Dual Notification Walkthrough: Code Requirements vs System Operation

At the first meeting of the Issue 28 Group an action was placed on ELEXON to review the dual notification process in conjunction with Logica (as the ECVAA service provider). The objective was to compare the requirements of the Code with actual system operation.

Code Requirements

The BSC requirements regarding dual notification are found in Section P, paragraphs 2.4 and 3.4, which concern the matching of Energy Contract Volume Notifications (ECVNs) and Metered Volume Reallocation Notifications (MVRNs) respectively. The requirements of the two paragraphs are equivalent, and are summarised below.

In relation to ECVNs and MVRNs, a Settlement Period is considered as matched if:

- the ECVN/MVRN is valid;
- the corresponding ECVN/MVRN is valid; and
- the quantity of Active Energy (and percentage value for MVRNs) for the Settlement Period specified in the ECVN/MVRN and the corresponding ECVN/MVRN is the same.

If a valid ECVN/MVRN is submitted in respect of a matched Settlement Period, this later notification will only be effective (and may only amend a matched Settlement Period) if:

- a corresponding valid later ECVN/MVRN is made; and
- both the later notification and the corresponding later notification are expressed to replace or to be in addition to the prevailing notifications in respect of the matched Settlement Period.

System Operation

The matching of dual notifications in the ECVAA system works on the basis of a seven day 'Matching Window', which is defined as the current day (i.e. remainder of the current day) plus the next 7 days. So, for instance, a notification submitted on one day relating to a Settlement Period the next day is already within the Matching Window and is treated as such. Within the matching window, a match made requires both parties to submit matching overwrites to change the position; this is a 'firm match', in system terms. Before the Matching Window, any matches are considered as 'provisional' only. When matching takes place, only the latest notified position is considered.

There are three 'states' for a notification within the system

- Unmatched;
- Provisionally matched; and
- Firmly matched.

To constitute a match:

- The MVRNAA/ECVNAA ID (i.e. authorisation ID) and Reference Code must be the same;

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- Settlement Day and Settlement Period are checked for equivalence; and
- The volumes or percentages must be the same value and type for each matched period.

For dual notifications the received notification, and/or the counterparty's stored (i.e. previously received) notification, may be split to optimise the equivalence of date ranges stored in relation to counterparties' notifications. This is necessary in order that a matched position can be established for date ranges where both counterparties' have submitted (via their Agents) contiguous sets of values.

For example, Figure 1, below, shows a position submitted by Agent 1 which covers contiguous date ranges A and B. Agent 2 then subsequently submits 3 separate notifications covering date ranges C, D and E.

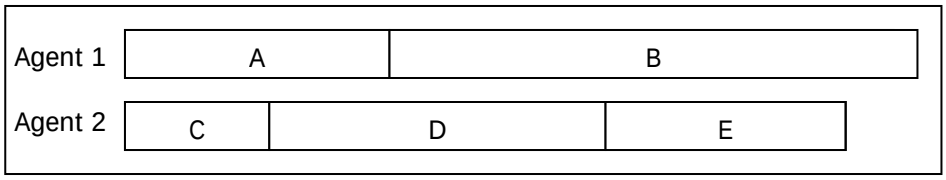

Figure 1

When Agent 2's notifications are stored, the date ranges are split to give the matching ranges shown in Figure 2, below. In this way, it is possible to derive and store a single matched position for each date range.

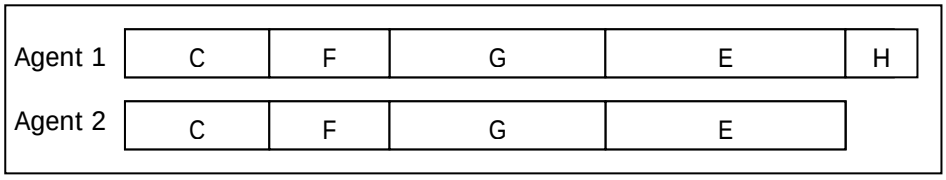

Figure 2

It should be noted that an unmatched date range (e.g. 'H' in this example above) may result from this process. In this case, the reporting of the unmatched range will be as described for other unmatched notifications.

Five scenarios were considered to explore the correspondence between the Code and systems.

1. Unmatched Submission

   A notification that is submitted and not matched, either before or during the 7-day Matching Window, will not enter Settlement when the Settlement period it refers to is reached; at this point it effectively 'disappears' from the system and has no further impact.

2. Matched Submission

   A matched pair of notifications form a complete dual notification. If initially made outside the Matching Window, the match is provisional and becomes firm upon entering the Matching Window. If first made within the Matching Window the match is immediately firm. If no additional matching notifications are submitted, the dual notification will enter Settlement when the Settlement period it refers to is reached.

   It should be noted that notifications covering a range of days may become partly firmly and partly provisionally matched as the Matching Window is reached (i.e. until the whole of the notification has entered the Matching Window).

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3. Provisional Matched Submission Superseded

   A complete dual notification outside the Matching Window is a provisional match. If one of the counterparties then submits another notification with the same identifier but, for example, a different energy volume, this notification supersedes the one they previously submitted. This 'dissolves' the dual notification match and leaves the new notification and the other counterparty's original notification, unmatched. If no other notifications are submitted by either counterparty, the two notifications proceed as unmatched notifications and do not enter Settlement (i.e. scenario 1).

4. Firm Matched Provision Prevails

   A complete dual notification inside the Matching Window is a firm match. If only one of the counterparties then submits another notification with the same identifier but, for example, a different energy volume, this notification has no effect on the firm match. The dual notification enters Settlement when the Settlement period it refers to is reached (and the newly submitted notification 'disappears', i.e. as in scenario 1).

5. Firm Matched Submission Superseded

   In order for a firm match such as that described in scenario 4 to be superseded, **both** counterparties must submit new notifications with the same identifier as the existing completed dual notification, and which both match entirely (i.e. including energy volume etc). In this case the original completed dual notification is 'dissolved' and does not enter Settlement, and the two new notifications together form a new, complete dual notification, which is a firm match, and which enters Settlement when the Settlement period it refers to is reached.

Conclusions

The BSC does not reflect the operational concepts of a Matching Window, or provisional and firm matches. While it is recognized that the Code may not need to encompass provisional matches (as these are an operational device), the Code should reflect the existence of a Matching Window (i.e. the timescales around matches becoming firm).

It appears that the systems are designed this way because for operational reasons (i.e. because notifications can be submitted at any time before the Settlement Period to which they apply and because open-ended 'evergreen' notifications can be made) it is necessary to have a cut-off point in time within the system. Given this, it seems unlikely it would be feasible to change the basic operation of the system.

The Issue 28 Group should therefore consider whether clarification of the operation of dual notification should be provided as guidance to participants. Consideration should also be given to whether the drafting of the BSC in relation to dual notification matching should be altered to reflect the operational characteristics of the actual matching process.

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Appendix: Additional Scenario discussed in the Dual Notification walkthrough between ELEXON and the ECVAA service Provider

ECVAA Dual Notification Submission Scenario:

Party Agent 1 (PA1) and Party Agent 2 (PA2) represent Party 1 and Party 2 in a Dual Notification Authorisation. For the purposes of this example, it is assumed that all parameters for submissions are the same except where specifically stated.

Action 1:

PA1 submits a 3 day Notification within the 7 day matching window. All periods are 100 MWh.

- **Result (1):** The 3 day submission is available for matching in the matching window.
- **Status (1):** A PA1 3 day all period at 100 MWh un-matched submission exists in the matching window.

Action 2:

PA2 submits a 1 day Notification in the 7 day matching window for the first day of the 3 day submission by PA1. All periods are 100 MWh.

- **Result (2):** The PA2 submission matched the first day of the PA1 submission.
- **Status (2):** A matched Notification for 1 day with all periods at 100 MWh exists in the matching window. A PA1 2 day all period at 100 MWh un-matched submission exists in the matching window that directly follows on from the matched submission.

Action 3:

PA1 submits a 1 day Notification in the 7 day matching window for the first day of the 3 day submission by PA1. All periods are 200 MWh.

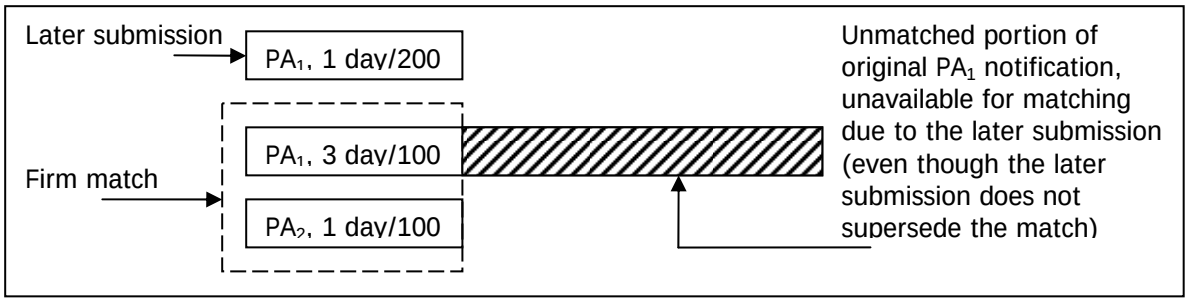
- **Result (2):** The later PA1 submission supersedes the earlier PA1 submission. But has no impact on the matched Notification.
- **Status (2):** A matched Notification for 1 day with all periods at 100 MWh exists in the matching window. A PA1 1 day all period at 200 MWh un-matched submission exists in the matching window for the same day as the matched submission.

Note:

The original unmatched portion of PA1's first submission is no longer available for matching as it is not PA1's latest submission. The matched portion of PA1's first submission is unaffected by PA1's second submission as it is part of a firm match in the matching window.

In order for PA1's second submission to replace the matched submission, it will be necessary for PA2 to make a submission that matches the second of PA1's submission.

Diagram summarising actions described above:



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