

## ANNEX 3 – LEGAL TEXT TO GIVE EFFECT TO THE PROPOSED MODIFICATION - Conformed Version

The red lined version of amended BSC text

### Section N

- 6.1.2 The following information is to be submitted in relation to each Settlement Run:
- (a) the Settlement Day; and
  - (b) whether the Settlement Run is an Initial Settlement Run, Timetabled Reconciliation Settlement Run or Post-Final Settlement Run.
- 6.9.1 For the purposes of the Code:
- (a) an "**Ad-hoc Trading Charge**" is an amount which a Party is liable to pay to or entitled to receive from the BSC Clearer:
    - (i) pursuant to any provision of the Code, where such amount is specified in such provision to be such an Ad-hoc Trading Charge;
    - (ii) pursuant to an Extra-Settlement Determination in accordance with Section U2.2.3;

### Section P

#### 6.1 Rectification of Past Notification Errors

- 6.1.1 Where the Panel determines that a Past Notification Error occurred and should be rectified:
- (a) the Panel shall determine what adjustments are required to the relevant Account Bilateral Contract Volumes, Metered Volume Fixed Reallocations and/or Metered Volume Percentage Reallocations (as the case may be) in order to rectify the Past Notification Error as determined by the Panel;
  - (b) such adjustments shall be made as soon as is practicable, and shall be taken into account in the next Settlement Run for the relevant Settlement Period after such adjustments have been made.
  - (c) if the Final Reconciliation Settlement Run for the relevant Settlement Period has already taken place before the Panel has made its determination under 6.5.1, such adjustments shall be made as soon as is practicable, and shall be taken into account in a Post-Final Settlement Run for the relevant Settlement Period after such adjustments have been made.

### Section T

- 5.2.1 In relation to each Settlement Day, the SAA shall carry out:

- (a) no later than the relevant dates set out in the Settlement Calendar (subject to paragraph 1.4),
    - (i) an Interim Information Settlement Run;
    - (ii) an Initial Settlement Run;
    - (iii) four Timetabled Reconciliation Settlement Runs;
  - (b) any Post-Final Settlement Run required by the Panel pursuant to Section U2.
- 5.3.1 In relation to each Settlement Day, following each Settlement Run, the SAA shall provide to the FAA the data and information specified in paragraphs 5.3.2 to 5.3.4 on the Notification Date (subject to paragraph 1.4):
- (a) specified in the Payment Calendar, in the case of the Initial Settlement Run or a Timetabled Reconciliation Settlement Run;
  - (b) determined pursuant to Section U2, in the case of a Post-Final Settlement Run.
- 5.3.2 The following information is to be submitted in relation to the Settlement Run:
- (a) the Settlement Day;
  - (b) whether the Settlement Run is an Initial Settlement Run, Timetabled Reconciliation Settlement Run or Post-Final Settlement Run.

## **Section U**

- 2.1.1 For the purposes of the Code, settlement of Trading Charges (including Reconciliation Charges) in respect of a Settlement Day is to take place:
- (a) on an initial basis and on each of four further occasions in accordance with the timetable established pursuant to Section N3;
  - (b) following a Post-Final Settlement Run, in accordance with the timetable established by the Panel pursuant to paragraph 2.2.5.

## **2.2 Post-Final Settlement Runs and Extra-Settlement Determinations**

- 2.2.1 The Parties acknowledge that there may be occasions when it is necessary or appropriate:
- (a) to carry out a Settlement Run (and related Volume Allocation Runs) in relation to a Settlement Day, after the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run;
  - (b) to carry out a determination, outside Volume Allocation Runs and Settlement Runs, of Trading Charges (or adjustment and apportionment in respect thereof) in relation to a Settlement Day (whether or not after the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run).

2.2.2 Subject to paragraph 2.2.4, the Panel may determine, upon the recommendation of the Trading Disputes Committee following resolution of a Trading Dispute, or following the award of an arbitrator, or otherwise in its discretion:

- (a) that, after the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run, a Post-Final Settlement Run should be carried out in relation to a Settlement Day or part thereof; provided that no more than one Post-Final Settlement Run may be carried out in respect of any one Settlement Day;
- (b) that, at any time, an Extra-Settlement Determination should be carried out in accordance with paragraph 2.2.3 in relation to a Settlement Day or part thereof.

2.2.3 Where an Extra-Settlement Determination is to be carried out:

- (a) there shall be determined amounts
  - (i) by reference to the differences between the amounts of Trading Charges determined pursuant to the Extra-Settlement Determination and such amounts as determined in the Settlement Run (for the relevant Settlement Day) preceding such Extra-Settlement Determination, or
  - (ii) otherwise by way of adjustment and apportionment in respect of Trading Charges as the Panel shall determine

which each Trading Party and the Transmission Company shall be entitled to be paid by or liable to pay to the BSC Clearer;

- (b) such entitlements and liabilities shall be Ad-Hoc Trading Charges for the purposes of Section N6.9;
- (c) the Panel shall determine the method by which Trading Charges, or adjustment and apportionment in respect thereof, are to be determined;
- (d) each Party and each BSC Agent shall comply with the reasonable requests of the Panel in connection with such method of determination;
- (e) such determination may be made on such estimated or approximate basis as the Panel may decide is appropriate in the circumstances (having regard, without limitation, to whether any further Timetabled Reconciliation Settlement Run in relation to the relevant Settlement Day is to take place after the Extra-Settlement Determination);
- (f) without prejudice to the generality of paragraph (e), subject to paragraph (g), unless the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run for the relevant Settlement Day have already taken place, such determination may (where appropriate in the Panel's opinion) be made so that:

- (i) extra-settlement amount(s), so far as relating to Trading Charge(s), are determined and payable only as to a proportion (the "**interim proportion**") of the amounts that would be payable on the basis of an exact determination of the relevant Trading Charge(s) in accordance with the Code; and
- (ii) extra settlement amounts are determined for and payable by or to some Trading Parties only (each an "**included**" Trading Party)

where "**extra-settlement amounts**" means the amounts payable pursuant to paragraph (b) by way of Ad-Hoc Trading Charges pursuant to an Extra-Settlement Determination;

- (g) where a determination is made in accordance with paragraph (f) , so far as relating to Daily Party Residual Settlement Cashflow:
  - (i) the interim proportion shall be determined (for the relevant Extra-Settlement Determination) by the Panel;
  - (ii) the included Trading Parties shall be selected as follows, unless the Panel decides that there are exceptional circumstances which justify a different method of selection:
    - (1) all Trading Parties shall be ranked in order of the magnitude of  $RCRC_p$  payable to them in respect of the relevant Settlement Day, largest first;
    - (2) the Trading Parties to be included shall be selected in the order ranked, until such Trading Parties have been selected that:

$${}^{\text{PS}} RCRC_p = IP * {}^{\text{P}} RCRC_p$$

where:

$RCRC_p$  is the Daily Party Residual Settlement Cashflow for a Trading Party for the relevant Settlement Day as determined under the Settlement Run preceding the Extra-Settlement Determination;

IP is the interim proportion;

${}^{\text{PS}}$  is the sum over all selected Trading Parties;

${}^{\text{P}}$  is the sum over all Trading Parties;

- (h) each Party shall be bound by the Extra-Settlement Determination, but without prejudice to paragraph 2.6.1;
- (i) where a Settlement Run in relation to a Settlement Day is carried out after an Extra-Settlement Determination has been carried out in relation to that day:

- (i) each Trading Party and the Transmission Company shall be entitled to be paid by or liable to pay to the BSC Clearer, on or as near as practicable to the Payment Date in respect of such Settlement Run, an amount calculated as:
  - (1) an amount equal and opposite to the extra settlement amount paid by or to such Party, plus
  - (2) an amount in lieu of interest calculated by applying the Base Rate to the amount in paragraph (1) in respect of the period from the date when payment of such extra-settlement amount was due to the Payment Date in respect of such Settlement Run;
- (ii) such entitlements and liabilities shall be Ad-Hoc Trading Charges for the purposes of Section 6.9.

2.2.4 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.

2.2.5 Where the Panel decides that a Post-Final Settlement Run and Post-Final Volume Allocation Runs or an Extra-Settlement Determination should be carried out:

- (a) the Panel shall set, after discussion with the SAA, FAA, CDCA and SVAA (and, where applicable, the CRA, ECVA, Transmission Company and/or any Interconnector Administrator), a timetable for the carrying out of such runs;
- (b) the Notification Date for such Settlement Run shall be specified in such timetable;
- (c) BSCCo shall inform all Parties and BSC Agents of the decision to carry out such runs and the timetable set by the Panel for such runs.

2.3.1 For the purposes of the Code:

- (a) in relation to a Settlement Day:
  - (i) the "**Initial Settlement Run**" and the "**Initial Volume Allocation Run**" are, respectively, the Settlement Run and Volume Allocation Run carried out for the purposes of initial Settlement in accordance with paragraph 2.1.1(a);
  - (ii) a "**Timetabled Reconciliation Settlement Run**" and a "**Timetabled Reconciliation Volume Allocation Run**" are, respectively, a Settlement Run and Volume Allocation Run carried out for the purposes of Settlement on one of the four further occasions pursuant to paragraph 2.1.1(a);
  - (iii) the "**First Reconciliation Settlement Run**" and the "**First Reconciliation Volume Allocation Run**" are, respectively, the

- first required Timetabled Reconciliation Settlement Run and first required Timetabled Reconciliation Volume Allocation Run;
- (iv) the "**Final Reconciliation Settlement Run**" and the "**Final Reconciliation Volume Allocation Run**" are, respectively, the last required Timetabled Reconciliation Settlement Run and last required Timetabled Reconciliation Volume Allocation Run;
  - (b) a "**Post-Final Settlement Run**" and a "**Post-Final Volume Allocation Run**" are, respectively, a Settlement Run and Volume Allocation Run required to be carried out by the Panel in accordance with paragraph 2.2;
  - (c) an "**Extra-Settlement Determination**" is a determination, outside Volume Allocation Runs and Settlement Runs, of Trading Charges (or adjustment and apportionment in respect thereof), required to be carried out by the Panel in accordance with paragraph 2.2;
  - (d) a "**Reconciliation Settlement Run**" is a Timetabled Reconciliation Settlement Run or a Post-Final Settlement Run and a "**Reconciliation Volume Allocation Run**" is a Timetabled Reconciliation Volume Allocation Run or a Post-Final Volume Allocation Run.

- 2.6.1 Subject to paragraph 2.2.4, where a Party wishes to dispute or challenge the data used in or the results of any Volume Allocation Run or Settlement Run:
- (a) the Party may do so (subject to the provisions of Section W) by raising a Trading Query or Trading Dispute in accordance with Section W but not otherwise;
  - (b) subject to and in accordance with Section W, the outcome of the Trading Query or Trading Dispute will be taken into account in a subsequent Timetabled Reconciliation Settlement Run, Post-Final Settlement Run or Extra-Settlement Determination;
  - (c) the Party shall not be entitled to a remedy (if any, as provided in Section W) sooner than the carrying out of such subsequent Timetabled Reconciliation Settlement Run, Post-Final Settlement Run or Extra-Settlement Determination unless otherwise permitted following resolution of a Trading Dispute pursuant to Section W.

## Section W

- 4.1.1 Following a decision of the Trading Disputes Committee, or (pursuant to a reference under paragraph 3.5) the Panel, in respect of a Trading Dispute that there was a settlement error, the Trading Disputes Committee may determine:
- (a) on the grounds that the materiality of the Trading Dispute does not justify the cost necessary to correct the error and settle the consequences of such correction, that no further action should be taken in relation to such error; or
  - (b) that the error should be corrected in the next Settlement Run relating to the relevant Settlement Day; or
  - (c) that a recommendation should be made to the Panel that an Extra-Settlement Determination should be carried out in accordance with the provisions of paragraph 4.2; or

- (d) where a Trading Dispute is not resolved until after the relevant Final Reconciliation Settlement Run, that a recommendation should be made to the Panel that one of the following steps should be taken:
  - (i) that the error should not be corrected, having regard to all the circumstances (including the materiality of the Trading Dispute and the length of time which has elapsed since the occurrence of the event giving rise to the Trading Dispute);
  - (ii) that an Extra-Settlement Determination and/or Post-Final Settlement Run should be undertaken

#### **4.2 Post-Final Settlement Runs and Extra-Settlement Determinations following a Trading Dispute**

- 4.2.1 Where the materiality of the Trading Dispute is, in the opinion of the Trading Disputes Committee, sufficiently large in relation to the costs of carrying out a Post-Final Settlement Run or (as the case may be) Extra-Settlement Determination, the Trading Disputes Committee may recommend to the Panel:
  - (a) where the Final Reconciliation Settlement Run has taken place, that a Post-Final Settlement Run and/or Extra-Settlement Determination should be performed; or
  - (b) where the period to the next Timetabled Reconciliation Settlement Run (considered together with the materiality of the Dispute) is such that the Trading Disputes Committee believes that an Extra-Settlement Determination is justified, that an Extra-Settlement Determination should be performed.
- 4.2.2 If the Trading Disputes Committee recommends to the Panel that a Post-Final Settlement Run or Extra-Settlement Determination should be performed, the Trading Disputes Committee may recommend to the Panel that a particular Party or Parties shall bear all or part of the cost of any such Post-Final Settlement Run or Extra-Settlement Determination, and if the Panel so decides such Party or Parties shall pay such amounts as were so recommended by the Trading Disputes Committee.
- 4.2.3 Following a recommendation of the Trading Disputes Committee pursuant to paragraph 4.2.1, the Panel shall determine whether or not a Post-Final Settlement Run or Extra-Settlement Determination should be undertaken and, after consultation with the relevant BSC Agents, shall specify the date when such Run or determination is to be undertaken.

### **Section V**

**TABLE 2 – SAA REPORTING**

Name of report	Frequency	Recipient	General Description
Interim Information Settlement Report	Daily	Relevant Party Any Party (on request)	For each Trading Party (where applicable) and the Transmission Company, a report providing Bid-Offer Data, Acceptance Data and Trading Charges relating to that Party, and volumes and prices for

			the whole system, from the Interim Information Settlement Runs
Initial Settlement Report	Daily	Relevant Party Any Party (on request)	For each Trading Party and the Transmission Company, a report providing Bid-Offer Data, Acceptance Data and Trading Charges relating to that Party, and volumes and prices for the whole system, from the Initial Settlement Runs
Timetabled Reconciliation Settlement Report	Daily	Relevant Party Any Party (on request)	For each Trading Party and the Transmission Company, a report providing Bid-Offer Data, Acceptance Data and Trading Charges relating to that Party and volumes and prices for the whole system, from the Timetabled Reconciliation Settlement Runs
Final Reconciliation Settlement Report	Daily	Relevant Party Any Party (on request)	For each Trading Party and the Transmission Company, a report providing Bid-Offer Data, Acceptance Data and Trading Charges relating to that Party or the Transmission Company, and volumes and prices for the whole system, from the Final Reconciliation Settlement Runs
Post-Final Settlement Report	Following a Post-Final Settlement Run	Relevant Party Any Party (on request)	For each Trading Party and the Transmission Company, a report providing Bid-Offer Data, Acceptance Data and Trading Charges relating to that Party, and volumes and prices for the whole system, from a Post-Final Settlement Run
SAA Performance Report	Each month	BSCCo	A report summarising actual against expected timing for various SAA reports

#### Annex X-1

**"Extra-Settlement Determination"**

has the meaning given to that term in Section U2.3;

**"Post-Final Settlement Run"**

has the meaning given to that term in Section U2.3;

**"Post-Final Volume Allocation Run"**

has the meaning given to that term in Section U2.3;