

<b>Modification Proposal – F76/01</b>	<b>MP No: 107</b> <i>(mandatory by BSCCo)</i>
<b>Title of Modification Proposal</b> <i>(mandatory by originator):</i> Data Retention Requirements for Post-Final Trading Disputes	
<b>Submission Date</b> <i>(mandatory by originator):</i> 30 October 2002	
<b>Description of Proposed Modification</b> <i>(mandatory by originator)</i>  <p>Currently the BSC<sup>1</sup> 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"> <li>• The cut-off point for raising a Trading Dispute should be [20] months after the Settlement Date.</li> <li>• The cut-off point for a Post-Final Settlement Run should be [28] months after the Settlement Date.</li> <li>• The cut-off point for an Extra-Settlement Determination should be [28] months after the Settlement Date.</li> </ul> <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"> <li>• BSCP11 ‘Volume Allocation and Settlement Run Queries’ states that Trading Queries must be raised within six months of Final Reconciliation<sup>2</sup> i.e. twenty months after the Settlement Date.</li> <li>• 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.</li> <li>• 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.</li> </ul>	

<sup>1</sup> 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).

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<p>In addition, it is proposed that the data retention requirements are defined within the Code in support of the above.</p>	
<p><b>Description of Issue or Defect that Modification Proposal Seeks to Address</b> <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"> <li>• Post-Final Settlement Runs required to resolve Past Notification Errors should be an exception to the month cut-off; but</li> <li>• 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).</li> </ul>	

<sup>2</sup> 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”.

**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**

<b>Documentation</b>	<b>Product Type</b>	<b>Requirement</b>
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"> <li>• BMRA, CRA, FAA = no requirement</li> <li>• CDCA, ECVAA = A requirement to retain but no timescale specified</li> <li>• SAA = 7 years</li> </ul>
User Requirement Specifications	Configurable Items only	<ul style="list-style-type: none"> <li>• BMRA = 12 months</li> <li>• CDCA = Not less than 7 years</li> <li>• EAC/AA = 7 years</li> <li>• FAA = Up to 7 years</li> <li>• NHHDA = Up to 28 months</li> <li>• SVAA = Minimum of 28 months</li> </ul>

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.