

REQUIREMENTS SPECIFICATION

for Modification Proposal P147 'Introduction of a Notified Contract Capacity to limit Party liability in the event of erroneous contract notifications'

Prepared by: Settlement Standing Modification Group

Date of Issue	14 January 2004	Document reference	P147AS
Reason for Issue	For Impact Assessment	Issue/Version Number	DRAFT V0.3

PURPOSE OF THIS DOCUMENT

The primary purpose of this document is to specify the Modification Group's requirements for the requisite change to CRA and ECVAA functionality registration of a BSC Party specified Notified Energy Contract Capacity for application to aggregate contract volumes to cap notified volumes to the defined limit, in sufficient detail to allow the BSC Central Service Agent to perform an impact assessment in respect of the new functionality.

For the purposes of this assessment, the reader should assume that the changes will be implemented as a standalone development project managed by BSCCo.

Intellectual Property Rights and Copyright - This document contains materials the copyright and other intellectual property rights in which are vested in ELEXON Limited or which appear with the consent of the copyright owner. These materials are made available for you to review and to copy for the purposes of the establishment, operation or participation in electricity trading arrangements in England and Wales under the BSC. All other commercial use is prohibited. Unless you are a person having an interest in electricity trading in England and Wales under the BSC you are not permitted to view, download, modify, copy, distribute, transmit, store, reproduce or otherwise use, publish, licence, transfer, sell or create derivative works (in whatever format) from this document or any information obtained from this document otherwise than for personal academic or other non-commercial purposes. All copyright and other proprietary notices contained in the original material must be retained on any copy that you make. All other rights of the copyright owner not expressly dealt with above are reserved.

Disclaimer - No representation, warranty or guarantee is made that the information provided is accurate, current or complete. Whilst care is taken in the collection and provision of this information, ELEXON Limited will not be liable for any errors, omissions, misstatements or mistakes in any information or damages resulting from the use of this information or any decision made or action taken in reliance on this information.

I CONTENTS TABLE

I	Contents Table.....	2
	Summary of impacted parties and documents	3
1	Introduction	4
1.1	Proposed Modification	4
1.2	Background and Scope	4
1.3	Requirements Specification Overview: Proposed Modification	4
2	Proposed Modification	5
2.1	Registration of the Notified Energy Contract Capacity	5
2.1.1	Option 1: Automated Registration.....	5
2.1.2	Option 2: Manual Registration: Monthly Profile	7
2.1.3	Option 3: Manual Registration: One Value Monthly	9
2.1.4	Summary of the Requirement Options and Issues for Further Impact Assessment	9
2.2	Application of the Notified Energy Contract Capacity: On Receipt of Notifications.....	10
2.2.1	Application of the Notified Energy Contract Capacity	10
2.2.2	Issues for Further Consideration and Impact Assessment	10
2.3	Application of the Notified Energy Contract Capacity: At Gate Closure.....	11
2.3.1	Issues for Further Consideration and Impact Assessment	12
2.4	Other Issues for Consideration	12
3	Alternative Options.....	12
3.1	Manual Post Event Rectification.....	12
3.2	Time Constrained Notification Submission	15
4	Impact on Systems and Documentation: Proposed Modification	15
4.1	Potential Changes to External Systems.....	15
4.2	Potential Changes to Central Services Systems	16
4.3	Potential Changes to BSCCo Systems	16
5	Development Process	16
5.1	Design	16
5.2	Testing	16
6	Glossary	17
7	Document Control.....	17
a	Authorities.....	17
b	Distribution.....	17

SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

The following parties/documents have been identified as being potentially impacted by Modification Proposal P147.

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

1.1 Proposed Modification

Modification Proposal P147 'Introduction of a Notified Contract Capacity to limit Party liability in the event of erroneous contract notifications' (P147, provided in Annex 1) was raised by Npower Ltd ('the Proposer') on 19 November 2003. P147 seeks to introduce a new parameter, the 'Notified Energy Contract Capacity', into the Balancing and Settlement Code ('the Code') such that a Party can specify an upper limit on its contract notification volumes per Energy Account, and thus specify effectively the potential exposure to imbalance, specifically aimed at limiting the imbalance liability resulting from erroneous or malicious contract notifications. Furthermore, P147 proposes to put in place a warning mechanism whereby Parties are alerted when they reach a certain percentage (for example 80% and/or 90%) of the Notified Energy Contract Capacity.

1.2 Background and Scope

P147 was considered by the Panel at its meeting of 11 December 2003, where the Panel agreed to submit P147 to a two month Assessment Procedure, such that the Assessment Report in respect of P147 be submitted for consideration by the Panel at its meeting of 12 February 2004.

The SSMG met on 18 December 2003 to consider the solution for P147, and this Requirements Specification represents the outcome of that meeting. It should be noted that the SSMG have not completed its assessment P147, or reached any agreement in respect of the preferred solution. Therefore this Requirements Specification is aimed solely at setting down the technical issues in order to obtain an impact assessment and therefore does not provide any information in respect of the SSMG views of the relative merit of the proposed solutions, or of the SSMG views in respect of the merit of P147.

P147 seeks to introduce a new parameter, the 'Notified Energy Contract Capacity', into the Balancing and Settlement Code ('the Code') such that a Party can specify an upper limit on its contract notification volumes per Energy Account, and thus specify effectively the potential exposure to imbalance, specifically aimed at limiting the imbalance liability resulting from erroneous or malicious contract notifications. Furthermore, P147 proposes to put in place a warning mechanism whereby Parties are alerted when they reach a certain percentage (for example 80% and/or 90%) of the Notified Energy Contract Capacity.

1.3 Requirements Specification Overview: Proposed Modification

This specification of the process is a relatively high level view of the functionality required to give effect to P147, and can be broadly summarised as follows:

1. A BSC Party (optionally) registers its Notified Energy Contract Capacity, in MWh, for each of its Energy Accounts with the Central Registration Agent (CRA). The Notified Energy Contract Capacity is a Settlement Period value, representing the maximum aggregate contract volume for the specified Energy Account, which can be registered monthly potentially comprising a daily profile of values. Furthermore, the value can be amended as required by the BSC Party;
2. The Energy Contract Volume Aggregation Agent (ECVAA) will, on receipt of each notification, where the notification becomes effective within the next [x] Settlement Periods, calculate the aggregate contract volume for both counterparties and Energy Accounts, including that notification for the next [x] Settlement Periods, and where the aggregate contract volume breaches the Notified Energy Contract Capacity for either of the Parties, reject the notification to the submitting notification agent, and copy the rejection to both counterparties to the notification, specifying

which Party has breached its Notified Energy Contract Capacity. Where the aggregate contract volume initially breaches 80% of the Notified Energy Contract Capacity, or where the aggregate contract volume has breached 90% of the Notified Energy Contract Capacity, trigger a report to the affected BSC Party detailing the percentage breach and the relevant Energy Account and the Settlement Period to which it applies;

3. At Gate Closure, the ECVAA will calculate the aggregate contract volume for each BSC Party and Energy Account for Settlement Period $j + [3]$. Where the aggregate contract volume initially breaches 80% of the Notified Energy Contract Capacity, or where the aggregate contract volume has breached 90% of the Notified Energy Contract Capacity, trigger a report to the affected BSC Party detailing the percentage breach and the relevant Energy Account and the Settlement Period to which it applies. No notifications will not be rejected, as it will be the responsibility of the Party to take appropriate action on receipt of the warning.

Section 2 details the potential solution for P147 in more detail.

Section 3 covers potential alternative solutions for P147.

2 PROPOSED MODIFICATION

2.1 Registration of the Notified Energy Contract Capacity

A BSC Party can, if it so chooses, register a Notified Energy Contract Capacity for each of its Energy Accounts.

There are a number of ways in which this can be registered and the options in respect of the registration are set out below.

2.1.1 Option 1: Automated Registration

In summary:

1. Automated registration by a BSC Party of the Notified Energy Contract Capacity via a new report into CRA;
2. Banded Notified Energy Contract Capacity, such that notifications are required to keep the Party within a band of contract volume; and
3. Automated confirmation back to the BSC Party (via a new sub flow of the CRA – I014 Registration Report, and / or as a new group in the Forward Contract Report).

In more detail:

Settlement Period specific values, such that a different band of value can be specified per Settlement Period allowing profiling of Settlement Periods across a Settlement Day, which can be different for each Settlement Day.

For example:

SP 1 = 200	SP 2 = 250	SP 3 = 275	SP 4 = 300	SP 5 = 200	SP 6 = 225	...
SP 1 = 100	SP 2 = 150	SP 3 = 175	SP 4 = 150	SP 5 = 125	SP 6 = 150	...
SP 1 = 90						

The registration will be made automatically, thus requiring the creation of a new registration report. It is assumed that this data will be provided to the CRA (not the ECVAA), as the CRA is the most appropriate repository for this information.

The report could take the following format (provided as an example only):

R	1	G			Energy Account
D			1		Action Description
D			1		BSC Party Id
D			1		Party Authentication Name
D			1		Party Authentication password
D			1		Energy Account
R	1-*	G			Notified Energy Contract Capacity
D				1	Effective From Settlement Date
D				O	Effective To Settlement Date
R	1-50	G			Settlement Period Capacities
D				1	Settlement Period
D				1	Notified Energy Contract Capacity (Upper Limit)*
D				0	Notified Energy Contract Capacity (Lower Limit)*

* Consideration is being given to implementation of a banded Notified Energy Contract Capacity, on the grounds that erroneous or malicious notifications that reduce (in absolute terms) a contract position are equally as damaging to a BSC Party as those that increase the contract position. Therefore this report indicates the possibility of adopting this approach (see issues for consideration by the BSC Central Service Agent at the end of this section).

The report should be processed automatically by the CRA, thus enabling updates to the Notified Energy Contract Capacity outside of working hours. It is envisaged that the rules for validating report would be processed much like a contract notification, in terms of how a submission is to overwrite previously notified capacities for the BSC Party / Energy Account.

The Notified Energy Contract Capacity should be an optional attribute of an Energy Account, and where a BSC Party chooses not to register a Notified Energy Contract Capacity, then this should exempt that BSC Party Energy Account from the checking process. It should be noted that:

1. The CRA / ECVAAs should be able to differentiate between unregistered Notified Energy Contract Capacity values and values deliberately set to zero by the BSC Party, such that a zero value does not imply 'do not check'; and
2. A BSC Party can opt out of this process at any time, by de-registering / removing the Notified Energy Contract Capacity. It should be noted that, given the above bullet, this should not result in a zero value held by the CRA / ECVAAs.

Following the (automated) registration of the Notified Energy Contract Capacity, the CRA will confirm the registration back to the BSC Party. This could take the form of a repeat of the above report back to the BSC Party, created as a new sub flow of the CRA – I014 Registration Report, or a new CRA registration confirmation report. Or consideration is being given to including the information as a new group in the ECVAAs Forward Contract Report (ECVAAs – I022). The new (optional) group in the Forward Contract Report should be populated in the Forward Contract Report generated following the notification of the Notified Energy Contract Capacity, not in subsequent iterations. However, it may be appropriate to provide the registered values for the period covered by the Forward Contract Report on an ongoing basis (but only for those Parties that have registered the Notified Energy Contract Capacity).

The CRA – I020 Operations Registration Report requires amendment to include the Notified Energy Contract Capacity, such that BSCCo can monitor those Parties utilising the process and verify values in the case of Trading Queries / Trading Disputes.

In the case of the CRA report, those Parties that choose not to use the Notified Energy Contract Capacity functionality will not be required to amend their systems to send or receive the new registration reports required, and therefore there is limited impact on such Parties.

In the case of amendments to the ECVAAs Forward Contract Report, the confirmation of the Notified Energy Contract Capacity should be provided in a new (optional) group, which should not be populated where the Party has not registered a Notified Energy Contract Capacity. On this basis, those Parties that choose not to use the Notified Energy Contract Capacity functionality will not be required to amend their systems to send the new registration reports required or to receive the amended Forward Contract Report, and therefore there is limited impact on such Parties.

2.1.2 Option 2: Manual Registration: Monthly Profile

In summary:

1. Monthly manual registration by a BSC Party of the Notified Energy Contract Capacity via a new BSCP form;
2. Banded Notified Energy Contract Capacity, such that notifications are required to keep the Party within a band of contract volume; and
3. Confirmation back to the BSC Party via either:
 - a. A new sub flow of the CRA – I014 Registration Report, and / or as a new group in the Forward Contract Report; or
 - b. Manual confirmation back to the BSC Party via return of the BSCP form.

In more detail:

A Settlement Period specific value, such that a different value can be specified per Settlement Period across a Settlement Day, but where the values so specified apply across a seasonal range of Settlement Days, for example, 48 values apply across each day in the Winter BSC Season.

For example:

Spring BSC Season: 1 March to 31 May

SP 1 = 200	SP 2 = 250	SP 3 = 275	SP 4 = 300	SP 5 = 200	SP 6 = 225	...
------------	------------	------------	------------	------------	------------	-----

Summer BSC Season: 1 June to 31 August

SP 1 = 100	SP 2 = 150	SP 3 = 175	SP 4 = 150	SP 5 = 125	SP 6 = 150	...
------------	------------	------------	------------	------------	------------	-----

The registration will be requested and made manually, thus requiring the creation of a new BSCP form. It is assumed that this data will be provided to the CRA (not the ECVAAs), as the CRA is the most appropriate repository for this information.

It is expected that there will be a submission by each relevant BSC Party for its Energy Accounts prior to the start of each calendar month. However, updates may be allowed where the Party identifies circumstances that require amendment to the previously registered values.

Consideration is being given to implementation of a banded Notified Energy Contract Capacity for this solution (see issues for consideration by the BSC Central Service Agent at the end of this section).

The report should be processed manually by the CRA, thus updates to the Notified Energy Contract Capacity outside of working hours will not be supported. It is envisaged that the rules for validating report would be processed much like a contract notification, in terms of how a submission is to overwrite previously notified capacities for the BSC Party / Energy Account.

The Notified Energy Contract Capacity should be an optional attribute of an Energy Account, and where a BSC Party chooses not to register a Notified Energy Contract Capacity, then this should exempt that BSC Party Energy Account from the checking process. It should be noted that:

1. The CRA / ECVAA should be able to differentiate between unregistered Notified Energy Contract Capacity values and values deliberately set to zero by the BSC Party, such that a zero value does not imply 'do not check'; and
2. A BSC Party can opt out of this process at any time, by de-registering / removing the Notified Energy Contract Capacity. It should be noted that, given the above bullet, this should not result in a zero value held by the CRA / ECVAA.

Following the registration of the Notified Energy Contract Capacity, the CRA will confirm the registration back to the BSC Party.

Automated Confirmation (bullet 3(a) in the summary):

If the confirmation is to be automated, then it could take the form of the above report (in Option 1) provided to the BSC Party, created as a new sub flow of the CRA – I014 Registration Report, or a new CRA registration confirmation report. Or consideration is being given to including the information as a new group in the ECVAA Forward Contract Report (ECVAA – I022). The new (optional) group in the Forward Contract Report should be populated in the Forward Contract Report generated following the notification of the Notified Energy Contract Capacity, not in subsequent iterations. However, it may be appropriate to provide the registered values for the period covered by the Forward Contract Report on an ongoing basis (but only for those Parties that have registered the Notified Energy Contract Capacity).

In the case of the CRA report, those Parties that choose not to use the Notified Energy Contract Capacity functionality will not be required to amend their systems to send or receive the new registration reports required, and therefore there is limited impact on such Parties.

In the case of amendments to the ECVAA Forward Contract Report, the confirmation of the Notified Energy Contract Capacity should be provided in a new (optional) group, which should not be populated where the Party has not registered a Notified Energy Contract Capacity. On this basis, those Parties that choose not to use the Notified Energy Contract Capacity functionality will not be required to amend their systems to send the new registration reports required or to receive the amended Forward Contract Report, and therefore there is limited impact on such Parties.

The CRA – I020 Operations Registration Report requires amendment to include the Notified Energy Contract Capacity, such that BSCCo can monitor those Parties utilising the process and verify values in the case of Trading Queries / Trading Disputes.

Manual Confirmation (bullet 3(b) in the summary):

If the confirmation is to be manual, then there are two options:

1. CRA provision of the BSCP form back to the BSC Party with confirmation of what CRA has input into the system; or
2. CRA provision of an manual report of the Notified Energy Contract Capacities against BSC Party and Energy Account to BSCCo, for defined periods, say weekly, and publication of the report on the BSC Website to allow BSC Party verification.

2.1.3 Option 3: Manual Registration: One Value Monthly

As for option 2, but with one value for each month to be applied to each Settlement Period in the month.

For example:

March: 1 March to 31 March, 200 MWh per Settlement Period.

2.1.4 Summary of the Requirement Options and Issues for Further Impact Assessment

As there is a degree of commonality between the solutions, the following splits out the solution options to make the impact assessment easier.

OPTION 1	<p>Registration: Implementation of an automated interface into the CRA for the purposes of registering Notified Energy Contract Capacity values for each Energy Account.</p> <p>Process available 24-7, with updates supported outside of operational hours. Potential for unlimited updates.</p>
OPTION 2	<p>Registration: Implementation of a manual interface into the CRA for the purposes of registering Notified Energy Contract Capacity values for each Energy Account, on a monthly basis, profiled across each Settlement Period in the Settlement Day.</p> <p>Process available operational hours only, with updates not supported outside of operational hours.</p> <p>Registration on a monthly basis with the potential for updates within that period.</p>
OPTION 3	<p>Registration: Implementation of a manual interface into the CRA for the purposes of registering Notified Energy Contract Capacity values for each Energy Account, on a monthly basis, with one value to apply throughout the month.</p> <p>Process available operational hours only, with updates not supported outside of operational hours.</p> <p>Registration on a monthly basis with the potential for updates within that period.</p>
OPTION 1 OPTION 2 OPTION 3	<p>Automated Confirmation – CRA – I014 / CRA – I020: Creation of a new CRA – I014 sub flow (or new CRA report) confirming the Notified Energy Contract Capacity registered by the CRA for a BSC Party and Energy Account.</p> <p>Amendment to the CRA – I020 Operations Registration Report to include the Notified Energy Contract Capacity.</p>
OPTION 1 OPTION 2 OPTION 3	<p>Automated Confirmation – ECVA – I022: Creation of a new group within the Forward Contract Report confirming the Notified Energy Contract Capacity registered by the CRA for a BSC Party and Energy Account for the period covered by the Forward Contract Report.</p>
OPTION 2 OPTION 3	<p>Manual Confirmation BSCP Form: Return of the submitted BSCP form providing confirmation of the values registered by the CRA.</p>
OPTION 2 OPTION 3	<p>Manual Confirmation Report on BSC Website: Provision of a [weekly] report from CRA to BSCCo comprising the Notified Energy Contract Capacities for each Energy Account and BSC Party for publication on the BSC Website.</p>

2.2 Application of the Notified Energy Contract Capacity: On Receipt of Notifications

2.2.1 Application of the Notified Energy Contract Capacity

Where a Notified Energy Contract Capacity is registered for an Energy Account, then on receipt of a notification that includes that Energy Account (as derived from the ECVNAA Id), ECVAA should:

1. Check to determine whether the notification becomes effective within the next [four] Settlement Periods;
2. Check to determine whether the notification is a single or dual notification (using the Authorisation Id);
3. Only where the notification is a single notification, and becomes effective within the next [four] Settlement Periods, and as part of the validation of the notification, ECVAA will aggregate the contract volumes already held in respect of the BSC Party and Energy Account and determine whether the notification being validated would have the effect of breaching the Notified Energy Contract Capacity for any of the [four] Settlement Periods;

Dual notifications are not subject to the application of the Notified Energy Contract Capacity on the grounds that any erroneous or malicious notifications will not find a match and therefore will not go forward to settlement.

For the aggregation of the contract volumes for the BSC Party it may be a relatively safe assumption to calculate the aggregate contract volume using only matched data, on the grounds that for the immediate [four] Settlement Periods out, data is likely to be matched in the vast majority of cases, as the Party will be seeking to finalise its position close to real time.

However, over longer periods out from the Settlement Period, it may be more appropriate to:

1. Use the matched period for Settlement Periods where it is available; then
2. For those Settlement Periods where there is no matched volume, then use the volume notified by the BSC Party being checked.

Noting that either or both may be zero.

4. Where the Notified Energy Contract Capacity is not breached for any of the [four] Settlement Periods, but the aggregate contract volume for any of the [four] Settlement Periods is $\geq 80\%$, then accept the notification (subject to the other validation rules) but generate a warning message to the relevant BSC Party containing the Settlement Period, Notified Energy Contract Capacity for that Settlement Period and percentage reached.
5. Where the Notified Energy Contract Capacity is breached for any of the [four] Settlement Periods, then reject the notification, providing a rejection to the submitting notification agent, with a new rejection reason (namely 'breach of Notified Energy Contract Volume for Party 1 or 2'), and copy the rejection to both counterparties to the notification.

Where the Rejection Feedback Report has been switched off under the Authorisation (functionality being implemented in the November 2004 Release), then this sort of rejection should override that functionality and be sent to Parties regardless of their reporting preferences.

2.2.2 Issues for Further Consideration and Impact Assessment

1. There is an issue in terms of how far forward data should be aggregated for; the above description provides aggregation across the next four Settlement Periods where the notification becomes

effective within that window. The rationale for this is that four Settlement Periods allows the BSC Party sufficient time to react to rejections or warnings, whilst minimising the ECVAA effort for checking. Furthermore, this time constraint protects from immediate malicious or erroneous notifications. A BSC Party will be required to monitor / check its own aggregate contract volume using the Acceptance Feedback Reports and Forward Contract Reports and address any erroneous and malicious notifications that are not immediately effective.

However, whilst this approach works for 24-7 operators, there is an issue with protecting non 24-7 Parties, as any rectification required outside of business hours cannot be identified or achieved. Therefore it may be considered to be appropriate to extend the four Settlement Period check to, for example, three days, to cover weekends, thus protecting non 24-7 Parties from the effects of erroneous or malicious notifications made outside of business hours.

2. Consideration should be given to the determination of the aggregate contract volume, on the grounds that the BSC Party may, in addition to any single notifications, have a number of dual notifications in various states of matching. Therefore should the ECVAA only look at the matched volumes, potentially causing an issue where a Settlement Period is pending matching, or does the ECVAA only look at the volumes notified by the BSC Party (and Energy Account) in question, potentially leading to problems where there is an erroneous volume pending matching.

The assumption is that matched volumes would be sufficient where the check is done over a short period from receipt of the notification, say the next four Settlement Periods. However, the calculation of aggregate contract volume using only matched data may not be so accurate over a longer period out from the receipt of a notification, as the volume of data pending matching (and therefore unmatched) is likely to increase.

3. The exclusion of dual notifications from the checking process; it is assumed that dual notifiers do not have need of this process, as malicious or erroneous notifications will not find a match. However, consideration should be given as to whether this process should apply to dual notifications, and whether there is any additional complexity and cost incurred from excluding dual notifications, which may make it appropriate to include them in this process.

2.3 Application of the Notified Energy Contract Capacity: At Gate Closure

Where a Notified Energy Contract Capacity is registered for an Energy Account, then at Gate Closure, ECVAA should:

1. For Settlement Period $j [+ 3]$ calculate the aggregate contract volume for each BSC Party and Energy Account;
2. Where the aggregate contract volume for Settlement Periods $j [+ 3]$ is $\geq 80\%$ or $\geq 90\%$ for the first time (i.e. the first breach of the 80% or 90% level), then generate a warning message to the relevant BSC Party containing the Settlement Period, Notified Energy Contract Capacity for that Settlement Period and percentage reached. For the avoidance of doubt, the ECVAA will not reject any notifications.

The rationale for this approach is that Parties should be monitoring their position within ECVAA and should have been aware of any erroneous or malicious notifications within ECVAA and have rectified them prior to Gate Closure for any Settlement Period, noting that the process set out in section 2.1.2 protects Parties from immediately effective erroneous / malicious notifications.

2.3.1 Issues for Further Consideration and Impact Assessment

How far forward data should be aggregated for; the above description provides aggregation for Settlement Period $j + 3$, aligning with the credit check, and allowing time for rectification from the Party for that Settlement Period. However, a different value may be considered to be more appropriate.

2.4 Other Issues for Consideration

1. Extension of the scope of Trading Queries and Disputes to include disputes where the ECVAA has either erroneously rejected a notification on receipt, or erroneously accepted a notification on receipt, as a consequence of an incorrect comparison of the Notified Energy Contract Capacity with the aggregate contract volume.
2. The application of the process to Metered Volume Reallocation Notifications (MVRNs); whether it is appropriate to include MVRNs in the aggregation process, and if so, how; and
3. Whether it is more appropriate to register the Notified Energy Contract Capacity at counterparty level, and aggregate and check at that level, rather than Energy Account level.

3 ALTERNATIVE OPTIONS

Two alternative options have been identified. Although at this time the SSMG has determined not to progress either of these options as an Alternative Modification to P147, this determination is the subject of a current consultation in respect of P147, and therefore these options are included for completeness. The potential alternative options are as follows:

3.1 Manual Post Event Rectification

The proposed process would be to allow, within a tightly defined timescale, errors or malicious notifications to be identified by the BSC Party. The BSC Party can then apply to the BSC Panel for rectification. Where the Panel agrees the rectification, then the rectification will be made via manual input into ECVAA.

Note: The reference to 'committee' throughout this section should be interpreted to mean the Panel or other committee with delegated authority from the Panel.

1. Only notification errors occurring on or after the Implementation Date of this Modification would be eligible for rectification under this process, i.e. this is a prospective Modification only;
2. A notification error could be defined as a mistake in giving effect to a settled and shared commitment due to a combination of circumstances that could not have reasonably have been foreseen and / or was attributable to an inaccuracy or non-availability of the Forward Contract Report, Rejection Feedback Report and / or Acceptance Feedback Report;
3. The essence of the notification error (i.e. the numbers involved, not what caused the mistake) should be agreed by both counterparties and the notification agent (for each impacted notification);
4. A notification error should be an error in one notification regardless of the circumstances causing the error, unless the circumstances set out at (2) above gave rise to a number of notifications all exhibiting or resulting from the same mistake, in which case the notification error can encompass all such notifications;

5. A notification error should have led to a loss for at least one of the counterparties which was disproportionate, due weight being given to the desirability of incentivising Parties¹ to avoid mistakes in the submission of notifications. Therefore the materiality threshold of the claim should represent a loss of in excess of £33,000², or could be determined on a case by case basis, taking into consideration the size of the Party, and therefore the materiality of the loss to them.

Given the stringent timescales for the submission of a claim, the loss may not be known definitively at the time of making the claim, however, it is expected that a relative materiality will be able to be derived using the Indicative Energy Imbalance Prices published close to real time on the Balancing Mechanism Reporting Agent (BMRA) applied to the difference between the intended notification and the actual notification submitted. Parties will be expected to provide the details of this calculation on submitting the claim to allow BSCCo / the relevant committee to verify that the claim is likely to exceed the materiality threshold.

Where the evidence submitted verifies that the materiality threshold is exceeded, and BSCCo / the relevant committee agrees with that evidence, then the claim will be processed, even where changes to the Energy Imbalance Price post event mean the loss incurred is lower than that expected and the materiality falls below the threshold.

It should be noted that the materiality of Past Notification Error claims made under Section P6 of the Code used a comparison of the Energy Imbalance charges with and without the Past Notification Error in order to derive the materiality of the claim. However, where an immediate judgement of materiality is required, as would be the case where there is a short deadline for claim submission, the materiality would not be known, and nor could it be reliably quantified, as it relies on the availability of metered data in order to derive the overall imbalance position of a Party.

6. A notification error must be raised by the end of the Business Day following submission of the notification or notifications giving rise to the claim³. However, where the Party can prove that there was inaccuracy or non-availability of the Forward Contract Report, Rejection Feedback Report and / or Acceptance Feedback Reports, then the claim should be raised within one Business Day of the receipt of the relevant reports;
7. A notification error will incur a non refundable £5000 claim fee (where the claim is accepted for processing, (see 4 above)), with any amendment to the claim fee set by the Panel (or delegated committee) and approved by the Authority;
8. The claimant would be expected to provide evidential proof (section 6 covers some of the evidence that could be provided) as to the following:
 - a. That there was a shared and settled commitment;
 - b. That a mistake was made when giving effect to that shared and settled commitment;
 - c. That the systems and processes in place at the time of the mistake were reasonable and prudent; and
 - d. That prompt rectification occurred; and
 - e. That (relatively) immediate steps were taken to prevent a re-occurrence of the mistake.

¹ The reference to Parties in this section should be interpreted as including notification agents.

² The determinations made in respect of P37 indicate that a loss of £31,788 is proportionate and could be seen as an incentive to notify correctly, whereas a loss of £33,815 was considered (albeit at the bottom end of the scale) to be disproportionate. Therefore £33,000 represents a threshold between these two figures, noting that the determination of proportionality did take into account other factors, such as the size of the Party.

³ Given the generation of Acceptance Feedback Reports on notification submission and the relative frequency of the Forward Contract Reports, it is considered that there is little excuse for a prudent operator not to identify an error within one Business Day of the error occurring, except in the absence of the relevant reports.

9. The committee would determine on the claim as soon as possible after the claim was raised, in order that where the claim is upheld, the rectification can occur in the next possible Settlement Run, in order to minimise the uncertainty of Parties in relation to their trading charges. The process should be designed such that the rectification is aimed at the Initial Settlement Run in as many cases as possible for this purpose, noting that this may not be possible;
10. Rectification of the notification error would be subject to a cap. This cap could take the form of a percentage cap on the actual volumes, or to a percentage cap on the recovery of the loss associated with the claim, for example, an 80% recovery cap, allowing Parties to recoup a maximum of 80% of the losses from the claim;
11. The committee should have a set of guidelines to assist in making the determination on the claim, building on the precedents set by the claims made under section P6 of the Code, and added to where other circumstances arise when considering new claims, in order that the process for making the determinations is as transparent, and thus seen to be impartial, as possible;
12. Where the Party does not agree with the determination made by the committee, the Party should have a limited scope for appeal, where the appeal is made to the Panel / Authority for final determination.

Some relevant criteria for consideration by the relevant committee when considering the claim and making a determination:

1. A notification error should be for as limited a number of Settlement Periods as possible. It is expected that where a Party is a 24-7 operation that the number of Settlement Periods requiring rectification would be minimal, to reflect that the error should be noticed almost immediately through the Acceptance Feedback Report, and prompt action should be taken to rectify it. However, it is acknowledged that a non 24-7 player may require rectification over significantly longer periods where the notification was made by a counterparty⁴ outside of working hours;
2. Consideration should be given to the risk management strategy of the Party in relation to trading close to Gate Closure. Where a Party notified close to Gate Closure and a notification error occurred, then an assessment as to whether the Party did sufficient to mitigate that risk should be made⁵ when making the determination;
3. Evidence is expected to be provided in support of claims made to prove that systems and processes were prudent at the time of the error, specifically in relation to the error. The sort of evidence provided (and considered as reasonable proof) was documentation detailing the approach taken to manage the risks associated with notifying, and how these are identified and mitigated. Some examples provided as to how the risks of notifying are dealt with are:
 - Implementation and use of a robust, and potentially integrated, trade capture and notification system;
 - Use of back up systems and third party notification agents in the event of system failures;
 - Management and reconciliation (against trading systems) of ACK's, NACK's, Rejections, Acceptances, Forward Contract Reports and daily notification reports; and

⁴ It would be expected that a prudent non 24-7 player would check all known notifications, especially notifications submitted by themselves, prior to close of business,

⁵ This arises from a number of decision letters, specifically P44, where the Authority noted that Parties know when Gate Closure is, and should take care to manage the risk of trading close to Gate Closure to avoid errors that cannot be corrected, as Gate Closure has passed. However, even where due care has been taken when trading close to Gate Closure, errors may occur, and therefore these Parties should be allowed to seek rectification via this process.

- Building access controls, secure system access, automated system back up and full audit trail and archiving (mostly in respect of malicious notifications, where the Party would be expected to demonstrate that controls were in place to prevent, as far as possible, unauthorised access to notification systems).

For example, prudence in a non 24-7 operation could be considered to be evinced by the Party checking all notifications made on the last Business Day before leaving the office and ensuring that all the expected notifications made have been submitted and the submissions checked as correct (and any corrections made) before going home for the weekend. Furthermore, a check would be made first thing on the first Business Day following the weekend to ensure no unexpected notifications were made over the weekend, and to address any issues immediately;

4. When making the assessment as to whether systems and processes are considered to be reasonable and prudent, it should be recognised that Parties should, at all times, have systems and processes (in relation to notifying) that have a sufficient degree of robustness to be able to carry out the basic functions to transfer trade data to the notification system, submit the data as a notification and check that the notification has been submitted correctly.

In terms of the circumstances prevailing, it would be expected that systems and processes would be working in the manner intended and would be robust. If changes were made to the systems and processes, these should generally be planned and tested in advance so that they would be fully robust when first activated. Human errors or software defects would be an exception.

3.2 Time Constrained Notification Submission

The proposed process would be to enable a Party to specify a time period where should a notification be received which is not notified by that Party (i.e. BSC Party = ECVNA), or by an ECVNA specified by the notification is rejected.

There are (at least) two ways of achieving this requirement, either to:

1. Allow each BSC Party to specify the time period where notifications are to be rejected; or
2. To have a defined 'non operational' block, applicable to all Parties that choose to apply it.

ECVAA would need to hold a list of BSC Party – ECVAA equivalences, or to implement a process whereby the party nominates the ECVAA which is allowed to submit outside of the specified times.

ECVAA would also need to amend the validation process and to amend the rejection reason code for notifications rejected as 'out of hours'.

4 IMPACT ON SYSTEMS AND DOCUMENTATION: PROPOSED MODIFICATION

4.1 Potential Changes to External Systems

The introduction of P147 potentially has an impact on the systems of Parties and notification agents:

1. There will be a new process for registering the Notified Energy Contract Capacity, with the registered value(s) potentially reported in the Registration Report (CRA – I014), thus requiring amendment to the systems receiving the report;
2. Notification systems will be required to recognise a new rejection reason code, where a notification has failed validation on receipt and been rejected as a consequence of a breach of Notified Energy Contract Capacity for either, or both, BSC Parties; and

3. Where an automated approach (Option 1 in Section 2.1.1, and automated confirmation for Option 2 and 3, sections 2.1.2 and 2.1.3) is adopted, then Parties will be impacted by the requirement to implement new and amended automated interfaces where they wish to register Notified Energy Contract Capacities.

This is believed to be the extent of the impact on external systems at this time.

4.2 Potential Changes to Central Services Systems

The introduction of P147 has an impact on the CRA and ECVAA BSC Systems. The impact is as set out in section 2, and is not expanded on here.

This is believed to be the extent of the impact on the BSC Central Services Systems at this time.

4.3 Potential Changes to BSCCo Systems

The introduction of P147 has an impact on BSCCo, from the potential amendment to the CRA – I020 Operations Registration Report, to include the Notified Energy Contract Capacity.

BSCCo is also impacted by the potential extension of the scope of Trading Queries and Disputes to encompass disputes arising from the incorrect application of the Notified Energy Contract Capacity by the ECVAA. It should be noted that it is envisaged that the process currently utilised for rectification following an ECVAA System Failure could be used to make any rectifications following resolution of such a Trading Query or Dispute, with little amendment, since it is a manual process.

BSCCo is impacted by the potential alternative outlined in section 3.1, as BSCCo would be expected to support the notification error rectification process (were it to be progressed under P147). It is envisaged that this would have a material impact on BSCCo.

BSCCo may be impacted by the requirement to publish the Notified Energy Contract Capacity values on the BSC Website should the manual solution be adopted. This is believed to be the extent of the impact on BSCCo at this time.

5 DEVELOPMENT PROCESS

For the purposes of this assessment, the reader should assume that the changes will be implemented as a standalone development project managed by BSCCo.

The following sections give an indication of the control points required during design, testing and implementation and are supplied to provide a basis on which BSCCo and the BSC Central Service Agent can estimate the impact from the development and implementation of P147.

5.1 Design

BSCCo intend that responsibility for the correctness of the design should remain with the BSC Central Service Agent, but that BSCCo should have the opportunity to review it, and identify apparent inconsistencies with the requirements.

5.2 Testing

BSCCo intend that responsibility for software testing should lie with the BSC Central Service Agent, but that BSCCo should have some visibility of the process, in order to gain assurance that the integrity of Trading and Settlement is maintained.

6 GLOSSARY

The following acronyms have been used throughout this document:

Term	
CRA	Central Registration Agent
ECVAA	Energy Contract Volume Aggregation Agent
ECVN	Energy Contract Volume Notification
ECVNAA	Energy Contract Volume Notification Agent Authorisation
MVRN	Metered Volume Reallocation Notification

7 DOCUMENT CONTROL

a Authorities

Version	Date	Author	Reviewer	Reason for review
0.1	15/12/03	Mandi Francis	SSMG	Initial Consideration
0.2	22/12/03	Mandi Francis	SSMG	For BSC Agent Impact Assessment
0.3	14/01/04	Change Delivery		For BSCCo, BSC Agent and BSC Party / Party Agent Impact Assessment

b Distribution

Recipient	Version	Date	Reason