

Modification Proposal – F76/01	MP No: 53 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator)</i> : Changes to DC, GC and CALF and the Effect on Energy Indebtedness	
Submission Date <i>(mandatory by originator)</i> : 16th November 2001	
<p>Description of Proposed Modification <i>(mandatory by originator)</i></p> <p>The Code states, at Section M 1.2.4, that <i>"Upon any change to in the value of BM Unit Credit Assessment Export Capability and BM Unit Credit Assessment Import Capability for a BM Unit, values of Energy Indebtedness (for relevant Trading Parties) shall be determined (in relation to Settlement Periods in and from the day on which, in accordance with paragraph 1.6, the change becomes effective) as though the change were effective with effect from the first of the 29 days referred to in paragraph 1.2.1."</i></p> <p>However, the functionality of the Energy Contract Volume Aggregation Agent (ECVAA) does not enable such application of revised values of BM Unit Credit Assessment Export Capability and BM Unit Credit Assessment Import Capability for a BM Unit in Energy Indebtedness calculations.</p> <p>It is proposed that the Code is modified to align it with the BSC System functionality, to remove the requirement for the change to BM Unit Credit Assessment Export and Import Capability to be applied in Energy Indebtedness calculations as if it were effective from the first of the 29 days.</p>	
<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i></p> <p>The existing functionality of the Energy Contract Volume Aggregation Agent (ECVAA) does not enable application of revised values of BM Unit Credit Assessment Export Capability and BM Unit Credit Assessment Import Capability for a BM Unit in Energy Indebtedness calculations in the manner required by the Code, Section M 1.2.4. To implement this requirement in the ECVAA system would require a software change, and an initial estimate indicates that the costs will be in the region of £200,000.</p> <p>The requirement for such amendment to ECVAA is mitigated by the proposed implementation of Modification P2 'Revision of the Methodology for Assessing Credit Indebtedness'. The amendments required to support the Modification effectively mean that inaccuracies in Energy Indebtedness (and therefore Credit Cover levels) resulting from inaccurate BMCAIC / BMCAEC (resulting from inaccuracies in DC / GC / CALF) values, are reduced by a factor of four, from 29 days to 7. Therefore the implementation of Modification P2 effectively negates the requirement for application of revised BMCAEC / BMCAIC in Indebtedness calculations as a result of the reduced influence of inaccuracies in the variables utilised. The Modification is currently planned for implementation in March 2002.</p> <p>A modification to the Code is therefore considered to be a more cost effective option than a change to the ECVAA software.</p>	

Modification Proposal – F76/01	MP No: 53 <i>(mandatory by BSCCo)</i>
<p>Impact on Code <i>(optional by Originator)</i></p> <p>Code Section M 1.2.4 "Energy Indebtedness" will be impacted if the modification is approved.</p> <p>For example, the Code, Section M 1.2.4 could be amended as follows:</p> <p><i>"Upon any change to in the value of BM Unit Credit Assessment Export Capability and BM Unit Credit Assessment Import Capability for a BM Unit, values of Energy Indebtedness (for relevant Trading Parties) shall be determined (in relation to Settlement Periods in and from the day on which, in accordance with paragraph 1.6, the change becomes effective) as though the change were effective with effect from the first of the 29 days referred to in paragraph 1.2.1."</i></p> <p>However, the exact amendment should be determined by legal review.</p>	
<p>Impact on Core Industry Documents <i>(optional by Originator)</i></p> <p>No other Code Subsidiary Document or Core Industry Document will be impacted.</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i></p> <p>No Impact</p>	
<p>Impact on other Configurable Items <i>(optional by originator)</i></p> <p>No Impact</p>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i></p> <p>Due to the development and implementation costs of changing BSC System software, in conjunction with the mitigating effect of implementing Modification P2, it is proposed that this amendment should be made, under the provisions of the Code, Section F 2.1.1. (d)(i) on the grounds that such Modification would / could improve efficiency in the administration of the Code (as provided for in the Code, Section C 3.8.8),</p>	

Modification Proposal – F76/01

MP No: 53
(mandatory by BSCCo)

Details of Proposer:

Name.....

Organisation.....*BSC Panel*.....

Telephone Number.....

Email Address.....

Details of Proposer's Representative:

Name.....*ELEXON Trading Development (Mandi Francis)*.....

Organisation.....*ELEXON*.....

Telephone Number.....*0207 380 4377*.....

Email address.....*mandi.francis@elxon.co.uk*.....

Details of Representative's Alternate:

Name.....

Organisation.....

Telephone Number.....

Email address.....

Attachments: Yes / No (delete as appropriate) (mandatory by originator)

YES

BSC Panel Paper 33/019 'Proposal for a Code Modification: Changes to GC, DC and CALF, and the Effect on Energy Indebtedness' - **4 pages**