Stage 04: Final Modification Report

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

P237: Standard BM Unit configuration for Offshore Power Park Modules

The Balancing and Settlement Code (BSC) requires each Power Park Module to be registered as a separate Balancing Mechanism (BM) Unit. This creates inefficiencies for some Offshore intermittent (i.e. renewable) generators. The extent of these inefficiencies will depend on the type of operational configuration used by the generator.

P237 will resolve these inefficiencies by allowing 2 or more Offshore Power Park Modules to form a single BM Unit (if the Lead Party requests this and the Transmission Company agrees).

P237 progresses one of the recommendations of the Issue 37 Group.

The Panel unanimously recommends:
Approval of P237

High Impact:
Offshore intermittent generators

Low Impact:
The Transmission Company and ELEXON

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Attachment A: Detailed Assessment

Attachment B: BSC Legal Text

Attachment C: BSCP15 Changes

About This Document:

This document is a Final Modification Report, which ELEXON has submitted to the Authority on the Panel's behalf. The Authority will decide whether or not it agrees with the Panel's recommendations in the report, and will issue a decision letter to either approve or reject the change.

Attachment A provides further supporting details of the Modification Group's assessment of P237. Following the Panel's consideration of the Group's Assessment Report, ELEXON updated this attachment for the Report Phase Consultation in order to give additional clarity on how Offshore Power Park Modules are currently treated compared with Onshore Power Park Modules.

This document contains a summary of the industry responses to the Report Phase Consultation. You can download the full individual responses from ELEXON's website here.

Any questions?

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1 Summary

Why change?

The Balancing and Settlement Code (BSC) currently requires a generator to register each of its **Power Park Modules** as a separate Balancing Mechanism (BM) Unit[1], unless the generator applies for and is granted a non-standard BM Unit configuration.

The new Offshore Transmission regime has amended the technical requirements for Power Park Modules, so that these now differ according to whether the Power Park Module is Onshore or Offshore. The new Grid Code definitions state that the 'strings' of Generating Units which make up Offshore Power Park Modules must be connected to the same busbar[2], or to a collection of directly electrically connected busbars of the same nominal voltage. Onshore Power Park Modules are not subject to this requirement.

When taken in conjunction with the BSC's existing BM Unit rules, this may mean that some Offshore generators have to register more BM Units than are actually needed by the Transmission Company to operate the Transmission System, or than are necessary to achieve accurate BM Unit Metered Volumes for Settlement.

The inefficiencies and operational difficulties which this creates for Offshore generators are a potential barrier to the development of existing and future Offshore projects. It also causes inefficiencies for the Transmission Company, ELEXON and BSC Agents.

Solution

P237 will remove these inefficiencies by allowing an Offshore intermittent generator to register 2 or more of its Offshore Power Park Modules as a single BM Unit, where the generator requests this and the Transmission Company agrees.

This will be a new standard BM Unit configuration under the BSC. P237 will therefore avoid the need for the generator to apply for its preferred configuration under the non-standard BM Unit process (and any potential delay associated with that application), providing that the Transmission Company agrees with the generator's requested configuration.

The issue identified by P237 is caused by the different technical requirements for Offshore intermittent generators. The Modification Group and the Panel believe that it is therefore appropriate that the new P237 standard BM Unit configuration applies only to Offshore Power Park Modules. This view is supported by the Transmission Company and by all respondents to the Assessment Consultation and Report Phase Consultation. You can find further information in Section 7 of this document and in Sections 1 and 2 of Attachment A.

What is a Power Park Module?

This is the Grid Code term for a collection of Generating Units which are powered by an intermittent power source (e.g. by wind, wave or solar power).

Section 1 of Attachment A explains the Grid Code's requirements and definitions in more detail.

[1] BM Units are the 'units of trade' in the Balancing Mechanism. Each BM Unit is a collection of Plant and/or Apparatus (e.g. Generating Units such as wind turbines). You can download an information sheet from ELEXON's website which explains BM Units in more detail.

[2] A busbar is an electrical conductor that makes a common connection between several circuits.

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Related changes

P237 progresses one of the recommendations of the **Issue 37**[3] Group. This Group considered 4 issues with the BSC's metering and BM Unit requirements, all of which have since been raised as Modification Proposals.

Modification Proposal P238[4] addresses another of these separate (but related) issues. P237 and P238 have been progressed in parallel. You can download the P238 Final Modification Report here.

Modification Proposals P240[5] **and P241**[6] address the remaining 2 issues. The Modification Group is still assessing these proposals, and will submit its Assessment Reports for P240 and P241 to the Panel in November 2009.

P237, P238 and P240 all relate to Offshore generation. Sections 1 and 2 in Attachment A explain their interaction in more detail.

Where can I find more information on the Issue 37 Group's discussions?

Section 1 in Attachment A gives an explanation of the other 3 changes recommended by the Issue Group, and how these may interact with P237.

These 3 changes have been raised as P238, P240 and P241.

You can also find further information on the Issue 37 page of ELEXON's website, in ISG paper 99/08, and on the P238, P240 and P241 web pages.

Impacts & costs

P237 will require changes to the standard BM Unit configurations and registration process, which are set out in Section K3 of the BSC and in BSCP15. It will also add new Defined Terms to Annex X-1 of the BSC, and will require minor changes to ELEXON's Local Working Instructions (LWIs).

The costs of implementing these changes will be **3 man days** (£660) of ELEXON effort. There are no implementation costs for the Transmission Company or any BSC Agents.

Implementation

If the Authority approves P237, the Panel recommends that the changes to the BSC and BSCP15 are implemented **5 Working Days** after the Authority's decision.

This approach is supported by the Group, the Transmission Company and by all respondents to the Assessment Consultation and Report Phase Consultation.

The case for change

The Group and the Panel believe that P237 will prevent the BSC's BM Unit requirements from being an unnecessary barrier to Offshore renewable generation.

The Transmission Company and all respondents to the Assessment Consultation and Report Phase Consultation agree with this view.

Recommendation

The Panel therefore unanimously recommends that P237 should be approved.

[3] 'Boundary Point Metering and BM Unit Issues in Section K'.
[4] 'Removal of the requirement to meter each Boundary Point for Offshore Power Park Modules'.
[5] 'Switching Plant and Apparatus between BM Units'.
[6] 'Relaxation of Requirement to Separately Meter Licensable Generating Units'.

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2 Why Change?

Why has P237 been raised?

The new Offshore Transmission Regime came into effect in June 2009, and is scheduled to 'go live' in June 2010. This has amended the Grid Code's technical requirements for Power Park Modules, so that these now differ according to whether the Power Park Module is Onshore or Offshore. Section 1 of Attachment A explains the Grid Code definitions in more detail.

The new Grid Code definition of an Offshore Power Park Module is different to (and more complex than) the corresponding definition for Onshore. It interacts with the BSC's provisions for BM Units in a way which was not envisaged when the concept of a Power Park Module was introduced in the BSC.

Because of the difference in what the Grid Code now counts as a Power Park Module for an Offshore generator compared to Onshore, the existing BSC provisions may require Offshore generators to register more BM Units than are actually needed by the Transmission Company to operate the Transmission System.[7]

This creates inefficiencies for:

- **Offshore generators** (who will have to submit Physical Notifications of their expected output for each BM Unit, plus other associated BM Unit parameters such as Bids/Offers, Generation/Demand Capacity, Maximum Export/Import Limit and Credit Assessment Load Factor values);
- The **Transmission Company** (who will have to process the Physical Notifications and Bids/Offers, and will need to issue individual Bid Offer Acceptances for each BM Unit in order to utilise this output); and
- **ELEXON** and **BSC Agents**, who will have to register each individual BM Unit (and associated BM Unit parameters such as Generation/Demand Capacity values) in the central BSC Systems.

The extent of the inefficiencies will vary depending on the Offshore generator's particular configuration of Plant/Apparatus. Some Offshore generators may not be impacted at all. For others, the BSC provisions may also require them to:

- Re-register their BM Units to reflect short-term operational reconfigurations of Plant and/or Apparatus from one Offshore Power Park Module to another (e.g. in response to a fault);[8]
- Install extra metering in order to derive separate Metered Volumes for each BM Unit (for use in Settlement); and/or
- Make frequent changes to Aggregation Rules[9] under the BSC.

When was the term Power Park Module added to the BSC?

Modification Proposal P191 introduced this term to the BSC in 2005, following its inclusion in the Grid Code and to support intermittent generation.

[7] References to the 'Transmission Company' in this document use the BSC meaning of 'GB System Operator', and should not be confused with the Offshore Transmission Owners (OFTOs) which are being procured as part of the new Offshore regime. References to the 'Transmission System' are to the National Electricity Transmission System, which includes Offshore waters.

[8] The BSC's BM Unit re-registration process takes at least 30 Working Days, and is therefore not a practical way to manage this kind of short-notice operational reconfiguration. The BSC only currently allows Plant/Apparatus to be contained in one BM Unit at a time. P240 has been raised to allow Plant/Apparatus to 'switch' between BM Units.

[9] The rules under which Metering System data is aggregated to determine BM Unit Metered Volumes for Settlement.

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Section 2 in Attachment A provides worked examples of the scope of the issue for different Offshore generator configurations.

The Proposer considers that it was not the intention of the new definition of Offshore Power Park Module to place an excessive administrative burden on Offshore intermittent generators compared with other types of generator. They believe that, if P237 is not implemented, Offshore intermittent generators will be unduly disadvantaged by having to register more BM Units than the market requires for efficient operation or for the integrity of Settlement. The Proposer therefore believes that the BSC provisions should be changed to remove this potential barrier to Offshore development. They argue that, if there was no Offshore regime, the generator would own the Offshore cables until it met the transmission (or distribution) network Onshore – such that their BM Unit requirements would be consistent with all other generator classes.

The Panel agrees with the Modification Group that the specific issue which P237 identifies is limited to Offshore intermittent generators, because it arises specifically from the new Offshore Power Park Module definition. You can find the full reasons for this view in Sections 1 and 2 of Attachment A. This view is supported by the Transmission Company and by all respondents to the Assessment Consultation and Report Phase Consultation.

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3 Solution

How will P237 resolve the issue?

P237 will allow 2 or more Offshore Power Park Modules to form a single BM Unit, if the Lead Party[10] requests this and the Transmission Company agrees.

This will enable the Lead Party to register all of the Plant/Apparatus contained in these Offshore Power Park Modules within a single BM Unit (note that P237 does not alter the actual Grid Code definition of what constitutes an Offshore Power Park Module).

This ability will be formalised as a new standard BM Unit configuration in Section K of the BSC, in line with the Issue 37 Group's recommended solution.

The new standard configuration will be called a **Combined Offshore BM Unit**. Attachment B contains the Panel's full recommended changes to the BSC (the 'legal text').

P237 will deliver administrative efficiencies to Offshore intermittent generators, the Transmission Company, ELEXON and BSC Agents by:

- Removing the need to register unnecessary BM Units; and
- Removing the need to submit and process Physical Notifications, Bid-Offer Acceptances and other associated parameters for these BM Units.

Depending on an individual Offshore generator's specific configuration, P237 may also:

- Facilitate short-notice operational reconfigurations of Plant/Apparatus;
- Remove the need to make Aggregation Rule changes to support these operational reconfigurations; and/or
- Reduce the amount of metering which the generator is required to install.

Section 2 in Attachment A includes worked examples of these benefits for different types of Offshore configuration.

Section 4 of this document, and Section 2 in Attachment A provide more details of the potential cost-savings associated with P237.

How will the Lead Party request the new standard configuration?

BSCP15 contains a form which Parties use to apply to register a new BM Unit. This form includes a field where the Party indicates which standard BM Unit configuration it is applying for (or, if none of these, that it is applying for a non-standard configuration).

Under P237, any Party wishing to register 2 or more Offshore Power Park Modules as a single BM Unit will therefore request a Combined Offshore BM Unit in its application form. The form itself will be amended to support this.

ELEXON will then confirm with the Transmission Company whether it agrees with the Party's requested configuration. BSCP15 will be updated to include this step, and to recommend that the Party discusses its requested configuration with the Transmission Company before submitting the form (to avoid any delay in the registration process).[11]

Attachment C contains the Panel's recommended redlined changes to BSCP15.

Has the Group developed the solution from the original Modification Proposal?

No, the Group's solution is identical to that proposed by the Issue 37 Group and by the Proposer in the original Modification Proposal.

[10] The Party to whom the BM Unit will be registered.

[11] BM Units are usually registered towards the end of a generator's site construction, in readiness for trading. In practice, it is unlikely that a Party will not have discussed its preferred configuration of Plant/Apparatus with the Transmission Company in advance since this forms a key part of planning and development for Offshore projects.

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Will there be any further BSC criteria for the new configuration?

No, the BSC will give the Transmission Company full discretion in deciding whether to allow the Party to register 2 or more Offshore Power Park Modules as a single Combined Offshore BM Unit.

This will give maximum flexibility to both the Transmission Company and Offshore generators in agreeing specific configurations, and will avoid the risk that the BSC rules present an unintended barrier to any future Offshore developments.

Will use of the new configuration be mandatory?

No, an Offshore intermittent generator will still be able to register some or all of its Offshore Power Park Modules as separate BM Units if it believes that this is more appropriate for its particular operational configuration.

The Panel's recommended BSC legal text and its accompanying redlined changes to BSCP15 both reflect this flexibility for the generator.

What happens if the Transmission Company does not agree?

If the Transmission Company does not agree to the Lead Party's request to register 2 or more Offshore Power Park Modules as a single BM Unit, then the Lead Party will be unable to register its preferred configuration as a 'standard' Combined Offshore BM Unit.

Section K3.1 of the BSC allows any Lead Party to apply to the Panel for a non-standard BM Unit configuration. In practice, the Panel delegates the management of this process to the Imbalance Settlement Group (ISG). There will be nothing to prevent a Party from applying to register its preferred configuration of Plant/Apparatus under this alternative route, if it has previously failed in its application to register this configuration as a Combined Offshore BM Unit.

This does not form part of the P237 solution, since use of the non-standard application process is an existing ability under the BSC. The Group has noted that it is difficult to see that the ISG would reach a different decision regarding an Offshore configuration, given that the BSC requires the ISG to consult with the Transmission Company before determining the Party's final configuration. However, it has agreed that this alternative route should remain available to Parties under P237, for consistency with the rules for any other BM Unit.

Is there any alternative solution?

Neither the Modification Group, the Transmission Company nor any consultation respondents have identified any alternative solution which might better address the issue.

The BSC already permits a Lead Party to apply for a 'non-standard' BM Unit configuration if it believes that several of its Power Park Modules should form a single BM Unit. This ability applies to both Onshore and Offshore generators.

However, if P237 is not approved, the Grid Code's new and more complex technical requirements for Offshore Power Park Modules may result in large volumes of applications for 'non-standard' Offshore BM Unit configurations – with the risk that this process becomes unfit for purpose. The non-standard application process also does not provide Offshore developers with certainty about permitted configurations, as a Party cannot be sure that the ISG will grant its request.

The Group and the Panel therefore believe that a new standard BM Unit configuration is required for Offshore intermittent generators.

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4 Impacts & Costs

What are the impacts of P237?

P237 impacts:

- **Section K3** of the BSC, which will be amended to include the new standard Combined Offshore BM Unit configuration comprising 2 or more Offshore Power Park Modules;
- **Annex X-1** of the BSC, which will need to reference the Grid Code's existing definition of an Offshore Power Park Module and include the new BSC definition of a Combined Offshore BM Unit;
- **BSCP15**, which contains the detailed process for registering and re-registering BM Units (including the actual registration application form) and will be amended to support the registration of Combined Offshore BM Units;
- **Offshore intermittent generators**, who will be able to request that 2 or more of their Offshore Park Modules are registered as a single Combined Offshore BM Unit;
- The **Transmission Company**, who will need to:
  - Consider each request from a Lead Party to register 2 or more Offshore Power Park Modules as a Combined Offshore BM Unit; and
  - Decide whether to agree to the Party's requested configuration; and
- **ELEXON**, who supports the BM Unit registration process, and will be responsible for confirming whether the Transmission Company supports the Party's requested configuration of 2 or more Offshore Power Park Modules.

No changes are required to the Grid Code, as the definition of an Offshore Power Park Module will remain unchanged.

What are the associated implementation costs?

The costs of implementing P237 are minimal, and are limited to 3 man days (£660) of ELEXON effort to implement the BSC/BSCP15 changes and update LWIs.

There will be very minor efficiency/cost savings to ELEXON if P237 is implemented in parallel with P238, as this will enable both sets of changes to Section K and Annex X-1 of the BSC to be made and published at the same time.

The Transmission Company has confirmed that it will not incur any implementation costs.

There is no direct impact on any BSC Agents. Although the CRA receives and processes each new BM Unit registration application, it will not incur any costs because:

- The CRA already notifies ELEXON and the Transmission Company of each registration application, and consults with ELEXON as to whether the application satisfies the BSC's BM Unit requirements;
- Under P237, ELEXON will discuss any application for a Combined Offshore BM Unit with the Transmission Company directly, and will then confirm the Transmission Company's decision on the suitability of the registration to the CRA; and
- No changes to CRA systems are needed to support the new P237 BM Unit registration category.

Where can I find the changes to the BSC and to BSCP15?

Attachments B and C contain the Panel's recommended BSC legal text and redlined changes to BSCP15.

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Will P237 deliver any cost savings?

P237 will deliver efficiency savings to affected Offshore generators, the Transmission Company and BSC Agents/ELEXON.

The Group has quantified some of these savings as follows.

Savings for Offshore generators

All respondents to the Assessment Consultation have identified efficiency savings to their organisations from a reduction in BM Units under P237.

Two respondents have provided specific details of these savings:

- One respondent considers that P237 will not impact their existing intermittent Offshore generation. However, they believe that it will assist project planning and will lower costs by clarifying and simplifying the potential BM Unit requirements/options for its larger Offshore wind projects which are still under development and/or construction.

- One respondent has identified savings in BM Unit set-up costs for their organisation (including software licensing, data handling and human resource) of at least **£11.5k** for each BM Unit which P237 removes the need to register.

  This respondent also considers that they will achieve some ongoing savings from reduced data flows and reduced administration to submit BM Unit information (e.g. Physical Notifications, Bids/Offers and other associated parameters).

  In addition, they believe that P237 will provide certainty for the planning of their current projects, which amount to 1.25GW of Offshore wind generation, as well as any future projects going forward. This will give efficiency benefits in the design and planning of these projects, since current uncertainty absorbs internal resource to cater for multiple scenarios.

The Group and the Panel believe that these are reasonable estimates of the types of administrative savings which P237 will deliver to affected Offshore generators. You can download copies of the full Assessment Consultation responses here.

The Group and the Panel consider that there will be ongoing (unquantified) savings for these generators not only in terms of reduced data flows, but in the human resource associated with sending and processing such flows.

Savings for the Transmission Company

As part of its impact assessment, the Transmission Company notes that P237 will reduce the volume of data which it has to:

- Process from Offshore generators (e.g. Physical Notifications and Bids/Offers); and
- Submit to these generators (e.g. Bid Offer Acceptance data).

It considers that P237 will therefore deliver minor efficiency savings to its organisation.

You can download the Transmission Company's full response here.

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Avoided costs for BSC Agents/ELEXON

For each CVA BM Unit, the BSC requires the relevant Lead Party to pay ELEXON a monthly charge.[12] This CVA BM Unit Monthly Charge is currently set at £100 per month.

Based on the assumption that this charge is reflective of the costs to ELEXON and BSC Agents of registering/supporting each CVA BM Unit and any associated BM Unit parameters, then there will be avoided central costs of £100 per month for each BM Unit which is no longer needed under P237.

The Group and the Panel believe that this is an appropriate way to measure the potential avoided costs to ELEXON and its agents under P237. The Group has used the CVA BM Unit Monthly Charge to estimate these avoided central costs under each of its worked examples. You can find further details of these savings in Section 2 of Attachment A.

Some Group members have suggested the following additional examples of potential savings from P237, based on the operational experience of their own organisations in planning/constructing Offshore wind farms:

- **A reduction from 8 to 3 BM Units at Greater Gabbard, which has an installed capacity of 500MW.**

  This gives central avoided costs of **£500 per month** using the CVA BM Unit Monthly Charge, and BM Unit set-up cost savings to the generator of **£57.5k** using the figure of £11.5k per BM Unit which was suggested by one consultation respondent.

- **A reduction from 16 to 4 BM Units at Gwynt y Mor, which has an installed capacity of 750MW.**

  This gives central avoided costs of **£1,200 per month** and generator set-up cost savings of **£138k**. Note that the savings in this example depend on both P237 and P238 being implemented.

The Group has noted the government's current projection that a total 33GW of Offshore wind generation capacity will be available by 2020 (an extra 25GW in addition to the 8GW which is already planned or built). The Group therefore considers that the savings which it has quantified above, and in its worked examples in Attachment A, are likely to be only a small proportion of those which P237 will deliver in practice.

For example, extrapolating the savings at Greater Gabbard to a potential installed capacity of 33GW (i.e. based on the crude assumption that all other Offshore generators experience identical reductions in BM Units) would give potential industry savings of **£3.8m** to generators in avoided set-up costs and **£33k per month** in avoided central costs.

[12] This is one of the Main Specified Charges payable by Parties to ELEXON under Annex D-3 of the BSC.

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5 Implementation Approach

When will P237 be implemented?

Changes to the BSC and BSCP15

The Group and the Panel believe that the current BSC requirements for BM Units are presenting an unnecessary barrier to the development of Offshore renewable generation. This may affect Offshore projects which are already in development, as well as those which are initiated after the new Offshore Transmission arrangements 'go live' in June 2010.

The Panel therefore agrees with the Group that, if the Authority approves P237, the changes to the BSC should be implemented 5 Working Days after the Authority's decision. This will resolve the issue as soon as possible.

The changes to BSCP15 are minor and include adding the new standard BM Unit configuration to the BM Unit registration application form used by Parties. The Group has developed the BSCP15 changes during the Assessment Procedure, so that they can be delivered in parallel with those to the BSC. This will enable Parties to use the amended registration form straight away.

The Panel agrees that the BSCP15 changes should be implemented in parallel with the BSC changes, 5 Working Days after an Authority decision.

The Transmission Company and all respondents to the Assessment Consultation and Report Phase Consultation support this approach.

Changes to BSCP75

BSCP75 contains example Aggregation Rules for various different configurations of generator Plant and Apparatus. These include configuration diagrams which show how the location of metering, and the number of BM Units, affects Aggregation Rules.

At present, BSCP75 only includes example Onshore configurations. P237 therefore has no direct impact on this BSCP. However, the Group and the Panel agree that it would be useful for the BSCP to also include some Offshore examples, to give Offshore generators guidance on how to submit their Aggregation Rules.

What these examples will look like depends on whether P238 and/or P240 are also approved by the Authority. For example, P238 will affect where the metering is shown in the diagrams.

The Group and the Panel therefore agree that, once the Authority has made its decisions on each of the current Offshore Modification Proposals, ELEXON should raise a separate Change Proposal to add examples of Offshore Aggregation Rules to BSCP75.

The Transmission Company and all consultation respondents also support this approach.

The Panel notes that, since the diagrams shown in the BSCP are only guidance, the absence of Offshore examples in the interim will not significantly impact Offshore development.

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Why will P237 be better than the existing BSC requirements?

The Group unanimously believes that P237 will better facilitate the achievement of **Applicable BSC Objectives (b), (c) and (d)**.

This view is supported by the Transmission Company and all respondents to the Assessment Consultation and Report Phase Consultation.

The table below sets out the Group's views against each Applicable BSC Objective.

You can find the Panel's views in Sections 7 and 9.

Applicable BSC Objective	Benefit(s)
Objective (a)	None identified.
Objective (b)	Ensures that Offshore BM Units are not required to a level in excess of that needed by the Transmission Company to operate the Transmission System efficiently and economically. Technically and practically, the ability to control a single BM Unit is a simpler process than multiple ones, especially if the single BM Unit is representative of the single Export circuit. Allowing aggregation of Offshore Power Park Modules also makes it easier for the Transmission Company to issue instructions to the generator. P237 therefore facilitates Offshore renewable generation. While it deals with administrative issues (and has no direct impact on carbon emissions), it does deliver indirect environmental benefits.
Objective (c)	Ensures that Offshore generators do not face excessive BM Unit requirements compared with other generator classes, removing inefficiencies and unnecessary costs.[13] This is particularly the case for Offshore generators in the transitional regime that have either planned, built, or are in the process of constructing to designs that did not require or envisage the need for extra BM Units. It is also easier on a technical and practical level for an Offshore generator to control a single BM Unit, rather than multiple ones.
Objective (d)	Ensures that BSC Agents will not have to accommodate excessive numbers of BM Units in the BSC Systems (which would have associated costs).

What is the Group's view?

The Group believes that P237 will facilitate the current and future development of Offshore generation projects, by removing an unnecessary barrier caused by the BSC's existing BM Unit requirements.

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

[13] See Section 4 of this document and Section 2 in Attachment A for further details of the potential cost-savings associated with P237.

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Are there additional benefits if P237 is combined with P238 and P240?

Yes, the Group has identified wider benefits from P237 if it is delivered in combination with these other Issue 37 changes.

The Group believes that all 3 Modification Proposals address separate (although related) issues, and are not dependant on each other. Each therefore delivers potential benefits in isolation of the others, and benefits from a separate assessment against the current BSC rules.

However, the Group notes that each of the changes supports the others as part of a package of measures to remove barriers to Offshore generation. In combination, the benefits of these changes will be greater than at the individual proposal level. The Group believes that it is helpful to highlight these wider benefits, so that the Authority can take them into account when making its decisions.

For each worked example which the Group has considered, it has therefore identified:

- The benefits of P237 on its own; and
- Where applicable, the benefits of P237 when combined with P238 and P240.

All consultation respondents and the Transmission Company agree with the wider benefits which the Group has identified. One respondent to the Assessment Consultation notes that P237 will only deliver significant administrative savings to their organisation if P238 and P240 are also implemented.

P237 and P238 will be issued to the Authority for decision in parallel, and there will be minor efficiency benefits to ELEXON if they are implemented at the same time. There will also arguably be more certainty for Offshore developers regarding the intended rules if all of the Offshore changes are implemented simultaneously or as close together as possible (noting that the P240 assessment timetable is 2 months behind P237 and P238).

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7 Panel's Initial Discussions

What were the Panel's initial views?

The Panel considered the Group's Assessment Report at its meeting on 10 September 2009.

The Panel **unanimously** agreed with the Group, the Transmission Company and Assessment Consultation respondents that:

- P237 will better facilitate the achievement of **Applicable BSC Objectives (b), (c) and (d)** (one Panel Member placed most weight on Objective (d), as they believed that P237 is a simple technical change to increase efficiency and remove bureaucracy);
- An Implementation Date of **5 Working Days** is appropriate, as it will remove any barrier to current Offshore development as soon as possible (the Panel noted that it is obviously desirable for the Authority to make its decision before the Offshore Transmission arrangements 'Go Live' in June 2010); and
- The draft legal text and BSCP15 changes deliver the solution agreed by the Group and (subject to any industry comments received in the Report Phase Consultation) are appropriate.

The Panel's initial unanimous recommendation was therefore that P237 should be approved.

Did the Panel have any additional views or comments?

The Panel agreed that, when looking purely at the BSC rules and the Grid Code's busbar requirements for Offshore Power Park Modules, P237 appears to be a straightforward and sensible change.

This is because:

- The current BSC rules seem overly onerous for what is actually needed to achieve accurate Settlement data from Offshore intermittent generators; and
- It is therefore appropriate that the new Offshore form of Power Park Module (which has different technical requirements to an Onshore Power Park Module) is reflected in a new standard BM Unit configuration that removes any unnecessary inefficiency.

The Panel noted that the BSC's BM Unit requirements for Onshore generators have existed since 2005, and that previous non-standard BM Unit configurations for Onshore Power Park Modules have been addressed through the use of the non-standard BM Unit application process. The Panel's initial view was that P237 will 'level the playing field' for Offshore intermittent generators (by removing an existing undue disadvantage for them) rather than tilt it in their favour (by giving them a new undue advantage over other generators).

However, the Panel agreed that the P237 Draft Modification Report should clearly demonstrate how the BSC's requirements for Offshore Power Park Modules compare with those Onshore. With the Transmission Company's support, ELEXON has therefore updated the worked examples in Attachment A to give further clarity in this area. These updated examples have been issued to the industry as part of the Report Phase Consultation.

What is the Panel's view?

The Panel agrees with the Group that P237 will better facilitate the achievement of Applicable BSC Objectives (b), (c) and (d).

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The Panel also noted the relatively low number of responses which the Group received to its previous consultation, and encouraged transmission-connected renewable generators (both Onshore and Offshore) to respond to the Report Phase Consultation with their views.

A Panel Member has queried whether it would be more efficient to simply allow the Transmission Company to consider each new BM Unit application on a case-by-case basis (whether Offshore or Onshore), and for the Transmission Company to make the decision on what should be a BM Unit rather than having standard 'categories' in the BSC.

The Panel notes that P237 places the decision of what can constitute a Combined Offshore BM Unit with the Transmission Company, and is therefore flexible enough to deal with future developments in Offshore renewable technology (the term 'Offshore Power Park Module' applies to all types of Offshore intermittent generation including wind, tidal, and solar). The Panel also notes that, to the best of ELEXON's knowledge, no Party has raised any issues with the BSC's Onshore requirements for BM Units. BM Unit configurations generally follow a design which the generator has agreed with the Transmission Company.

A Grid Code Working Group is currently considering the requirements around Gas Insulated Switchgear. The Transmission Company has advised the Panel that the outcome of this Working Group's discussions (which are not yet concluded) may change what the Grid Code and the Connection and Use of System Code (CUSC) consider to be 'standard' connection arrangements.

A Panel Member has noted that the ISG has to consider non-standard BM Unit applications against a set of specific conditions in the BSC, and that the non-standard application route involves an additional element of bureaucracy. ELEXON is currently reviewing whether these remain the most efficient/appropriate set of conditions given recent technological advances in generation. If ELEXON identifies any issues, it will bring its conclusions to a future ISG meeting.

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8 Report Phase Consultation Responses

ELEXON consulted on the Panel's initial recommendations during the Report Phase.

ELEXON contacted the British Wind Energy Association (BWEA) and Renewable Energy Association (REA), to highlight the consultation to their members and to invite Onshore and Offshore transmission-connected renewable generators to respond. ELEXON also invited views (via National Grid) from signatories to the System Operator-Transmission Owner Code (STC).

The following table summarises the consultation responses which ELEXON received. You can download the full individual responses to this Report Phase Consultation, and to the Group's previous Assessment Consultation, here.

	Question	Responses
1	Do you agree with the Panel's initial view that P237 will not unduly disadvantage Onshore intermittent generators (or unduly advantage Offshore intermittent generators)?	7 Yes - **Unanimous** 0 No
2	Do you agree with the Panel's initial recommendation that: • P237 will better facilitate the achievement of Applicable BSC Objectives (b), (c) and (d) when compared with the existing BSC requirements; and • P237 should therefore be approved?	7 Yes - **Unanimous** 0 No
3	Do you agree with the additional combined benefits of P237, P238 and P240 which are identified in the Draft Modification Report?	7 Yes - **Unanimous** 0 No
4	Do you agree with the Panel's recommended Implementation Date (for both the BSC and BSCP15 changes) of 5 Working Days after an Authority decision?	7 Yes - **Unanimous** 0 No
5	Do you agree that the Panel's recommended legal text and BSCP15 changes deliver the solution agreed by the Modification Group?	7 Yes - **Unanimous** 0 No

Did respondents support the Panel's recommendations?

Yes, all respondents supported the Panel's initial recommendations and its view that P237 will not disadvantage Onshore renewables. No new arguments were raised.

What were Report Phase respondents' views?

Report Phase Consultation respondents unanimously supported the Panel's initial recommendations.

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9 Panel's Final Views and Recommendations

What are the Panel's final views?

The Panel has considered the Report Phase Consultation responses and the Draft Modification Report at its meeting on 8 October 2009.

The Panel:

- Notes that there were no new arguments from Report Phase respondents, and that all respondents supported the legal text and the BSCP15 redlining with no suggested amendments;
- Continues to unanimously support P237 and the proposed implementation approach for the reasons given in Section 7; and
- Notes that there will be minor efficiency benefits to ELEXON if P237 and P238 are implemented at the same time, and agrees that parallel Authority decisions are therefore desirable.

The Panel therefore recommends to the Authority:

- That P237 should be made;
- An Implementation Date of 5 Working Days after an Authority decision (such that both the BSC legal text and the changes to BSCP15 will become effective on this date);
- The BSC legal text contained in Attachment B; and
- The redlined changes to BSCP15 contained in Attachment C.

Recommendation

The Panel's unanimous recommendation is that P237 should be approved.

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10 Further Information

You can find more information in:

Attachment A: Detailed Assessment

See this attachment for further details of the Group's assessment of P237, including:

- An explanation of the relevant Grid Code definitions;
- Background information on the new Offshore Transmission regime;
- Detailed worked examples of:
  - The effect of the issue on different types of configuration for an Offshore intermittent generator;
  - The resulting benefits of P237 for each of these configuration types; and
  - The wider benefits from combining P237 with P238 and/or P240;
- The full reasons why the Group and the Transmission Company believe that the issue is limited to Offshore intermittent generation;
- A summary of the industry responses to the Group's consultation;
- Details of the Group's membership;
- A copy of the Group's Terms of Reference; and
- A timetable showing the assessment activities which the Group has undertaken.

Attachment B: BSC Legal Text

Attachment C: BSCP15 Changes

See these attachments for the redlined changes to the BSC and to BSCP15 as recommended by the Panel.

You can download further P237 documents here, including:

- The Transmission Company's impact assessment; and
- The full responses to the Assessment Consultation and the Report Phase Consultation.

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