

91/005



ASSESSMENT REPORT for Modification Proposal P184 Clarification of BSC Section W in relation to the application of the Query Deadline to Trading Queries/Disputes

Prepared by: ELEXON on behalf of the Disputes Processing Modification Group (the 'Group')

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This document has been distributed in accordance with Section F2.1.10¹ of the Balancing and Settlement Code.

RECOMMENDATIONS

The Group invites the Panel to:

- **AGREE that Proposed Modification P184 should be made;**
- **AGREE a provisional Implementation Date for Proposed Modification P184 of 2 November 2005 if an Authority decision is received on or before 2 August 2005, or 22 February 2006 if the Authority decision is received after 2 August 2005 but on or before 25 October 2005;**
- **AGREE that Modification Proposal P184 be submitted to the Report Phase; and**
- **AGREE that the draft Modification Report be issued for consultation and submitted to the Panel Meeting of 12 May 2005.**

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¹ The current version of the Balancing and Settlement Code (the 'Code') can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as the Group has been able to assess, the following parties/documents are potentially impacted by Modification Proposal P184.

Parties	Sections of the BSC	Code Subsidiary Documents
Suppliers <input checked="" type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Transmission Company <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Service Lines <input type="checkbox"/>
Interconnector <input checked="" type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Distribution System Operators <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Non-Physical Traders <input checked="" type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents		
	H <input type="checkbox"/>	MIDS <input type="checkbox"/>
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Core Industry Documents
Data Collectors <input type="checkbox"/>	J <input type="checkbox"/>	Grid Code <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	K <input type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
ECVNA <input type="checkbox"/>	L <input type="checkbox"/>	Ancillary Services Agreements <input type="checkbox"/>
MVRNA <input type="checkbox"/>	M <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
BSC Agents		
SAA <input type="checkbox"/>	N <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
FAA <input type="checkbox"/>	O <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	P <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
ECVAA <input type="checkbox"/>	Q <input type="checkbox"/>	Settlement Agreement for Scotland <input type="checkbox"/>
CDCA <input type="checkbox"/>	R <input type="checkbox"/>	Distribution Codes <input type="checkbox"/>
TAA <input type="checkbox"/>	S <input type="checkbox"/>	Distribution Use of System Agreements <input type="checkbox"/>
CRA <input type="checkbox"/>	T <input type="checkbox"/>	Distribution Connection Agreements <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	U <input type="checkbox"/>	BSCCo
SVAA <input type="checkbox"/>	V <input type="checkbox"/>	Internal Working Procedures <input checked="" type="checkbox"/>
BSC Auditor <input type="checkbox"/>	W <input checked="" type="checkbox"/>	Other Documents
Profile Administrator <input type="checkbox"/>	X <input type="checkbox"/>	Transmission Licence <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
MIDP <input type="checkbox"/>		
Other Agents		
SMRA <input type="checkbox"/>		
Data Transmission Provider <input type="checkbox"/>		

X = Identified in Report for last Procedure
N = Newly identified in this Report

1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Modification Proposal P184 'Clarification of BSC Section W in relation to the application of the Query Deadline to Trading Queries/Disputes' ('P184') (Reference 1) was raised on 14 January 2005 by the Balancing and Settlement Code (BSC) Panel (the 'Panel'), on the recommendation of the Trading Disputes Committee (TDC) (Reference 2). The issue was originally highlighted at the December meeting of the TDC.

The P184 Initial Written Assessment (IWA) (Reference 3) was presented to the Panel on 10 February 2005; the Panel determined that the proposal should be submitted to a two-month Assessment Procedure conducted by the Disputes Processing Modification Group (the 'Group'). The Panel agreed that this Group should comprise members of existing Standing Modification Groups and the TDC. It was also agreed that P184 be progressed in parallel with Modification Proposal P185 'Redrafting of BSC Sections U and W in relation to clauses pertaining to the processing and rectification of Trading Queries/Disputes' (Reference 4).

The Group convened for the first time on 21 February 2005 to discuss the issues raised by the proposal. An industry consultation was issued on 8 March 2005; the responses were discussed at the second meeting of the Group on 23 March 2005.

1.2 Proposed Modification

This Modification Proposal seeks to clarify perceived areas of ambiguity in Section W of the Code, which relate to the application of the Query Deadlines in relation to Trading Queries/Disputes. P184 proposes to clarify Section W of the Code with regard to:

- The perceived duration of a settlement error; and
- The Query Deadline in relation to a Settlement Period and the process followed when only part of a Trading Query is deemed to have been raised within the Query Deadline.

It was envisaged in the Modification Proposal that further exploration of these matters under the Modification Procedures may lead to consequential changes to other areas of the Code and/or of Balancing and Settlement Code Procedure (BSCP) 11 'Trading Queries and Trading Disputes'.

It is the view of the Proposer that P184 would improve the clarity of the Code and thereby eliminate scope for ambiguity in the interpretation of the affected clauses. As such, the Proposer believes that P184 would better facilitate the achievement of Applicable BSC Objective:

(d) "Promoting efficiency in the implementation and administration of the balancing and settlement arrangements".

1.3 Issues Raised by the Proposed Modification

This section outlines the discussions of the Modification Group regarding the following issues raised by the Proposed Modification:

- Duration of a Settlement Error and Definition of the Query Deadline in relation to a Settlement Period;
- Process to be followed when only part of a Trading Query is deemed to have been raised within the Query Deadline;

- Clarification of the Trading Query Validation Procedure; and
- Rectification of the Query Validation Procedure.

A summary of the Group's views regarding the cost-benefits of the Proposed Modification and its merits against the Applicable BSC Objectives can be found in section 1.4 of this document.

1.3.1 Duration of a Settlement Error and Definition of the Query Deadline in relation to a Settlement Period

The current drafting of the Code is unclear on the duration of a settlement error and its relation to Trading Queries and Trading Disputes. Two interpretations are possible:

- A settlement error is considered to exist based upon the entire Trading Query which may relate to several Settlement Periods; and
- A settlement error is considered to exist on a per-Settlement Period basis.

The Group considered the correct determination of the duration of a settlement error and concluded unanimously that, whilst a single Trading Query and/or Trading Dispute could relate to several Settlement Periods and the root cause of the settlement error could persist for a number of Settlement Periods, the settlement error itself related to only one Settlement Period. In light of this, the Group were of the unanimous view that the Query Deadline should also be defined in relation to an affected Settlement Period and not in terms of the Trading Query as is outlined in the current drafting of the Code. It was also agreed that clarification of these issues would require changes beyond those in W3.2.2 initially outlined in the Modification Proposal. Specifically, clarification in Sections W3.4.3 and 3.4.4 that the determination of the TDC relates to each affected Settlement Period and not a Trading Query / Trading Dispute would be required. The Group walked through and was satisfied with the draft legal text relating to this issue.

1.3.2 Process to be followed when only part of a Trading Query is deemed to have been raised within the Query Deadlines

The Code currently states that in relation to Trading Queries, all affected Settlement Periods claimed must be raised within the Query Deadline. It may be interpreted from this that the entire Trading Query is void if just one of the Settlement Periods is outside of that deadline. It was the Group's unanimous conclusion that clarification should be made to reflect that in the event the TDC decide at the Trading Query stage that the Query Deadline had not been met by certain affected Settlement Periods, that decision would represent a determination of the TDC in respect of those Settlement Periods only i.e., only those Settlement Periods outside of the Query Deadline should be rejected as a consequence of the Query Deadline, rather than the entire Trading Query. The Group walked through and was satisfied with the draft legal text relating to this issue.

1.3.3 Clarification of the Trading Query Validation Procedure

The current drafting of the Code states that the BSCCo validates a Trading Query against three criteria:

- Timeliness i.e., whether it has been raised within the Query Deadline;
- Whether a settlement error actually exists; and
- Whether the materiality of the Trading Query is above that amount specified in BSCP11 (currently set at £500 for the whole Trading Query).

The BSCCo may then instruct an adjustment to Settlement if these criteria are wholly satisfied, provided that the TDC agrees on the timeliness of the Trading Query.

The Group agreed that there may be circumstances where it would be inappropriate for the BSCCo to validate a Trading Query and that in these circumstances, validation should be conducted by the TDC. Therefore, it was the Group's unanimous conclusion that the Code should be clarified to specify that the BSCCo's validation of Trading Queries is optional and that the BSCCo may decide to forward the Trading Query to the TDC.

The Group noted the legal advice that the procedure for Trading Queries raised by the BSCCo is not dealt with adequately, and considered whether the BSCCo should validate Trading Queries it has raised. It was the Group's unanimous conclusion that the BSCCo should not validate Trading Queries which it has raised. It was felt that where Trading Queries were raised by the BSCCo, they should automatically be raised to a Trading Dispute, whereupon the TDC would make the determination.

Following the BSCCo's findings that a Trading Query has not met all the validation criteria, irrevocable acceptance of these findings is currently required from the relevant Party via a BSCP form. The Group felt that this should extend to 'all affected Parties', rather than the 'relevant Party' alone. This is in order to recognise that there may be an affected Party other than the raising Party which would benefit from resolution of the Trading Query. Alternatively, such a Party may be adversely affected by the resolution of a Trading Query that the Party should have the right to require that the Trading Query proceed to a Trading Dispute.

It was noted by the Group that the concept of an 'affected Party' already exists within the Code and operational practice. In order to provide clarity and transparency, the Group agreed that further information should be provided to industry with regard to how the BSCCo, in conjunction with TDC, decides who would be notified as an affected Party. However, it was unanimously agreed by the Group that further clarification within the Code on what constitutes an affected Party would not be required, as this is out of scope of the Modification.

The Group walked through the draft legal text relating to this issue and were satisfied, with one exception. The draft legal text stated that affected Parties must give their irrevocable acceptance to the BSCCo that a Trading Query should not proceed any further if the BSCCo state that the criteria have not been met; if they do not do this then the Trading Query would automatically escalate to being a Trading Dispute. The Group noted that this may create unnecessary effort if for example, all but one of the affected Parties notified the BSCCo of their irrevocable acceptance, and the one Party merely missed the response deadline. It was the view of the Group that the Code should present the opposite case i.e. a Trading Query will not proceed any further unless an affected Party wishes it to do so. The draft legal text has been amended to address this concern.

1.3.4 Rectification of the Query Validation Procedure

It has been highlighted by the TDC that a large amount of responsibility for the validation of Trading Queries has been transferred to the BSCCo. This in turn has raised concerns over the robustness of the process and created an operational issue whereby the TDC felt unable to make a recommendation to the Panel for a Post-Final Settlement Run to be performed on the basis of the information provided to it. At present, provided that all the criteria to be considered have been met, the TDC only makes a determination on the timeliness of the Trading Query. Therefore, the Group unanimously agreed that consideration should be given to whether the TDC was making a determination on the correct criteria.

The Group considered the relevance of the TDC's validation of the Trading Query's timeliness. It is believed that this validation was inaugurated due to initial fears of a precedent being set on flexibility of the Query Deadline. Following the clarification of the duration of a settlement error and the Query Deadline in relation to a Settlement Period being introduced by P184, the Group unanimously concluded that the TDC should not validate the timeliness but make the determination of whether a settlement error actually occurred. It was also felt that this criterion required the more expert knowledge of the TDC.

However, the legal advice provided stated that the timeliness should still be validated along with the settlement error. This was because the process for validating the timeliness is already in place, and the TDC would have to consider the Trading Query anyway, when considering the settlement error. The Group unanimously agreed that the changes to this process should be made under P184 to ensure that the TDC are always involved in the determination of whether a settlement error exists and whether the Trading Query was raised within the required timescales. The Group walked through and was satisfied with the draft legal text relating to this issue.

Certain changes made here to tidy up the legal drafting were originally proposed under Modification Proposal P185; however, it was the Group's unanimous decision to incorporate these changes in P184. It was noted that other proposed changes in P184 already affect the relevant clauses and as such, the interaction between P184 and P185 would be reduced.

1.4 Assessment of how the Proposed Modification will Better Facilitate the Applicable BSC Objectives

On the basis of the foregoing, the Group has unanimously concluded that:

- The Code is unclear as to the correct duration of a settlement error;
- The Code should state the Trading Query deadlines in relation to Settlement Periods;
- The Code requires clarification on the processes to be followed when only part of a Trading Query is deemed to have been raised within the Query Deadline;
- The Code does not clearly set out the consequences of the BSCCo being satisfied or not with regard to the Trading Query validation tests;
- The BSCCo should not validate Trading Queries that it has raised;
- Irrevocable acceptance of the BSCCo's findings that the criteria are not met is assumed from all affected Parties unless highlighted otherwise; and
- The validation of Trading Queries by the TDC should be in relation to timeliness and whether a settlement error has occurred.

The unanimous view of the Group is that P184 would better facilitate the achievement of Applicable BSC Objective (d):

(d) "Promoting efficiency in the implementation and administration of the balancing and settlement arrangements;"

It is the unanimous view of the Group that P184 would:

Improve the clarity of the BSC drafting and thereby eliminate any scope for ambiguity in the interpretation within the Trading Query process. P184 would introduce further robustness and clarity to the resolution of Trading Queries, thereby better facilitating the achievement of the Applicable BSC Objectives.

The unanimous view of the Group is that P184 has no impact on the achievement of any of the other Applicable BSC Objectives.

1.5 Alternative Modification

No Alternative Modification was identified by the Group.

1.6 Governance and Regulatory Framework Assessment

During the assessment of the Proposed Modification, the Group considered the wider implications of P184 in the context of the statutory, regulatory and contractual framework within which the Code sits, as required by the Code (Annex F-1, Paragraph 1 (g)). No impact was noted.

2 COSTS²

PROGRESSING MODIFICATION PROPOSAL

Meeting Cost	£ 500
Legal/expert Cost	£ 6,000
Impact Assessment Cost	£ 1,500
ELEXON Resource	35 Man days £ 6,780
Total	£ 14,780

IMPLEMENTATION COSTS

	Stand Alone Cost	P184 Incremental Cost	Tolerance
Total Demand Led Implementation Cost	£ 0	£ 0	N/A
ELEXON Implementation Resource Cost	94.5 Man days £ 20,790	35.5 Man days £ 7,810	+/- 5%
Total Implementation Cost	£ 20,790	£ 7,810	+/- 5%

ONGOING SUPPORT AND MAINTENANCE COSTS

	Stand Alone Cost	P184 Incremental Cost	Tolerance
Service Provider Operation Cost	£ 0	£ 0	N/A

² Clarification of the meanings of the cost terms in this section can be found in annex 7 of this report

Service Provider Maintenance Cost	£ 0	£ 0	N/A
ELEXON Operational Cost	£ 0	£ 0	N/A
Total	£ 0	£ 0	£ 0

3 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

3.1 Proposed Modification

The unanimous view of the Group is that P184 would improve the clarity of the Code and thereby reduce the scope for ambiguity in the interpretation of the affected clauses. As such, the Group believes that P184 would better facilitate the achievement of Applicable BSC Objective (d) and should be made.

3.2 Implementation Dates

In accordance with the responses to the impact assessment, the recommended Implementation Date for Proposed Modification P184 allows a 13 week lead time following an Authority decision in order to progress the required documentation and process changes through the industry review and approval process. Furthermore, the recommended Implementation Dates are consistent with the CVA Release strategy as follows:

- 2 November 2005, should the Authority determination be received on or before 2 August 2005; or
- Should an Authority determination be received after this date but on or before 25 October 2005, then the Implementation Date should be 22 February 2006.

The Group considered implementing P184 outside of the release strategy in order to reduce the time that the ambiguities remained in the Code. However, having considered the additional costs of this approach and the time that the ambiguities will have already been present in the Code, then the Group agreed that P184 should be implemented within the release strategy. It was noted that if TDC and/or the BSCCo become aware of any issues being caused by the ambiguities, then this could be reported to the Panel who could ask the Authority to bring the Implementation Dates forward (in accordance with Section F2.11.9 of the Code).

If approved, P184 would be implemented on the following basis:

- All Trading Queries raised prior to the P184 Implementation Date will be processed in accordance with the existing versions of BSC Section W and BSCP11; and
- All Trading Queries raised on or after the P184 Implementation Date will be processed in accordance with the new versions of BSC Section W and BSCP11.

However, it should be noted that the provisions relating to the Query Deadline timescales introduced by Modification Proposal P131 'Introduction of further provisions relating to the determination of Trading Disputes' (Reference 5) only apply in respect of Trading Queries which relate to Settlement Days on or after 3 November 2004 (i.e. for Settlement Days prior to 3 November 2004, the time limit of 20 months following the affected Settlement Day(s) will apply). This is a consequence of the approach used to implement P131. P184 would not impact the Query Deadline, so for example, a Trading Query raised after implementation of P184 would follow the P184 rules, but its timeliness would be validated according to what Settlement Periods it related to.

It is recommended that P184 be implemented in parallel with Proposed Modification P185, if approved.

4 IMPACT ON BSC SYSTEMS AND PARTIES

An assessment has been undertaken in respect of BSC Systems and Parties and the following have been identified as potentially being impacted by the Proposed Modification.

4.1 BSCCo

4.1.1 Disputes Team

The ELEXON Disputes Team would be required to support implementation of changes to the Disputes Referral processes and provide guidance to the industry on the new processes. There would be no significant operational impacts, but more detailed materiality calculations may be required to determine which Parties are affected by a Trading Query and there may be an increase in the subsequent administration of chasing Parties for responses.

4.1.2 Implementation

The ELEXON CVA Programme would be required to implement the required changes to BSCP11. The Disputes, Change Planning and Corporate Assurance teams would be required to support the implementation and review of the changes.

4.2 BSC Systems

No impact was noted, as highlighted in annex 5 of this document.

4.3 Parties and Party Agents

Those Parties which are affected are by a Trading Query may need to respond to the ELEXON Disputes Team when asked to provide information. The processes to be followed when raising and following through a Trading Query/Trading Dispute would be made clearer to Parties.

5 IMPACT ON CODE AND DOCUMENTATION

5.1 Balancing and Settlement Code

The draft legal text may be found in annex 1 of this document.

The following amendments should be made to Section W 'Trading Queries and Trading Disputes':

- Clarify the correct duration of a settlement error;
- Define the Trading Query deadlines in relation to Settlement Periods;
- Clarify the processes to be followed when only part of a Trading Query is deemed to have been raised within the Query Deadline;
- Define the consequences of the BSCCo's decision with regard to the Trading Query validation tests;
- State that the BSCCo should not validate Trading Queries that it has raised;
- Clarify that irrevocable acceptance of the BSCCo's findings that the criteria are not met is assumed from all affected Parties unless highlighted otherwise; and
- State that the validation of Trading Queries by the TDC should be in relation to timeliness and whether a settlement error has occurred.

5.2 Code Subsidiary Documents

The following amendments should be made to Balancing and Settlement Code Procedure (BSCP) 11 'Trading Queries and Trading Disputes':

- Clarify section 2 to reflect the agreed interpretation of the Query Deadline, that is, that a settlement error itself relates to only one Settlement Period;
- Within sections 4.1 and 5.1 'Trading Query Resolution Process', clarify the process to be followed where a Trading Query spans a series of Settlement Periods, with some periods existing within the Query Deadline and others outside the Query Deadline;
- State that Trading Queries raised by the BSCCo will be raised straight to the Disputes process;
- Within sections 4.1 and 5.1, state that the validation by the TDC of the BSCCo's findings are in relation to timeliness and whether a settlement error has occurred;
- Within sections 4.1 and 5.1, reflect the requirement for the irrevocable acceptance of the BSCCo's decision by all affected Parties.

The Business Process Model may have to be updated to reflect these changes.

5.3 Impact on Core Industry Documents and Supporting Arrangements

No impact was noted.

6 SUMMARY OF CONSULTATIONS

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
1. Do you believe that Proposed Modification P184 better facilitates the achievement of the Applicable BSC Objectives?	6 (41 Parties and 1 non-Party)	0	0
2. Do you agree with the method of clarification proposed by the Modification Group described in the consultation document?	6 (41 Parties and 1 non-Party)	0	0
3. Do you agree that the legal text provides adequate clarification of the issues highlighted in the consultation document?	5 (40 Parties and 1 non-Party)	0	1 (1 Party)

6.1 Modification Group's Summary of the Consultation Responses

Please refer to annex 3 of this document for the responses in full.

It was the unanimous view of the respondents that P184 would better facilitate the achievement of Applicable BSC Objective (d), as it provides clarification to and removes ambiguities from the Code.

The respondents were in unanimous agreement with the method of clarification proposed by the Group.

With the exception of one respondent who did not express an opinion, it was the unanimous view of the respondents that the legal text provides adequate clarification of the issues highlighted in the consultation document.

Other issues identified were as follows:

- One respondent suggested that a settlement error be considered to exist upon the entire Trading Query and as such, any Settlement Period being outside the Query Deadline would render the entire Trading Query void. However, the respondent stated that this would only result in the submission of a new Trading Query excluding void Settlement Periods, thus resulting in an inefficient process. As such, this respondent agreed with the clarification proposed by the Group.
- Two respondents highlighted issues regarding end dates and timescales of Trading Queries in relation to root problems (i.e. those that are ongoing rather than related to a specific incident). One of these respondents noted that Change Proposals were being raised to cover these issues, but questioned whether P184 should contain amendments in these areas.

6.2 Comments and Views of the Modification Group

The Group noted the views of the respondents with regard to the support for the Modification against the Applicable BSC Objectives, the method of clarification and the legal text. The Group noted that the Panel requested that a walkthrough be conducted on the legal text by someone who was involved in raising Disputes, without being a member of the TDC. This was carried out at the second meeting of the Group.

It was also noted that the majority of the consultation responses received had involvement from individuals who also sit on the TDC. Although it was understood that this did not represent all sectors of the industry, it was also noted that significant effort had been made to publicise the consultation e.g. e-mailing it to all Parties and publishing on the BSCCo website and in various newsletters to industry.

The Group also noted the issues highlighted, and discussed the Change Proposals being raised – these are summarised below. It was agreed by the Group that it was unnecessary for P184 to contain further changes to account for these Change Proposals.

- **CP 1118 'Clarification of the Trading Query end-date'** – BSCP11 states that a Trading Query will not be accepted or processed by the Disputes Secretary unless a BSCP11/01 form is submitted, completed with (amongst other things), details of all affected Settlement Periods and Settlement Days claimed. As such, BSCP11 currently requires the Raising Party to supply both a start-date and an end-date for all Trading Queries raised. In certain circumstances (where an error is ongoing), it will be impossible for the Raising Party to provide an end-date when raising the Trading Query. CP 1118 seeks to clarify that an end-date is only required where known (Reference 6);
- **CP 1119 'Amendment of BSCP11, 'Trading Queries and Trading Disputes', to address the treatment of "precautionary" Trading Queries which could potentially be resolved outside the Trading Query process prior to Final Reconciliation'** – Since the implementation of Modification Proposal P131, Parties have adopted the practice of raising 'precautionary' Trading Queries within the R1 Settlement Run plus 20 Working Days (WD) deadline in order to mitigate against errors remaining uncorrected at the Final Reconciliation Settlement Run (RF) which have missed the R1 plus 20 WD deadline. It is felt that a significant proportion of these Trading Queries would be capable of resolution by Suppliers and their Agents outside of the Trading Query/Trading Disputes process prior to RF. CP 1119 seeks to amend BSCP11 to specify that 'precautionary' Trading Queries be identified as such by the Raising Party when first raised. Any Trading Query identified as 'precautionary' could sit 'on ice' between it's acknowledgement by the BSCCo and the start of investigation and analysis (Reference 7); and
- **CP 1120 'Amendment of the Trading Query Deadline for SVA Half Hourly Trading Queries'** – As expressed in CP 1119, It is felt that the R1 plus 20 WD deadline for raising

Trading Queries is too tight, therefore increasing the number of 'precautionary' Trading Queries raised. Given the view that many HH SVA Trading Queries can be resolved by Suppliers and their Agents prior to the Second Reconciliation (R2) Run, CP 1120 proposes to extend the Query Deadline for SVA HH Trading Queries from R1 plus 20 WD to R2 plus 20WD (Reference 8). CP 1120 is not intended to be an alternative to CP 1119, rather as a further measure to protect against unnecessary effort being expended on 'precautionary' Trading Queries.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

7.1 Analysis

Please refer to annex 4 of this document for the analysis in full.

The Transmission Company considered there to be no impact on its ability to discharge its obligations efficiently under the Transmission Licence or on its ability to operate an efficient, economical and co-ordinated Transmission System due to P184. Also, it considered there to be no issues relating to security of supply or consequential changes to Core Industry Documents. No costs were estimated to be incurred due to P184 and no impact on the computer systems and processes of the Transmission Company.

The Transmission Company believed that P184 would better facilitate the achievement of Applicable BSC Objective (d) by providing clarification to, and removing ambiguities from, the Code.

7.2 Comments and Views of the Modification Group

The Group noted the lack of impact on the Transmission Company. The Group also noted the support for P184 from the Transmission Company.

8 IMPLEMENTATION APPROACH

If approved, P184 would be implemented as part of a scheduled release on the following basis:

- All Trading Queries raised prior to the P184 Implementation Date will be processed in accordance with the existing versions of BSC Section W and BSCP11; and
- All Trading Queries raised on or after the P184 Implementation Date will be processed in accordance with the new versions of BSC Section W and BSCP11.

However, it should be noted that the provisions relating to the Query Deadline timescales introduced by Modification Proposal P131 'Introduction of further provisions relating to the determination of Trading Disputes' (Reference 5) only apply in respect of Trading Queries which relate to Settlement Days on or after 3 November 2004 (i.e. for Settlement Days prior to 3 November 2004, the time limit of 20 months following the affected Settlement Day(s) will apply). This is a consequence of the approach used to implement P131. P184 would not impact the Query Deadline, so for example, a Trading Query raised after implementation of P184 would follow the P184 rules, but its timeliness would be validated according to what Settlement Periods it related to.

It is recommended that P184 be implemented in parallel with Proposed Modification P185, if approved.

9 DOCUMENT CONTROL

9.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	30/03/05	Change Delivery	Tom Bowcutt	Peer Review
0.2	31/03/05	Change Delivery	DPMG	Group Review
0.3	01/04/05	Change Delivery	Sarah Parsons	Technical Review
0.4	06/04/05	Change Delivery	Alex Grieve	Quality Review
1.0	07/04/05	Change Delivery		For Issue

9.2 References

Ref	Document	Owner	Issue date	Version
1	Modification Proposal P184 'Clarification of BSC Section W in relation to the application of the Query Deadline to Trading Queries/Disputes' http://www.elexon.co.uk/documents/modifications/184/P184.pdf	BSCCo	14/01/05	1.0
2	Recommendation to Raise a Modification Proposal: Proposed Modifications to BSC Sections W and U – TDC Recommendation (88/012) http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2005_-_088_-_Papers/88_012.pdf	BSCCO	13/01/05	1.0
3	P184 Initial Written Assessment http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2005_-_089_-_Papers/89_007a.pdf	BSCCo	03/02/05	1.0
4	Modification Proposal P185 'Redrafting of BSC Sections U and W in relation to clauses pertaining to processing and rectification of Trading Queries/Disputes' http://www.elexon.co.uk/documents/modifications/185/P185.pdf	BSCCo	14/01/05	1.0
5	Modification Proposal P131 'Introduction of further provisions relating to the determination of Trading Disputes' http://www.elexon.co.uk/documents/modifications/131/P131.pdf	BSCCo	23/06/03	1.0
6	Change Proposal CP 1118 'Clarification of the Trading Query end-date' http://www.elexon.co.uk/documents/CHANGE_AND_IMPLEMENTATION/CHANGE_PROPOSALS/CP1118.PDF	BSCCo	22/03/05	1.0
7	Change Proposal CP 1119 'Amendment of BSCP11, 'Trading Queries and Trading Disputes', to address the treatment of "precautionary" Trading Queries which could potentially be resolved outside the Trading Query process prior to Final Reconciliation' http://www.elexon.co.uk/documents/CHANGE_AND_IMPLEMENTATION/CHANGE_PROPOSALS/CP1119.PDF	BSCCo	22/03/05	1.0
8	Change Proposal CP 1120 'Amendment of the Trading Query Deadline for SVA Half Hourly Trading Queries' http://www.elexon.co.uk/documents/CHANGE_AND_IMPLEMENTATION/CHANGE_PROPOSALS/CP1120.PDF	BSCCo	22/03/05	1.0

ANNEX 1 DRAFT LEGAL TEXT

For the draft legal text to give effect to Proposed Modification P184, please refer to Attachment 1.

ANNEX 2 MODIFICATION GROUP DETAILS

NAME	POSITION	MEMBER	MEETING ATTENDANCE	
			21/02/2005	23/03/2005
Thomas Bowcutt (Chairman)	BSCCo	Y	Y	Y
Andrew Colley	Scottish and Southern	Y	Y	N
Stephanie Gent	EDF Energy	Y	Y	N
Shelley Lister	Npower	Y	Y	Y
Steve Mackay	Ofgem	N	Y	Y
Naomi Maguire	BSCCo	N	Y	N
Mark Manley	British Gas	Y	Y	Y
Victoria Moxham	BSCCo	N	Y	Y
Tim Roberts	Scottish Power	Y	Y	Y
Paul Robinson	National Grid	N	Y	N
Mark Thomas	RWE Trading	Y	Y	Y
David Ahmad (Lawyer)	BSCCo	N	Y	Y
David White (Lead Analyst)	BSCCo	Y	Y	Y

The specific Terms of Reference agreed by the Panel were to consider:

- Duration of a Settlement Error and Definition of the Query Deadline in relation to a Settlement Period;
- Process to be followed when only part of a Trading Query is deemed to have been raised within the Query Deadlines;
- Clarification of the Trading Query Validation Procedure; and
- Rectification of the Query Validation Procedure.

ANNEX 3 ASSESSMENT CONSULTATION RESPONSES

For the responses to industry consultation on Proposed Modification P184, please refer to Attachment 2.



ANNEX 4 TRANSMISSION COMPANY ANALYSIS

P184 TRANSMISSION COMPANY ANALYSIS AND IMPACT ASSESSMENT – RESPONSE PRO-FORMA

In accordance with paragraph F 2.8 of the Code, please respond to the following questions concerning P184 (including the rationale for each response):

Q	Question	Response
1	Please outline any impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system.	No impact has been identified as a result of this Modification Proposal on the ability of the Transmission Company to discharge its obligations under the Transmission Licence.
2	Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification (and, if applicable, any Alternative Modification) would better facilitate achievement of the Applicable BSC Objectives.	We support the initial views expressed by the Modification Group that the Proposal aims to improve the clarity associated with the Trading Query process which would better facilitate the achievement of BSC Applicable Objective d).
3	Please outline the impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification	No impact has been identified on the computer systems and processes of the Transmission Company resulting from this modification proposal.
4	Please outline any potential issues relating to the security of supply arising from the Proposed Modification (and, if applicable, any Alternative Modification).	No issues have been identified.
5	Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and, if applicable, any Alternative Modification).	No costs have been identified.
6	Please provide details of any consequential changes to Core Industry Documents and/or the System Operator Transmission Owner Code that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification).	No consequential changes have been identified.
7	Any other comments on the Proposed Modification (and Alternative Modification if applicable).	No further comments.


ANNEX 5 BSC AGENT IMPACT ASSESSMENTS

NETA Change Form

Title		Version No.
P184 – Clarification of BSC Section W in relation to the application of the Query Deadline to Trading Queries/Disputes		0.1
P185 – Redrafting of BSC Sections U and W in relation to clauses pertaining to processing and rectification of trading Queries/Disputes		LogicaCMG Reference
		ICR650
ELEXON Reference	Date CP Received	Date IA Issued
P184 & P185	8 Mar 2005	18 Mar 2005
LogicaCMG Contact Name	Baseline for Impact Assessment	
Neil Riddleston	P184 P185 Assessment Consultation v1.0, dated 8 Mar 2005 [P184AC]	
Price Breakdown		
Item description	Remarks	Price (ex VAT)
Change Specific		£0
Incremental Release Costs		£0
Fixed Release Costs		£0
Total Price (ex VAT)		£0
Price Tolerance		N/A
Justification for Price Tolerance		
N/A		
Project Duration		N/A
Cut Off Date for Inclusion in Specified Release (if applicable)		
N/A		

Operational Price (e.g. per annum or event) (ex VAT)	£0
Rationale	
N/A	
Annual Maintenance Price (ex VAT)	£0
Rationale	
N/A	
Validity Constraints	
The validity period for this quote is 30 days.	
Authorised Signature	Date Signed

Requirements and Solution					
Brief Summary of Change					
<p><u>P184</u> This change is to clarify Section W of the BSC relating to</p> <ul style="list-style-type: none"> the perceived duration of a settlement error the Query Deadline in relation to a Settlement Period and the process following when only part of a Trading Query is deemed to have been raised within the Query Deadline <p><u>P185</u> This change is to redraft Section U and Section W of the BSC relating to:</p> <ul style="list-style-type: none"> correction of Extra Settlement Determinations and the initial error at the next Settlement Run documenting actual practice following the resolution of a Trading Dispute general rewriting to be more concise 					
LogicaCMG's Proposed Solution					
<p><u>P184</u> There is no impact on the NETA Central Services Agent.</p> <p><u>P185</u> There is no impact on the NETA Central Services Agent.</p>					
Deviation from ELEXON's Solution / Requirements					
None					
Operational Solution and Impact					
None					
Testing Strategy					
Unit		Change Specific		End to End	
Module		Operational Acceptance		Participant Testing	
System		Performance		Parallel Running	
Regression		Volume		Deployment/ Backout	
Other:					
Validated Assumptions					
None					
Outstanding Issues					
None					
Changes to Service					

Services Impacted							
	BMRA	CDCA	CRA	ECVAA	SAA	TAA	Other
Software							
IDD Part 1 (Docs)							
IDD Part 1 (S'Sheet)							
IDD Part 2 (Docs)							
IDD Part 2 (S'Sheet)							
URS							
SS							
DS							
MSS							
OSM							
LWIs							
RTP	None						
Comms	None						
Other	None						
Nature of Documentation Changes							
None							
Nature / Size of System Changes							
N/A							
Deployment Issues, e.g. Outage Requirements:					None		
Impact on Service Levels:					None		
Impact on System Performance:					None		
Responsibilities of ELEXON							
Any amendments to BSCP11 by ELEXON will be made available to the NETA Central Services Agent for review.							
Acceptance Criteria							
N/A							
Any Other Information							
None.							
Attachments							
None							

ANNEX 6 CLARIFICATION OF COSTS

There are several different types of costs relating to the implementation of Modification Proposals. ELEXON implements the majority of Approved Modifications under its CVA or SVA Release Programmes. These Programmes incur a base overhead which is broadly stable whatever the content of the Release. On top of this each Approved Modification incurs an incremental implementation cost. The table of estimated costs of implementing the Proposed/Alternative Modification given in section 2 of this report has three columns:

- **Stand Alone Cost** – the cost of delivering the Modification as a stand alone project outside of a CVA or SVA Release, or the cost of a CVA or SVA Release with no other changes included in the Release scope. This is the estimated maximum cost that could be attributed to any one Modification implementation.
- **Incremental Cost** - the cost of adding that Modification Proposal to the scope of an existing release. This cost would also represent the potential saving if the Modification Proposal was to be removed from the scope of a release before development had started.
- **Tolerance** – the predicted limits of how certain the cost estimates included in the template are. The tolerance will be dependent on the complexity and certainty of the solution and the time allowed for the provision of an impact assessment by the Service Provider(s).

The cost breakdowns are shown below:

PROGRESSING MODIFICATION PROPOSAL	
Meeting Cost	This is the cost associated with holding Modification Group meetings and is based on an estimate of the travel expenses claimed by Modification Group members.
Legal/expert Cost	This is the cost associated with obtaining external expert advice, usually legal advice.
Impact Assessment Cost	Service Provider Impact Assessments are covered by a pre-determined monthly contractual charge. Therefore the cost included in this report is an estimate based on the level of impact assessment that the modification is expected to require and may not reflect the actual cost attributed to the modification, which will be based on a percentage of the contractual impact assessment costs for each month that it is assessed.
ELEXON Resource	This is the ELEXON Resource requirement to progress the Modification Proposal through the Modification Procedures. This is estimated using a standard formula based on the length of the Modification Procedure.

TOTAL DEMAND LED IMPLEMENTATION COSTS

This is calculated as the sum of the total Service Provider(s) Cost and the total Implementation Cost. The tolerance associated with the Total Demand Led Implementation Cost is calculated as the weighted average of the individual Service Provider(s) Costs and Implementation Costs tolerances. This tolerance will be rounded to the nearest 5%.

ELEXON IMPLEMENTATION RESOURCE COSTS

Cost quoted in man days multiplied by project average daily rate, which represents the resources utilised by ELEXON in supporting the implementation of the release. This cost is typically funded from the "ELEXON Operational" budget using existing staff, but there may be instances where the total resources required to deliver a release exceeds the level of available ELEXON resources, in which case additional Demand Led Resources will be required.

The ELEXON Implementation Resource Cost will typically have a tolerance of +/- 5% associated with it.

ONGOING SUPPORT AND MAINTENANCE COSTS

ELEXON Operational Cost	Cost, in man days per annum multiplied by project average daily rate, of operating the revised systems and processes post implementation.
Service Provider Operation Cost	Cost in £ per annum payable to the Service Provider(s) to cover staffing requirements, software or hardware licensing fees, communications charges or any hardware storage fees associated with the ongoing operation of the revised systems and processes.
Service Provider Maintenance Cost	Cost quoted in £ per annum payable to the Service Provider(s) to cover the maintenance of the amended BSC Systems. Note that from 1 January 2005, Service Provider Maintenance costs will be covered by a fixed contractual charge and so any Modification Proposals implemented after this date will not incur an ongoing Service Provider Maintenance cost.