



70/009

ASSESSMENT REPORT for Modification Proposal P131 Introduction of further provisions relating to the determination of Trading Disputes

Prepared by: P131 Modification 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 P131 Modification Group invites the BSC Panel to;

- **AGREE that the Proposed Modification P131 should be made;**
- **AGREE a provisional Implementation Date for the Proposed Modification P131 of 30 June 2004 if the Authority's decision is received by the 1 February 2004 and 3 November 2004 if the Authority's decision is received after 1 February 2004 but prior to 1 July 2004;**
- **AGREE that Modification Proposal P131 be submitted to the Report Phase; and**
- **AGREE that the draft Modification Report be issued for consultation and submitted to the Panel Meeting of 15 January 2004.**

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¹ The current version of the Balancing and Settlement Code (the 'Code') can be found at www.elexon.co.uk/ta/bscres_docs/bsc_code.html

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SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as BSCCo has been able to assess the following parties/documents have been identified as being potentially impacted by Modification Proposal P131.

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

Estimated cost for progressing P131 though Modification Procedures	£ 3,000 + 92 ELEXON man days
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1 DESCRIPTION OF PROPOSED MODIFICATION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

1.1 Modification Proposal

Modification Proposal P131 "Introduction of further provisions relating to the determination of Trading Disputes" ("P131") was raised on 23 June 2003 by the Trading Disputes Committee (TDC) on behalf of the BSC Panel.

P131 was raised following the suspension by the Panel of the criteria used by the TDC to judge Trading Disputes. Based on legal advice provided to the TDC, these criteria, used by the TDC to determine the validity of a claim, were deemed to be inconsistent with the Code and therefore invalid.

P131 seeks to modify the Code to incorporate provisions relating to the timely detection and prompt rectification of Trading Disputes, for example the setting of baseline dates for the detection of settlement errors.

The TDC is of the view that the BSC should place obligations on Parties with regard to the detection of alleged settlement errors.

The Panel, at its meeting on 10 July 2003 agreed with BSCCo's recommendation to progress P131 to the Definition Procedure. The Panel felt that P131 required further definition to provide the Modification Group with sufficient time to create a clear statement of the P131 requirements prior to entering the Assessment Procedure and thus identify the issues for assessment. A Modification Group was established, met three times during the Definition Procedure and issued one consultation document to industry. At its meeting on the 11 September 2003 the Panel decided to submit P131 to a two month Assessment Procedure. The P131 Modification Group met four times and issued one consultation document to industry. Five responses representing 26 Parties were received to this consultation.

P131 was initially considered by the Panel at its meeting on 13 November. The Panel determined that P131 required further assessment. This was due to an issue with the draft legal text that was sent out to the Group prior to the Panel meeting, particularly with regard to the TDC's use of discretion as pertains to errors that appear in a Settlement or Reconciliation Run that were not present in the previous one. There was a suggestion that including provision for this within the criteria would make the legal text lack clarity, however not including such a provision and leaving matters to the TDC's discretion made several members of the P131 Modification Group feel uncomfortable. The Panel suggested that this issue be explored further and decided that a one month extension to the Assessment Procedure should take place. The Assessment Report would be presented to the Panel at its meeting on 11 December 2003.

1.2 Proposed Modification

The Modification Group has defined P131 in the following way:

The Group agreed the need to introduce criteria into the Code that will place obligations on Parties to detect settlement errors and hence raise Trading Queries / Disputes in a timely manner. The criteria will consist of a general rule - all Trading Queries will have to be raised within SF + 20WD²³. This will have several exceptions. Trading Queries relating to SVA Half Hourly data and processes excluding Metering Outside Settlement Timescales (MOST), will have an R1 + 20WD⁴ timescale. Trading Queries

² WD = Working Day

³ SF = Initial Settlement Run

⁴ R1 = First Reconciliation Run

relating to SVA Non Half Hourly data and processes including MOST, will have an $RF^5 + 70WD$ timescale. Trading Queries relating to Profiling and Profile Coefficients will have a $D^6 + 3$ timescale and Trading Queries relating to Market Domain Data, a $D + 2$ timescale. In addition, there will be provision within the criteria for the situation where an error appeared in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run – the deadline being twenty days after the Reconciliation Run it first appeared in.

To raise a Trading Dispute, Parties must first raise a Trading Query by sending the Trading Query form (F11/01) to BSCCo within the prescribed timescales. The same criteria will apply to BSCCo raised Disputes. Parties will be able to apply to TDC to use its discretion if they feel the criteria were impossible to comply with for whatever reason. They will have to provide proof that they had no knowledge and could not have had knowledge of the error in sufficient time and the TDC will judge accordingly. The TDC will then consider whether a settlement error actually exists by using data provided by Parties, Party Agents and BSC Agents. If a settlement error is identified then it will be rectified promptly provided that the materiality passes a threshold of £500 (this sum was chosen as it is approximately the cost of a Post Final Settlement Run). Failure to meet the relevant requirements at any stage in the process of raising a dispute will cause the Party's Trading Query to be rejected. Where a Party is dissatisfied with how the process has been followed they shall be entitled to appeal to the Panel. The Panel in this case will consider the matter according to the same criteria as the TDC. If, however, the Party is displeased with the result for reasons other than due process not being followed they have the option of taking the case to arbitration.

1.3 Issues raised by the Proposed Modification

The following issues were considered during the Assessment of P131:

- Assessment against the Applicable BSC Objectives;
- Exact form of the timeliness criteria;
- Exact nature of the materiality criterion;
- Definition of the 'trigger';
- Inclusion of an 'exception clause';
- Legal text drafting; and
- Implementation Date.

1.4 Assessment of how the Proposed Modification will better facilitate the Applicable BSC Objectives

The P131 Modification Group discussed whether P131 would better facilitate the achievement of the Applicable BSC Objectives with regard to the consultation responses received and legal opinion as to the status of Applicable BSC Objective (d) which is concerned with the costs incurred when the BSC is administered and implemented by Elexon (through service provider contracts, business processes, systems etc.). In light of this the P131 Modification Group agreed that P131 would better facilitate achievement of Applicable BSC Objective (c) in the main but also (d) to a lesser extent.

Objective (c) would be better facilitated because the Group believed that P131 would lead to a reduction in the uncertainty of Settlement / improvement of the quality of data early on in Settlement and the tighter control requirements placed on BSC Parties through the criteria for raising a Trading Dispute would improve the liquidity of Parties who have credit problems. In addition, it was argued

⁵ RF = Final Reconciliation Run

⁶ D = Settlement Day

that a more transparent Disputes process would alleviate perceived barriers to entry. Objective (d), efficiency in the implementation and administration of the balancing and settlement arrangements would be better facilitated to a lesser extent since P131 may save the TDC and BSCCo time as they would not have to analyse whether settlement errors exist for Trading Queries submitted outside the timescales and Parties may choose not to submit Trading Queries if they know they have missed the prescribed timescale.

1.5 Modification Group's cost benefit analysis of Proposed Modification

The P131 Modification Group did not undertake a cost-benefit analysis. Implementation costs, arising from changes to documentation, would be minimal.

1.6 Alternative Modification

No Alternative Modification was developed by the P131 Modification Group.

1.7 Governance and regulatory framework assessment

During the assessment of the Proposed Modification, the P131 Modification Group considered the wider implications of P131 in the context of the statutory, regulatory and contractual framework within which the Code sits, as is required by the Code (Annex F-1, paragraph 1(g)). The P131 Modification Group was of the opinion that, were P131 to be implemented, there would be no such wider implications.

2 RATIONALE FOR MODIFICATION GROUP'S RECOMMENDATIONS TO THE PANEL

The P131 Modification Group recommends that the Panel approve the Proposed Modification as it better facilitates the achievement of the Applicable BSC Objective (c) and, to a lesser extent, Applicable BSC Objective (d) (see Section 1.4 above).

The P131 Modification Group recommends an Implementation Date of 30 June 2004 if the Authority's decision is received by the 1 February 2004 and 3 November 2004 if the Authority's decision is received after 1 February 2004, but prior to 1 July 2004. A four month lead time would provide sufficient time for BSCCo to make the necessary changes to documentation, for Parties to change their internal working procedures and for the new rights and obligations of Parties to be communicated via a workshop. The Group felt that given that there doesn't seem to have been a step change in the number of Trading Disputes being raised since the criteria were disapplied, the Implementation Date could correspond with a scheduled programme release date, to minimise the cost of implementation. If however the number of "late" Trading Disputes starts to rise significantly, the option to request that the Panel bring forward the Implementation Date would be available. One Panel member requested that the possibility for advancing the Implementation Date be referenced in the Assessment Report. Industry will be consulted regarding the Implementation Date as part of the Report Phase.

3 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.

3.1 BSCCo

P131 will alter the processes followed by the TDC and the Panel in assessing Trading Queries and Trading Disputes. BSCCo would be obliged to put the criteria to use and although it will impact the manner in which Trading Disputes are resolved, operationally no increase in workload is envisaged.

3.2 BSC Systems

No impact on BSC Systems, as a result of P131 is envisaged.

3.3 Parties and Party Agents

Parties will be affected as they will have to change their internal working procedures to ensure the correct reports and Settlement outputs are checked in order for them to be able to detect errors and then submit the Trading Query form within the prescribed timescales.

4 IMPACT ON CODE AND DOCUMENTATION

4.1 Balancing and Settlement Code

Parts of Section W of the Code will have to be altered. See annex 1 below.

4.2 Code Subsidiary Documents

Parts of BSCP11 – “Volume Allocation and Settlement Run Queries” - will also be changed.

4.3 BSCCo Memorandum and Articles of Association

No changes will be required to the BSCCo Memorandum and Articles of Association as a consequence of the Proposed Modification.

4.4 Impact on Core Industry Documents and supporting arrangements

There would be no impact on Core Industry Documents and supporting arrangements.

5 SUMMARY OF CONSULTATIONS

Consultation question	Respondent agrees	Respondent disagrees	Opinion unexpressed
Do you believe Proposed Modification P131 better facilitates the achievement of the Applicable BSC Objectives (specifically consider Objectives (c) and (d))? Please give rationale and state the relevant objective(s).	5 4 (d), 1 (c)	0	0
Three options for criteria encouraging timeliness have been developed (see consultation document Section 2.1, 2.2 and 2.3). Which, if any, do you prefer? Please give rationale and if none are considered suitable state suggested alternative.	1 - (Option 1) 2 – (Option 2) 2 – (Option 3)	0	0
Do you agree with a pre-rectification materiality barrier of £500 (see consultation document Section 2.6)? Please give rationale.	4	1	0
Do you think a clause that caters for extenuating or exceptional circumstances, and which allows the TDC to exercise discretion in such circumstances, should be included (See consultation document Section 2.5)? Please give rationale.	5	0	0
Do you consider timescales pertaining to Settlement Day are	1	2	0

more appropriate than Settlement Run (See consultation document Section 2.4)? Please give rationale.	2 (both Settlement Days and Settlement Runs)		
In the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run, should this be catered for in the criteria or be considered via TDC discretion? (see consultation document Section 2.4) Please give rationale.	5 (criteria)	0	0
Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale.	4	0	1
Does P131 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale.	1	3	1
Are there any further comments on P131 that you wish to make?	2	2	1

5.1 Modification Group's summary of the consultation responses

Five responses representing 26 Parties were received to the P131 consultation

Applicable BSC Objectives

A majority of respondents agreed that P131 would better facilitate the achievement of Applicable BSC Objective (d) as it would increase the incentives on Parties to raise Trading Disputes in a timely manner. One respondent did not believe that the establishment of criteria for raising Trading Disputes would promote efficiency in the implementation and administration of the balancing and settlement arrangements. Three respondents, one tentatively, considered that P131 may better facilitate the achievement of Applicable BSC Objective (c), since a reduction in the uncertainty of Settlement / improvement of the quality of data early on in Settlement and the tighter control of Trading Disputes would improve the liquidity of smaller participants and alleviate perceived barriers to entry.

Criteria – Which Option?

The options, as they appeared in the consultation document, are attached in annex 4.

Option 1: Objective Criteria by Data Type

Option 2: High Level Objective Criteria with TDC Discretion

Option 3: Hybrid of Options 1 and 2

There was no consensus by respondents as to which option (1, 2 or 3) was preferable.

One respondent preferred option 1. This respondent felt that unless the criteria were prescriptive there would be the possibility of delays and confusion.

Two respondents preferred option 2. They felt that this option was simple and straightforward and hence user friendly both for Parties and the TDC as well as being easier to draft from a legal perspective. In addition, they believed that the timescales proposed were realistic but stringent. Another respondent (first preference being option 3) thought option 2 would be acceptable on the condition that appropriate wording recognises the right of Parties to dispute items that have changed from one Settlement or Reconciliation Run to the next.

Two respondents stated a preference for option 3. One respondent wanted as detailed a list of criteria as possible and in view of legal opinion considered option 3 to be a good compromise. The other respondent also liked the highly specific nature of option 3 since it made it clear to participants what would be expected and when. This respondent accepted that it may prove difficult to draft and maintain option 3 and the criteria could result in an ambiguity as to what constitutes a data item.

Materiality

A majority of the respondents, four, agreed with a pre-rectification materiality barrier of £500. This amount was deemed suitable as it was seen to reflect the cost of rectification. One Party had a caveat to this in the case where a Party could provide evidence that it would encounter financial difficulties without rectification. One respondent believed that £500 was too little and that it was not representative of the cost of rectification and should be closer to £5,000. This respondent felt that a low threshold of £500 would cause an increase in the number of Trading Disputes raised.

Discretion/exception clause

There were differing opinions as to the inclusion of an exception / discretionary clause. One respondent considered that such a clause was only acceptable if used infrequently. Another respondent felt that such a clause should be limited to exceptions of a technical (e.g. to cover new data types) and not a situational nature (e.g. exceptional circumstances). Other respondents felt that enabling the TDC to exercise its discretion should be allowed for a number of reasons. Trading Disputes potentially have significant materiality and hence enabling discretion to be used could avoid legal challenges. In addition, this has worked historically, and a reasonable process should cater for unforeseen circumstances.

Settlement Run vs. Settlement Day

Timescales pertaining to Settlement Runs rather than Settlement Days were considered preferable by two respondents. They stated that timescales pertaining to Settlement Runs seemed more appropriate since output from these are checked to detect errors and since a settlement error, by definition, cannot occur until monies have exchanged hands i.e. until the SF Run.

One respondent thought that timescales pertaining to Settlement Days gave a more flexible scope.

Two respondents felt that timescales should pertain to a combination of both items. They did not know why a choice between the two was necessary. In the event that a choice between the two was deemed necessary, one respondent believed that timescales pertaining to a Settlement Day were more appropriate, since they are the basis on which Settlement is carried out.

In the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run, all respondents considered that this should be catered for explicitly in the criteria and should not be considered via TDC discretion. The reason given was the potential volume of claims that could be raised and resolved via the TDC discretion clause, when the intention is to utilise such a clause as infrequently as possible. Respondents believed that bringing into play TDC discretion would reduce the objectivity and transparency of the process, and would be a less robust approach.

Other issues

One respondent considered that the timescales for settlement errors for SVA Half Hourly data and / or processes were too stringent. They felt that timescales should be split for Metering Inside Settlement Timescales (MIST) and Metering Outside Settlement Timescales (MOST). For the former, a timescale of R2+20 was deemed appropriate, whilst for the latter the same timescales which pertain to SVA Non Half Hourly data and / or processes should apply.

Another respondent considered the dispute timescales associated with P107 and the corresponding data retention periods and felt that the latter should be reduced to 28 months from 36 months. This respondent also considered that in addition to timescales relating to the raising of Trading Disputes there should also be timescales within which Trading Disputes must be resolved and rectified. The Group considered that this issue was outside the scope of the Modification Proposal and believed if this was considered to be an issue it should be raised by a separate Modification Proposal.

5.2 Comments and views of the Modification Group

The P131 Modification Group considered the consultation responses. They expressed their concern over the small number of consultation responses with only one coming from a Party not represented on the Modification Group.

The P131 Modification Group discussed whether P131 would better facilitate the achievement of the Applicable BSC Objectives with regard to the consultation responses received and legal opinion as to the status of Applicable BSC Objective (d). In light of this the P131 Modification Group agreed that P131 would better facilitate achievement of Applicable BSC Objective (c) in the main but also (d) to a lesser extent.

The Group believed that a reduction in the uncertainty of Settlement / improvement of the quality of data early on in Settlement and the tighter control of Trading Disputes would improve the liquidity of Parties who have credit problems. In addition, it was argued that a more transparent Disputes process would alleviate perceived barriers to entry. Efficiency in the implementation and administration of the balancing and settlement arrangements would be better facilitated to a lesser extent since P131 may save the TDC and BSCCo time such that they would not have to analyse whether settlement errors exist for Trading Queries and Trading Disputes submitted outside the timescales and Parties may choose not to submit Trading Queries if they know they have missed the prescribed timescale.

The Group then discussed which option of the three outlined in the consultation document they preferred. There was only one respondent who preferred option 1 so the Group decided to discard that one and consider the benefits of, and problems with, options 2 and 3.

The Group noted that option 2 has the benefit of being exhaustive, simpler to draft from a legal text perspective and is perceived as being easy to use. Option 3 also has the perceived benefit of being easy to use. Although it is not exhaustive, this problem could be solved by including an additional clause in the criteria stating that in the case where a data type is not included in the list the TDC should use its judgement. It is however more difficult to draft from a legal text perspective although the terms used are, in the main, defined in the Code.

Two Group members preferred option 2 for the reasons given above. Two Group members preferred option 3. They considered that it was easy to use and that it was not necessarily more difficult to draft as a lot of work would be needed to complete the option 2 definitions and Parties are familiar with the terms used in option 3. One of these Group members stated that they preferred option 3 in an ideal situation but would accept option 2. The final member did not state a preference, but was concerned about the form the discretionary clause would take in both. Following discussions on the legal advice provided to the Group, 4 Group members agreed to support Option 2 whilst 1 Group member still supported Option 3.

The Group considered the level at which the final materiality criterion should be set. All Group members considered that it should be based on the cost of rectification. They disagreed as to what this should cover. A majority considered it should reflect the cost of running a Post-Final Settlement Run which is in the order of £400, thus it should be set at £500. A minority considered it should be higher since it should also cover BSCCo and TDC costs involved. One of the Group members thought that maybe Parties should be charged a fee when raising a Trading Dispute to cover BSCCo and TDC

costs however this was considered to be a separate issue. The Group finally agreed on a £500 pre-rectification materiality threshold.

The Group considered the form a discretion clause should take. They did not want mention of force majeure or events outside the control of the Party. It was suggested that the discretionary clause would be used in situations where the Party could prove they could not have reasonably detected the error within the allotted timescales. Several group members were uncomfortable with the use of the term "reasonable", however the use of judgement by the TDC in considering issues was felt to be inevitable. A majority supported the inclusion of a discretionary clause which would cater for a Party who could demonstrate that a settlement error had occurred but could not have been detected within the relevant timescale.

The Group considered the issue of whether to use Settlement Runs and / or Settlement Days in the timescales. The Group received legal advice that it would be confusing to use both in describing the appropriate timescales, for example if a Settlement Run was delayed for whatever reason. The Group unanimously decided that the use of Settlement Runs was preferable. In addition it agreed with all the consultation responses that in the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run this should be catered for explicitly as part of the criteria since the Group wanted the clause allowing the TDC to use its discretion to be used as infrequently as possible.

The Group considered the actual timescales that should be used with the different criteria in option 2. One member of the Group claimed that for SVA Half Hourly data and processes there ought to be a R2 + 20 timescales rather than a R1 + 20 timescale associated. This is due to the fact that if a problem exists, Parties may not be able to get to the relevant site within the prescribed timescale and so may just send in a Trading Query form to cover themselves in case the problem cannot be resolved (hence causing unnecessary work for the TDC and BSCCo). The other members of the Group felt that although this may be a problem on a number of occasions, having a tight timescale of R1 + 20 is worthwhile. The Group considered the claim raised in the consultation responses that timescales for SVA Half Hourly should be split between meters that run for 100 kW Premises (Metering Inside Settlement Timescales (MIST)) and non-100 kW Premises (MOST). The response stated that the former should have SVA Half Hourly timescales which should align with the SVA Non-Half Hourly criterion, since the performance standard relating to these customers requires such data to be accurate by RF and not any earlier. The Group agreed that this distinction was appropriate.

The Group considered that the definition of settlement error should include reference to the Settlement Period in which the error occurred and agreed that the draft legal text should reflect this.

The Group considered whether it would be appropriate for there to be an amnesty before P131 was introduced. They felt it was unnecessary but considered that the Implementation Date should be set to ensure all Parties were aware of and understood the criteria and had time to make the consequent changes to internal processes.

The Group agreed an Implementation Date of 30 June 2004 if the Authority's decision is received by the 1 February 2004 and 3 November 2004 if the Authority's decision is received after 1 February 2004, but prior to 1 July 2004. A four month lead time would provide sufficient time for BSCCo to make the necessary changes to documentation, for Parties to change their internal working procedures and for the new rights and obligations of Parties to be communicated via a workshop. The Group felt that given that there doesn't seem to have been a step change in the number of Trading Disputes being raised since the criteria were disappplied, the Implementation Date could correspond with a scheduled programme release date, to minimise the cost of implementation. If however the number of "late" Trading Disputes starts to rise significantly, the option to request that the Panel bring forward the Implementation Date would be available. Industry will be consulted regarding the Implementation Date as part of the Report Phase.

The Group discussed the location of the criteria, whether they should be in the BSCP or in the Code. The legal opinion was that all the criteria should be in the same place and not split between two locations. One Group member expressed a worry for the discretion clause being in the BSCP. Others expressed concern for the actual timescales being in the Code as this is inflexible and if they needed to be changed would require a Modification Proposal. The Group agreed that the criteria would be in the Code with the associated timescales specified in the BSCP.

The Group considered whether it was unreasonable to expect smaller Parties to adhere to the criteria and associated timescales proposed under P131 and whether the application to TDC discretion was appropriate in those cases. The view of the P131 Modification Group was that since smaller Parties generally have a lot less data to check, they would still be expected to adhere to the timescales. Application to the discretion of the TDC is open to all Parties, regardless of size.

6 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

No Transmission Company Analysis was sought.

7 SUMMARY OF EXTERNAL ADVICE

No external advice was sought.

8 IMPLEMENTATION APPROACH

No implementation approach was required.

9 DOCUMENT CONTROL

9.1 Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	29/10/03	Dena Harris	Roger Salomone	
0.2	03/11/03	Dena Harris	Modification Group	
0.3	04/11/03	Dena Harris	Change Delivery	
0.4	06/11/03	Dena Harris	Change Delivery	
1.0	07/11/03	Dena Harris	Final	
1.1	18/11/03	Dena Harris		

9.2 References

Ref	Document	Owner	Issue date	Version

ANNEX 1 DRAFT LEGAL TEXT

- Text for Proposed Modification in attached document.
- Note: There is a potential interaction with Modification Proposal P124 "Revision of Mandatory Half Hourly metering criteria" which will replace the definition of 100 kW Premises with 100 kW Metering Systems. If P124 is approved the definitions that P131 is adding to Section X, Table X-8 will have to be amended as the definition of 100 kW Premises is used.

ANNEX 2 MODIFICATION GROUP DETAILS

Name	Position	Member	E-mail	18/09	24/09	01/10	27/10
Roger Salomone	Chairman	Y	Roger.Salomone@elexon.co.uk	Y	Y	Y	Y
Dena Harris	Lead Analyst	Y	Dena.Harris@elexon.co.uk	Y	Y	Y	Y
Claire Maxim	Powergen	Y	Claire.Maxim@pgen.com	Y	Y	Y	N
Mark Thomas	Innogy	Y	Mark.THOMAS.3@INNOGY.COM	Y	Y	Y	Y
Mark Manley	BGT	Y	Mark.Manley@centrica.co.uk	Y	Y	Y	Y
Marie Branch	International Power	Y	marie.branch@natpower.com	N	N	N	N
Andrew Colley	Scottish and Southern	Y	andrew.colley@scottish-southern.co.uk	Y	Y	N	Y
Martin Mate	British Energy	Y	martin.mate@british-energy.com	Y	Y	Y	Y
Tim Roberts	Scottish Power	Y	tim.roberts@manweb.co.uk	N	N	Y	Y
Man Kwong Liu	Scottish Power	Y	MAN.KWONG.LIU@saic.com	Y	Y	N	N
Jerome Williams	Ofgem	N	Jerome.Williams@ofgem.gov.uk	Y	N	Y	Y
David Ahmad	ELEXON - Legal	Y	David.Ahmad@elexon.co.uk	N	N	Y	Y
Victoria Moxham	ELEXON - TDC	Y	Victoria.Moxham@elexon.co.uk	Y	Y	Y	Y
David Edward	Ofgem	N	David.Edward@ofgem.gov.uk	N	Y	N	N

ANNEX 3 CONSULTATION RESPONSES

Consultation issued 9 October 2003

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	No. Non-Parties Represented
1.	YEDL/NEDL	P131_ASS_001	2	
2.	Scottish and Southern	P131_ASS_002	4	
3.	SAIC Ltd	P131_ASS_003	6	
4.	Innogy	P131_ASS_004	9	
5.	British Gas Trading (BGT)	P131_ASS_005	5	

P131_ASS_001 – YEDL/NEDL

Respondent:	<i>Jill Setven</i>
No. of BSC Parties Represented	
BSC Parties Represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant).</i>
No. of Non BSC Parties Represented	
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>DUoS Billing Manager NEDL & YEDL</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P131 better facilitates the achievement of the Applicable BSC Objectives (specifically consider Objectives (c) and (d))? Please give rationale and state the relevant objective(s)	Yes / No	I believe Proposed Modification P131 better facilitates the achievement of the Applicable BSC Objectives, in particular Objective (d), if Option 1 is selected to encourage timeliness and prevent confusion when raising queries.
2.	Three options for criteria encouraging timeliness have been developed (see consultation document Section 2.1, 2.2 and 2.3). Which, if any, do you prefer? Please give rationale and if none are considered suitable state suggested alternative.	/Option 1/ /Option 2/ /Option 3/ /Neither/	Option 1 is selected as feel that unless the criteria is very prescriptive there is the possibility of delays and confusion
3.	Do you agree with a pre-rectification materiality barrier of £500 (see consultation document Section 2.6)? Please give rationale.	Yes / No	I agree with a pre-rectification materiality barrier of £500, as I feel because of the work involved there needs to be a reasonable level of materiality before going ahead. It is also important that the threshold is objective, so that everyone is aware of the situation.
4.	Do you think a clause that caters for extenuating or exceptional circumstances, and which allows the TDC to exercise discretion in such circumstances, should be included (See consultation document Section 2.5)? Please give rationale.	Yes / No	Discretionary clause acceptable, only if used very infrequently

Q	Question	Response	Rationale
5.	Do you consider timescales pertaining to Settlement Day are more appropriate than Settlement Run (See consultation document Section 2.4)? Please give rationale.		I think that the statement using "R2; SD + 100 Days" would seem appropriate for this, and is also appropriate for errors appearing in Settlement or Reconciliation Run not present in the previous Settlement or Reconciliation Run.
6.	In the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run, should this be catered for in the criteria or be considered via TDC discretion? (see consultation document Section 2.4) Please give rationale.		See 5. above
7.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	Yes / No	
8.	Does P131 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	Yes / No	
9.	Are there any further comments on P131 that you wish to make?	Yes / No	

P131_ASS_002 – Scottish and Southern Energy

Respondent:	<i>Andrew Colley</i>
No. of BSC Parties Represented	<i>4</i>
BSC Parties Represented	<i>Scottish and Southern Energy plc, SSE Energy Supply Ltd, Keadby Generation Ltd, Southern Electric Power Distribution plc</i>
No. of Non BSC Parties Represented	<i>0</i>
Non BSC Parties represented	
Role of Respondent	<i>Supplier/ Generator / Trader / Party Agent / Licensed Distribution Network Operator</i>

Q	Question	Response	Rationale
10.	Do you believe Proposed Modification P131 better facilitates the achievement of the Applicable BSC Objectives (specifically consider Objectives (c) and (d))? Please give rationale and state the relevant objective(s)	Yes	Incentives are required on parties to detect and raise disputes in a timely manner. Applying additional criteria and placing additional obligations upon parties is a reasonable means of achieving this. This will promote early accuracy and avoid the costs of unnecessarily prolonged settlement, which will achieve applicable objective (d). The case for objective (c) is less clear; but it could be argued that any reduction in settlement uncertainty achieved through tighter control of disputes will help to alleviate any perceived barrier to new entrants to the market.
11.	Three options for criteria encouraging timeliness have been developed (see consultation document Section 2.1, 2.2 and 2.3). Which, if any, do you prefer? Please give rationale and if none are considered suitable state suggested alternative.	/Option 1/ /Option2/ /Option 3/ /Neither/	Option 3 would be preferred as it is highly specific, gives the greatest objectivity and sends clear messages to parties as to what is expected and by when; whilst still allowing TDC discretion to be applied in limited circumstances. It is accepted however that this might prove difficult to draft and maintain and could cause conflict as to what constitutes a data item. Option 2 would be acceptable, provided that more certain wording is provided to recognise the right to dispute items that have changed in error from one Settlement or Reconciliation Run to the next (see 6. below).

Q	Question	Response	Rationale
12.	Do you agree with a pre-rectification materiality barrier of £500 (see consultation document Section 2.6)? Please give rationale.	Yes	It is inefficient to process disputes where the anticipated benefit is less than or equal to the costs of processing. Given the cost estimate of £400 to process each dispute and parties current familiarity with a £500 threshold, £500 is a sensible figure to choose.
13.	Do you think a clause that caters for extenuating or exceptional circumstances, and which allows the TDC to exercise discretion in such circumstances, should be included (See consultation document Section 2.5)? Please give rationale.	Yes	It is appropriate to provide for extenuating circumstances and thus allow unforeseen events to be taken into account when a case is submitted for TDC scrutiny. However the circumstances should be limited to those of a technical nature. "Situational" events, for example events similar to those that might typically be contained within contractual force majeure clauses, should not be subject to extenuating circumstances. Allowing such discretion could lead to a degradation in parties' Business Continuity procedures, which would act counter to applicable BSC objective (d).
14.	Do you consider timescales pertaining to Settlement Day are more appropriate than Settlement Run (See consultation document Section 2.4)? Please give rationale.		Ideally, timescales should pertain to a combination of both data items. However, if a choice has to be made, then clearly Settlement Day is the more appropriate as Settlement is carried out on the basis of Settlement Days. However, we do not understand why any such choice should be necessary, and do not understand why the legal advice considers that this method would lack clarity.
15.	In the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run, should this be catered for in the criteria or be considered via TDC discretion? (see consultation document Section 2.4) Please give rationale.		A mechanism must exist to allow for a dispute to be raised on an error that appeared in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run. We are not convinced that leaving it to TDC discretion in these circumstances is the most robust method, as it reduces the objectivity and transparency of criteria and creates the risk of inconsistent decision making by TDC. A more certain and definitive wording is required, that will guarantee that disputes arising from such circumstances will be presented to and ruled upon by TDC.

Q	Question	Response	Rationale
16.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	We cannot envisage any further options to those laid out in Appendix 1. We agree with the conclusions reached within Appendix 1 for each of the options detailed.
17.	Does P131 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
18.	Are there any further comments on P131 that you wish to make?	Yes	<p>Timescales for SVA Half Hourly Criterion are too tight for all 3 options. More time needs to be allowed to avoid the risk of blanket raising of Trading Queries at R1 + 20. Timescales should also be split for MIST and MOST customers. Our proposal would be :-</p> <p>HH MIST :- R2 + 20 HH MOST :- should align with SVA Non-Half Hourly Criterion as the performance standard relating to MOST customers requires such data to be accurate by RF and not any earlier.</p>

P131_ASS_003 – SAIC Ltd

Respondent:	Man Kwong Liu (SAIC Ltd)
No. of BSC Parties Represented	6
BSC Parties Represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant).</i>
No. of Non BSC Parties Represented	Scottish Power UK plc; ScottishPower Energy Management Ltd.; ScottishPower Generation Ltd; ScottishPower Energy Retail Ltd.; SP Transmission Ltd; SP Manweb plc.
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i> 0
Role of Respondent	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state⁷)</i> Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent

Q	Question	Response	Rationale
19.	Do you believe Proposed Modification P131 better facilitates the achievement of the Applicable BSC Objectives (specifically consider Objectives (c) and (d))? Please give rationale and state the relevant objective(s)	Yes	<p>We believe that by having clearly laid down criteria for trading disputes, it would enable timely resolution of any settlement errors, which could improve the liquidity of smaller companies. This would better facilitate the achievement of the Applicable BSC Objectives (c) – promote effective competition.</p> <p>Having objective detailed criteria would also improve the trading dispute process for the TDC in its determination and for BSC parties in raising any potential disputes. This would better facilitate the achievement of the Applicable BSC Objectives (d) – promote efficiency.</p>

⁷ Delete as appropriate – please do not use strikeout, this is to make it easier to analyse the responses

Q	Question	Response	Rationale
20.	Three options for criteria encouraging timeliness have been developed (see consultation document Section 2.1, 2.2 and 2.3). Which, if any, do you prefer? Please give rationale and if none are considered suitable state suggested alternative.	Option 3	We believe that having as detailed a list as possible of criteria improve the process of trading disputes as mentioned above. In view of legal opinion, we believe that Option 3 gives a good compromise, in that it allows legal texts to be drafted more appropriately and easily (as would be the case for Option 1), but still gives as much details as possible in the BSCP which would improve the working of the TDC and parties' understanding. By having the details in the BSCP also enable updates to be done more efficiently.
21.	Do you agree with a pre-rectification materiality barrier of £500 (see consultation document Section 2.6)? Please give rationale.	Yes	The threshold should not be below the cost of producing a Post Final Settlement run. The only caveat to this could be were a BSC Party provides evidence that it will encounter financial difficulties (e.g. insolvency) without rectification.
22.	Do you think a clause that caters for extenuating or exceptional circumstances, and which allows the TDC to exercise discretion in such circumstances, should be included (See consultation document Section 2.5)? Please give rationale.	Yes	The process must be seen as 'reasonable' and must therefore cater for unforeseen circumstances. In other word, there is always the possibility of an exception to the rule (which may lead a future modification). The TDC should act as an arbitrator and provide a ruling on matters of principle. The raising party should also have the right to appeal such decisions to the BSC Panel.
23.	Do you consider timescales pertaining to Settlement Day are more appropriate than Settlement Run (See consultation document Section 2.4)? Please give rationale.	No	As parties will probably only find out any settlement errors following a Settlement Run, it is therefore more appropriate to use Settlement Run. There is no reason why the timescales cannot be based on Settlement Run.
24.	In the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run, should this be catered for in the criteria or be considered via TDC discretion? (see consultation document Section 2.4) Please give rationale.	Yes	The process must be 'reasonable'. As mentioned above, most errors are picked up after Settlement Run. Therefore, if one was not present at the previous run, then dispute could not be raised. Therefore timescale should be based on settlement runs with the earliest run set as the criteria unless there is change from subsequent run.

Q	Question	Response	Rationale
25.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
26.	Does P131 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	Yes	Modification P107 addresses dispute timescales, which look likely to be adopted as part of a revised BSCP11 (if Mod P131 is approved). However, these timescales seem out of step with the required data retention periods, and as a result, data retention should be considerably reduced to say 28 months.
27.	Are there any further comments on P131 that you wish to make?	Yes	<p>We believe that as well as timeliness in raising disputes, there should be some committed timescale for disputes to be resolved and rectified. This enables settlement to be finalised promptly and reduce the risk of non-payment from parties who may be insolvent during this long period. Such arrangement would better facilitates the achievement of the Applicable BSC Objectives(c) and (d).</p> <p>We also think that 28 months gives ample time for any disputes to be resolved.</p> <p>We do however agree that there would need to be some flexibility for special exceptional cases, at the discretion of the TDC or Panel.</p>

P131_ASS_004 – Innogy

Respondent:	<i>Mark Thomas</i>
No. of BSC Parties Represented	<i>9</i>
BSC Parties Represented	<i>RWE Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited</i>
No. of Non BSC Parties Represented	<i>None</i>
Non BSC Parties represented	<i>N/A</i>
Role of Respondent	<i>Supplier / Generator/ Trader / Consolidator / Exemptable Generator / Party Agent</i>

Q	Question	Response	Rationale
28.	Do you believe Proposed Modification P131 better facilitates the achievement of the Applicable BSC Objectives (specifically consider Objectives (c) and (d))? Please give rationale and state the relevant objective(s)	Yes	
29.	Three options for criteria encouraging timeliness have been developed (see consultation document Section 2.1, 2.2 and 2.3). Which, if any, do you prefer? Please give rationale and if none are considered suitable state suggested alternative.	Option2	Less complicated, simpler, more straightforward
30.	Do you agree with a pre-rectification materiality barrier of £500 (see consultation document Section 2.6)? Please give rationale.	No	The materiality too low, would result in increased disputes. I feel that £500 is not representative of the cost of rectification. I would suggest a materiality of £5,000.
31.	Do you think a clause that caters for extenuating or exceptional circumstances, and which allows the TDC to exercise discretion in such circumstances, should be included (See consultation document Section 2.5)? Please give rationale.	Yes	There are circumstances of problems occurring that are impossible to detect in a timely manner and may not be covered by the criteria.

Q	Question	Response	Rationale
32.	Do you consider timescales pertaining to Settlement Day are more appropriate than Settlement Run (See consultation document Section 2.4)? Please give rationale.	Yes	This will give a more flexible scope.
33.	In the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run, should this be catered for in the criteria or be considered via TDC discretion? (see consultation document Section 2.4) Please give rationale.		Should be catered for in the criteria and not at the discretion of the TDC. If it were catered for clearly in the criteria it would be a fairer option then via the discretion of the TDC which could make parties may feel disadvantaged.
34.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
35.	Does P131 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
36.	Are there any further comments on P131 that you wish to make?	No	

P131_ASS_005 – British Gas Trading (BGT)

Respondent:	Mark Manley
No. of BSC Parties Represented	
BSC Parties Represented	British Gas Trading (BGT)
No. of Non BSC Parties Represented	
Non BSC Parties represented	

Role of Respondent			
Q	Question	Response	Rationale
37.	Do you believe Proposed Modification P131 better facilitates the achievement of the Applicable BSC Objectives (specifically consider Objectives (c) and (d))? Please give rationale and state the relevant objective(s)	Yes	<p>BGT believe Modification Proposal P131 will better facilitate Applicable BSC Objective (c). Encouraging timely detection of errors in Settlement and correcting those errors where appropriate should improve data quality in Settlement. Improving the quality of data upon which Suppliers and Generators pay or are paid Trading Charges will promote effective competition in the generation and supply of electricity.</p> <p>BGT are unsure why this modification will better facilitate applicable BSC Objective (d). BGT do not believe the implementation of criteria for raising Trading Disputes will better promote efficiency in the balancing and settlement arrangements.</p>
38.	Three options for criteria encouraging timeliness have been developed (see consultation document Section 2.1, 2.2 and 2.3). Which, if any, do you prefer? Please give rationale and if none are considered suitable state suggested alternative.	Option2	<p>BGT supports option 2 as it provides a general criterion with four specified exceptions plus it enables the TDC discretion. This solution should be user friendly for both the custodians of the process and Parties wanting to raise Trading Queries. This solution also remains consistent with the principles that have underpinned the Disputes process to date under the Pool and since NETA Go-Live.</p> <p>The timescales associated with the criteria place realistic but stringent timescales on raising Trading Queries. The proposed timescales are also consistent with the data retention obligations placed on BSC Parties, BSC Agents and Party Agents via P107.</p> <p>BGT also has noted the legal advice, which suggests that Option 1 and 3 would be difficult to draft.</p>
39.	Do you agree with a pre-rectification materiality barrier of £500 (see consultation document Section 2.6)? Please give rationale.	Yes	BGT agree with the recommendation of the modification group in respect of the materiality criteria for rectifying Trading Disputes. It is essential the level is reflective of the cost of rectification.

Q	Question	Response	Rationale
40.	Do you think a clause that caters for extenuating or exceptional circumstances, and which allows the TDC to exercise discretion in such circumstances, should be included (See consultation document Section 2.5)? Please give rationale.	Yes	<p>BGT believes it is important for the process that Parties are able to raise a claim under exceptional circumstances. The materiality of Trading Disputes can be significant and in certain circumstances the TDC should be able to use its discretion to consider claims. BGT does have concerns that if Parties are prevented from raising Trading Queries because they are timed out this may lead to expensive and time-consuming legal battles. If such a criterion is included it is essential the TDC apply the rule consistently to ensure that all Parties are treated equitably.</p> <p>BGT are unaware why such a clause should be excluded. An exceptional circumstance clause formed part of the previous criteria and was available to Parties under the Pool. The process has worked historically with an exceptional circumstance criterion BGT believe such a clause would work equally well now.</p>
41.	Do you consider timescales pertaining to Settlement Day are more appropriate than Settlement Run (See consultation document Section 2.4)? Please give rationale.		<p>BGT support the timescales being linked to a Settlement Run rather than a Settlement Day. Parties will be able to identify a Settlement Error by checking the Settlement Run output. As detection is only possible via this route it would appear sensible to start the clock from that point.</p> <p>Additionally, BGT do not believe a Settlement Error can occur until the SF Run because Trading Charges are not accrued until that point. This would suggest that the timescales should pertain to a Settlement Run.</p>

Q	Question	Response	Rationale
42.	In the case of an error appearing in a Settlement or Reconciliation Run that was not present in the previous Settlement or Reconciliation Run, should this be catered for in the criteria or be considered via TDC discretion? (see consultation document Section 2.4) Please give rationale.		BGT would be supportive of resolving this issue via the criteria rather than catering for it by TDC discretion. If this issue was left to be resolved via the TDC discretion clause it may result in numerous Trading Queries being raised against such a clause. The TDC discretion clause is one that should be utilised relatively infrequently. Also there is a very distinct possibility that Settlement Errors could become present that were in not in the previous Settlement Run. Therefore on the basis it would seem sensible to cater for this eventuality within the standard criteria.
43.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
44.	Does P131 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
45.	Are there any further comments on P131 that you wish to make?	No	

Note: The SAIC response refers to Option 1 in the answer to question 2. It should refer to Option 2.

ANNEX 4 OPTIONS GIVEN IN THE CONSULTATION

The Group developed three options it believed best embodied the characteristics it wished to see as part of the criteria – objective criteria by data type, high-level objective criteria with TDC discretion and a hybrid of the two. These three options are described below. The other sections summarise the Group's position on other key issues.

Option 1: Objective Criteria by Data Type.

Basic Concept - a list of data types, as exhaustive as possible, with associated timeliness criteria for raising a Trading Query, will be held within the BSCP and would be used by the TDC to judge Trading Disputes. Whilst the Code will state that if a Party believed an error had occurred in respect of one of these data types, or the processes associated with such a data type, the Party would need to raise the Trading Query within the prescribed timescale.

Assessment of Compliance – compliance with the prescribed timescale would be measured against the date when the F11/01Query Form was received by ELEXON.

Location of Criteria - the Code would state that timeliness criteria exist and that these criteria are contained in a Code Subsidiary Document (i.e. BSCP) and are based on the timing of Settlement Runs. The Code would also contain clauses to address circumstances in which the appropriate data type is not listed in the Code Subsidiary Document and where a Party is unable to submit a Trading Query within the relevant timescale due to circumstances beyond its control.

Data Type not Identified (- in Code Subsidiary Document) - if a perceived Settlement Error has occurred in the data and/or processes pertaining to a data type not included in the list, the Party in question would have a 20 month timescale within which to raise it as a Trading Query. Subsequently, a Change Proposal would be raised by the TDC adding the extra data type to the list with a suitable timescale.

TDC Discretion Criteria (OPTIONAL) – the TDC would be able to exercise its discretion in situations where unexpected, and significantly disruptive, circumstances beyond the control of a Party resulted in that Party being unable to raise a Trading Query within the relevant timescale.

Legal Advice: legal advice received on this option expressed concern that it would be difficult to draft and inefficient to operate. First, its detailed nature would require all conceivable disputable data types to be identified and assigned a timescale. As a result, there would remain a significant risk that the list of data types would not be exhaustive and would require regular updating (see data type not identified above). Second, the use of data types might not eliminate the need for judgement as to what timeliness criterion should apply (e.g. under which data type does a specific data item fall) potentially undermining the rationale for a detailed approach, clarity and the minimisation of subjective judgement.

Timescales - The five tables below specify the timeliness criteria associated with each data-type identified by the Group. Note that all terms used are defined terms under the Code.

Note: Some of the source data is missing from this table. In the finalised (legal) version of this option the sources will be completed.

TABLE A: REGISTRATION

Data Type	Source	Timescale
Market Domain Data	BSCP509	D + 2
Party Registration Data	A 4.2	SF + 20* / D + 40**
Trading Unit	K4	SF + 20 / D + 40
BM Unit	K3	SF + 20 / D + 40

Party Agent Appointment		RF + 70 / D + 361
Meter Technical Details		
Central Volume Allocation	BSCP20	SF + 20 / D + 40
Supplier Volume Allocation (Half Hourly)	BSCP502	R1 + 20* / D + 55
Supplier Volume Allocation (Non Half Hourly)	BSCP504	RF + 70 / D + 361
P/C status	K 3.5.1	SF + 20 / D + 40
GC / DC	K 3.4.8	SF + 20 / D + 40

TABLE B: CONTRACTS & NOMINATIONS

Data Type	Source	Timescale
ECVNA Authorisations		SF + 20 / D + 40
MVRNA Authorisations		SF + 20 / D + 40
Energy Contract Volume Notifications		SF + 20 / D + 40
Metered Volume Reallocation Notifications		SF + 20 / D + 40
Physical Notifications		SF + 20 / D + 40
Acceptances	Q 4.1.3	SF + 20 / D + 40
Bid Offer Data		SF + 20 / D + 40

TABLE C: PRICING & SETTLEMENT

Data Type	Source	Timescale
BSAD		20 months
QAS		SF + 20 / D + 40
TLF		SF + 20 / D + 40
TLM		SF + 20 / D + 40
Imbalance prices		20 months

TABLE D: METERING

Data Type	Source	Timescale
-----------	--------	-----------

Central Volume Allocation		SF + 20 / D + 40
Supplier Volume Allocation (Half Hourly)		R1 + 20 / D + 55
Supplier Volume Allocation (Non Half Hourly)		RF + 70 / D + 361
Daily Profile Coefficient		D + 3
Interconnector		SF + 20 / D + 40

TABLE E: BSC AGENT PROCESSING

Data Type	Source	Timescale
Error in data and/or processes undertaken by BSC Agent or BSC Agent Systems excluding SVAA and its Systems		SF + 20 / D + 40
Error in data and/or processes undertaken by SVAA or SVAA Systems		RF + 70

All numbers mentioned in the table above refer to Working Days.

D = Settlement Day

SF = initial Settlement Run

R1 = first Reconciliation Run

RF = Final Reconciliation Run

[*Wherever there is an SF + 20 / R1 + 20 timescale it would be applicable to Trading Queries raised against perceived Settlement Errors occurring during a Reconciliation Run. For Trading Queries raised against subsequent Settlement Runs (i.e. they were not present in the previous Settlement or Reconciliation Run), the deadlines would be as follows; it must be identified in Rx +20 (i.e. 20 days after the relevant Settlement Run).

**Wherever there is a D + 40 timescale, it would be applicable to Trading Queries raised against perceived Settlement Errors occurring during 1st Reconciliation. For Trading Queries raised against subsequent Settlement Runs, the deadlines would be as follows: R2; SD + 100 Days, R3; SD + 170 Days and RF; SD + 358 Days.].

Option 2: High Level Objective Criteria with TDC Discretion

Basic Concept – under this option a general timeliness criterion would apply for raising Trading Queries with four exceptions to the general rule. These would cover data types derived from processes which operate to different timescales and a clause enabling TDC to exercise its discretion would be included in the Code.

Assessment of Compliance – compliance with the prescribed timescale would be measured against the date when the F11/01 Query Form was received by ELEXON.

Location – all criteria would be located within the Code under this option.

TDC Discretion - the TDC would be empowered to exercise its discretion in the application of the timeliness criteria, for example, in extenuating circumstances or where none of the existing timescales are clearly applicable.

Legal Advice – legal advice did not identify any issues with this option.

Timescales – the timescales for the general, exceptions and the nature of discretion devolved to the TDC would be as follows:

GENERAL CRITERION

As a general rule, Parties will be required to raise Trading queries within 40 days (i.e. approximately SF + 20 days) of the first affected Settlement Day within which the Settlement Period against which the Trading Query is being made falls.

SVA HALF HOURLY CRITERION

For Trading Queries regarding the registration of SVA Metering Systems comprising Half Hourly Meters and the collection, aggregation and use in Settlement of data associated with such Metering Systems, a query must be raised within 55 (i.e. approximately R1 + 20 days)⁸ days of the first affected Settlement Day within which the Settlement Period against which the Trading Query is being made falls.

SVA NON HALF HOURLY CRITERION

For Trading Queries regarding the registration of SVA Metering Systems comprising Non Half Hourly Meters and the collection, aggregation and use in Settlement of data associated with such Metering Systems, a query must be raised within 358 days (i.e. approximately RF + 70 days) of the first affected Settlement Day within which the Settlement Period against which the Trading Query is being made falls.

PROFILING CRITERION

For Trading Queries regarding Profiling or profiling data (e.g. Profile Coefficient) used in Settlement, a query must be raised within 3 days of the first affected Settlement Day within which the Settlement Period against which the Trading Query is being made falls.

MDD CRITERION

For Trading Queries regarding Market Domain Data (MDD), a query must be raised within 2 days of the first affected Settlement Day within which the Settlement Period against which the Trading Query is being made falls. This criterion would be applicable to all data contained with the MDD dataset (as defined in BSCP509).

DISCRETION CLAUSE

The Trading Disputes Committee (TDC) will be able to exercise its discretion and hear a Trading Dispute arising from a Trading Query raised outside the relevant timescale above. In exercising such discretion, the TDC would have regard to:

- (a) Evidence submitted by the Party raising the Trading Query indicating that the Trading Query could not have been raised any earlier due to unexpected, and significantly disruptive, circumstances beyond the control of that Party;
- (b) Any delay to the Settlement Run within which the perceived Settlement Error was detected; and
- (c) Where unexpected, and significantly disruptive, circumstances beyond the control of the Party result in that Party being unable to raise a Trading Query within the relevant timescale (see above), the TDC will consider the Trading Dispute if it is satisfied that sufficient evidence to substantiate such extenuating circumstances has been provided by the Party in question.

For the avoidance of doubt, TDC discretion notwithstanding, no Trading Query may be raised later than twenty months after the Settlement Day against which the Trading Query is being made.

⁸ Note that this timescale would be applicable to Trading Queries raised against perceived Settlement Errors occurring during 1st Reconciliation. For Trading Queries raised against subsequent Settlement Runs, the deadlines would be as follows: R2; SD + 100 Days, R3; SD + 170 Days and RF; SD + 358 Days.

Option 3: Hybrid of Options 1 and 2

Basic Concept – a list of data types, as exhaustive as possible, with associated timeliness criteria for raising a Trading Query, will be held within the BSCP and would be used by the TDC to judge Trading Disputes (as option 1). The Code will state that if a Party believed an error had occurred in respect of one of these data types, or the processes associated with such a data type, the Party would need to raise the Trading Query within the prescribed timescale but will also contain a clause enabling TDC to exercise its discretion in cases where the Party felt the timescales in the BSCP were unreasonable for whatever reason.

Assessment of Compliance – compliance with the prescribed timescale would be measured against the date when the F11/01 Query Form was received by ELEXON.

Location – the Code would state that timeliness criteria exist and that these criteria are contained in a Code Subsidiary Document (i.e. BSCP) and are based on the timing of Settlement Runs. The Code would also contain clauses to address circumstances in which the appropriate data type is not listed in the Code Subsidiary Document and where a Party felt the timescales in the BSCP were unreasonable.

TDC Discretion - the TDC would be empowered to exercise its discretion in the case where a Party felt the timescales in the BSCP were unreasonable, where the data type is not listed and for example, in extenuating circumstances.

Legal Advice – legal advice received on this option expressed concern that it would be difficult to draft (uses the same list of data types as option 1).

Timescales – as follows:

Code:

Parties are required to raise Trading Queries within the timescales outlined in the relevant BSCP.

If a Party feels it could not reasonably have been expected to raise the Trading Query within the relevant timescale, it can appeal to the TDC who will be able to exercise their discretion and consider such a Trading Query.

If a Trading Query is raised regarding a data type not included in the relevant BSCP the TDC will consider the case using their discretion.

(As option 2) Note: in using their discretion the TDC may have regard to:

- a) Evidence submitted by the Party raising the Trading Query indicating that the Trading Query could not have been raised any earlier due to unexpected, and significantly disruptive, circumstances beyond the control of that Party;
- b) Any delay to the Settlement Run within which the perceived Settlement Error was detected; and
- c) Where unexpected, and significantly disruptive, circumstances beyond the control of the Party result in that Party being unable to raise a Trading Query within the relevant timescale (see above), the TDC will consider the Trading Dispute if it is satisfied that sufficient evidence to substantiate such extenuating circumstances has been provided by the Party in question.

BSCP:

Criteria with attached timescales will appear as in option 1.