considers this provision unsuitable, in accordance with paragraph 1.6.2. For the purposes of this paragraph 1.6.1A the single imbalance price shall be:

- (a) subject to paragraphs (b) and (d), the mean of the System Sell Price and the System Buy Price calculated respectively for each set of corresponding Settlement Periods in the 30 whole Settlement Days immediately preceding the Settlement Day on which the Black Start Period (as defined in Section G3.1.3) or Security Period (as defined in the Fuel Security Code) commenced;
- (b) the Transmission Company shall determine that certain Settlement Periods within the Settlement Days identified under paragraph (a) be excluded from the single imbalance price calculation if those Settlement Periods occur within a Black Start Period or Security Period or if during those Settlement Periods emergency instructions were issued under the Grid Code;
- (c) where paragraph (b) applies, the Panel shall use the System Sell Price and the System Buy Price from additional Settlement Periods to achieve a mean of 30 System Sell Prices and System Buy Prices for each corresponding Settlement Period. Such additional Settlement Periods shall be those corresponding Settlement Periods in the Settlement Day immediately preceding the 30 Settlement Days identified in paragraph (a);
- (d) where a Clock Change Day occurs in the 30 Settlement Days immediately prior to the Black Start Period or Security Period that Settlement Day is to be excluded for the purposes of this paragraph 1.6.1A and a further Settlement Day in accordance with paragraph (e) is to be selected;
- (e) where paragraph (d) applies, the Panel shall use the System Sell Price and the System Buy Price from an additional Settlement Day (immediately prior to the 30 Settlement Days referred to in paragraph (a)) to achieve a mean of 30 System Sell Prices and System Buy Prices for each corresponding Settlement Period;
- (f) where a Clock Change Day occurs in a Black Start Period or Security Period:
 - (i) if the Clock Change Day is short (46 Settlement Periods) the third and fourth Settlement Periods (and thus the single imbalance price calculated in accordance with this paragraph 1.6.1A for the third and fourth Settlement Periods) shall be ignored for that Clock Change Day; and

(ii) where a Clock Change Day is long (50 Settlement Periods) the single imbalance price calculated in accordance with this paragraph 1.6.1A for the third and fourth Settlement Periods shall be repeated for the fifth and sixth Settlement Periods of that Clock Change Day. The single imbalance price for the remaining Settlement Periods for that Clock Change Day will be the single imbalance price calculated in accordance with this paragraph 1.6.1A but (other than for the first and second Settlement Periods) for two Settlement Periods earlier (that is to say the single imbalance price calculated for Settlement Period five will apply to Settlement Period seven on a long Clock Change Day, the single imbalance price calculated for Settlement Period six will apply to Settlement Period eight and so on); and

(g) in this paragraph 1.6.1A, save for paragraph (f), "corresponding" means corresponding in sequence (that is to say, the first Settlement Period of a Settlement Day corresponds to the first Settlement Period of another Settlement Day and so on).

Amend paragraph 1.6.2 to read as follows:

1.6.2 Subject to paragraph 1.6.1A, ~~W~~where this paragraph applies, the Panel shall determine, in its opinion, subject to the approval of the Authority, what is or would have been the market price for bulk electricity in the relevant Settlement Period; and for these purposes:

- (a) bulk electricity means electricity traded under contracts which may be performed by the notification of Energy Contract Volumes in accordance with Section P;
- (b) the Panel may make reference for the purposes of its determination to reported prices and price indices for bulk electricity for any Settlement Period (on any day) which the Panel considers to be comparable, and to equivalent prices and indices relating to periods prior to the Go-Live Date (making appropriate adjustments in respect of any differing treatment of transmission losses and related matters).

Amend paragraph 4.2.2 to read as follows:

4.2.2 For the purposes of the Interim Information Settlement Run only, the BM Unit Metered Volume for Supplier BM Unit i for Settlement Period j in Settlement Day d will be determined as follows:

$$QM_{ij} = GSPGT_j * QM_{ij'} / GSPGT_{j'}$$

where:

- (a) $GSPGT_j$ is the GSP Group Take received by the SAA from the CDCA in respect of Settlement Period j for the GSP Group in which the Supplier BM Unit i is registered, and
- (b) $QM_{ij'}$ and $GSPGT_{j'}$ are respectively the values of BM Unit Metered Volume for that Supplier BM Unit and GSP Group Take for that GSP Group in Settlement Period j', and
- (c) Settlement Period j' is defined as follows:

- (i) if Settlement Day d is not a ~~clock~~Clock change~~Change day~~Day, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
- (ii) if Settlement Day d is a short ~~clock~~Clock change~~Change day~~Day, defaulting rules will be applied as follows:
 - (1) if Settlement Period j is one of the first two Settlement Periods of Settlement Day d, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (2) if Settlement Period j is not one of the first two Settlement Periods of Settlement Day d, Settlement Period j' is the second Settlement Period after the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
- (iii) if Settlement Day d is a long ~~clock~~Clock change~~Change day~~Day, defaulting rules will be applied as follows:
 - (1) if Settlement Period j is one of the first four Settlement Periods of Settlement Day d, Settlement Period j' is the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;
 - (2) if Settlement Period j is not one of the first four Settlement Periods of Settlement Day d, Settlement Period j' is the second Settlement Period prior to the Settlement Period on Settlement Day d' corresponding to Settlement Period j on Settlement Day d;

or, in the case of paragraphs (ii) and (iii), such other or supplementary defaulting rules as may be approved from time to time by the Panel and notified by BSCCo to Trading Parties and the Transmission Company;

- (d) Settlement Day d' is the most recent Settlement Day prior to Settlement Day d, that is not a ~~clock~~Clock change~~Change day~~Day and is the same day of the week as Settlement Day d, and for which the Initial Settlement Run has taken place;
- (e) in this paragraph 4.2.2, corresponding means corresponding in sequence (that is to say, the first Settlement Period of a Settlement Day corresponds to the first Settlement Period of another Settlement Day and so on).

ANNEX X-1: GENERAL GLOSSARY (Version 39)

Insert the following new definition^s into Annex X-1 in alphabetical order to read as follows:

"Clearing Account": means the clearing account established with the BSC Banker in the name of the BSC Clearer pursuant to Section N4.1.1(a);

"Clock Change"

means a step change in local time in accordance with the beginning and ending of summer time in Great Britain as defined by the Summer Time Act 1972;

"Clock Change Day"

means the 24 hour period commencing at 00:00 during which a Clock Change occurs;

"Coal Plant":

means a Power Station which uses coal as the primary source of fuel;

ANNEX X-2: TECHNICAL GLOSSARY (Version 26)

Delete the definition of Clock Change from Table X-6:

Clock Change			A step change in local time the details of which are provided pursuant to paragraph 5.1.5 of Annex S-2.
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