

20 July 2001

ASSESSMENT REPORT
MODIFICATION PROPOSAL P1 –
Extension to the Definition of
ECVAA System Failure

Prepared by the Contract Notification Modification
Group on behalf of the Balancing and Settlement
Code Panel

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I DOCUMENT CONTROL

a Authorities

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b Distribution

Name	Organisation
Panel	

c Change History

Version 0.1 initial draft issued for Peer Review

Version 0.2 issued for review by the Contract Notification Modification Group

Version 1.0 final version issued for review by the Panel

D Changes Forecast

Version 1.0 will be authorised for use and presented as the P1 Assessment Report to the Panel

e Related Documents

Reference 1	Initial Written Assessment of Modification Proposal P1 (IWA001)
Reference 2	Definition Report for Modification Proposal P2 (19/004)
Reference 3	P1 Specification (attached to CPC022)
Reference 4	Transmission Licence

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1 RECOMMENDATIONS AND SUMMARY

1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal ('the Modification') during the Assessment Procedure, and the resultant findings of this report, the Modification Group ('the Group') recommends that the Balancing and Settlement Code Panel ('the Panel') should:

- 1. Progress the Modification to Report Phase;**
- 2. Recommend to the Authority that the Alternative Modification be approved, and hence reject the original Modification;**
- 3. Note that the Alternative Modification is an extension of the original Modification and includes failures of Low Grade communication links but is not proposed to be retrospective to market opening;**
- 4. Note that the Group recommends using the manual solution, currently in place for ECVAAs System Failures, to deal with communications failures;**
- 5. Recommend to the Authority that the Alternative Modification be made effective from the date on which the Authority makes its decision.**

1.2 Background

The Modification, "Extension of the Definition of ECVAAs System Failure for Permitting Post Gate Closure Notification", was submitted on the 27th March 2001 by OM London Exchange Ltd. The Modification calls for the extension of the definition of ECVAAs System Failure to allow post Gate Closure "notification of contracts" in event of the failure of a participant's High Grade link to the ECVAAs. In addition, the Proposer proposed that the Modification be applied retrospectively to take effect from the 27th March 2001.

ELEXON produced an Initial Written Assessment (Ref. 1) and presented it to the Panel on the 5th April 2001. The Panel endorsed ELEXON's recommendation that the Modification be progressed to the Definition Procedure, and requested that a Definition Report be presented at the Panel meeting on the 31st May 2001.

The Definition Report (Ref. 2) recommended that the definition of the ECVAAs System be extended to include Low Grade links, as well as High Grade links. To reflect the wider range of systems included, the Definition Report recommended that "ECVAAs System Failure" be renamed "ECVAAs Service Incident". To avoid misuse of the potential to re-submit retrospectively, the Definition Report suggested that ELEXON maintain a register of all cases in which retrospective re-submission of Volume Notifications had been invoked and reserve the right to require such evidence as it deemed necessary in support of applications for re-submission.

The Definition Report was presented to the Panel on the 31st May 2001. The Panel endorsed the Modification Group's recommendation to progress the Proposal to the Assessment Procedure and that an Assessment Report be presented to the Panel meeting on the 26th July. The Panel also endorsed the Group's recommendation that making implementation of the Modification retrospective to market opening be considered separately from the main part of the Modification to ensure that assessment would not be delayed by the issue of retrospection.

1.3 Rationale for Recommendations

According to the Proposer, not including communications failures as a type of ECVAA System Failure is an inconsistency that undermines the following Applicable BSC Objectives *“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”* and *“promoting efficiency in the implementation and administration of the balancing and settlement arrangements”*.

The Proposer stated that failure to submit or receive “contract notifications” increases potential imbalance and, hence, could have a significant effect on imbalance prices regardless of underlying market conditions. The contingencies currently in place to recover from ECVAA System Failures remove this risk and distortion, applying the same contingencies to communications link failures would promote competition in the wholesale electricity market and increase the efficiency of the balancing and settlement arrangements. Participants would no longer be exposed to a risk beyond their control and the price distortion would be removed.

The Group agreed with the Proposer’s analysis of the current situation. In the event of a communications failure, participants are exposed to the risk of significant imbalance charges. The communication links to the ECVAA are centrally provided and participants have only limited ability to mitigate the risk of their failure. Therefore, participants bear the financial risk of systems failures over which they have little or no control.

The Group believe that implementation of the Modification would remove the imbalance risk that participants face from communication link failures outside their control.

During the Definition Procedure, the Group recommended to the Panel that the definition of the ECVAA System be extended to include the Low Grade, as well as the High Grade, communications link. Doing so would provide participants who rely solely on the Low Grade link with similar protection from imbalance risk outside their control. The Group considered that this addition would better facilitate the Applicable BSC Objectives by extending the benefits of a more competitive and efficient market environment to all BSC Parties.

To reflect the desirability of widening the scope to include Low Grade link failures, the Group decided to recommend that the Modification, as submitted, be rejected. However, the Group decided to recommend that the Panel accept the Alternative Modification developed, which includes failures of Low Grade links.

During the Assessment Procedure the Group also decided that making the implementation of the Proposal retrospective to market opening should be rejected for two reasons:

1. during the Assessment Procedure, more of the consultation responses received from Parties rejected retrospection than supported it; and
2. the frequency and impact of reported communications failures, to date, has been very low.

The Group decided to reject the automated solution with a development cost of between £209,500 and £314,250 (excluding VAT) and development time of 16 weeks proposed by the ECVAA. The Group believes that, given the very low frequency and impact of reported communications failures to date, a business case does not currently exist to justify the cost. Continuing with the manual solution, currently in place for ECVAA System Failures, would be sufficient and would incur no extra charges from the NETA Central Service Agent.

The Group recommends that the Alternative Modification becomes effective from the date on which the Authority makes its decision.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Panel, in accordance with the terms of the Balancing and Settlement Code ('the Code'). The Code is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the Code.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 PURPOSE AND SCOPE OF THE REPORT

BSC Section F sets out the procedures for progressing proposals to amend the BSC (known as 'Modification Proposals'. These include procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications.

The BSC Panel is charged with supervising and implementing the modification procedures. ELEXON provides the secretariat and other advice, support and resource required by the Panel for this purpose. In addition, if a modification to the Code is approved or directed by the Authority, ELEXON is responsible for overseeing the implementation of that amendment (including any consequential changes to systems, procedures and documentation).

The Panel may decide to submit a Modification Proposal to an 'Assessment Procedure'¹. Under this procedure, a Modification Group is tasked with undertaking a detailed assessment of the proposal to evaluate whether it better facilitates achievement of the Applicable BSC Objectives². The group may also develop an alternative proposal if it believes that the alternative would better facilitate achievement of the objectives.

The Modification Group must prepare a report for the Panel, setting out the results of the assessment of the modification proposal and any alternative. The following matter should be included (to the extent applicable to the proposal in question)³:

- (a) an analysis of and the views and rationale of the Modification Group as to whether (and, if so, to what extent) the Proposed Modification would better facilitate achievement of the Applicable BSC Objective(s);
- (b) a description and analysis of any Alternative Modification developed by the Modification Group which, as compared with the Proposed Modification, would better facilitate achievement of the Applicable BSC Objective(s) and the views and rationale of the Group in respect thereof;
- (c) an assessment or estimate (as the case may be) of:
 - (i) the impact of the Proposed Modification and any Alternative Modification on BSC Systems;
 - (ii) any changes and/or developments which would be required to BSC Systems in order to give effect to the Proposed Modification and any Alternative Modification;
 - (iii) the total development and capital costs of making the changes and/or delivering the developments referred to in paragraph (ii);
 - (iv) the time period required for the design, build and delivery of the changes and/or developments referred to in paragraph (ii);
 - (v) the increase or decrease in the payments due under the BSC Agent Contracts in consequence of the Proposed Modification and any Alternative Modification;
 - (vi) the additional payments (if different from those referred to in paragraph (v)) due in connection with the operation and maintenance of the changes and/or developments to BSC Systems as a result of the Proposed Modification and any Alternative Modification;

¹ See BSC F2.6

² As defined in the Transmission Licence

³ See BSC F2.6.4 and Annex F-1

- (vii) any other costs or liabilities associated with BSC Systems attributable to the Proposed Modification and any Alternative Modification;
- (d) an assessment of:
 - (i) the impact of the Proposed Modification and any Alternative Modification on the Core Industry Documents;
 - (ii) the changes which would be required to the Core Industry Documents in order to give effect to the Proposed Modification and any Alternative Modification;
 - (iii) the mechanism and likely timescale for the making of the changes referred to in paragraph (ii);
 - (iv) the changes and/or developments which would be required to central computer systems and processes used in connection with the operation of arrangements established under the Core Industry Documents;
 - (v) the mechanism and likely timescale for the making of the changes referred to in paragraph (iv);
 - (vi) an estimate of the costs associated with making and delivering the changes referred to in paragraphs (ii) and (iv),together with a summary of representations in relation to such matters;
- (e) an assessment of:
 - (i) the likely increase or decrease in BSC Costs (to the extent not already taken into account in paragraph (c) above) in consequence of the Proposed Modification and any Alternative Modification;
 - (ii) the changes required to Systems and processes of BSCCo in order to give effect to the Proposed Modification and any Alternative Modification; and
 - (iii) the BSC Costs which are expected to be attributable to the implementation of the Proposed Modification and any Alternative Modification, to the extent not taken into account under any other provision above;
- (f) to the extent such information is available to the Modification Group, an assessment of the impact of the Proposed Modification and any Alternative Modification on Parties in general (or classes of Parties in general) and Party Agents in general, including the changes which are likely to be required to their internal systems and processes and an estimate of the development, capital and operating costs associated with implementing the changes to the Code and to Core Industry Documents;
- (g) an assessment of the Proposed Modification and any Alternative Modification in the context of the statutory, regulatory and contractual framework within which the Code sits (taking account of relevant utilities, competition and financial services legislation);
- (h) a summary of the representations made by Parties and interested third parties during the consultation undertaken in respect of the Proposed Modification and any Alternative Modification and the views and comments of the Modification Group in respect thereof;
- (i) a summary of the analysis and impact assessment prepared by the Transmission Company and the views and comments of the Modification Group in respect thereof;

- (j) a summary of the impact assessment prepared by relevant BSC Agents and the views and comments of the Modification Group in respect thereof;
- (k) a summary of any impact assessment prepared by Core Industry Document Owners and the views and comments of the Modification Group in respect thereof;
- (l) a copy of the terms of reference and any report or analysis of external consultants or advisers engaged in respect thereof;
- (m) a list of the key assumptions which the Modification Group has made in formulating its views;
- (n) any other matters required by the terms of reference of such Modification Group;
- (o) any other matters which the Modification Group consider should properly be brought to the attention of the Panel to assist the Panel in forming a view as to whether the Proposed Modification and any Alternative Modification would better facilitate achievement of the Applicable BSC Objective(s);
- (p) subject to paragraph 2.6.8 and 2.6.9 of Section F of the BSC, the proposed text to modify the Code in order to give effect to the Proposed Modification and any Alternative Modification, together with a commentary setting out the nature and effect of such text and of other areas of the Code which would be affected by the changes;
- (q) the Modification Group's proposed Implementation Date(s) for implementation (subject to the consent of the Authority) of the Proposed Modification and any Alternative Modification;
- (r) an executive summary of the project brief prepared by BSCCo;
- (s) a recommendation (where applicable) as to whether, if the Proposed Modification or Alternative Modification is approved, Settlement Runs and Volume Allocation Runs carried out after the Implementation Date of such Approved Modification in respect of Settlement Days prior to that date should be carried out taking account of such Approved Modification or not;
- (t) the proposed text (if any) to modify the Memorandum and Articles of Association of BSCCo and/or the BSC Clearer in order to give effect to the Proposed Modification and any Alternative Modification, together with a commentary setting out the nature and effect of such text and of other areas of the Memorandum and Articles of Association and/or the Code which would be affected by the changes; and
- (u) a summary of any changes which would be required to Code Subsidiary Documents as a consequence of such Proposed Modification or Alternative Modification.

This Assessment Report therefore addresses all of the above items to the extent relevant to the Modification Proposal in question.

4 MODIFICATION GROUP DETAILS

This Assessment Report has been prepared by the Contract Notification Modification Group (CNMG). The Membership of the Modification Group was as follows:

MEMBER	ORGANISATION
Justin Andrews	<i>ELEXON (Chairman)</i>
Andrew Foster	<i>OM Exchange (Proposer)</i>
Tim Johnson	<i>Powergen</i>
Simon Hadlington	<i>British Gas Trading</i>
Ben Willis	<i>Yorkshire Electricity</i>
Sharif Islam	<i>TotalFinaElf</i>
Dave Lenton	<i>St Clements Services</i>
Roy Dinsmore	<i>Innogy</i>
Chris Teverson	<i>The European Power Source Company (UK) Ltd</i>
Nicola Lea	<i>TXU Europe Energy Trading</i>
Paul Mott	<i>London Electricity</i>
Mike Edgar	<i>The National Grid Company</i>
Mark Simons	<i>BP Gas Marketing</i>
Nick Simpson	<i>Ofgem</i>
Sonia Brown	<i>Ofgem</i>

The ELEXON support team consisted of:

NAME	TEAM
Roger Salomone	Trading Department

5 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

5.1 The Proposed Modification

The Modification, as submitted, calls for extension of the definition of the ECVAA System Failure to include participants' High Grade links to the NETA Central site, where the ECVAA service is hosted. In keeping with the existing contingencies for an ECVAA System Failure, participants would be able to re-submit affected "contract notifications".

The Applicable BSC Objectives are set out in paragraph 3 of Condition 7A of the Transmission Licence (Ref. 4), as follows:

- (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- (b) The efficient, economic and co-ordinated operation by the Transmission Company of the 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 and administration of the balancing and settlement arrangements.

According to the Proposer, not including communications failures as a type of ECVAA System Failure is an inconsistency that undermines the Applicable BSC Objectives (c) and (d). Failure to submit or receive "contract notifications" increases potential imbalance and, hence, could have a significant effect on imbalance prices regardless of underlying market conditions. The contingencies currently in place to recover from ECVAA System Failures remove this risk and distortion, applying the same contingencies to communications link failures would promote competition in the wholesale electricity market and increase the efficiency of the balancing and settlement arrangements. Participants would no longer be exposed to a risk beyond their control and the potential price distortion would be removed.

The Group agreed with the Proposer's analysis of the current situation. In the event of a communications failure in the current environment, participants are exposed to the risk of significant imbalance charges. The communication links to the ECVAA are centrally provided and participants have only limited ability to mitigate the risk of their failure. Therefore, participants bear the financial risk of systems failures over which they have little control.

The Group believe that implementation of the Modification would remove the imbalance risk that participants face from communication link failures outside their control.

5.2 Alternative Modification

An Alternative Modification was proposed by the Group, which covered failures of Low Grade links and was not retrospective to market opening. The Group decided that the Alternative Modification would better facilitate the Applicable BSC Objectives, because:

- (a) by extending the original Modification to cover Low Grade links, it increases the benefits to all BSC Parties, thereby providing equitable treatment of communication failures to Parties using either High Grade or Low Grade links; and

(b) not proposing retrospection avoids any legal implications and further efficiency in the administration of the balancing and settlement arrangements.

6 IMPACT ON BSC AND BSCCO DOCUMENTATION

6.1 BSC

Implementing the Alternative Modification would require changes to Section P.5.1 of the Code – “Failures of the ECVAA System”.

Section P.5.1.1 (b), which defines what constitutes the “ECVAA System” would need to be amended to include the High Grade and Low Grade communications links between participant’s sites and the ECVAA site. A draft version of the text required to achieve this change is contained in Annex 1.

The changes would create and extend definition of the “ECVAA System” that includes the elements of the communications infrastructure linking participant sites to the ECVAA site and rename the expanded definition the “Notification System” to capture the greater scope. Failure of this ‘system’ would be termed a “Notification System Incident” and would invoke the recovery procedure currently in place for “ECVAA System Failures”.

No other impacts on the BSC have been identified.

As the Group recommended the Alternative Modification, the draft legal text for the original Modification was not commissioned to save on costs. Due to retrospection, the original Modification would require more substantial changes to Section P5 of the Code.

6.2 Code Subsidiary Documents

Implementing either the original Modification or the Alternative Modification would require updating the ECVAA Service Description (SD) and the User Requirements Specification (URS) for the ECVAA.

6.3 BSCCo Memorandum and Articles of Association

There would be no impact on the BSCCo Memorandum and Articles of Association.

7 IMPACT ON BSC SYSTEMS

The ECVAAs High Level Impact Assessment, reproduced in full in Annex 3, provides further detail on the impact of the Modification and the Alternative Modification on contract notification and credit checking.

7.1 Registration

Neither the original Modification nor the Alternative Modification would have any impact on Registration.

7.2 Contract Notification

Neither the original Modification nor the Alternative Modification would have any impact on the contract notification procedure; the current procedures could be used without amendment. In the event of a communications failure, the contingencies currently in place for the re-submission of Volume Notifications affected by an "ECVAA System Failure" could be used by ELEXON and the ECVAAs for the purpose of a "Notification System Incident".

The manual process currently in place to address the impact of ECVAAs System Failures could be used to deal with a "Notification System Incident". The Group decided to recommend rejection of the automated solution, suggested by the ECVAAs HLIA (see Annex 3), on the grounds that a business case does not currently exist to justify its development and operation costs. The frequency and impact of reported communications failures, to date, has been very low.

However, should the frequency and impact of communications failures increase sharply from their present levels, consideration should be given to the implementation of the automated solution.

7.3 Credit Checking Systems

Neither the original Modification nor the Alternative Modification would have any impact on credit checking procedures; the current procedures could be used without amendment. Section P5.25 would remain in force and cover "Notification System Incidents" – Parties would not go into credit default as a result of a substantiated communications failure.

7.4 Balancing Mechanism Activities

Neither the original Modification nor the Alternative Modification would have any impact on Balancing Mechanism activities.

7.5 Collection and Aggregation of Metered Data

Neither the original Modification nor the Alternative Modification would have any impact on the collection and aggregation of metered data.

7.6 Supplier Volume Allocation

Neither the original Modification nor the Alternative Modification would have any impact on Supplier Volume Allocation.

7.7 Settlement

Neither the original Modification nor the Alternative Modification would have any impact on Settlement – current procedures, systems and timescales could be used for Volume Notifications affected by communications failures in the same way as those affected by an ECVA System Failure are at present.

7.8 Clearing, Invoicing and Payment

Neither the original Modification nor the Alternative Modification would have any impact on clearing, invoicing or payment – current procedures and systems could be used for contracts affected by communications failures.

7.9 Reporting

Neither the original Modification nor the Alternative Modification would have any impact on reporting. Current practice for reporting during communications failures would be continued (i.e. the Balancing Mechanism Reporting Agent (BMRA) would continue to be classified as “unavailable”).

8 IMPACT ON CORE INDUSTRY DOCUMENTS AND SUPPORTING ARRANGEMENTS

8.1 Grid Code

Neither the original Modification nor the Alternative Modification would have any impact on the Grid Code.

8.2 Master Connection and Use of System Agreement (MCUSA)

Neither the original Modification nor the Alternative Modification would have any impact on the MCUSA.

8.3 Supplemental Agreements

Neither the original Modification nor the Alternative Modification would have any impact on the Supplemental Agreements.

8.4 Ancillary Services Agreements (ASAs)

Neither the original Modification nor the Alternative Modification would have any impact on the ASAs.

8.5 Master Registration Agreement (MRA)

Neither the original Modification nor the Alternative Modification would have any impact on the MRA.

8.6 Data Transfer Services Agreement (DTSA)

Neither the original Modification nor the Alternative Modification would have any impact on the DTSA.

8.7 British Grid Systems Agreement (BGSA)

Neither the original Modification nor the Alternative Modification would have any impact on the BGSA.

8.8 Use of Interconnector Agreement

Neither the original Modification nor the Alternative Modification would have any impact on the Use of Interconnector Agreement.

8.9 Pooling and Settlement Agreement (PSA)

Neither the original Modification nor the Alternative Modification would have any impact on the PSA.

8.10 Settlement Agreement for Scotland (SAS)

Neither the original Modification nor the Alternative Modification would have any impact on the SAS.

8.11 Distribution Codes

Neither the original Modification nor the Alternative Modification would have any impact on the Distribution Codes.

8.12 Distribution Use of System Agreements (DUoSAs)

Neither the original Modification nor the Alternative Modification would have any impact on the DUoSAs.

8.13 Distribution Connection Agreements

Neither the original Modification nor the Alternative Modification would have any impact on the Distribution Connection Agreements.

9 IMPACT ON ELEXON

Neither the original Modification nor Alternative Modification would have any impact on the ECVAA contract currently in place between ELEXON and the Logica Consortium. Provided that the ECVAA, as they are contracted to do, report communications failures promptly to ELEXON existing contingencies can be used to process affected Volume Notifications. However, were either the original Modification or the Alternative Modification implemented, ELEXON would have to update their "Local Working Instructions" and agree with the Logica consortium on a new set of criteria for declaring a "Notification System Incident".

Given the frequency and materiality of reported communications failures since Go-live, the cost of implementing either the original Modification or the Alternative Modification for ELEXON would be low. Since the start of NETA, there have been 5 reported incidents of communications failures affecting a total of 90 Settlement Periods (see ELEXON Circulars EL00021, EL00023, EL00070, EL00071, EL00072, EL00102 and EL00103). To put this into perspective, in the 116 trading days since Go-live there have been 5,568 Settlement Periods – so only 1.6% of Settlement Periods to date have been affected by communications failures. In addition, all reported incidents were found to have had limited impact.

No ELEXON system would be affected by the implementation of either the original Modification or the Alternative Modification.

10 IMPACT ON PARTIES AND PARTY AGENTS

10.1 Parties

Three respondents to the Assessment Procedure consultation reported that implementing of either the original Modification or the Alternative Modification would have an impact on them. However, they provided no further details.

10.2 Party Agents

None reported during the Assessment Procedure consultation with BSC Parties.

11 LEGAL ISSUES

None identified.

12 SUMMARY OF REPRESENTATIONS

12.1 Initial Consultation - April 2001

At the start of the Definition Procedure, the Modification and the IWA produced by ELEXON were sent out to all BSC Parties for consultation. Ten responses were received. The responses are summarised in the table below, and are reproduced in full in Annex 6A.

NO	COMPANY	FOR	AGAINST	OTHER
1.	Aquila Energy Trading	Yes		-
2.	Entergy	Yes		Support retrospection
3.	Dynergy	Yes		Energis monopoly supplier of high-grade links
4.	EdF	Yes		Sceptical about benefits of retrospection
5.	TXU Trading	Yes		-
6.	Seaboard	Yes		Need safeguard to avoid commercial abuse
7.	Axia	Yes		Support retrospection
8.	Scottish & Southern	?	?	Not clear from response
9.	Northern Electric	Yes		Support retrospection
10.	ScottishPower	Yes		-

The majority of responses (9 out of 10) support the Modification. The tenth response suggested further assessment and did not indicate whether or not it supported the Modification.

Making the Modification retrospective to market opening drew the support of three respondents, whilst one indicated that it was sceptical of the advantages.

One respondent highlighted that, were the Modification implemented retrospectively, safeguards would be needed to avoid the scope for re-submission of Volume Notifications being abused for commercial purposes. Another respondent highlighted the monopoly nature of Energis' supply of High Grade link services and the need for proper incentives on the monopolist.

12.2 Assessment Procedure Consultation – July 2001

As part of the Assessment Procedure, all BSC Parties were consulted on the details of the Alternative Modification as specified by Group. Nine responses were received. The responses are summarised in the table overleaf, and are reproduced in full in Annex 6B.

NO	COMPANY	FOR	AGAINST	OTHER
1.	Siemens Metering DataCare	Yes		No impact
2.	Logica ESIS	Yes		No impact
3.	Western Power	Yes		No impact
4.	British Energy	Yes		Impacted (no details given) Do not support retrospection 4 weeks notification required
5.	Npower & Npower Direct	Yes		No impact
6.	Seeboard	Yes		Impacted (no details given) Do not support retrospection
7.	ScottishPower & Manweb	Yes		Impacted (no details given) 30 Working Days notification required
8.	Yorkshire Electricity	Yes		-
9.	London Electricity	Yes		No impact on them Support retrospection Support suggested security against abuse 10 Working Days notification required

All nine respondents to the consultation during the Assessment Procedure supported the Alternative Modification. Five reported that implementing the Alternative Modification would have no impact on their systems, whilst three reported that they would be impacted – but provided no further details.

Only three respondents commented on the issue of retrospection, one registering its support for making the Alternative Modification retrospective to market opening and two opposing it.

Three of the respondents commented on the period of notice required for the re-submission of affected Volume Notifications should retrospection be endorsed. The periods of 10 working days, 30 working days and four weeks were suggested.

13 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

The Transmission Company reported that implementation of either the original Modification or the Alternative Modification would have no impact on any of their systems or operations, or, on their ability to efficiently discharge their obligations under the Transmission Licence.

14 PROJECT BRIEF

As part of the Assessment Procedure, ELEXON commissioned an impact assessment of the Alternative Modification from the ECVA, which is reproduced in full in Annex 3 of this report. The impact assessment received recommended an automated solution with a development cost of between £209,500 and £314,250 (excluding VAT) and development time of 16 weeks.

The Group decided that given the very low frequency and impact of reported communications failures to date, a business case did not exist for the automated solution. Continuing with the manual solution, currently in place for EVCAA System Failures, would be sufficient and would incur no extra charges from the NETA Central Service Agent.

The table below provides an estimate of the costs and timescales required to implement the Alternative Modification. The figures are taken from ELEXON's own internal impact assessment.

ACTIVITIES	TIME	COST (£)
ELEXON		
Project Management	½ MDE* per application	£250 per application
Development (URS & SD)	2 MDE	£1000
ELEXON TOTAL	2 MDE	£1000

* MDE = Man Day Effort

ANNEX 1 – PROPOSED TEXT TO MODIFY THE BSC

The proposed modifications to Section P5 of the Code required to implement the Alternative Modification are set out below. Comments are invited on the drafting.

5. FAILURES OF THE ECVAA NOTIFICATION SYSTEM

5.1 Introduction

5.1.1 For the purposes of this Section P:

(a) "**Volume Notification**" means an Energy Contract Volume Notification and/or a Metered Volume Reallocation Notification, and "**Volume Notification Agent**" means an Energy Contract Volume Notification Agent and/or a Metered Volume Reallocation Notification Agent;

(b) the "**ECVAA System**" is the BSC Agent System of the ECVAA, ~~which for the avoidance of doubt does not include hardware or software forming part of any relevant Communications Medium;~~

(c) ~~an "the "**Notification System**" is (in aggregate):~~

~~(i) the ECVAA System **Failure** is a failure or breakdown of the ECVAA System which has the effect that; and~~

~~(ii) for every Trading Party (and its Notification Agents):~~

~~(1) the Communications Mediums (and all parts of any system constituting any such medium) by which such Trading Party/its Notification Agents sends and receives Communications to and from the ECVAA, and~~

~~(2) any part of the relevant Party System~~

~~from the ECVAA System to but not beyond the party system boundary: and~~

~~(iii) any other system or part of a system (up to but not beyond the party system boundary) by which any of the foregoing are connected or Communications transmitted by any of the foregoing are processed or stored:~~

~~[determined consistent with guidance from time to time issued by BSCCo] (and where 'system' includes telecommunications facilities, other equipment, hardware and software, and includes systems for redundancy, contingency and disaster recovery purposes):~~

~~(d) "**party system boundary**" shall be determined as follows:~~

~~(i) where the Communications Medium comprises dedicated telecommunications facilities (ie the high grade service described in the Communications Requirements Document) the party system boundary means and includes the 'router' which forms part of the Party System (and by which Communications~~

are routed from and to the Party System) but not any source of power for the router:

(ii) where the Communications Medium is internet-based (ie the low grade service described in the Communications Requirements Document), the party system boundary means and includes the system (known as the 'internet portal') by which the ECVAA System is connected to the internet:

[determined consistent with guidance from time to time issued by BSCCo]:

(e) a "Notification System Incident" is a failure, breakdown or unavailability of the Notification System (other than parts of such system not for the time being in use) which has, and for so long as it has, the effect:

(i) that all or any Notification Agents are unable to submit to the ECVAA, and/or the ECVAA is unable to receive from all or any such agents, Volume Notifications ~~submitted to it by all or any Volume Notification Agents~~, and/or (as the case may be) ~~to send~~

(ii) that the ECVAA is unable to send to all or any Volume Notification Agents, or all or any such agents are unable to receive from the ECVAA, confirmations of receipt by the ECVAA of Volume Notifications within 20 minutes after such receipt ~~confirmations of such receipt to all or any such agents~~:

excluding (as respects any Volume Notification Agent affected thereby, and in relation to parts of the Notification System other than the ECVAA System) such a failure, breakdown or unavailability which was within the reasonable control of that Volume Notification Agent:

~~(d)~~ (f) the reference in paragraph ~~(e)~~ to the ECVAA sending confirmations of receipt of Volume Notifications is without prejudice to the provisions of the Communications Requirements Document as to the deemed receipt of such notifications;

~~(e)~~ (g) for the avoidance of doubt, no failure or breakdown of any Party System ~~or any communications link~~ not forming part of the ECVAA Notification System shall be counted as ~~an ECVAA Notification System Failure Incident~~;

~~(f)~~ (h) in relation to an ECVAA Notification System Failure Incident:

(i) the "system incident failure occurrence time" is the start of the ECVAA Notification System Failure Incident, or such earlier time as BSCCo may determine as being appropriate for the purposes described in paragraph ~~(e)~~ below and notify to the ECVAA, Contract Trading Parties and Volume Notification Agents;

(ii) the "resubmission deadline" is the end of the Business Day following the day on which the ECVAA notified BSCCo (in accordance with paragraph 5.2.1(c)(i)) that the ECVAA System Failure Notification System Incident has ended, or such earlier time (not being earlier than such ~~failure incident~~ ended) or later time as BSCCo may determine as being appropriate for the purposes described in paragraph ~~(e)~~ and notify to the ECVAA, Contract Trading Parties and Volume Notification Agents;

~~(g)~~ (j) the purposes referred to in paragraph ~~(f)~~ are to enable Contract Trading Parties and their Volume Notification Agents to take steps to put themselves, so far as is practicable, in the position (as respects the submission of Volume Notifications) in

which they would have been had the ~~ECVAA System Failure~~Notification System Incident not occurred.

5.2 Consequences of ~~ECVAA Notification System Failure~~Incident

5.2.1 Where ~~an~~an ~~ECVAA Notification System Failure~~Incident occurs:

- (a) the ECVAA shall as soon as possible notify BSCCo of the failure and the time at which it started;
- (b) the ECVAA and BSCCo shall each use all reasonable efforts as soon as practicable to notify all Contract Trading Parties and Volume Notification Agents of the failure and the time at which it started;
- (c) as soon as practicable after the end of the ~~ECVAA Notification System Failure~~Incident:
 - (i) the ECVAA shall notify BSCCo, Contract Trading Parties and Volume Notification Agents that the failure has ended;
 - (ii) BSCCo will notify Contract Trading Parties and Volume Notification Agents that Volume Notifications may be submitted or resubmitted in accordance with paragraph 5.2.2.

5.2.2 Where ~~an~~an ~~ECVAA Notification System Failure~~Incident has occurred, commencing at the end of such failure, and until the resubmission deadline, Volume Notifications may be submitted or resubmitted to the ECVAA in relation to any Settlement Period for which Gate Closure falls after the ~~system incident failure occurrence~~time and before the resubmission deadline.

5.2.3 Where ~~an~~an ~~ECVAA Notification System Failure~~Incident affects (as described in paragraph 5.1.1(c)) the ability of one or more but not all Volume Notification Agents to submit Volume Notifications to the ECVAA or receive confirmation of the receipt thereof by the ECVAA, or the ability of the ECVAA to receive and/or confirm receipt of Volume Notifications ~~(as described in paragraph 5.1.1(e))~~from or to someone or more but not all Volume Notification Agents:

- (a) the ECVAA shall inform BSCCo which Volume Notification ~~Agents~~Agent(s) are so affected, and references in paragraph 5.2.1 to Volume Notification Agents shall only be to those ~~agents~~agent(s) so affected;
- (b) paragraph 5.2.2 shall apply only in relation to the affected Volume Notification ~~Agents~~Agent(s).

5.2.4 Any Volume Notification submitted or resubmitted in accordance with paragraph 5.2.2 shall specify the details (as provided in paragraph 2.3.2 or 3.3.2) which were or would (pursuant to commitments made before Gate Closure for any Settlement Period to which such notification relates) have been specified in such notification if it had been submitted before Gate Closure for any Settlement Period to which it relates (and if any question arises in relation to this paragraph 5.2.4, such question shall be decided by the Panel whose decision shall be final and binding on all Parties).

5.2.5 For the avoidance of doubt the existence of ~~an~~an ~~ECVAA Notification System Failure~~Incident which is known to BSCCo shall constitute a material doubt as referred to in Section M3.4.3(a) in relation to all Trading Parties, except (in relation to a particular Trading Party) in a case where BSCCo is aware that such Party has not appointed any of the Volume Notification Agents affected thereby.

5.2.6 If any Contract Trading Party or Volume Notification Agent considers that:

- (a) ~~any~~ ECVAA Notification System Failure Incident has occurred which has not been notified under paragraph 5.2.1(b), or
- (b) the ECVAA has given notice under paragraph 5.2.1(c)(i) at a time at which the ECVAA Notification System Failure Incident has not ended, or
- (c) (in the case of such an agent, where paragraph 5.2.3 applies) that it was not but should have been informed that it is affected as described in that paragraph;

such Party or agent may so notify BSCCo, not later than the end of the Business Day following the day on which the Party or agent considers that the ECVAA Notification System Failure Incident occurred, or (in a case in paragraph (b)) after the day on which the ECVAA gave notice as therein mentioned.

5.2.7 Upon any Party or Volume Notification Agent giving notification to BSCCo in accordance with paragraph 5.2.6:

- (a) BSCCo shall:
 - (i) notify the ECVAA,
 - (ii) promptly investigate the matter, and
 - (iii) determine whether ~~any~~ ECVAA Notification System Failure Incident occurred, or whether the failure had ended, or whether such agent was affected, each as referred to in paragraph 5.2.7;
- (b) the ECVAA and upon request any Party or Notification Agent shall provide reasonable assistance to BSCCo in such investigation;
- (c) BSCCo shall promptly notify its findings to all Contract Trading Parties and Volume Notification Agents;
- (d) BSCCo's determination of such matters shall be final and binding for the purposes of this paragraph 5.2;
- (e) where BSCCo determines that ~~any~~ ECVAA Notification System Failure Incident has occurred, BSCCo may determine and notify the resubmission deadline at any time at which it appears to BSCCo that the ECVAA Notification System Failure Incident has ended.

5.3 ECVAA System Withdrawal

5.3.1 Where:

- (a) there occurs or has occurred ~~any partial~~
 - (i) any Notification System Incident involving the failure, breakdown or unavailability of the ECVAA System Failure ~~(that is, such a failure affecting which affects~~ some but not all Volume Notification Agents, and/or ~~affecting affects~~ only the ability of the ECVAA to receive or its ability to confirm receipt (as described in paragraph 5.1.1(c)) of Volume Notifications), and/or

- (ii) any failure ~~or~~ breakdown or unavailability of the ECVAA System affecting the ability of the ECVAA to provide information of invalidity of Volume Notifications within the timescales contemplated in paragraph 2.3.9(b) and 3.3.9(b)), and
- (b) the ECVAA or BSCCo determines (in its reasonable opinion) that, in order to minimise disruption to the smooth and efficient implementation of Contract Trading Parties' operations under this Section P and of Settlement, it is necessary:
- (i) to withdraw the ECVAA System from operation in order to remedy such failure ~~or~~ breakdown or unavailability and/or to implement the provisions of paragraph 5.2 (in the case of an ~~ECVAA System Failure~~incident giving rise to the application of such provisions); and
 - (ii) to do so earlier than might otherwise be done by way of planned BSC Agent Downtime in accordance with the Communications Requirement Document

then the ECVAA shall withdraw the ECVAA System from operation, for the purposes of remedying the failure ~~or~~ breakdown or unavailability and/or implementing the provisions of paragraph 5.2.

5.3.2 Where the ECVAA withdraws the ECVAA System from operation pursuant to paragraph 5.3.1:

- (a) the ECVAA shall, not later than the time of such withdrawal, give notice thereof to BSCCo specifying the time of such withdrawal;
- (b) the ECVAA shall restore the ECVAA System to operation as soon as reasonably practicable, having regard to the purposes (described in paragraph 5.3.1(b)) for which it was withdrawn from operation;
- (c) in order to enable Volume Notifications to be submitted to the ECVAA in respect of the period of withdrawal, paragraphs 5.1.1(~~fb~~) and 5.2 (excluding paragraphs 5.2.1(a), 5.2.3, 5.2.6 and 5.2.7) shall apply as if references in those paragraphs:
 - (i) to the ~~ECVAA Notification System~~ Failure Incident (or the start of such ~~failure~~incident) were to the withdrawal from operation of the ECVAA System;
 - (ii) to the end of the ~~ECVAA System Failure Notification System Incident~~ were to the restoration to operation of the ECVAA System.

ANNEX 2 – PROPOSED TEXT TO MODIFY BSCCO MEMORANDUM AND ARTICLES OF ASSOCIATION

Neither the original Modification nor the Alternative Modification would have any impact on the 'BSCCo Memorandum and Articles of Association'.

ANNEX 3 – BSC AGENT IMPACT ASSESSMENTS

Below is the ECVAA HLIA received on the 13th July:

NETA Change Form

To be completed by the Originator						
Change Request ID (to be provided by the Customer) P1 Logica reference: ICR116			Service affected BMRA/SAA/TAA/CRA/CDCA/ECVAA			
Change Request Name:			Extension Of The Definition Of ECVAA Systems Failure For Permitting Post Gate Closure Notification (Modification Proposal P1)			
Agreement by the customer to proceed to the next stage						
	High Level Assessment	Detailed Level Assessment	Change Quotation	Implement Change	Emergency Fix Report	Change Request under Clause 14.2 (delay)
Tick which stage is being requested	✓					
Signed by Customer Baseline Manager						
Signed by Customer Contract Manager						
Date of agreement to proceed to next stage					n/a	n/a
Date this stage to be completed by	12/07/01					
Configuration of Service(s) (baseline affected)						
Assumed Changes (over baseline)						
Priority		High/Medium/Low				
Identified by : Sandy Blows			Date Submitted:			
Description of Change See attached original P1 and separately attached Specification for Modification Proposal P1						
Reason for Change (benefits) See attached original P1 and separately attached Specification for Modification Proposal P1						
Implications of not making the change See attached original P1 and separately attached Specification for Modification Proposal P1						
Attachments/references		P1 (Version 2) appended to change form and P1 addendum attached separately				
Competition Item Yes/No/n/a		Reasons for Competition				
If Change Request made under Clause 14.2 (delay)		Required supporting information attached				

To be completed by the Service Provider				
	High Level Assessment	Detailed Level Assessment	Change Quotation	
Tick which stage is being completed	✓			
Signed by Service Provider Contract Manager				
Date	12/07/01			
Validity period of costs/prices	Change Quotation			
	Change		30 days	
Does the change involve any changes to the System or Services				Yes
Would the undertaking of a Detailed Level Assessment or Change Quotation delay the Trigger Milestone or the Planned Go-Live Date before Go Live or any Release Date after Go Live				N/a
If Yes – specify which Milestones/Release Dates would be affected	N/a			
Impact on any Milestones of incorporation of change	N/a			
Indicative impact on resources for Change incorporation	Phase of the work			
	Design	Build	Test & Trial	Operate
	Labour			
	Materials/3rd Party			
Impact on Service Levels	None			
Impact on IDD	Yes			
Price for Detailed Level Assessment				Indicative/firm
Price for Change Quotation				Indicative/firm
Price for Change	Between £209,500 and £314,250 (ex VAT) to develop and implement change			Indicative
	Between £3,200 and £4,850 (ex VAT) per month for O&M			Indicative

Assumptions for the above Price:

- This HLIA only covers the development and implementation of software changes for an automated solution to replace the current manual process
- Retrospective resubmission of contracts has not been assessed.
- In implementing this modification it will enable communications failures, and hence 'ECVAA system incidents' to occur that are under the control of individual participants.
- Logica will invoice 30% on receipt of CN or authorised start of work, 50% on completion of acceptance tests, 20% on deployment or one month after completion of testing, whichever is sooner.
- Price does not include provision for indexation of daily fee rates with effect from 1st April 2002. It is assumed all work within this quote will be completed by that date in accordance with the attached plan.
- The Service Description will have been updated by ELEXON and agreed with Logica prior to deployment.
- Only document updates will be submitted for review by ELEXON during the development of this change and a maximum of one working day has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in this price.
- Within reasonable levels, Elexon will make available appropriate staff to assist Logica during the development of this change
- As requested no allowance has been made for Elexon to witness testing.
- Regression testing will only be performed on our own system, with external interfaces being simulated as necessary. No allowance has been made for testing with external systems.
- The cost and durations provided in this DLIA assume that only the CP to which the estimate relates is being implemented. No account has been taken of any possible effects of implementing other changes.
- Any contractual implications have not been assessed and there has been no assessment of the effect on Service Levels. This HLIA assumes that there will be no new Service Levels.
- It is anticipated that if ELEXON require a DLIA, this will be carried out for a set of changes, and at that stage the timescale impact of implementing several changes can be included in the assessment.

If the change is to be incorporated after Go Live, is this change proposed to be a patch or release		Patch
If patch, expected time of incorporation		
If release - what release number	Release number	
Date	Release Date	

For High Level Assessment only – is it a Detailed Level Assessment Yes/No		If No, estimate of time and resources required to complete
Resources Required to undertake	Detailed Level Assessment	Change Quotation
Labour		
Materials		
Consequential amendments to base line:	<p>The current amnesty workaround relies on all participants being treated equally. With the proposal that amnesty could apply to individual participants, there is a need for an audit trail to record what has been allowed and for the process to be enhanced to allow it to apply to single agents. In addition, there may be multiple incidents with different amnesty start and end dates running at any one time. This leads to the need for an automated solution to replace the current manual process. (Note that this solution covers a system-wide amnesty and provides normal feedback as the back-dating of received notifications is automatically performed by the business loader – there is no need to suspend processing during the amnesty period).</p> <p>We have assumed that the basic rule is “any notification arriving in the range <start> to <end> is to be treated as if it had arrived at <start>”. A more sophisticated option to allow “any notification relating to range <start> to <end> may be submitted in the range <start2> to <end2> would require further assessment and would carry more business risk to implement.</p> <p>Retrospective application of the new rules could not be handled electronically and without any indication of the volume of change, we cannot provide a cost – the normal T&M rates would apply to entry of notification changes.</p> <p>Credit checking could not be applied while any agent was in an amnesty period as the effect of missing notifications from that agent could potentially affect the whole market. If this change leads to frequent incidents there is the potential that credit checks will never be active.</p>	
Proposed method of Change/ Work statement	Development activity Update IMServ LWI's and retrain staff in revised procedures.	
Proposed Plan for Change	The estimated time to complete the development of this change is 16 weeks.	
Has the customer has indicated this is a competitive change		No
	Service Provider Plan for competition	
	Risks/Constraints of competition	
	Service Provider plan for incorporation of change including testing	

	Documentation to be produced by Service Provider to enable competition according to plan above	
	Indicative costs of Service Provider role in competition	
For Change Notice only – to be completed by the Customer		
Basis for payment		
Agreed Customer Caused Delay: Yes/No		
If Yes, amount of delay		
Date Change to become effective.		Is this to be a Release Date? Yes/No
Other items as required under the Change Management Procedures		

ANNEX 4 – CORE INDUSTRY DOCUMENT IMPACT ASSESSMENTS

None commissioned.

ANNEX 5 – TRANSMISSION COMPANY ANALYSIS

The Transmission Company reported, verbally to ELEXON on the 12th July 2001, that implementation of either the original Modification or the Alternative Modification would have no impact on any of their systems or operations, or, on their ability to efficiently discharge their obligations under the Transmission Licence.

ANNEX 6A – RESPONSES TO INITIAL CONSULTATION – APRIL 2001

AQUILA ENERGY TRADING

From: Johnston, Alastair[SMTP:Alastair.johnston@utilicorp.com]
Sent: 18 April 2001 16:38
To: 'modifications@elexon.co.uk'
Subject: P1 Definitions Comments

Aquila would like to register its support for Modification Proposal P1:
Extension of the Definition of ECVAA Systems Failure for Permitting Post
Gate Closure Notification

Alastair Johnston
Analyst, Legal & Regulatory Affairs
Aquila Energy Limited
Tel: 020 7901 7993

ENTERGY

19 April 2001

MODIFICATION PROPOSAL P1

Extension of the definition of ECVAA systems failure for permitting post gate closure notification

Entergy Wholesale Operations (EWO) supports modification proposal P1 to extend the definition ECVAA systems failure. In line with Elexon's initial assessment of the proposal, EWO believes that detailed consideration is required regarding the definition of the boundary of the "ECVAA System". If participants are to be treated fairly and market distortions minimised, there should be consistency in the treatment of a participant's inability to submit contract notifications, regardless of whether this has been caused by a central systems failure or a communications failure. As outlined in modification proposal P1 the impact of a notification failure on imbalance prices could be significant, providing protection for participants against exposure to imbalance charges for a central systems failure but not a communications failure is both inconsistent and unfair.

With regard to the implementation date of the modification, EWO would not wish to see any participant adversely affected by a communications failure (*vis-à-vis* imbalance prices), should one occur, from the time of writing to consideration by the BSC Panel and ultimate implementation of the modification.

Melanie K Wedgbury

Senior Manager, Regulatory Affairs

Tel: 020 7337 8396

Fax: 020 7337 8207

E-mail: mwedg90@entergy.com

Entergy Wholesale Operations is a business name of Entergy Enterprises, Inc.

Incorporated with limited liability in the USA. Registration number FC019149

DYNEGY

Mr G Forrester

Elexon

Third Floor

1 Triton Square

London NW1 3DX

20 April 2001

Dear Gareth,

Modification Proposal P001: Extension of the Definition of the ECVAA Systems Failure for Permitting Post Gate Closure Notification.

Dynegy supports the proposed modification to extend the definition of the ECVAA systems failure to include the high grade service communication medium. Dynegy believe the definition of ECVAA system failure should be extended due to the high grade communication service being provided by one sole supplier, Energis, who currently has little incentive to maintain a high service levels. Parties themselves can not manage this risk of system failure themselves due to the monopoly nature of the service provider.

As a consequence of a lack of choice provided to BSC parties seeking high grade communication services Dynegy believe Energis, the monopoly supplier, must support the service it provides. As a means for Energis to be responsible for the telecommunication service it provides to BSC parties, it should be exposed to the cost of communication failure and this should be considered as part of this modification. By extending the definition of ECVAA systems failure, Energis would be encouraged to provide efficient telecommunication services due to being vulnerable to the financial costs that arise through a communications failure. The risk of failure would no longer sit with the parties unable to manage the risk, the BSC party.

The extension of the ECVAA system failure would better fulfil the relevant BSC objectives by improving the efficiency in the market and facilitate trading through an incentivised means to provide efficient telecommunication services by Energis. An efficient telecommunication service would also help NGC to efficiently discharge their licence obligations, by reducing the probability of communications failure that prevent BSC parties making their notifications.

Yours sincerely

Lisa Waters (Senior Regulatory Analyst)

EDF

Please find below some brief comments on behalf on EdF and EdF Trading on the above mentioned modification proposals.

P1 - This mod is to extend the definition of an ECVAAs Systems Failure to include the Communications Systems as well and, as such, to allow Post Gate Closure Notification for such an event. This seems to be reasonable request. It's certainly no fault of the parties and should be treated in the same way as a Central Systems failure. The idea of retrospection needs to be considered carefully, mainly because it could cause later changes in Settlement, but it is difficult to see the advantage of retrospection in this instance.

TXU

Gareth Forrester

Modifications Manager

Elexon Ltd

3rd Floor

1 Triton Square

London, NW1 3DX

20 April 2001

Dear Gareth,

Modification Proposal P1: Extension of the Definition of ECVAAs Systems Failure for Permitting Post Gate Closure Notification

Thank you for the opportunity to comment on the above modification proposal. TXU Europe Energy Trading Ltd (hereafter TXU) would like to make the following initial comments on behalf of all TXU Europe companies.

TXU fully support this modification proposal. We believe that the current procedures are insufficient and should be extended to cover situations where there is a failure of the High Grade communications service. Such a failure is beyond the control of participants and therefore should not be classed as a failure to make contract notifications where the participant has attempted to do so.

TXU will provide a more detailed response to this modification at the report stage.

Yours sincerely

Nicola Lea

Market Development Analyst

TXU Europe Energy Trading Limited. Registered Office: Wherstead Park, Wherstead, Ipswich, Suffolk, IP9 2AQ England.

Registered in England No. 3116221.

SEEBOARD

From: Fraser, Sue[SMTP:SFraser@seeboard.com]

Sent: 20 April 2001 13:16

To: 'modifications@elexon.co.uk'

Subject: P1 Definition Comments - Seeboard Response

Seeboard's comments on Modification Proposal P1 are as follows:

It is in the interests of all industry participants that all contracts between parties are known to central settlement and accounted for. Since the performance standard of the ECVAA is outside the control of participants there is already an arrangement whereby upon a failure of the ECVAA service post gate closure notifications are allowed. Similarly, the availability of the Communications routes to all the Central Services are provided by Logica with only high or low-grade service options. Even if you choose the high-grade route there is no compensation due should it fail and your business loses money as a result. It is illogical therefore to allow post gate closure notifications for one type of failure and not for the other when there is nothing we as participants can do to influence performance.

We support this proposal though there may need to be clarifications to ensure that:

- 1) Failures of Communications links are confirmed in some way and do not become a route to achieving regular post gate closure notifications for commercial reasons. i.e. Seeboard would expect that in the event of a failure there would be procedures that would limit the potential for a party to gain any commercial advantage, i.e. they would be required to advise of the failure immediately and within the gate closure period.
- 2) There may need to be some definition of the precise boundary of the communications network that a failure would lead to post gate closure notifications (e.g. it is now possible to obtain a standby router for the Logica high grade comms and so we can affect performance to that point).

Sue Fraser

for Dave Morton SEEBOARD

AXIA

20 April 2001

MODIFICATION PROPOSAL P1

Extension of the definition of ECVAA systems failure for permitting post gate closure notification

Axia Energy Europe Limited, the European marketing and trading arm of Entergy-Koch, LP (AEEL), seconds the comments of Entergy Wholesale Operations submitted by Dr Wedgbury on 19 April 2001 respecting this Modification Proposal. Inasmuch as the central and communications systems are inarguably imperfect, and the failure to allow for failure potentially catastrophic, AEEL cannot overstate the importance of Modification Proposal P1.

The concern that Modification Proposal P1, if implemented retrospectively as submitted, "could effect already established liabilities" is a classic red herring. The proper question is not whether to alter established liabilities, but whether to create liability by not acting retrospectively. AEEL notes the industry identified the problem promptly and submitted the modification proposal coincident with NETA Go-live. Absent retrospective implementation, market participants may incur (or are incurring) incalculable liability risks they could not have prevented through diligence or hedged in an exchange. A market system that creates liability where no responsibility exists would be a unique concept in modern law indeed.

William C. Pitcher

Director, Legal & Regulatory Affairs

Axia Energy Europe Limited

Equitable House

47 King William Street

London EC4R 9JD

020 7337 8419

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SCOTTISH & SOUTHERN

BSC Modification Proposal P1: Extension of the Definition of ECVAA Systems Failure for Permitting Post Gate Closure Notification

Definition Comments From Scottish and Southern Energy (SSE)

Summary

SSE's view is that this Mod raises many important issues that need to be reviewed and, therefore, supports moving forward to the assessment stage.

Presentation of Comments

According to the consultation notice, comments are provided which focus on the following areas on which the Mods Group is to report to the Panel:

- assessment of the issues raised by the Proposed Modification and implications for the Applicable BSC Objectives;
- whether we should move forward on to the assessment stage.

Issues Raised by P1

P1 raises many significant issues, all of which need to be reviewed. In particular we think it is important that:

- the real benefits (both to the Industry as a whole and to individual participants) of having high grade links into the centre are identified and justified;
- the cost of having a high (compared to a low) grade link justifies this benefit;
- the incentives on participants lead them to make the most efficient choice of high or low grade link;
- the incentives on service providers (both central systems and comms) are appropriate for the efficient provision, operation and maintenance of the service;
- the measures to deal with central systems and/or comms failures are proportionate, and do not lead to perverse incentives.

Should We Move Forward to the Assessment Stage?

Yes.

Iam (20/4/01)

NORTHERN ELECTRIC

20th April 2001

Modifications

ELEXON

3rd Floor

1 Triton Square

London

NW1 3DX

Dear Sir

Modification Proposal P1:

Extension of Definition of ECVAA Systems Failure for Permitting Post Gate Closure Notification

Northern Electric welcomes the opportunity to comment on the modification for the Extension of Definition of ECVAA Systems Failure for Permitting Post Gate Closure Notification.

Having considered the options outlined in the 'Initial Assessment of Modification Proposal P1', Northern Electric strongly supports Modification Proposal P1 and also supports the proposal that the modification is applied retrospectively from March 27th 2001.

We support this modification because a communications failure is equal to a central system failure in that they both frustrate contract notifications. We believe it is unfair that a member is protected from imbalance charges through ECVAA recovery procedures in the event of a central system failure but not in the event of a communications failure.

Yours faithfully

Lesley Mulley
Industry Communications Manager

SCOTTISH POWER

From: NETA_SPOC[SMTP:NETA_SPOC@Scottishpower.plc.uk]
Sent: 20 April 2001 16:16
To: 'Modifications@elexon.co.uk'
Subject: RE: CONSULTATION ON MODIFICATION PROPOSALS P1, P2, P4 and P5

ScottishPower has reviewed Modification Proposals P1, P2, P4 and P5, and supports all of these proposed changes.

Regards,

Steve Field
Calanais for ScottishPower
Design Authority, Deregulation Services
Int - 700 2313 Ext - 0141 568 2313
<http://asg.scottishpower.plc.uk> (Intranet)

ANNEX – 6B ASSESSMENT PROCEDURE CONSULTATION RESPONSES – JULY 2001

British Energy Power and Energy Trading, British Energy Generation, Eggborough Power Ltd

I agree with the proposed changes.

How much notification do you require? 4 weeks.

Do the changes stated impact your organisation? Yes

Comments:

We agree with the extension to cover the links but would not support retrospective implementation. Systems impact would depend on exactly what process is put in place for back fitting data. Likely to be as much process as systems though.

Rachel Ace

10 July 2001

London Electricity

From: Walker Rachel[SMTP:Rachel_Walker@londonelec.co.uk]

Sent: 12 July 2001 15:32

To: 'ccc@elexon.co.uk'; 'modifications@elexon.co.uk'

Subject: P1 Consultation/Assessment

London Electricity supports modification P1 to extend the definition of 'ECVAA System Failure' to that of 'ECVAA Service Incident'. This will allow for more certainty within the market and therefore it will encourage participation in the market.

We support making the modification effective from its submission date of 27 March 2001 and approve of Elexon making the suggested checks to ensure that any potential mis-use is prevented. If retrospection was approved then we suggest a 10 working day deadline from implementation to allow parties to submit any affected notifications.

The stated changes do not impact on our organisation's systems.

Regards,

Rachel Walker

SEEBOARD

I agree with the proposed changes.

How much notification do you require? None

Do the changes stated impact your organisation: Yes

Comments:

'ECVAA Service Incident' is a better description. Proposed definition of an 'ECVAA Service Incident' seems to describe all the possibilities.

The proposed extension to the definition of the ECVAA System captures the additional communications infrastructure elements.

Seeboard is strongly opposed to modifications being applied in a retrospective manner.

The two security measures suggested, used together, would provide a reasonable degree of protection against potential misuse.

Any genuine examples of communications outages should be well documented by the participants involved and so a period of 5 days seems appropriate, however Seeboard remains opposed to the retrospective application of this change.

Seeboard supports this change (without retrospective application) and has no alternative proposals.

Dave Morton

12TH July 2001

Yorkshire Electricity

Yorkshire Electricity agrees to the change proposal. If you have any queries, please let me know.

Cheers,

Emma Coates

Business Analyst, Supply Design Authority

Information Systems Services

Yorkshire Electricity

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Npower Direct Ltd (NDL) & Npower

I agree with the proposed changes.

How much notification do you require? None

Do the changes stated impact your organisation? No

Helen Lees

12 July 2001

Western Power Distribution

I agree with the proposed changes.

How much notification do you require? None

Do the changes stated impact your organisation? No

Graham Smith

04/07/01

Siemens Metering DataCare

I agree with the proposed changes.

How much notification do you require? None

Do the changes stated impact your organisation? No

Victoria Riley

(On behalf of Siemens Metering DataCare)

2 July 2001

ScottishPower / Manweb

I agree with the proposed changes.

How much notification do you require? 30 days

Do the changes stated impact your organisation? Yes

David Nawrath

12th July 2001