

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

P309 'Facility to enable BSC Parties to select either replacement contract notifications or additional contract notifications'

This Modification proposes to give BSC Parties the ability to specify that either replacement contract notifications or additional contract notifications are associated with an Energy Contract Volume Notification Agent Authorisation in order to mitigate the risk that replacement notifications might be submitted instead of additional notifications, or vice versa.



ELEXON recommends P309 is progressed to the Assessment Procedure for an assessment by a Workgroup

This Modification is expected to impact:

- BSC Parties
- Energy Contract Volume Notification Agents (ECVNAs)

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Any questions?

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About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 10 July 2014. The Panel will consider the recommendations and agree how to progress P309.

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1 Why Change?

Background

Section P 'Energy Contract Volumes and Metered Volume Reallocations' of the BSC requires BSC Parties to notify the BSC systems of their contract positions to enable Energy Imbalance Volumes to be calculated. Notification is carried out using a web-based reporting and submission tool known as the Energy Contract Volume Aggregation Agent (ECVAA) Web Service. The ECVAA service is an easy to use and secure web interface which is available to all BSC Parties.

What is an Energy Contract Volume Notification?

Energy Contract Volume Notification Agents (ECVNAs) submit notifications, known as Energy Contract Volume Notifications (ECVNs), to the ECVAA service on behalf of BSC Parties. The ECVAA receives, validates, approves and records notifications in relation to the relevant Party's production and/or consumption energy accounts, prior to Gate Closure.

ECVNs notify the ECVAA of the volumes of energy bought and sold between two Energy Accounts. These Energy Accounts could belong to separate Parties or could both belong to the same Party. ECVNs can only be made in the form specified as there is no scope for Parties to specify any additional qualification or condition in the notification.

What is an ECVNA Authorisation?

An ECVNA Authorisation ('Authorisation') by a Party authorises an agent to act as an ECVNA on behalf of that Party. Submission of ECVNA Authorisations must be made in accordance with [BSCP71 'Submission of ECVNs and MVRNs'](#) and must specify:

- the relevant ECVNA;
- the Contract Trading Parties
- the Energy (To) Account;
- the Energy (From) Account: and
- the day on which the Authorisation takes effect from (no earlier than 00:01 hours on the day after the Authorisation request being processed by ECVAA).

For an Authorisation to be valid, all Parties and Notification Agents involved in an Authorisation need to submit matching Authorisation applications.

Additional and replacement contract notifications

Once an ECVN has been submitted to the ECVAA it cannot be withdrawn. Amendments can therefore only be made by further notifications being submitted as either:

- additional notifications ('additive') where the initial notification will remain and a new ECVN will add to any previously submitted ECVNs for the same combination of BSC Party Energy Accounts for the dates specified; or

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- replacement notifications ('overwrite') where the initial notification will be overwritten in its entirety from the Applied From Date and earliest Settlement Period for which Gate Closure has not passed.

An Authorisation can be terminated at any point. However, the termination does not automatically remove any notifications previously submitted using the Authorisation, it only prevents the submission of further notifications using this Authorisation.

What is the issue?

The Proposer of P309 contends that the current BSC provisions and associated systems allow BSC Parties to unintentionally submit replacement (overwrite) energy contract notifications instead of additional (additive) energy contract notifications (or vice versa). The Proposer notes that this issue was identified due to an inadvertent error in contract submissions after a software upgrade by a BSC party.

The Proposer believes that this situation creates a risk for Parties in relation to the energy contract submission process that could affect competition in the Great Britain (GB) electricity market. The Proposer therefore argues that this Modification will address this issue by enabling Parties to prevent an unintentional submission of replacement contract notifications (overwrite) instead of additional contract notifications (additive), or vice versa.

Proposed solution

P309 seeks to amend the current provisions in BSC Section P to enable BSC Parties to select either additional contract notifications or replacement contract notifications (as the case may be) as part of any ECVNA Authorisation. Under P309, a Party may submit an ECVNA Authorisation that specifies that either:

- **Replacement notifications** are selected for that authorisation:

In this case additional notifications (additive) will be disregarded in Settlement for the Party; or

- **Additional notifications** are selected for that authorisation:

In this case replacement notifications (overwrite) will be disregarded in Settlement for the Party.

If the relevant Parties choose not to elect to specify between replacement contract notifications or additional contract notifications, then the current arrangements would prevail, though the Proposer notes that this retains the risk of an inadvertent error in the use of replacement and additional contract notifications.

The P309 arrangements would apply from a specified effective date, and would apply for any ECVNA Authorisation submitted by the relevant Parties. The P309 proposal suggests some possible effective dates for consideration.

Applicable BSC Objectives

The Proposer considers that P309 would better facilitate:

- **Applicable BSC Objective (c)**

They believe that this Modification would remove the risk for BSC Parties of an inadvertent use of replacement contract notifications (overwrite) instead of additional contract notifications (additive).



What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity 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 of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

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3 Areas to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment of P309. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

Implementation approach

We recommend that the P309 Workgroup considers the appropriate implementation approach for the proposed changes.

Specified date

The Workgroup needs to consider what 'specified date' (an effective date) the new arrangements would apply from. The Workgroup should consider whether these new arrangements would apply from the effective date for any ECVNA Authorisation submitted by the relevant Parties. The Workgroup therefore needs to take into account what the impacts of the proposed changes would have on Settlement.

The Workgroup also needs to consider whether the arrangements could apply to all contract notifications for Settlement periods where Gate Closure has already occurred at the effective date but where the final Settlement run has not yet been completed. It would therefore be useful to also understand the Workgroup's views on retrospection.

Does the system require both additional and replacement contract notifications?

The Workgroup needs to consider whether it is necessary to have both additional and replacement notification mechanisms in light of the potential risk identified by P309.

Statistics to consider

ELEXON has undertaken some preliminary analysis of ECVNs over a Settlement period (1 March 2014 – 31 May 2014) where both additional notifications (additive) and replacement notifications (overwrite) were in use.

ELEXON identified that there was a total number of 116469 ECVN's received. Of these ECVN's:

- 11739 were overwrites;
- 51321 were additive; and
- the remaining 53409 (total minus overwrites and additive) were initial notifications.

The Workgroup therefore also needs to consider the impact of the two notification mechanisms on Settlement.

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Areas to consider

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of P309:

Areas to Consider
What changes are needed to BSC documents, systems and processes to support P309 and what are the related costs and lead times?
Consider the appropriate implementation approach for the proposed changes
What are the impacts on Settlement?
What is the materiality of the risk identified by P309?
Discuss the current ECVNA Authorisation process <ul style="list-style-type: none">• Should there be both additional and replacement contract notifications?
Are there any Alternative Modifications?
Does P309 better facilitate the Applicable BSC Objectives than the current baseline?

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4 Proposed Progression

Next steps

We recommend that P309 is progressed to the Assessment Procedure for consideration by a Workgroup.

The Proposer is not requesting that P309 is progressed as a Self-Governance Modification Proposal. We agree that it does not meet the Self-Governance Criteria (as defined in BSC Annex X-1), because it would have a material effect on competition in the generation, distribution, and supply of electricity.

Workgroup membership

We recommend that the P309 Workgroup should comprise of any interested BSC Parties, ECVNAs, other relevant experts and any other interested parties.

Timetable

We recommend that P309 undergoes a four month Assessment Procedure, meaning the Workgroup will submit the Assessment Report to the Panel at its meeting on 13 November 2014. If P309 progresses more quickly than anticipated, we would seek to bring the Assessment Report back to the Panel at an earlier meeting.

We believe that the Workgroup will need to undertake the activities shown in the table below, which includes a central systems impact assessment as well as a 15 Working Day Assessment Procedure consultation. The timetable below allows for both of these and for the Workgroup to fully develop the proposed solution outlined in Section 2 and to fully consider the areas in Section 3.

The BSC allows the Panel to set an Assessment Procedure timetable which is longer than three months where the Panel believes this is justified by “the particular circumstances of the Modification Proposal (taking due account of its complexity, importance and urgency)”, (Section F2.2.9), and provided the Authority does not issue a contrary direction.

Event	Date
Present Initial Written Assessment to Panel	10 Jul 14
Workgroup Meeting	W/B 21 Jul 14
Workgroup Meeting (if required)	W/B 28 Jul 14 or 04 Aug 14
Central Systems Impact Assessment	08 Aug 14 – 29 Aug 14
Workgroup Meeting	W/B 01 Sep 14
Assessment Procedure Consultation	19 Sep 14 – 10 Oct 14
Workgroup Meeting	W/B 13 Oct 14
Present Assessment Report to Panel	13 Nov 14
Report Phase Consultation	14 Nov 14 – 02 Dec 14



What is the Self-Governance Criteria?

A Modification that, if implemented:

- (a) is unlikely to have a material effect on:
 - (i) existing or future electricity consumers; and
 - (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
 - (iii) the operation of the national electricity transmission system; and
 - (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
 - (v) the Code’s governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

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Proposed Progression Timetable for P309

Event	Date
Present Draft Modification Report to Panel	11 Dec 14
Issue Final Modification Report to Authority	12 Dec 14

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5 Likely Impacts

This is our initial view of the probable impacts of this Modification. The detailed impact of the Modification will be fully assessed as part of the Assessment Procedure.

Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
BSC Parties	It is anticipated that there will be a direct impact to implement this Modification. The proposed changes would give BSC Parties the ability to select either additional contract notifications or replacement contract notifications as part of any ECVNA Authorisation.

Impact on Transmission Company

None anticipated.

Impact on BSCCo

Area of ELEXON	Potential Impact
Reporting	ELEXON will need to manage any changes to the current Authorisation process.

Impact on BSC Systems and processes

BSC System/Process	Potential Impact
ECVAA	Changes will be required to implement the proposed solution.

Impact on Code

Code Section	Potential Impact
Section P	Changes will be required to implement the solution.

Impact on Code Subsidiary Documents

CSD	Potential Impact
BSCP71	Changes will be required to implement the proposed solution.

Impact on other Configurable Items

Configurable Item	Potential Impact
ECVAA User Requirements Specification (URS)	Changes may be required to implement the proposed solution.

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6 Recommendations



We invite the Panel to:

- **AGREE** that P309 progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the P309 Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

Recommendation

We recommend the Panel submits P309 to a four month Assessment Procedure.

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Appendix 1: Glossary & References

Acronyms

Acronyms and other defined terms used in this document are listed in the table below.

Glossary of Defined Terms	
Acronym	Definition
BSC	Balancing and Settlement Code
ECVAA	Energy Contract Volume Aggregation Agent
ECVN	Energy Contract Volume Notifications
ECVNA	Energy Contract Volume Notification Agents
GB	Great Britain
IWA	Initial Written Assessment
URS	User Requirements Specification

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3	BSCP71 'Submission of ECVNs and MVRNs'	http://www.elexon.co.uk/wp-content/uploads/2011/10/bscp71_v11.0.pdf