

Modification proposal:	Balancing and Settlement Code (BSC) P240: Switching Plant and Apparatus between BM units (P240)		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	National Grid Electricity Transmission Plc (NGET), Parties to the BSC and other interested parties		
Date of publication:	20 January 2010	Implementation Date:	5 working days after Authority decision

Background to the modification proposal

A number of intermittent generating units (Power Park Units) linked together form a Power Park Module under the terms of the Grid Code. A single Onshore Power Park Module, a single Offshore Power Park Module or a number of connected Offshore Power Park Modules form a BM Unit under the terms of the Balancing and Settlement Code (BSC)³.

The Grid Code allows generating units to be switched between Power Park Modules in operational timescales by a simple notification from the Power Park Module operator to the National Electricity Transmission System Operator of the number of Power Park Units that have changed. However, the BSC requires that re-registration takes place to allow the transfer of generating units from one BM Unit to another, a process taking at least thirty working days.

When an outage⁴ occurs on an offshore transmission connection, the time to resolve that outage will often be impacted by the physical offshore environment. The timescales required to switch between BM Units and the re-registration process under the BSC may constrain offshore generators from maximising their output, where that generating unit is able to switch between transmission connections.

Offshore

On 24 June 2009 (Go Active) the Government introduced a new regulatory regime for offshore electricity transmission, facilitated by a number of changes to industry codes made under its powers provided by the Energy Act 2004⁵. For example, the BSC arrangements now extend offshore and existing BSC obligations will therefore apply to offshore generators connecting to an offshore transmission system when the regime is fully implemented⁶.

BSC developments

Prior to the Go Active date, a BSC Standing Issues Group⁷ considered the possible impacts of extending the BSC arrangements offshore, in particular the inability to switch assets between BM Units. The Group recognised that there may be a number of

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ BSC modification P237, accepted by the Authority on 12 November 2009, allows offshore generators to register a number of Power Park Modules as a single BM Unit. This modification will reduce the need for switching for some offshore generators.

⁴ An outage could be due to a network fault or planned maintenance period.

⁵ Section 90 of the Energy Act 2004 enables the Secretary of State to make changes to the licences and industry codes to introduce the offshore transmission regime, and were therefore limited to offshore only.

⁶ Go Live is anticipated to be summer 2010.

⁷ Standing Issue Group 37: Boundary Point Metering and BM Unit Issues in Section K.

scenarios where an offshore generator would wish to switch the output of certain generating units from one connection to another, for example, where an outage occurs on one of its transmission connections. P240 was therefore raised in response to a recommendation by that Issue Group.

Modification proposal P237, which was also raised in response to a recommendation of the Issue Group, was approved by the Authority on 12 November 2009⁸. P237 amended the BSC to allow offshore generators to register a number of Offshore Power Park Modules as a single BM Unit to avoid the need to switch generating units between BM Units as they would be registered within the same BM Unit.

The modification proposal

P240 was raised in July 2009. It proposes to introduce arrangements that are consistent with the intent in the Grid Code by allow switching of Power Park Units within Power Park Modules registered within the same BM Unit in operational timescales, rather than undertaking the existing re-registration process. The working group did not identify any justifiable reason why the BSC should prevent this. The current arrangements in the BSC could constrain the ability of generators with more than one connection to shore to maximise their generation during a network fault or maintenance period.

P240 is not limited to Offshore Power Park Modules. The P240 Modification Group recognised that the benefits of P240 could apply onshore as well. As such P240 applies to all Power Park Modules, both offshore and onshore.

P240 does not propose to allow switching of Plant and Apparatus between two BSC Parties but allows switching between BM Units registered to a single BSC Party.

BSC Panel⁹ recommendation

The BSC Panel considered the Final Modification Report (FMR) for P240 at its meeting on 10 December 2009. The Panel unanimously agreed that P240 would better meet Applicable BSC Objectives b) and c) and therefore recommended approval of P240. The FMR provides details of the Panel's views.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the FMR dated 10 December 2009. The Authority has considered and taken into account the responses to Elexon's¹⁰ consultation which are attached to the FMR¹¹. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the BSC¹²; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties¹³.

⁸ The P237 decision letter is available on the Elexon website at: <http://www.elexon.co.uk/>.

⁹ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC.

¹⁰ The role and powers, functions and responsibilities of Elexon are set out in Section C of the BSC.

¹¹ BSC modification proposals, modification reports and representations can be viewed on the Elexon website at www.elexon.com

¹² As set out in Standard Condition C3(3) of NGET's Transmission Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=4151

Reasons for the Authority's decision

We note that the changes to the BSC as a result of the Authority's approval of Modification P237 allows a number of Offshore Power Park Modules to be registered as one BM Unit and so avoids the need to switch generating units between BM Units. However, we recognise that offshore generators continue to have a choice as to the operational configuration of Plant and Apparatus they register as a BM Unit and that the changes proposed by P237 do not apply to Onshore Power Park Modules. As such, we consider that modification P240 continues to apply and should be approved.

We consider that consistent treatment of similar types of generators should apply within the BSC, except where different requirements can be fully justified. As such, we agree that the change proposed by P240 should apply to all Power Park Modules i.e. onshore and offshore.

We recognise that the offshore physical environment impacts on the timescales for maintenance and repairs of offshore assets and that a minimum thirty day re-registration process for switching of assets between BM Units where an outage occurs could constrain generation output and result in lost revenue for offshore generators¹⁴.

We note the comments made by NGET in its analysis and impact assessment that the changes proposed by P240 will not adversely affect its ability to discharge its obligations under its transmission licence.

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

We consider that P240 facilitates the economic, efficient and co-ordinated operation of the National Electricity Transmission System (NETS) in that it provides the National Electricity Transmission System Operator with volumes that could assist in balancing the system which otherwise would not be available. We recognise that the change proposed by P240 is consistent with the intent in the Grid Code to allow switching in operational timescales. Therefore, P240 better meets Applicable Objective b).

Applicable BSC Objective c) (promoting effective competition in the generation and supply of electricity)

We consider that P240 facilitates effective competition in the sale of electricity by allowing intermittent generators to reconfigure their generating plant in a way that allows continuous output to be maintained from operational units where a transmission connection becomes unavailable. There would therefore be no loss of revenue and they would not be disadvantaged compared to other market players not constrained by this issue and who may sell their output freely. Therefore, P240 better meets Applicable Objective c).

Decision notice

¹³ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

¹⁴ Revenue losses could include wholesale revenue and ROC revenue.

In accordance with Standard Condition C3 of NGET's Transmission Licence, the Authority, hereby directs that modification proposal BSC P240: 'Switching Plant and Apparatus between BM Units' be made.

Robert Hull

Managing Director - Commercial

Signed on behalf of the Authority and authorised for that purpose.