



## Consultation for Modification Proposal P110: Nullification of Volume Notifications where no Notification Authorisations are in Place

A consultation document developed on behalf of the Settlement Standing Modification Group.

**For Attention of:** BSC Panel, BSC Parties, BSC Agents, energywatch, the Gas and Electricity Markets Authority, Core Industry Document Owners,

**Date of Issue:** 13 January 2003

**Responses Due:** 17:00 on Thursday 23 January 2003 (To: [Modifications@elexon.co.uk](mailto:Modifications@elexon.co.uk))

### 1. INTRODUCTION

Modification Proposal P110 'Nullification of Volume Notifications where no Authorisations are in Place' (P110) was raised by AES Drax Power Ltd on 4 November 2002. P110 seeks to provide a mechanism for a BSC Party to nullify their Notifications with another BSC Party, for those Settlement Periods that have not yet passed Gate Closure, if the following conditions are met:

- all the Notification Agent Authorisations (ECVNAA/MVRNAA) with that Party have been terminated; and
- the two Parties cannot agree to establish a new Notification Agent Authorisation.

The Proposer suggests that as there is currently no mechanism for amending contract notifications under these circumstances, one of the two Parties (i.e. the one selling the electricity) would potentially be left with a settlement liability that did not reflect the reality of the contractual relationship between the two Parties. In the case of an 'evergreen' contract notification, which lasts indefinitely, this settlement liability would be potentially unlimited in magnitude.

The Initial Written Assessment (IWA) was presented to the Balancing and Settlement Code Panel at their meeting on 14 November 2002. The IWA recommended that P110 be submitted to and 3-month Assessment Procedure and that this work be undertaken by the Settlement Standing Modification Group (SSMG).

### 2. MODIFICATION GROUP DISCUSSION

At their meeting on 19 November 2002, the SSMG discussed the issues raised in the P110 IWA and notes of this meeting are available under the SSMG section of the BSC Website at:

[http://www.elexon.co.uk/ta/modifications/mods\\_group.html](http://www.elexon.co.uk/ta/modifications/mods_group.html)

Copies of all papers relating to P110 and its progression through the Assessment Procedure can be found on the BSC Website under the P110 section of the BSC Website at:

[http://www.elexon.co.uk/ta/modifications/mods\\_docs.html](http://www.elexon.co.uk/ta/modifications/mods_docs.html)

A requirements specification was written by the SSMG and issued for high level impact assessment by BSC Parties and BSC Agents. Five options were assessed during the impact assessment, these were;

	Nullification Request Processing		Nullification of Contract Volumes		
	Automated Method	Manual Method	Manual Method	Semi-Automated Method	Automated Method
<b>Option 1</b>	✓				✓
<b>Option 2</b>	✓		✓		
<b>Option 3</b>		✓	✓		
<b>Option 4</b>		✓			✓
<b>Option 5</b>		✓		✓	

The BSC Agent responses indicated that there will be an impact on the Energy Contact Volume Allocation Agent software and documentation for all options but that no other BSC Agents will be affected by P110.

A summary of cost and timescale from the BSC Agent and BSC Party responses is given below, and the full responses are given in the attached annex (P110ARannexes02). It should be noted that the costs for implementation by the BSC Agent are only for the change. Should this be implemented as a standalone project the total implementation costs given in the impact assessment response should be used. It is envisaged that this change will be delivered as part of a BSC System Release and therefore there will be some additional overhead and project costs to be added on to the change specific cost but it is not possible to identify these at this time. The implementation timescale for each option also needs to include the management time for ELEXON to manage the change. This is currently being identified and will be discussed by the SSMG prior to presenting the Assessment Report to the Panel in February 2003.

	Average BSC Party Implementation timescales	BSC Agent Implementation timescales	BSC Agent Costs		
			Change Specific	Operational (cost per event)	Annual Maintenance <sup>1</sup>
Option 1	3-6 months	15 weeks + ELEXON time	£115k	£0	£56k
Option 2	3-6 months	10 weeks + ELEXON time	£52k	T&M (~£60k/event)	£35k
Option 3	1 month	9 weeks + ELEXON time	£38k	T&M (~£62k/event)	£31k
Option 4	3-6 months	14 weeks + ELEXON time	£94k	T&M (~£2k/event)	£51k
Option 5	1-3 months	14 weeks + ELEXON time	£94K	T&M (~£2k/event)	£51k

Having assessed the responses the SSMG believe that a manual Nullification Process should be used as this is the most cost effective and will have less impact on BSC Agent and participant systems. The SSMG also agreed that, as it is not envisaged that the process will be used very frequently, the need to automate the solution is not as great therefore, it would not better facilitate Applicable BSC Objective (d) if the solution were to be automated.

The SSMG also agreed that a semi-automatic process should be used for the nullification of contract volumes. This means that option 5 is the implementation option preferred by the SSMG. The rationale for this was that it was the most cost-effective solution and introduces the least potential for error compared to option 3.

Other issues raised by the impact assessment and currently being considered by the SSMG are;

- (i) When should the first period from when a Nullification Request can become effective be? The requirements specification states "Effective from the start of the next Settlement Period for which Gate Closure has not occurred in x Business Hours in time, where x is the number of Business Hours from when the nullification Request has been received (all options)", what should the value of "x" be? Note the BSC Agent is currently clarifying what the minimum timescale for this process can be.
- (ii) Can the requested start period for the nullification be outside business hours if the request is received in working hours?
- (iii) Should a confirmation report be produced once the nullification process has been completed? If so should this be a manual report or an automatic flow?

<sup>1</sup> Based on a percentage of the total implementation cost.

The SSMG are still considering these points and would like to seek participant views in order to reach a decision. Views are sought on what market participants believe should be the solution for the points raised above and the rationale for this.

### **3. CONSULTATION**

This consultation seeks respondent's views on the issues raised by P110 and in particular, whether the Modification Proposal better facilitates achievement of the applicable BSC Objectives.

For information the applicable BSC objectives are;

- (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- (b) The efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System;
- (c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;
- (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.
- (e) without prejudice to the foregoing objectives and subject to paragraph 3A, the undertaking of work by BSCCo (as defined in the BSC) which is:
  - (i) necessary for the timely and effective implementation of the proposed British Electricity Trading and Transmission Arrangements (BETTA); and
  - (ii) relevant to the proposed GB wide balancing and settlement code;and does not prevent BSCCo performing its other functions under the BSC in accordance with its objectives.

**You are invited to provide a response in respect of the questions on the attached pro-forma.**

Please send your responses entitled 'P110 Assessment Consultation 1' by 17:00 on Thursday 23 January 2003 to the following email address: [Modifications@elexon.co.uk](mailto:Modifications@elexon.co.uk)

Any queries on the content of the consultation pro-forma should be addressed to Joanne Ellis (020 7380 4316) email address [joanne.ellis@elexon.co.uk](mailto:joanne.ellis@elexon.co.uk).