



Modification Proposals P58 "Disapplication Of Volume Notifications Relating To A Defaulting Party"

A Consultation Document – 3 December 2001.

Introduction

On 30 November 2001, the Balancing and Settlement Code Panel (the "Panel") noted that, under Section H Paragraph 3.1.1. (g)(iv) of the Balancing and Settlement Code (BSC), Enron Capital and Trade Resources Limited (ECTRL) and Enron Gas and Petrochemicals Limited (EGPTL) were in Default of the BSC.

ELEXON Circular EL00301 notified BSC Parties that ELEXON sought to clarify how the resolutions passed at the Panel meeting on 2nd December 2001 are to be applied. ELEXON Circular 302 provided a further update in respect of this and outlined the background to Modification Proposal P058.

The circular noted that ELEXON have become aware that since the Defaults were notified (on 16:00 on Friday 30 November 2001), a significant number of reverse notifications have been lodged in order to counter earlier notifications. Unless action is taken, the effect of the Panel's decisions on 2nd December 2001 would be to cancel trades relating to settlement periods from 15:00 on Tuesday 4th December 2001 that were notified prior to 16:00 on Friday 30th November 2001, whilst leaving any such trades notified since 16:00 on Friday 30th November 2001 in place. Thus the net effect sought by trading parties is not achieved.

To address this situation, a BSC Modification Proposal, MP058, has been raised by Dyengy UK Limited and considered by the Panel on Monday 3rd December 2001. The effect of this modification would enable the Panel to instruct ELEXON to clear all Energy Contract and Metered Volume Reallocation Notifications relating to a defaulting Party from a date and time specified by the Panel (not applying to Settlement Periods for which Gate Closure has already occurred). If applied to the ECTRL and EGPTL default, it would enable all notifications to be cleared from Central Systems from a settlement period agreed by the Panel (e.g., the settlement period commencing 1500hrs on 4th December 2001).

The Panel Chairman, on advice from Panel Members, recommended to the Authority that this modification be treated as urgent, to enable the change to the Code to be given effect plus any associated Panel decision to be taken prior to 15:00 on Tuesday 4th December 2001. The Authority have endorsed that this be treated as an Urgent Modification under Section F2.9 of the Code and have agreed the outline timetable.

Consequently, as part of the Modification Process, an accelerated consultation period is being followed. This will necessitate the issuing of a brief consultation document this evening, with responses being requested by 09:00 on Tuesday 4th December 2001.

Consultation

Attached to this note is a pro-forma, listing a number of questions in respect of this Modification Proposal. You are invited to provide a response in respect of these questions.



Please send your responses by 9:00 on Tuesday 4 December 2001 to the following email address:

Modifications@elexon.co.uk

Please entitle your email 'P58 Consultation Response'