Stage 03: Attachment A: Detailed Assessment for P257

P257: Removal of the concept of Trading Queries

What stage is this document in the process?

- 01 Initial Written Assessment
- 02 Definition Procedure
- 03 Assessment Procedure
- 04 Report Phase

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About this document:

This is Attachment A to the Assessment Consultation/Report. This attachment provides additional information on P257, including details of the Modification Group's discussions.

Any questions?

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1 Background

The Trading Disputes Process and review 2009

The main document provides details of the reason for the Trading Disputes process review, this section summarises the objectives and all the recommended outcomes, which are being taken forward via a CP or by P256, P257 or P258.

Review objectives

The objective of the review was to identify changes to the existing process that will deliver a robust service to the industry to enable Parties to rectify settlement errors in a prompt and cost effective manner; and make the process more visible. The main aim of the review was to make the process simpler, clearer and more efficient.

Outcomes of the Trading Dispute Process review

The TDC agreed that 12 of the Trading Disputes Review Group's recommendations for change should be taken forward in order to improve the efficiency and streamline the current process. Table 1 shows the 12 recommendations and the relevant Modification it is be progressed under or whether it will be taken forward by a Change Proposal (CP).

Recommendation	recommendation progressed via:
Give the TDC power to approve all rectification approaches	P256
Part Agent inclusion in the Trading Disputes Process	P258
Change to the SVA HH Query Deadline	P256
Introducing the requirement to claim exception circumstances	CP
Clarification around settlement error definition	P256
Increasing the Disputes Materiality Threshold	CP
Allow ELEXON to close Trading Disputes that do not meet the three Disputes criteria	P257
Give the TDC the authority to extend the end dates of Disputes	P256
Removal of the concept of Trading Queries	P257
Changes to the BSCP11 Forms	CP
Affected Party identification	CP

Further details on the Trading Disputes process review can be found here.

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2 Terms of Reference

The P257 Modification Group consisted of members of the Governance Standing Modification Group (GSMG), supplemented by members involved in or who responded to the Trading Dispute review and consultation.

Table 2 lists each Terms of Reference considered by the P256 Modification group, a summary of their initial conclusions and where full details of the group's discussion and conclusions are documented.

Table 2 – P257 Assessment Procedure Terms of Reference

Area of Terms of Reference	Group's initial conclusions:	See:
The effect of the Modification on Applicable BSC Objective (d) and any other relevant BSC Objective(s).	The Group initially unanimously agrees that P257 better facilitates applicable BSC Objective (d) and should be approved	Main Document section 7.
Whether the Modification Group supports the TDCs proposed solution to the identified defect.	The Group initially unanimously supports the P257 Proposed solution as recommended by the TDC.	Main document, section 7
Whether there is any alternative Modification which would better facilitate the achievement of the Applicable BSC Objectives in relation to the identified issue or defect.	The Group did not identify any alternative solutions that would be better than the Proposed.	Main document, section 4
The most appropriate implementation approach for the Modification.	The Group is recommending an implementation approach that will provide Parties with a clear date between the old and new process, if approved, to avoid the need for a run-off of the old Query process.	Main document section 6
The most appropriate legal drafting to deliver the solution	See Attachment B for the Proposed legal text, which the Group agrees will deliver the P257 proposed solution	Attachment B
Whether there is value in keeping the Trading Query Process	The Group concluded that there is no value in keeping the existing Query process since the analysis and investigation involved in progressing a Query is effectively a facsimile of that required for a Trading Dispute.	Main document, section 7

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3 Modification Group's Discussions

The Group was supportive of the P257 Proposed Modification paying particular attention to the areas of the proposed solution as detailed below.

Removal of Trading Queries

The original purpose of Trading Queries

One Group member commented that the original purpose of Trading Queries was to determine if it was a Dispute. However, based on the current situation the process does not work like that.

This view was supported by ELEXON explaining that Trading Queries involve a varying amount of forensic effort to investigate the settlement error that they relate to. This effort is equivalent to that required of a Trading Dispute. In fact, the Trading Query and Trading Dispute investigation, validation and determination process is practically identical. Further, the Group noted that the existence of both Trading Queries and Trading Disputes necessitates some administrative step[1] to progress Trading Queries to Trading Disputes that add no value to the TDC, ELEXON or Parties.

The Group observed that having the labels of Trading Queries and Trading Disputes adds confusion to the existing processes. They are essentially the same and involve the same amount of effort to progress.

Conclusion

The Proposed Modification streamlines the resolution of settlement errors by removing duplication and removing any confusion between what constitutes a Trading Query is and what should be considered as a Trading Dispute.

ELEXON close invalid disputes

How will affected Parties know when ELEXON closes an invalid Trading Dispute?

The Group was supportive of allowing ELEXON to close an invalid Disputes, but questioned how an affected Party would know that it had been closed. A group member commented that the Party most affected by the Dispute would be the Raising Party and will have consented to the closure. Further still other identified affected parties, as detailed on the Dispute form will also be informed if it is invalid and will have an opportunity to dispute it before it is then closed,

For affected Parties that have not been identified on the Dispute form, they will be able to see the details of the close dispute on the Register of Determinations that is published on the BSC website. Also as part of the proposed solution ELEXON will provide a report to the TDC showing when and how many invalid Disputes ELEXON have closed.

Conclusion

The issue around how affected Parties will know that ELEXON has closed an invalid Dispute is resolved through the affected Parties identified, on the Dispute form, being informed of the closure. Any unknown affected Parties will be able to see the details of the

[1] e.g. converting a Query into a Dispute involves the completion of certain BSCP11 forms by ELEXON, the raising Party then provides an acceptance confirmation. If it is an ELEXON raised Query, ELEXON has to send a notification to itself that the Query has been converted into a Dispute to meet the requirements of the BSCP11 process steps.

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reasons for closure on the Register of Determinations which is published on the BSC website.

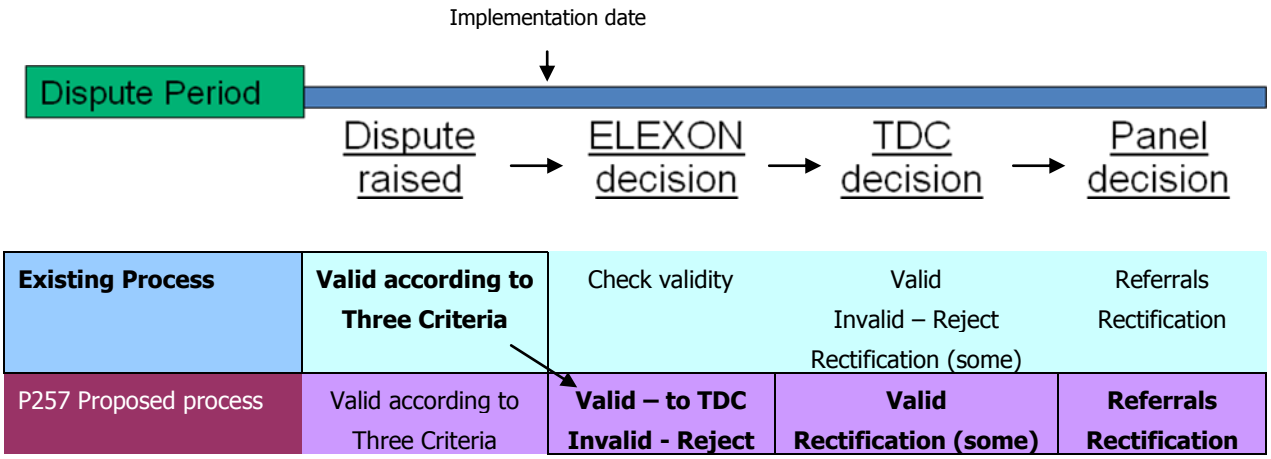
Implementation Approach

Why have a clear implementation date for the cut over to the new P257 process?

The Group discussed the best method to implement P257, as explained in the Main document, section 6, with the majority of the Group supporting the need for a clear implementation date for when the existing processes would switch over to the processes introduced by P257.

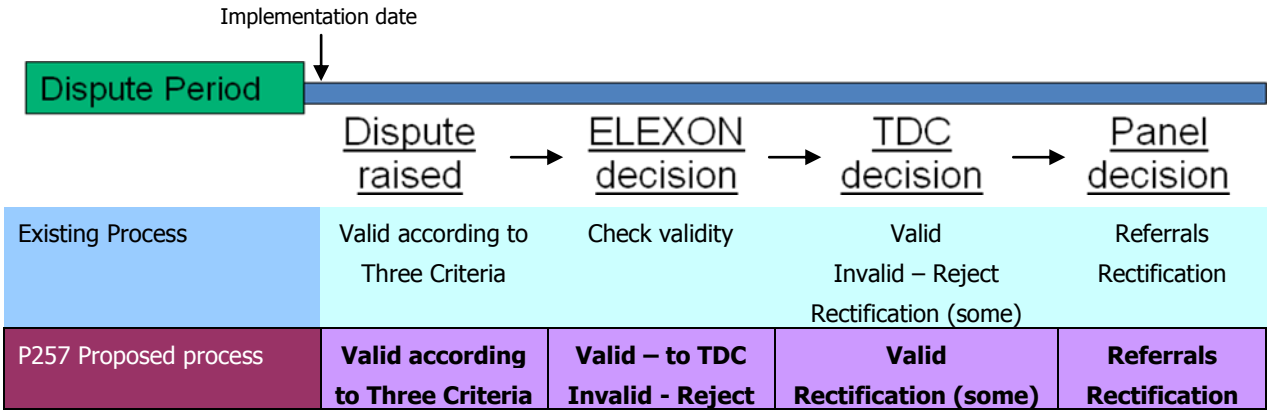
The diagrams below provide examples of what process would apply based on when the Dispute was raised in relation to the implementation date:

Diagram 1: Invalid Dispute raised just prior to implementation



In this example a Dispute raised just before implementation which was then processed by ELEXON after implementation, would follow the old process of submission, but would switch tracks to the new P257 process and would be rejected and closed by ELEXON, rather than be taken to and closed by the TDC.

Diagram 2: Dispute raised after implementation



In this example the Dispute is raised after the P257 has been implemented. Therefore its progression follows the P257 Proposed process.

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Why not have the changes take effect on a Settlement Day?

A member of the Group questioned why the implementation of P257 should not take effect on a particular Settlement Day (i.e. the process and governance to be followed would be based upon either the date that the Dispute was raised or the Settlement Days that were the subject of the Trading Dispute).

The Group considered this, and had the view that having the changes take effect on a particular Settlement Day, would be more problematic on the grounds that:

- You would need a run-off period with the existing and proposed processes running in parallel. This would need to occur as any Query or Dispute raised in relation to Settlement Days leading up to the day the change was implemented would have to be progressed under the old process. Any Disputes raised on or after the implementation date would then be progressed under the new process.

  Both processes, including the forms and mechanisms to support them, would need to be available and documented. This would cause confusion among Parties regarding which process a Dispute they wanted to raise would follow.

- The other extreme possibility of having P257 implemented in this way is that no Disputes are raised in relation to the new process for a 14 month period between SF and RF as Parties would be able to resolve any errors in this time without having to raise a Dispute.

Conclusion

The Group concluded having a clear implementation date where the old process stops and the process introduced by P257 would start, would overall be more efficient and effective. A Group member raised a further point to support this, in so far that this was consistent with previous Modifications of this type.

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Arguments for and against the Applicable BSC Objectives

Section 7 on the main document provides a summary of the arguments for and against the P257 proposed solution in light of the applicable BSC objectives.

Table 3 provides the arguments for and against the Proposed solution respectively and how each in turns relates to the applicable BSC Objectives.

Table 3 Views For and Against P257 Proposed

Area of discussion	Views for P257 Proposed	Views against P257 Proposed
Removal of Trading Query	Increases Efficiency of the overall process by removing duplication in the Trading Query and Trading Disputes processes and avoiding the administrative effort involved in commuting Trading Queries to Trading Disputes. - Objective (d) The Proposed Modification makes the Trading Disputes process easier to understand by removing potential confusion between Trading Queries and Trading Disputes so as to help Parties make best use of the process - Objective (d) It will be a quicker and shorter process, which will mean if there is a settlement error, they are resolved more efficiently - Objective (d)	None
ELEXON to close invalid Trading Disputes	Streamlines the process, enhancing the effectiveness of ELEXON and the TDC, because time will be saved by: • ELEXON not taking clearly invalid Disputes for closure; and • the TDC not spending time making decisions to close clearly invalid Disputes - Objective (d)	

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5 Timetable and Responsibilities

The three Trading Dispute Review Modification Proposal (P256, P257 and P258 were progressed in tandem with shared Modification Group meetings and assessment costs.

Table 4 – P256, P257 and P258 Planned Assessment Timetable

Date	Assessment Activity
08/04/2010	BSC Panel raises P257 on the recommendation of the TDC
19/04/2010	Modification Group holds first joint meeting for P256, P257 and P258
19/05/2010	ELEXON issues P257 Assessment Consultation documents for industry consultation and for Transmission Company impact assessment
04/06/2010	Participants return Assessment Consultation responses and Transmission Company return impact assessment
14/06/2010	Modification Group holds its second meeting for P256, P257 and P258
02/07/2010	ELEXON submits the Group's P257 Assessment Report to the Panel
08/07/2010	ELEXON presents the Grop's P257 Assessment Report to the Panel

Table 5 – Estimated P256, P257 and P258 progression costs up to an Authority decision

Meeting Cost	External legal/ Expert Cost	BSC Agent impact assessment cost	ELEXON resource
£1,500	£0	£0	44 Man Days, equating to £10,140

Table6 – P256, P257, P258 Modification Group Attendance

Member	Organisation	19/04/2010	
Adam Richardson	ELEXON (Chairman)	✓	
David Barber	ELEXON (Lead Analyst)	✓	
Eric Graham	TMA	✓	
Esther Sutton	E.ON	✓	
Tim Roberts	Scottish Power	✓	
Andrew Colley	Scottish and Southern Energy	X	
Graham Smith	Western Power Distribution	✓	
Martin Mate	EDF Energy	✓	
Attendee	Organisation		
David Ahmad	ELEXON (Lawyer)	✓	
Jonna Piipponen	ELEXON (Operational Support)	✓	

Where can I find other P257 documents?

Visit the P257 page of ELEXON's website here

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