

Reference: P210/MPU



5 February 2007

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Dear Mark

Request for Urgency for Modification Proposal P210 'Revisions to the Text in Section P related to Single Notifications of Energy Contract Volumes and Metered Volume Reallocations'

In accordance with the procedures set out in Section F2.9 of the Balancing and Settlement Code (the Code), BSCCo has recommended that Modification Proposal P210 'Revisions to the Text in Section P related to Single Notifications of Energy Contract Volumes and Metered Volume Reallocations' should be progressed as an Urgent Modification Proposal and this is also the view of the BSC Panel.

P210 was raised by the Panel on 5 February 2007. I am therefore writing to seek the Authority's approval for urgency and endorsement of the process and timetable to be followed in respect of this proposal.

Copies of Modification Proposal P210 and its two Attachments are attached to this letter.

P210 seeks to remove ambiguity in the Code and potential for misinterpretation in relation to the process of contract notifications. There are a number of areas of potential ambiguity:

1. Effect of an overwrite notification on Settlement Days beyond its Effective To Date;
2. Part day overwrites of notifications;
3. Business validation of notifications;
4. Request from Parties and Agents not to receive notification of validation failures; and
5. Refusal and rejection of notifications for credit reasons.

Additionally P210 seeks to correct an erroneous cross reference in the Code.

Need for Urgency

The potential for misinterpretation of Section P of the Code introduces an element of risk into the operation of the Trading Arrangements. As the ECVNs and MVRNs are used to produce a BSC Party's final contract position upon which Settlement is based, uncertainty, ambiguity or misinterpretation could result in significant commercial impact on BSC Parties. Any error in the contract positions notified by Parties would have a potentially large impact on their Trading Charges. It is therefore

important that Parties should have absolute confidence that notifications which are submitted by their Agents will be interpreted in Settlement in the manner they expect. Doubt in relation to these matters, or any change in current conventions, interpretation or practice could undermine confidence in the contract notification mechanism and create uncertainty. The Panel therefore recommends that the Proposed Modification is progressed as an Urgent Modification Proposal to minimise this period of time in which industry is exposed to this increased risk and uncertainty.

P210 Proposed Process and Timetable

The proposed process and timetable that would be adopted if this Modification Proposal were to be treated as Urgent is set out in the table below. The aim would be to submit an Urgent Modification Report in respect of P210 to the Authority on 15 March 2007. There are two meetings of the Modification Group proposed as part of this process and these meetings will be convened around the confirmed dates in the timetable.

Modification Group Meeting 1 – Agree issues/consultation documentation	TBC
Proposal issued for consultation (by close of business)	14/02/2007
Consultation Responses due back	28/02/2007
Modification Group Meeting 2 – Consider consultation responses and formulate arguments for the draft Urgent Modification Report	TBC
BSCCo to draft Urgent Modification Report	02/03/2007
Distribution of draft Urgent Modification Report for comment (By close of business)	05/03/2007
Final industry comments received	09/03/2007
Panel provided draft Urgent Modification Report	12/03/2007
Panel Meeting to decide on Final Recommendations in Urgent Modification Report	14/03/2007
Final Urgent Modification Report to the Authority	15/03/2007

Decision Required

You are invited to confirm whether the Authority agrees that Modification Proposal P210 should be treated as an Urgent Modification Proposal and, if so, to direct the process and timetable to be followed. Given the proposed timetable and need to convene the first meeting of the Modification Group I would be grateful if you could reach a timely decision on this matter.

Yours sincerely

Laone Roscorla
Panel Secretary

List of Enclosures

Modification Proposal P210