

November 2002

**INITIAL ASSESSMENT OF
MODIFICATION PROPOSAL P107 -
Data Retention Requirements for
Post-Final Trading Disputes**

Prepared by ELEXON Limited

Document Reference	P107IR
Version no.	1.0
Issue	1.0
Date of Issue	8 November 2002
Reason for Issue	Approved
Author	ELEXON

I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	04/11/02	Change Delivery		First draft for peer review
0.2	07/11/02	Change Delivery		Peer review comments embodied and issued for approval
1.0	08/11/02	Change Delivery		Approval

Version	Date	Reviewer	Signature	Responsibility
1.0	08/11/02	Change Delivery		Approval

b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
Core Industry Document Owners	Various

c 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 Great Britain under the BSC. All other commercial use is prohibited. Unless you are a person having an interest in electricity trading in Great Britain 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.

II CONTENTS TABLE

I	Document Control.....	2
a	Authorities.....	2
b	Distribution.....	2
c	Intellectual Property Rights and Copyright.....	2
II	Contents Table	3
1	Summary	4
2	Introduction.....	5
3	Description of the Modification Proposal.....	5
4	Background Information	6
5	Impact on BSC Systems and Processes.....	9
6	Impact on Other Systems and Processes Used by Parties.....	9
7	Impact on Documentation	9
7.1	Impact on Balancing and Settlement Code	9
7.2	Impact on Code Subsidiary Documents	11
7.3	Impact on Core Industry Documents.....	12
8	Impact on Other Configurable Items	12
9	Impact on ELEXON.....	12
10	Impact on Financial Arrangements and Budget	13
11	Impact on BSC Agent Contractual Arrangements	13
12	Process and Timetable for Progressing the Proposal.....	15
13	Issues	15
	Annex 1 – Modification Proposal.....	18

1 SUMMARY

Modification Proposal P107 'Data Retention Requirements for Post-Final Trading Disputes' (P107), included in Annex 1, was submitted on 30 October 2002 by Scottish & Southern, in accordance with Section F, 2.1.1 of the Balancing and Settlement Code ('the BSC').

P107 seeks to refine the existing cut-off points defined within the BSC associated with raising a Trading Dispute. In addition P107 seeks to include within the BSC the relevant data retention obligations on Parties, Party Agents and BSC Agents. To achieve this, P107 proposes that:

- The cut-off point for raising a Trading Dispute should be [20] months after the Settlement Date.
- The cut-off point for a Post-Final Settlement Run should be [28] months after the Settlement Date.
- The cut-off point for an Extra-Settlement Determination should be [28] months after the Settlement Date.

The precise cut-off points for the above are bracketed on the basis that the Proposer recognises that these should be open to discussion and debated by the relevant Modification Group. Notwithstanding this, the Proposer believes that the cut-off points suggested above strike a balance between preserving the rights of Parties to dispute errors in Settlements whilst avoiding burdening the industry with wholly disproportionate data retention costs.

Therefore P107 also seeks to modify the BSC, by including the relevant data retention requirements for Parties, Party Agents and BSC Agents in order to support the resolution of errors and to ensure that the Settlement timetable and the Settlement related taxation (including VAT) requirements are not compromised. No precise cut-off points are included within P107 for data retention.

As P107 seeks to refine the existing Trading Dispute cut-off period and accordingly include appropriate data retention requirements within the BSC (currently facilitated by the associated BSC documentation), the Modification Proposal is considered to be clearly defined. However, there are several issues outlined in Section 13 that need to be addressed.

On the basis that P107 affects all Parties and is a governance related Modification Proposal, it is proposed that the Governance Standing Modification Group (GSMG) (with appropriate expertise being sought from the Settlement Standing Modification Group (SSMG), the Volume Allocation Standing Modification Group (VASMG) and the Trading Dispute Committee (TDC)) is used to progress P107.

On the basis of this Initial Written Assessment, the Panel is invited to:

- **NOTE the results of the Initial Written Assessment;**
- **DETERMINE that P107 should be submitted to the Assessment Procedure in accordance with Section F, 2.6 of the Code;**
- **AGREE the Assessment Procedure timetable such that an Assessment Report should be completed and submitted to the Panel for consideration at their meeting on 13 February 2003; and**
- **DETERMINE that the Assessment Procedure should be undertaken by the GSMG.**

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd. on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 DESCRIPTION OF THE MODIFICATION PROPOSAL

A copy of P107, as submitted by the Proposer, can be found at Annex 1 to this report.

Description of the Proposed Modification

P107 states that the BSC¹ allows Trading Disputes to be raised up to three years after the Settlement Date, but does not specify a cut-off period by when such disputes should be resolved.

The current BSC requirements allow a twenty-two month period after the Final Reconciliation Run for Parties to raise a Trading Dispute. This protracted timetable for raising and resolving Trading Disputes imposes very significant data retention costs on Parties, Party Agents and BSC Agents.

The BSC on the other hand is non-specific on what data, how much data and the data retention mechanisms that Parties, Party Agents and BSC Agents need to have in place in support of:

- the Settlement timetable;
- Trading Disputes; and
- the Settlement related taxation (including VAT) requirements.

The lack of precision with the BSC therefore implies a requirement for Parties, Party Agents and BSC Agents to retain data for more than three years to enable to a Trading Dispute that is raised near the 36 month cut-off point to be investigated post the cut-off point. P107 states that there is no reason why Parties should have the ability to raise a Trading Dispute more than six months after the Final Settlement Run and why the Trading Disputes Committee (TDC) should require more than eight months to resolve a Trading Dispute.

P107 therefore proposes that the BSC is modified so that, the:

- cut-off point by when a Party can raise a Trading Dispute is modified;
- cut-off point for a Post-Final Reconciliation Run and Extra Settlement Determination is modified; and
- amount and type of data that needs to be retained by Parties, Party Agents, BSC Agents and the mechanisms to achieve BSC compliance are defined.

Although a number of Code Subsidiary Documents already place varying timescale obligations on data retention, the mechanism (eg. on-line / off-line) and the type of data (ie. latest data or a snapshot of

¹ References to the BSC in this Modification Proposal are to the BSC as modified by Approved Modification P61' Ad Hoc Adjustments to Settlement involving material errors without resorting to Ad Hoc Settlement Runs' (which has an Implementation Date of 10 December 2002).

data as at a particular Settlement Run or alternatively the ability to reconstruct data in a format which will enable it to be used to run Settlements) to be retained is not specified. P107 seeks to clarify these requirements. The implementation of P107 is intended to be on a calendar day.

Due to the lengthy process required in rectifying Past Notification Errors (Section P6 'Past Notification Error' of the BSC), P107 proposes that:

- the P6 requirements to correct Past Notification Errors should not be compromised by the P107 Post-Final Trading Dispute process; and
- Party Agents (with the exception of those Notification Agents directly involved in claims) should not be required to hold data past 28 months in support of such Notification Errors Runs.

P107 proposes to bring the BSC closer to existing industry practice and as such the impact of making the change is expected to be less than the impact of leaving the BSC unchanged. Nonetheless, there may be an impact on BSC Systems and in addition there may be an impact on systems / processes used by Parties, Party Agents and BSC Agents in developing the P107 requirements.

Justification for the Proposed Modification

The Proposer of P107 asserts that the Modification Proposal seeks to address several issues:

- Shortening the Trading Dispute cut-off timescales will reduce costs for Parties and thus reduce unnecessary barriers to supplying and trading electricity; and
- Reducing the data retention costs for BSC Agents, will promote efficiency in the implementation and administration of the BSC.

4 BACKGROUND INFORMATION

P/33/022 'Ad Hoc Settlement Runs for the Disputes Process'

The Panel was presented with the above paper on 15 November 2001. The purpose of this paper was to highlight the inability of BSC Systems to perform Ad-Hoc Settlement Runs and that this was a non-compliance with the BSC, over which the Panel had previously expressed concern. The Panel were advised that Change Proposal (CP) 517 (referred to below) had been raised to address this issue and that a High Level Impact Assessment (HLIA) had been carried out and presented to the Imbalance Settlement Group (ISG) and the Supplier Volume Allocation Group (SVG), indicating severe participant impact should CP517 be implemented. Guidance was sought from the Panel on the next steps to be taken. The Panel considered this paper, noted the considerations of ISG and SVG, endorsed the recommendation that CP517 should be progressed to Detailed Level Impact Assessment (DLIA) and endorsed that in the interim, the resolution of certain Trading Disputes outside of the Settlement system was acceptable and that the necessary procedures should be documented.

Modification Proposals

Modification Proposal P63 'Change Of Contract Management of MPAN's For Data Collector, Data Aggregator And Meter Operator'

P63 proposes changes to Section S (amongst others) of the BSC (via paragraph 2.7.9 (b)), that would require Parties to retain up to 48 months of valid Metered Data and Estimated Annual Consumption and Annualised Advance for non-half hourly meters. P63 is with the Authority for determination. If the Authority were to approve P63 then P107 would additionally impact paragraph 2.7.9 of Section S.

The Volume Allocation Modification Group, who progressed P63, realised that this paragraph would need to change in the event that another Modification Proposal was raised on modifying the Trading Dispute cut-off timescales. The rationale for the 48 month period included within the proposed legal text for P63, was so that any Trading Dispute raised near the cut-off period currently defined in the BSC (ie. 36 months), would require data beyond the 36 month period to enable the Trading Dispute to be fully considered. Hence 48 months was considered reasonable to address this requirement. The Volume Allocation Modification Group noted that it was reasonable for this timescale to be reduced.

Modification Proposal P78 'Revised Definition of System Buy Price and System Sell Price'

P78 requires that the definition of the Energy Imbalance Prices be revised such that there is a main and reverse price. P78 introduces the concept of Market Index Data Providers, who are non-BSC Agents and instead will have commercial contracts with ELEXON. These data providers will have a relationship with the BSC community and therefore they may be involved in the Trading Dispute process and will have data retention obligations placed upon them. P78 has been approved by the Authority, with an Implementation Date of 28 February 2003. The contractual arrangements placed upon them will need to take account of potential involvement in the Trading Dispute process and specify appropriate data retention obligations. On the basis that the contractual arrangements will be in place prior to the completion of P107, ELEXON would need to allow sufficient opportunity within the contract to accommodate the outcome of P107.

Modification Proposal P103 'Respecification of Trading Data'

P103 seeks to extend the content and retention period for information currently provided by the Balancing Mechanism Reporting Agent (BMRA) on the Balancing Mechanism Reporting System (BMRS). In addition P103 seeks to provide additional tools to allow users of the BMRS to query the data using such tools as Microsoft® Access®² so that the data is made available in a more user friendly manner and transparent manner. P103 also seeks to change the interface to the BMRS to ensure that data items displayed there are updated as a result of Settlement Runs. P103 is in the Assessment Procedure with the Assessment Report being presented to the Panel on 16 January 2003. The Settlement Standing Modification Group is currently defining the data retention periods (including the data retention mechanisms). It is therefore essential that there is interaction between this aspect of P103 and the data retention aspects of P107.

Change Proposals

CP517 'Multiple Occurrences of Disputes Pre and Post-Final Settlement Runs'

This CP sought inclusion of the concept of ad-hoc runs which would be carried out within BSC Systems in support of the requirements defined in the BSC. This CP has been superseded by P61 Ad Hoc Adjustments to Settlement involving material errors without resorting to Ad Hoc Settlement Runs' which is due to be implemented within the BSC on 10 December 2002.

CP842 'Revision to Non-Half Historical Data Transfer Requirements'

CP842 was raised on behalf of the Volume Allocation Group during the progression of P63. The rationale for progressing this Change Proposal was to require an old Non-Half Hourly Data Collector to provide sufficient historical data to enable the new Non-Half Hourly Data Collector to fulfil its obligations following a bulk change of Non-Half Hourly Data Collector. From the impact assessment responses received and the discussions held by the Supplier Volume Allocation Group (SVG) it was clear that there was a range of

² Microsoft® and Access® are registered trademarks of Microsoft Corporation in the U.S. and other countries.

preferences from industry members (Suppliers and Non-Half Hourly Data Collectors). The progress of this CP is documented in various SVG papers (SVG/19/237, SVG/20/249 and SVG/21/255). On the basis that P107 seeks to clarify the data retention requirements it is desirable that the data transfer requirements be consistent with this. Consequently, CP842 is currently on hold pending the outcome of P107.

CP873 'Changes to the Half Hourly Data Estimation Requirements within the Code Subsidiary Documents'

CP873 proposes a re-write of the half hourly data estimation rules within a number of Code Subsidiary Documents. One of the changes proposed is to refine how much data is transferred between Data Collectors following an appointment change. CP873 is currently undergoing a DLIA. Parties and Party Agents have been requested as part of this DLIA to confirm whether or not this aspect of CP873 should be progressed whilst P107 is in progress. The rationale behind this is the same as for CP842.

5 IMPACT ON BSC SYSTEMS AND PROCESSES

BSC System / Process	Potential Impact of Proposed Modification
Dispute Resolution	P107 will impact the dispute resolution process in that the timescale by when a Trading Dispute can be raised and by when it is resolved will be revised.

6 IMPACT ON OTHER SYSTEMS AND PROCESSES USED BY PARTIES

System / Process	Potential Impact of Proposed Modification
Parties	<p>Parties will be impacted by a revision in the dispute resolution process as follows:</p> <ul style="list-style-type: none"> They may have less (or more) time to submit a Trading Dispute (they therefore need to verify their Settlement reports in an appropriate timescale). <p>Parties will be impacted by the inclusion of data retention requirements within the BSC as follows:</p> <ul style="list-style-type: none"> They will be required to retain data (either directly or via their respective Party Agents).

7 IMPACT ON DOCUMENTATION

7.1 Impact on Balancing and Settlement Code

BSC Section	Potential Impact of Proposed Modification
A: Parties and Participation	This Section may need to be amended to require Parties to retain data for the agreed period in the format determined by the BSC. Alternatively, it may be more appropriate to place the data retention obligations on Parties in Section U.
E: BSC Agents	This Section may need to be amended to require BSC Agents to retain data for the agreed period in the format determined by the BSC. Alternatively, it may be more appropriate to place the data retention obligations on BSC Agents in Section U.

BSC Section	Potential Impact of Proposed Modification
J: Party Agents	This Section may need to be amended to require Party Agents to retain data for the agreed period in the format determined by the BSC. Alternatively, it may be more appropriate to place the data retention obligations on Party Agents in Section U.
P: Energy Contract Volumes and Metered Volume Reallocations	Section P6 'Past Notification Errors' may need to be amended to unlink the Trading Dispute cut-off period from the Past Notification Errors cut-off period.
S: Supplier Volume Allocation	P63 'Change Of Contract Management of MPAN's For Data Collector, Data Aggregator And Meter Operator' proposes changes to Section S of the BSC (via paragraph 2.7.9 (b)) that would require Parties to retain up to 48 months of valid Metered Data and Estimated Annual Consumption and Annualised Advance for non-half hourly meters. P63 is with the Authority for determination. If the Authority were to approve P63 then P107 would additionally impact paragraph 2.7.9 of Section S.
U: Provisions Relating to Settlement	Paragraph 2.2.4 will need to be modified to specify that no Post-Final Settlement Run, Post-Final Volume Allocation Run or Extra-Settlement Determination may take place more than [28] months after the Settlement Day.
W: Trading Queries and Trading Disputes	Paragraph 1.2.5 will need to be modified to specify that no Trading Query or Trading Dispute may be raised more than [20] months after the Settlement Day.
X: Definitions and Interpretation	New definitions may be required to support the implementation of P107.
X: ANNEX X-1 General Glossary	
X: ANNEX X-2 Technical Glossary	

7.2 Impact on Code Subsidiary Documents

Code Subsidiary Document	Potential Impact of Proposed Modification
BSC Procedures	<ul style="list-style-type: none"> BSC01 'Overview of Trading Arrangements' may need to be modified outlining that Trading Disputes are undertaken within a given timescale as outlined in BSCP11 and that data needs to be retained by all Parties, Party Agents and BSC Agents in support of the trading arrangements. BSCP11 'Volume Allocation and Settlement Run Queries' will need to be modified to accommodate the revised Trading Dispute cut-off timescales. The changes to include but are not limited to, removing the text 'in exceptional circumstances, valid queries raised after this date and prior to the third anniversary of the relevant Settlement Day, may be considered, at the discretion of the TDC'.
BSC Service Descriptions	<p>Each of the Service Descriptions will need to be modified so that the data retention obligations are clearly stated. Where a BSC Agent is directly involved in the Trading Dispute process, it may be necessary to include the cut-off timescales within the relevant Service Descriptions.</p>
Service Lines	<p><u>Party Agent Service Lines</u></p> <p>Each of the Party Agent Service Lines (PSLs 110 through to 180) will need to be modified so that the data retention mechanisms are described. Currently the Party Agent Service Lines state that data should be retained for 28 months after the Settlement Day, not how to achieve compliance with this obligation.</p> <p><u>SVAA Service Lines</u></p> <p>SSL320 'Daily Profile Production', SSL330 'National Support Services' and SSL370 'Miscellaneous Services' will need to be modified so that the data retention mechanisms are described.</p> <p>It is desirable that all the data retention requirements are included only once within the SVAA Service Lines and cross-referenced from other SVAA Service Lines.</p>

7.3 Impact on Core Industry Documents

Core Industry Document	Potential Impact of Proposed Modification
Grid Code	There may be an impact on the Grid Code.
Master Registration Agreement	There may be an impact on the Mater Registration Agreement (MRA). The MRA requires that 28 months of data must be retained in relation to sent and received Messages. If there is an impact, this will require the joint change process to be initiated.
Settlement Agreement for Scotland	There may be an impact on the Settlement Agreement for Scotland. This is outside the scope of the BSC.

8 IMPACT ON OTHER CONFIGURABLE ITEMS

Item	Potential Impact of Proposed Modification
BSC Software	There may be an impact on BSC Agent software if the data retention obligations are revised. This will be confirmed by impact assessment.
BSC Agent documentation	There may be an impact on BSC Agent documentation eg. User Requirement Specifications. This will be confirmed by impact assessment.

9 IMPACT ON ELEXON

Area of Business	Potential Impact of Proposed Modification
ELEXON Systems	There are a number of ELEXON developed systems eg. TOMAS. There is an impact on TOMAS and there may be an impact on other ELEXON developed systems; this will be confirmed by impact assessment.

ELEXON Procedures	<p>There are a number of ELEXON procedures affected by P107:</p> <ul style="list-style-type: none"> • The Trading Dispute procedures administered within ELEXON (on behalf of the TDC) will be impacted. The Assurance Department will be responsible for administering the Trading Disputes within the revised timescales. • There may be also be an impact on other ELEXON procedures. This will be confirmed.
-------------------	--

10 IMPACT ON FINANCIAL ARRANGEMENTS AND BUDGET

No impact identified at this time.

11 IMPACT ON BSC AGENT CONTRACTUAL ARRANGEMENTS

BSC Agent Contract	Potential Impact of Proposed Modification
Logica (BMRA, CRA, CDCA, SAA, ECVA, TAA (CVA))	<p>The Logica consortium is required to participate in the Trading Dispute process (as outlined in BSCP11 and the relevant Service Descriptions). In addition the Logica consortium is required to retain different amounts of post the Settlement Day (as outlined in the relevant Service Descriptions).</p> <p>The Logica consortium contractual arrangements may therefore be impacted; this will be confirmed by an impact assessment.</p>
EPFAL (FAA)	<p>EPFAL is required to participate in the Trading Dispute process (as outlined in BSCP11 and the FAA Service Description). In addition EPFAL is required to retain 'up to 7 years of data' (as outlined in the FAA User Requirement Specification).</p> <p>It is desirable that the EPFAL data retention obligations are consistent with those agreed for the SAA on the basis that both these BSC Agents are involved in undertaking the financial responsibilities of the BSC.</p> <p>EPFAL contractual arrangements may therefore be impacted: this will be confirmed by an impact assessment.</p>

BSC Agent Contract	Potential Impact of Proposed Modification
ESIS (TAA (SVA))	<p>ESIS may potentially be involved in the Trading Disputes process (though this is likely to be rare occurrence). It is desirable that any data retention requirements are included within the ESIS contractual arrangements. There is currently no data retention requirements on ESIS.</p> <p>ESIS contractual arrangements may therefore be impacted; this will be confirmed by an impact assessment.</p>
Cap Gemini (SVAA)	<p>Cap Gemini is required to participate in the Trading Dispute process (as outlined in BSCP11 and SVAA SSL370). In addition Cap Gemini is required to retain 28 months of data post the Settlement Day (as outlined in SVAA Service Lines SSLs 320, 330 and 370).</p> <p>The SVAA contractual arrangements may therefore be impacted; this will be confirmed by an impact assessment.</p>
PWC (BSC Auditor, Certification Agent)	<p>There is currently no contractual arrangement to retain data or participate directly in the dispute resolution process. There is no intention that this be changed for P107.</p>
EASL (Teleswitch Agent, Profile Administrator)	<p>There may be an impact on the EASL data retention requirements. The EASL contractual arrangements may therefore be impacted; this will be confirmed by an impact assessment.</p>
SD Partners (EPCC)	<p>There may be an impact on the SD Partners data retention requirements; this will be confirmed by an impact assessment. This contract expires at the end of December 2002.</p>

12 PROCESS AND TIMETABLE FOR PROGRESSING THE PROPOSAL

ELEXON recommends that P107 be submitted to the GSMG for Assessment. The GSMG should be actioned to provide its report to the Panel by 13 February 2003.

It is estimated that the progression of P107 through the Modification Process will incur Third Party costs of £40,000 funded from the demand led budget in addition to core team staff costs. This estimate is based on current information and may be subject to change.

This recommendation is based on the perceived time required for consideration of the issues associated with P107, as set out in Section 13, and for completion of the assessment required under the BSC, Section F, 2.6.

13 ISSUES

The following issues should be addressed during the Assessment Procedure for P107:

1. The conflict between the BSC (which is not specific) and a number of Code Subsidiary Document, (which are specific) in relation to how much data is retained, will result in those Parties that seek to retain compliance with the BSC being required to negotiate extensions in their Party Agent data retention obligations by July 2003. This is on the basis that the 28th month after NETA Go-live is July 2003. The Party Service Lines require 28 months of data to be retained which is insufficient if Trading Disputes can be raised by 36 months after the relevant Settlement Day. This contract negotiation would not be necessary if the 28 month data retention period within the Party Agent Service Lines was reflected within the BSC prior to July 2003. On the basis that the progression of P107 through the Modification Procedure will not be completed until mid next year, potentially there is an activity being placed on Suppliers which would become redundant if the BSC was modified to include the 28 month data retention period. This data retention issue also affects the Supplier Volume Allocation BSC Agent. ELEXON recognises that this is a significant issue and therefore it is desirable that this is addressed as soon as possible in order to enable Parties and ELEXON to prepare revised contractual obligations, in the event that more than 28 months of data is required to be retained to deliver the P107 requirements.
2. There is a need to consult with Parties to establish the desirable Trading Dispute cut-off timescales, the data retention requirements and the potential impacts of such requirements taking due account of the industry working practices in this area. There may be an impact on Party systems and processes.
3. There is a need to note and consider the findings of various forums eg. the Software Technical Advisory Group (STAG) on dispute cut-off / audit / data retention issues.
 - In the past the TDC has interpreted the 20 month cut-off timescale (included within BSCP11) for raising a Trading Dispute as applying to the last Settlement Day covered by the Trading Dispute. For example, where a single claim extended beyond the 20 month cut-off period this was acceptable on the basis that some of the disputed data fell within the 20 month cut-off period. P107 is not intended to allow Trading Disputes to be considered as valid unless they relate to the period within the cut-off timescale.
 - Discussions held with the STAG have included what data needs to be retained in discharging the existing data retention obligations within the Party Service Lines eg. should the data retained be the same as that which entered Settlements? To achieve this the Party Agents would need to have in place a back-up tape or audit log functionality on the basis that what

enters Settlement may not be compatible with the live environment which is continually updated.

- The industry is in the process of reviewing the currently recommended Non-Half Hourly Data Aggregation (NHHDA) archiving parameter defaults in preparation for the impending NHHDA 7.3.0 software release. This software release will allow users to archive their database data for the first time.

4. There is a need to commission analyses from BSC Agents, Party Agents and Gemserv:

BSC Agents

BSC Agents will be requested to confirm the potential impact, associated costs of implementing specific Trading Dispute cut-off timescales and clarifying the existing specific BSC Agent data retention requirements. There may be an impact on BSC Agent systems and processes.

Party Agents

Party Agents will be requested to confirm the potential impact of the Trading Dispute cut-off timescales and clarifying the data retention requirements. To enable the preparation of an effective analysis request, it will be necessary for the GSMG to consider the most suitable data retention mechanism(s) (eg. on-line and off-line) and the method(s) of data retention (eg. actual data or a snapshot of data or alternatively the ability to reconstruct data (and whether or not the format of the data will enable it to be used to run Settlements)). There may be an impact on Party Agent systems and processes.

Gemserv

Gemserv will be requested to confirm the potential impact of revising the data retention requirements to ensure compatibility with the BSC requirements.

5. Particular expertise will be sought from the P6 Project vis-a-vis not compromising the Past Notification Error processes and their dependency on historic data.
6. Resolution of the Large Estimated Annual Consumptions / Annualised Advances (EAC/AAs) for pre-NETA is currently using the post-Final Settlement Run process to correct errors in Settlement. To achieve this, there are four post-Final Settlement Runs being undertaken each week and this is an ongoing process. It is essential that P107 does not compromise the ability to correct the EAC/AA errors, should the proposed timetable for processing Trading Disputes be reduced, as proposed by P107.
7. P107 included proposed timescales for the Trading Disputes cut-off points and noted that it was for the appointed Modification Group to discuss and debate these. In doing this, the GSMG, should take account of the rationale given for the Trading Dispute cut-off timescales as they appear to strike an appropriate balance between preserving the right of Parties to dispute errors in Settlement, and avoiding burdening the industry with wholly disproportionate data retention costs.
8. The GSMG should consider the data retention timescale requirements, in light of discussions had on the Trading Disputes cut-off points and also any statutory obligations.
9. It may not be desirable that Parties, Party Agents and BSC Agents have the same data retention obligations placed upon them. For example, it may be necessary for Settlement related taxation (including VAT) purposes for the Settlement Administration Agent and the Funds Administration Agent to retain up to 7 years of data to ensure that the BSC is compliant with statutory obligations.

Such onerous data retention requirements may not apply to Parties, Party Agents or other BSC Agent roles.

10. Should Parties, Party Agents and BSC Agents themselves retain all the data that they are required to retain or could some of it be delegated to a central organisation, potentially a new BSC Agent? Alternatively should a central agent be used for retaining data on behalf of Parties, Party Agents and BSC Agents?
11. There are a number of related Modification Proposals (P78 and P103) that should be taken into account during the development of P107.
 - P78 will be implemented on 28 February 2003 and will introduce the concept of Market Index Data Providers, though these will not be BSC Agents. The appointment of these data providers is likely to occur in January 2003. As stated above, the development of P107 through the Modification Procedure and on to the Authority will not be completed until April 2003. Therefore the opportunity may be required to review the data provider requirements following approval of P107. Any changes required to the the Market Index Data Providers' contract can be progressed via a change control process.
 - P103 which is in the Assessment Procedure will look at defining the data retention requirements (including mechanisms for achieving this). P107 was also intending to look at the BMRA obligations. Therefore the outcome of P103 will need to be taken into account in the final recommendations for P107.
12. On the basis that P107 seeks to clarify the data retention requirements it is desirable that the data transfer requirements contained within a number of Code Subsidiary Documents be consistent with this. This would address the issues raised by a number of Change Proposals (CP842 and CP873).

ANNEX 1 – MODIFICATION PROPOSAL

Modification Proposal – F76/01	MP No: 107 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by originator):</i> Data Retention Requirements for Post-Final Trading Disputes	
Submission Date <i>(mandatory by originator):</i> 30 October 2002	
<p>Description of Proposed Modification <i>(mandatory by originator)</i></p> <p>Currently the BSC³ allows Trading Disputes to be raised up to three years after the Settlement Date, and specifies no cut-off time for such disputes to be resolved. This implies a requirement for Parties, Party Agents and BSC Agents to retain data for three years (or longer if a Trading Dispute is raised).</p> <p>Current industry practice (as described for example in Party Service Lines) is for Party Agents to retain data for twenty-eight months only. In order to avoid non-compliance with the BSC, Parties will need to negotiate an extension to data retention requirements with their Agents prior to 27 July 2003 (i.e. twenty-eight months after NETA Go-Live). However, this would add significantly to the overheads associated with supplying and trading electricity, and would provide very little benefit in return.</p> <p>It is therefore proposed to amend the cut-off points for raising and resolving Trading Disputes as follows:</p> <ul style="list-style-type: none"> • The cut-off point for raising a Trading Dispute should be [20] months after the Settlement Date. • The cut-off point for a Post-Final Settlement Run should be [28] months after the Settlement Date. • The cut-off point for an Extra-Settlement Determination should be [28] months after the Settlement Date. <p>The precise cut-off points listed above are in square brackets, in recognition of the fact that they are open to discussion and debate by the Modification Group. However, we believe that the cut-off points suggested above do strike an appropriate balance between preserving the right of Parties to dispute errors in Settlement, and avoiding burdening the industry with wholly disproportionate data retention costs. It should also be noted that these cut-off points are consistent with the existing Code Subsidiary Documents:</p> <ul style="list-style-type: none"> • BSCP11 'Volume Allocation and Settlement Run Queries' states that Trading Queries must be raised within six months of Final Reconciliation⁴ i.e. twenty months after the Settlement Date. • The Party Service Lines for Supplier Agents only require data to be retained for twenty-eight months, which would preclude a Post-Final Settlement Run or Extra-Settlement Determination after this point. • The obligations on the Supplier Volume Allocation Agent (via a number of Code Subsidiary Documents) is that data should be retained for twenty-eight months. <p>In addition, it is proposed that the data retention requirements are defined within the Code in support of the above.</p>	

³ References to the BSC in this Modification Proposal are to the BSC as modified by Approved Modification P61 (which has an Implementation Date of 10 December 2002).

⁴ BSCP11 does state that "in exceptional circumstances, valid queries raised after this date and prior to the third anniversary of the relevant Settlement Day, **may** be considered, at the discretion of the TDC".

Modification Proposal – F76/01	MP No: 107 <i>(mandatory by BSCCo)</i>
<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by originator)</i></p> <p>Currently, the BSC provides an extremely protracted timetable for raising and resolving Trading Disputes. The cut-off for raising Disputes is set out in Section W 1.2.5, which states that:</p> <p style="padding-left: 40px;"><i>No Trading Query or Trading Dispute may be raised in respect of a Settlement Day after the third anniversary of such Settlement Day...</i></p> <p>thus allowing a whole twenty-two months after Final Reconciliation for Parties to raise a Trading Dispute. The cut-off for resolving Disputes is set out in section U2.2.4, which states that:</p> <p style="padding-left: 40px;"><i>No Settlement Run or Volume Allocation Run shall be carried out on any date which is more than 36 months after the Settlement Day to which such runs relate, save only that (on the recommendation of the Trading Disputes Committee and with the approval of the Panel in accordance with Section W) an Post-Final Settlement Run and Post-Final Volume Allocation Runs may be carried out after that date, upon resolution after that date of a Trading Dispute which was raised not later than 36 months after the Settlement Day in question.</i></p> <p>thus allowing an unlimited period of time for resolving disputes.</p> <p>This protracted timetable for raising and resolving Trading Disputes will impose very significant data retention costs on Parties, Party Agents and BSC Agents, but will bring little or no benefit in return. There is no reason why Parties should need to raise Trading Disputes more than six months after Final Reconciliation, and there is no reason why the Trading Disputes Committee should require more than eight months to resolve them.</p> <p>It is possible that the process for rectifying Past Notification Errors described in Section P6 of the BSC may be an exception to the above, due to the lengthy process required to assess claims. It is therefore proposed that:</p> <ul style="list-style-type: none">• Post-Final Settlement Runs required to resolve Past Notification Errors should be an exception to the month cut-off; but• Party Agents (with the exception of those Notification Agents directly involved in claims) should not be required to hold data past 28 months in support of such runs. (This might be achieved, for example, by performing the Post-Final Volume Allocation Run prior to 28 months, but delaying the Post-Final Settlement Run until the Past Notification Error claims had been resolved).	

Impact on Code *(optional by Originator)*

It is proposed that:

- Section W1.2.5 be amended to specify that no Trading Query or Trading Dispute may be raised more than [20] months after the Settlement Day; and
- Section U2.2.4 be amended to specify that no Post-Final Settlement Run, Post-Final Volume Allocation Run or Extra-Settlement Determination may take place more than [28] months after the Settlement Day.

(As discussed above, a partial exception to the 28-month cut-off may be required for Post-Final Settlement Runs required to correct Past Notification Errors.)

It is desirable that an explicit statement of data retention requirements for Parties, Party Agents and BSC Agents is added to the BSC.

Impact on Core Industry Documents *(optional by Originator)*

Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties *(optional by originator)*

This Modification Proposal is intended to bring the BSC closer to existing industry practice, and as such the impact of making the change is expected to be less than the impact of leaving the BSC unchanged. Nonetheless, there may be an impact on BSC Systems and in addition there may be an impact on systems / processes used by Parties, Party Agents and BSC Agents.

Impact on other Configurable Items *(optional by originator)*

There will potentially be an impact on a number of Code Subsidiary Documents and other Configurable Items. Appendix 1 highlights those that may be impacted, however others may also be impacted.

Justification for Proposed Modification with Reference to Applicable BSC Objectives *(mandatory by originator)*

As described above, Section W of the BSC allows Parties three years after the Settlement Day (i.e. 22 months after Final Reconciliation) to raise Trading Disputes. Section U of the BSC then places no limit at all on the amount of time required to resolve the Dispute. The protracted nature of this process implies extremely onerous and expensive data retention requirements for Parties, Party Agents and BSC Agents.

The actual number of Trading Queries or Trading Disputes raised by Parties after the Final Reconciliation Settlement Run is small, and this suggests that the benefits of a protracted dispute resolution process do not justify the extra data retention costs. Shortening the timescale will reduce costs for Parties, and thus reduce unnecessary barriers to supplying and trading electricity. This will better facilitate the achievement of the Applicable BSC Objective (c):

(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'

The Modification Proposal will also reduce data retention costs for BSC Agents, thus better facilitating the achievement of the Applicable BSC Objective (d):

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

Details of Proposer:

Name.....*Katherine Bergin*.....
Organisation.....*SSE Energy Supply Limited*.....
Telephone Number...*029 20249043*.....
Email Address.....*katherine.bergin@scottish-southern.co.uk*.....

Details of Proposer's Representative:

Name.....*John Sykes*.....
Organisation..... *SSE Energy Supply Limited*... ..
Telephone Number.....*01628 584590*.....
Email address.....*john.sykes@scottish-southern.co.uk*.....

Details of Representative's Alternate:

Name.....*Andy Colley*.....
Organisation..... *SSE Energy Supply Limited*.....
Telephone Number...*01628 584255*.....
Email address.....*andrew.colley@scottish-southern.co.uk*.....

Attachments: Yes

Appendix 1 'Data Retention Requirements within Code Subsidiary Documents and other Configurable Items'

Appendix 1

Data Retention Requirements within Code Subsidiary Documents and other Configurable Items

Documentation	Product Type	Requirement
BSCP11	Code Subsidiary Document	By 6 months after the Final Reconciliation Settlement Run
Party Service Lines (PSL110 >180)	Code Subsidiary Documents	28 months
Supplier Volume Allocation Agent Service Lines (SSL 320, 330 and 370)	Code Subsidiary Documents	28 months
BSC Agent Service Descriptions	Code Subsidiary Documents	<ul style="list-style-type: none"> • BMRA, CRA, FAA = no requirement • CDCA, ECVAA = A requirement to retain but no timescale specified • SAA = 7 years
User Requirement Specifications	Configurable Items only	<ul style="list-style-type: none"> • BMRA = 12 months • CDCA = Not less than 7 years • EAC/AA = 7 years • FAA = Up to 7 years • NHHDA = Up to 28 months • SVAA = Minimum of 28 months

It is proposed that wherever possible, the changes included in the above documentation in support of this Proposed Modification, will refer to the Code for the required data retention requirements. This approach avoids any potential for these documentation to get out of line with the Code, should the data retention period(s) subsequently change.