

ASSESSMENT REPORT
Modification Proposal P044
'Correction of Notification Errors
where Parties are able to satisfy a
Reasonable and Prudent Operator
test'

Prepared by the Error Processing Modification
Group on behalf of the Balancing and Settlement
Code Panel

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I DOCUMENT CONTROL

a Authorities

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1.0				Meets requirements of Modification Group

b Distribution

Name	Organisation
Panel	
P044 Modification Group	

c Related Documents

Reference 1	Initial Written Assessment of Modification Proposal P044 'Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test' (017AMB10)
Reference 2	CPC00078 'High Level Impact Assessment of Modification Proposal P044'
Reference 3	Panel Paper 32/009 'Initial Written Assessment: Modification Proposal P044: Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test'
Reference 4	Modification Group Report 01, 12 th November 2001

Reference 5	P044 Consultation Paper (Parties) and High Level Impact Assessment (Parties, Party Agents and BSC Central Service Agent) (011ABU10)
Reference 6	P037 Urgent Modification Report (P37_UMR_GEM)
Reference 7	Opinion on P037 from London Electricity plc (James Goudie, dated September 2001)
Reference 8	Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test' Requirements Specification (001MAR) (version 1.0)
Reference 9	CPC00089 'DLIA of MP44 - Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test', 28 th November (Parties and Party Agents) and 29 th November 2001 (BSC Central Service Agent)
Reference 10	Modification Group Report 02, 5 th December 2001
Reference 11	P044 Second Consultation (Parties)
Reference 12	CPC00095 Further DLIA of Modification Proposal P044 'Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test', 10 th December 2001 (Parties and Party Agents) and 11 th December 2001 (BSC Central Service Agent)
Reference 13	Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test' Requirements Specification (001MAR) (version 2.0)
Reference 14	Modification Group Report 03, 19 th December 2001
Reference 15	CP517 'Multiple Occurrences of Disputes Pre and Post-Final Settlement Runs'

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1 SUMMARY AND RECOMMENDATIONS

See the associated document 'Attachment 1: Executive Summary of the Assessment Report' for the Summary and Recommendations.

2 INTRODUCTION

The Report has been prepared by ELEXON Ltd., on behalf of the Panel, in accordance with the terms of the Code. The Code 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 Code.

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

2.1 Glossary

The following acronyms have been used throughout this document:

BSC	Balancing and Settlement Code
BSCCo	Balancing and Settlement Code Company
CPC	Change Proposal Circular
DLIA	Detailed Level Impact Assessment
ECP	Error Correction Payment
ECVAA	Energy Contract Volume Aggregation Agent
ECVN	Energy Contract Volume Notification
ECVNA	Energy Contract Volume Notification Agent
EPFAL	Electricity Pool Funds Administration Agent Limited
FPN	Final Physical Notification
HLIA	High Level Impact Assessment
IDD	Interface Definition and Design
IWA	Initial Written Assessment
MVRN	Metered Volume Reallocation Notification
MVRNA	Metered Volume Reallocation Notification Agent
OSM	Operating Service Manual
RCRC	Residual Cashflow Reallocation Cashflow
RPO	Reasonable and Prudent Operator
SS	System Specification
T&M	Time & Material
URS	User Requirement Specification

3 MODIFICATION GROUP

The membership of the Group was as follows:

Dave Warner	ELEXON (Chair)
Peter Bolitho	Powergen
Andrew Foster	UK Power Exchange
Lisa Waters	Dynegy UK
Dave Lenton	St Clements
Roy Dinsmore	Innogy
Chris Teverson	European Power Source Company (UK)
Nicola Lea	TXU Europe Energy
Jon Bradley	Centrica
Mike Edgar	Transmission Company
Andrew Paddon	Sempra Energy
Nick Simpson	Ofgem Attendee
David Edward	Ofgem Attendee

A Modification Group Report has been produced following each Group meeting and this documents the key actions agreed together with details of who attended each meeting. Modification Group meetings were held as follows:

Meeting No	Date	Modification Group Report Reference	Number in Attendance
1	12 th November 2001	Modification Group Report 01_121101	9
2	5 th December 2001	Modification Group Report 02_051201	11
3	19 th December 2001	Modification Group Report 03_191201	10

4 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

4.1 The Proposed Modification

A copy of P044 can be found at Annex 7 to this Report. P044 seeks to modify the Code so that Parties will be able to apply to the Panel requesting the *ex post* creation of new ECVNs / MVRNs or amendment of a previously submitted ECVN / MVRN.

P044 seeks to address the increased risks faced by Parties that have no alternative but to notify their Volume Notifications close to Gate Closure and is intended to be prospective and not retrospective.

It is proposed that BSC Parties should be able to apply to the BSC Panel requesting the *ex post* creation of new ECVNs / MVRNs or amendment of a previously submitted ECVN / MVRN when either:

- The notification in question had, as part of normal operations¹, to be submitted after 18:30 of the day preceding the 'effective from' date of the notification (i.e. after 18:30 on D-1),
- The E0221 Forward Contract Report had not been sent to any of the Parties involved, provided:
 - The claimant can demonstrate beyond reasonable doubt that it had taken all reasonable steps (to the standard of a reasonable and prudent operator (RPO)) to prevent notification errors happening in the first place and minimise the impact of errors should they actually occur; and
 - The claim is supported by both parties in the case of inter-company transactions and a Director / Company Secretary in the case of intra-company transactions.

4.2 Applicable BSC Objectives

The Applicable Code Objectives are set out in paragraph 3 of Condition C3 of the Transmission Licence, as follows:

- (a) The efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;
- (b) The efficient, economic and co-ordinated operation by the Transmission Company of the 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; and
- (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

4.3 Initial Written Assessment

ELEXON produced an IWA (reference 1) and this was presented to the Panel (Panel Paper 32/009) on 31st October 2001 (reference 3). The Panel agreed that the Group should include in the Assessment Report:

- a) Consideration of the gap that would arise if both P037 and P044 were approved for implementation with different Implementation Dates. The Panel noted that one possible solution to this issue would potentially introduce a retrospective element to P044;
- b) Consideration of the impact of any changes of process on smaller Parties and Party Agents; and

¹ Under normal operations an RPO is likely to change or re-submit notifications close to Gate Closure to (a) reflect operational failures or (b) fine tune earlier forecasted quantities.

- c) Consideration of the development of an Alternative Modification Proposal, noting the progress being made on P037.

The Panel determined that P044 should proceed to the Assessment Procedure and that the Error Processing Modification Group should progress P044.

4.4 Initial View of Group

The Group attended their first meeting on 12th November 2001. The Modification Group Report (reference 4) identifies the key actions agreed together with the attendees. A P044 Consultation Paper and High Level Impact Assessment (reference 5) produced by ELEXON, was reviewed at the meeting. This document had two main purposes:

- As a consultation document, seeking the views of Parties and Party Agents on the issues raised by P044; and
- To specify the various options being considered by the Group in sufficient detail such that Parties, Party Agents and the BSC Central Service Agent could provide a High Level Impact Assessment (HLIA) of them.

The Group agreed that:

- Wherever appropriate the mechanisms outlined in P037 should be adopted in progressing P044;
- The consultation and HLIA would seek to establish Party and Party Agent views on the issues raised in the questionnaire (which would be included in the P044 Consultation Paper and High Level Impact Assessment (reference 5)); and
- The BSC Central Service Agent should undertake a HLIA.

The Group acknowledged that there were relationships with the Modification Proposals outlined in Annex 8.

4.5 Consultation and High Level Impact Assessment

Following the Group meeting, the P044 Consultation Paper and High Level Impact Assessment (reference 5) was revised and then subsequently issued for consultation and HLIA (via CPC00078, reference 2) to Parties, Party Agents and the BSC Central Service Agent on 14th November 2001.

In total 21 responses, representing 72 Parties were received in relation to the consultation and HLIA.

4.5.1 Results of Consultation

Twelve responses were received to the consultation request, representing the views of forty seven Parties. A summary of all the responses, a matrix of the detailed responses, and the actual responses are included in Section 11.

The result of the consultation is as follows:

- 9 responses representing 34 Parties agreed with the principles of P044;
- 2 responses representing 8 Parties rejected the principles of P044; and
- 1 response representing 5 Parties provided a caveated response.

The matrix of the detailed responses included in Section 11 shows the responses received in relation to the questionnaire that formed part of the consultation exercise. The key points to note from this are as follows:

4.5.1.1 Facilitation of Applicable BSC Objectives

Eight responses representing thirty three Parties believed that P044 better facilitated the Applicable BSC Objectives, as defined in paragraph 3 of Condition C3 of the Transmission Licence; namely objective (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'.

One response agreed with the principles of P044, so long as the circumstances were limited to the failure of BSC Systems. The caveated response suggested that the principles were acceptable, except for the need to impose financial incentives to deter errors being made in the first place. In so far as the reasons as to why respondents considered that objective (c) of Condition C3 was better achieved, arguments centred on the improvement of liquidity in the on-the-day market, improvement in confidence and establishing a better balance between the incentives to notify correctly and the risk of making errors (which some suggested was unmanageable).

One of the responses who supported the view that P044 better facilitated objective (c) also stated that they believed that it better facilitated objective (d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.' In addition this response also stated that in respect of objective (a), this applicable objective would be better facilitated in the context of paragraph 7A2(b) (ii) relating to the legal opinion provided by London Electricity plc in the context on P037 (reference 7).

A number of those who supported the principle qualified their views, highlighting the need for these occurrences to be rare, ensuring a good definition and series of tests and limiting the rectification to those occasions where BSC Systems had failed to report the relevant information.

The respondent who gave a caveated view noted that the incentives to notify correctly were reduced and that BSC System costs would increase, if P044 were adopted without the imposition of financial incentives.

4.5.1.2 Potential of P004 Removing the Requirement for P044

Only one response representing five Parties believed that the implementation of P004 'Dual Contract Notification' would negate the need for P044, suggesting that the new reporting would allow a Reasonable and Prudent Operator (RPO) to gain the necessary confidence in their notified position. Other respondents believed that P044 would still be required, albeit with tighter tests, recognising the residual risk that would continue (for example, that reports from the Energy Contract Volume Aggregation Agent (ECVAA) could still fail to be issued).

4.5.1.3 Error Correction Payment

Five responses representing fifteen Parties agreed that the ECP should be included within the scope of P044 whereas six responses representing twenty Parties did not believe that the ECP should be included within the scope of P044.

Those in favour of an ECP considered that incentives to avoid errors would be strengthened and one response suggested that not to have an ECP would imply discrimination between claimants under P037 and claimants under P044. One of those in favour of an ECP stated that the ECP should not be capped. Of those who did not support the inclusion of an ECP, one suggested that the tests in P044 and the non-retrospective nature of P044 mitigated against such a device. Another considered that, if claims were limited to those relating to failures of BSC System reporting, then an ECP was not required and a further argument for not having an ECP was that it was not required if the incentives to avoid frivolous Volume Notifications were sufficient.

4.5.1.4 Credit Arrangements

Nine responses representing thirty-six Parties agreed that the credit arrangement process (as outlined in Section 6.6 of Appendix 2 of the legal text changes for P037, which is included in the P037 Urgent Modification Report (reference 6)) should be incorporated within the scope of P044 and one response representing five Parties was uncertain with regards this proposal. One of those in favour highlighted the need to avoid being in credit default as a result of an erroneous Volume Notification.

One response representing a single Party stated that they believed that it was inappropriate to ask for views on the credit arrangement process based on an unrelated Modification Proposal (ie. P037), with the action proposed that P044 should be drafted on its own merits; in the light of possible further amendments to P037 or other Modification Proposals.

4.5.1.5 Appeals Process

Nine responses representing forty Parties agreed that the appeals process (as outlined in Section 6.7 of Appendix 2 of the legal text changes for P037, which is included in the P037 Urgent Modification Report (reference 6)) should be incorporated within the scope of P044 and one response representing 3 Parties rejected this proposal.

One response was uncertain and one response rejected this proposal. The basis of the rejection was that there might be problems arising from the confidentiality arrangements (rendering it unlikely that another Party would have the opportunity to make an appeal) and that recourse to arbitration would be more appropriate.

One response representing a single Party stated that they believed that it was inappropriate to ask for views on the appeals process based on an unrelated Modification Proposal (ie. P037), with the action proposed that P044 should be drafted on its own merits; in the light of possible further amendments to P037 or other Modification Proposals.

4.5.1.6 Scope of Tests

Seven responses representing thirty five Parties agreed that the four circumstances 'tests' as outlined in P044 were sufficient and four responses representing eleven Parties disagreed with this.

Of those in favour of the tests, as currently described, one response considered that the RPO test should be better defined, another suggested that the RPO test was inconsistent with the requirement to meet the tests 'beyond reasonable doubt' and that this level of proof was inappropriate. Instead, the respondent suggested that the RPO concept was consistent with the level of 'balance of probability'. One response in favour of the tests suggested that they should not change, even if P004 were to be introduced, as this would lead to an undue burden on smaller players (since the improved reporting in P004 would imply a 24/7 operating regime for the checking of the Acceptance Feedback Report).

Of those who did not agree with the tests, one considered that they were too strong, one thought that the Panel should be allowed more discretion (as in P037), one response suggested that test (A) should be limited to non-participant errors and test (C) should be removed. A final response suggested that it would be impossible to robustly apply an objective view to another Parties robust procedures without risking a robust confrontation on the basis that the use of 'reasonable' was too subjective and therefore this test should be removed. This final response also stated that it was unrealistic to apply test (D).

4.5.1.7 Potential Increase in the Scope of Tests

One response representing five Parties stated that an additional circumstance 'test' should be included within the scope of P044. This additional test would be required in the event that a revised Final Physical Notification (FPN) could not be received by the Transmission Company. The presumption of

this argument being that, if a revised contract position were notified but the commensurate FPN could not be received, then the contract position might be invalidated and the relevant Volume Notification would become erroneous. Another response representing one Party stated that all of the tests should be replaced with the single test or whether or not the ECVN or MVRN reflected the intention of the submitting Party.

Of those that considered that no further tests were required, one suggested that this might be dependent upon the definition of an RPO, others noted that further tests could always be the subject of future Modification Proposals.

4.5.1.8 Ability of a Party to Prove Beyond Reasonable Doubt that they were an RPO

Nine responses representing forty Parties stated that they believed that a Party making a claim would be able to prove beyond reasonable doubt that the claim was valid and one response representing five Parties stated that a Party could not prove beyond reasonable doubt that their claim was valid (the reason given was that the test was inconsistent with the concept of an RPO).

4.5.1.9 Alternative Modification Proposal for Gap Period

Three responses representing fourteen Parties stated that an Alternative Modification should be raised to cover any potential gap period between the implementation of P037 and P044 and six responses representing twenty six Parties rejected this proposal.

One of those against the development of such an Alternative Modification implied that P044 could only be prospective, another suggested that to build in a retrospective element could prejudice the determination on P037 (this respondent went on to suggest that P044 should be retrospective to some time after P044 was raised). A number of those against considered that, if a Party wished to make a claim within the 'gap' period, a Modification Proposal could be raised at that time.

One response that neither supported or rejected this proposal raised the question as to whether the proposer supported both P037 and P044.

4.5.1.10 Potential Impact of Implementing P044

Three responses representing twelve Parties indicated that there would be an impact on Parties if P044 were approved for implementation with a maximum timescale of four weeks being required.

4.5.1.11 Proposed Timescale for Making a Claim

Eight responses representing thirty nine Parties stated that they believed that the timescale proposed by when claims should be made was reasonable. Four responses representing eight Parties rejected this proposal. One response suggested an alternative of three Working Days would be more appropriate and another thought that there should be sufficient time to collate evidence to support the claim. One of the responses that rejected this proposal did so on the basis that they could see no validity in such a short deadline being set and believed that no justification had been provided for this tight timescale. This response also stated that the Panel would not be in a position to make a decision on a similar timescale.

4.5.1.12 Responsible Body for Administering and Determining Claims

All responses unanimously supported the proposal that the Panel should oversee the administering and determination of claims; with one of these responses representing four Parties stating that the Trading Disputes Committee could also undertake this role. Others suggested that the Panel might delegate to a Panel Committee, but did not specify which and one response suggested that a specialist Panel Committee might be needed.

4.5.1.13 Potential Benefits of P044

Four responses representing ten Parties stated that there were potential benefits to P044 with a range of other responses provided on this matter.

4.5.1.14 Further Issues for Consideration

Four responses representing fifteen Parties identified other issues for consideration during the Assessment Procedure for P044. The issues raised, were as follows:

- a) P044 does not mention the number of half hours that could be included in a single claim. If it remains linked to the 7 day report then the logical limit is 48. However if it is changed to link with the P004 Acceptance Feedback Report then each half hour is potentially a different case.

The Party responding stated that they would prefer to see the 7 day report within the test to determine whether the claim is valid. Several reasons were put forward:

- The Acceptance Feedback Report on its own does not indicate if the new Volume Notification is overwriting an old one or is additive. It can only be unambiguously interpreted by reference to the 7 day report and all other subsequent Acceptance reports. This is an onerous process for small players.
 - By switching the test to reference the P004 Acceptance Feedback Report it would require all Parties to implement 24/7 checking of Volume Notifications. Otherwise there would be risks in not being able to correct a significant error. This would disadvantage small players and not better facilitate BSC Objectives.
 - The P004 Acceptance Feedback Report does not have to become the focus of a test. It should be viewed as an additional tool available to the industry that reduces the number of potential claims.
- b) Although much of the legal drafting under P037 could be used in P044 the definition of an RPO needs to be worked into the text. In particular changes to P037 legal drafting under clauses 6.4.7 and 6.4.8.
- c) From the implementation perspective, it would be appropriate to consider if an enduring solution for P044 can be considered alongside that of other current proposals, P035 'Qualified ECVNAs' in particular, to determine if there are potential cost savings in implementing both at the same time. It might also be appropriate to consider if the suggested level of the administration fee (£5k) is sufficient to deter frivolous claims and, indeed, whether it covers the cost of meeting successful claims.
- d) A clear strategy is needed for the timing of implementation of P004, P037 or any variation to it, and P044 or any variation to it.

4.5.2 Results of High Level Impact Assessment

Nine responses were received to the HLIA request, representing twenty-five Parties. A summary of all the responses and the actual responses are included in Section 11.

The result of the HLIA is as follows:

- 4 responses representing 18 Parties agreed with P044;
- 4 responses representing 4 Parties provided a 'no impact' or a 'no comment' return; and
- The remaining response representing 3 Parties neither agreed nor disagreed with P044.

No response rejected P044. Of these responses, two comments were made relating to the timescale required to implement the necessary changes within the Party's organisation; with the timescale quoted ranging from four weeks to one hundred and eighty days. Only one comment was received in relation to development costs with a figure of £70,000 quoted.

4.6 BSC Central Service Agent High Level Impact Assessment (Logica)

The HLIA was received on 23rd November 2001 and is contained in Annex 3. The key points to note from this HLIA are:

- There would be a development and implementation cost of £9,000 (ex VAT);
- There would be a monthly cost of £134 (ex VAT) to Maintain the new service;
- There would be a monthly cost of £800 (ex VAT) per claim to Operate the new service. The monthly charge will depend on the volume of requests and it is suggested that this be charged under Time & Material (T&M) arrangements;
- The development timescale would be 4 weeks;
- The service provided would be manual (in line with current working arrangement for handling EVAA System Failures); and
- There would be an impact on the ECVAAs Service Description (managed by ELEXON), the ECVAAs System Specification and the Operations Manual (managed by the BSC Central Service Agent).

4.7 Detailed Level Impact Assessment Request

Modification Proposal P044 'Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test' Requirements Specification (reference 8) was produced by the Group following the meeting on 11th November 2001. This requirements specification was issued to Parties, Party Agents on 28th November 2001 and to the BSC Central Service Agent on 29th November 2001 for DLIA via CPC00089 (reference 9), with the results being due on 13th December 2001.

4.8 Group's Further Views

At the second Group meeting which was held on 5th December 2001, the Group reviewed the results of the consultation and HLIA and noted that the results of the DLIA, which was currently being undertaken, would be discussed at the next Group meeting on 19th December 2001. The Modification Group Report (reference 10) identifies the key actions agreed together with the attendees. The following key points were discussed and agreed:

- a) Definition; the Group agreed that the definition of an error should be that which was described in P037.
- b) Tests; the Group agreed that P004 'Dual Contract Notification' would not remove the need for P044, but the tests relating to the availability of ECVAAs reporting would be made more generic, recognising not just of the potential for P004 to introduce new reports, but for other reporting enhancements that may occur (and indeed have occurred). The Group also agreed that there should be a generic description of a 'Reasonable and Prudent Operator' (being an operator whose risk management is commensurate with the level of risk associated with their trading strategy) and that Panel guidelines would be drawn up to enable the Panel to determine whether this (and other tests) had been demonstrated to their satisfaction, rather than the tests being demonstrated beyond reasonable doubt.

- c) Decision making body; the Group confirmed that the Panel would be the appropriate body. It was also concluded that there should be an appeals process, as with P037.
- d) Cash flows; there was no change to the fees to be levied for the raising of claims. However, it was agreed that an ECP should be included in P044. The significance of this was such that the Group considered that this distinct element of the proposal should constitute an Alternative Modification. The conclusion of the Group's detailed discussions on ECP is contained in the second consultation document (reference 11).
- e) Administrative process; the Group decided that the process was acceptable, including the timescales for the raising of claims. It was also accepted that the treatment of credit cover would be the same as that for P037.
- f) Implementation; the potential interactions between P035, P044 and other Modification Proposals is still being considered by the Group. However, the Group concluded that no alternative was required to cover for the eventuality that a gap would exist if both P037 and P044 were approved.
- g) The Group noted the issues raised during the consultation as described in Section 5.5.1.14 and agreed the following:
 - The first issue requested to know what half hours could be included in a single claim. The Group noted that any number of Settlement Periods could be submitted in a single claim.
 - The second issue requested that the definition of an RPO was included within the legal drafting, in particular the changes relating to clauses 6.4.7 and 6.4.8 of P037 should be included. The Group agreed that a generic definition of the RPO would be included and where appropriate the same mechanisms would be used from P037 in P044.
 - The third and final issues were similar in that they requested that the related Modification Proposals should be considered for implementation alongside one another. The Group noted this issue which would need further consideration.

As a consequence of the Group deciding that an Alternative Modification better achieved the objectives of P044, the Group agreed that a further consultation and DLIA should be undertaken outlining the progress of the Group and outlining the reasons for the Alternative Modification.

4.9 Request for Second Consultation and Detailed Level Impact Assessment

Following the Group meeting on 5th December 2001, the Group updated the Modification Proposal P044 'Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test' Requirements Specification (001MAR) (reference 13) and prepared a second consultation and DLIA (reference 11) request which was focused on establishing what the level of the ECP should be and whether a cap should be introduced.

These documents were issued to Parties for a second consultation (reference 11) on 10th December 2001. A second DLIA request was issued to Parties and Party Agents on 10th December 2001 via CPC00095 (reference 12) and the BSC Central Service Agent on 11th December 2001.

4.10 Results of First Detailed Level Impact Assessment

Seven responses were received to the DLIA, representing the views of 13 Parties. A summary of all the responses and the actual responses are included in Section 11.

The result of the first DLIA is as follows:

- 4 responses representing 7 Parties agreed with P044;
- 2 responses representing 2 Parties provided a 'no impact' return; and
- 1 response representing 3 Parties stated that they would be providing their response via the second DLIA.

4.11 BSC Central Service Agent First Detailed Level Impact Assessment (Logica)

The response to the first DLIA was received on 13th December 2001 and is contained in Annex 3. The key points to note from this DLIA are:

- There would be a development and implementation cost of £16,800 (ex VAT) (an increase in cost from the HLIA, which was £9,000);
- There would be no monthly Maintain cost;
- There would be an estimated cost of £960 (ex VAT) per claim to Operate the new service (an increase in cost from the HLIA, which was £800). The monthly charge will depend on the volume of requests and it is suggested that this be charged under Time & Material (T&M) arrangements;
- The costs have increased for the following reasons:
 - The Requirements Specification states that an amendment to the ECVAA User Requirement Specification (URS) should be included. This update along with the review by Logica and ELEXON was not included in the HLIA;
 - The Service Description is assumed to need updating as a result of the above, which will require additional quality assurance effort against documents (URS, Manual System Solution (SS), Operating Service Manual (OSM) to ensure compliance;
 - The process for P037 has been better defined since the HLIA was produced. It is assumed that the process for P044 will follow similar lines. As a consequence, it is assumed that the same level of auditing and process transparency will be required. This adds additional effort in the definition of the working practices and operating training to ensure the same high standards required by P044 are met.
- The development timescale would be in the region of 4 weeks;
- The service provided would be manual (in line with current working arrangement for handling EVAA System Failures); and
- There would be an impact on the ECVAA Service Description (managed by ELEXON), the ECVAA System Specification, the Operations Manual and the ECVAA URS (managed by the BSC Central Service Agent).

4.12 Results of Second Consultation

Nine responses were received to the second consultation, representing twenty eight Parties. A summary of all the responses, a matrix of the detailed responses, and the actual responses are included in Section 11.

The result of the second consultation is as follows:

4.12.1 Level of Error Correction Payment

- 5 responses representing 13 Parties agreed that the level of ECP should be set at 10%;

- 1 response representing 4 Parties stated that the level of ECP should be a proportion of 10%;
- 1 response representing 3 Parties stated that the level of ECP should be set at 20%;
- 1 response representing 6 Parties stated that the level of ECP should be that which covers the cost of investigating and correcting the consequences of a Volume Notification error; and
- 1 response representing 2 Parties stated that an administration fee of £20,000 should be set rather than the ECP being introduced.

4.12.2 Cap on Error Correction Payment

- 7 responses representing 22 Parties stated that no cap should be introduced on the ECP;
- 1 response representing 4 Parties stated that a cap of £200,000 should be introduced; and
- 1 response representing 2 Parties stated that an administration fee of £20,000 should be set rather than the ECP being introduced.

4.12.3 Opposition to Introduction of Error Correction Payment

Three responses were received representing eight Parties which indicated that although they had provided responses to the two questions raised in the consultation, they still believed that the introduction of the ECP and the cap was not appropriate, as indicated in their responses to the first consultation. Reasons given by the respondents are as follows:

- Post event corrections should only be applied where there was a failure of the BSC Systems. Therefore there would be no need for an ECP as the contracting Party would not be at fault as a result of a BSC System failure.
- The introduction of robust tests would ensure that a Party would have to demonstrate a high degree of prudence. Given the introduction of such tests, the incentive properties of an ECP to get things right first time must be questioned. In addition, as the number of claims is expected to be small the cost of administering an ECP may be disproportionate.
- It would be inequitable to impose an additional charge on Parties which have proved their claim is valid. Therefore a higher administration charge of £20,000 should be introduced as a mechanism to deter frivolous claims.

4.13 Results of Second Detailed Level Impact Assessment

Four responses were received to the second DLIA, representing five Parties. A summary of all the response, and the actual responses are included in Section 11.

The result of the second DLIA is as follows:

- 1 response representing 1 Party stated that the ECP should be set at 10% and that no cap should apply;
- 1 response representing 2 Parties rejected the proposal that an ECP and cap should be included in P044; and
- 2 responses representing 2 Parties provided a 'no impact' return.

Two responses were received representing three Parties which stated that there would potentially be an impact on the organisation if P044 were implemented. One reason given for this was that a Party wishing to make a claim would be impacted as they would be required to follow a particular BSC

process. Another reason given was that the introduction of a new or revision to an existing flow / field to support implementation of P044 may require a Party choosing to make a claim to be able to receive or send such a flow or field.

4.14 Group's Subsequent Views

At the third Group meeting which was held on 19th December 2001, the Group reviewed the proposed legal text for the Alternative Modification which was presented by ELEXON's external legal advisors. The Group agreed a number of minor changes to the legal text and this is included in Annex 1. The Group noted that the relationship with other related Modification Proposals had been taken into account in the legal text that had been drafted.

The Group was advised that the Authority's view had not changed on the ECP mechanism.

The Group noted the results of the first DLIA, the second consultation and DLIA, and the guidance provided by the Authority during the various Group meetings and agreed that it was pragmatic to include the ECP mechanism and hence proceed with the Alternative Modification .

The Group was advised that a verbal second DLIA had been provided relating to the inclusion of the ECP mechanism and noted that the written DLIA would be provided in due course. The Group noted that the likely cost of developing an automated BSC System solution for calculating the ECP was approximately £200,000 and that the development would take approximately 3 months. The Group was advised that the cost would cover changes to the ECVAA, the SAA and the FAA systems and processes.

In view of the fact that the Group was keen to develop a solution which could be implemented as quickly as possible, providing that the Alternative Modification was approved by the Authority, the Group requested that ELEXON establish with the BSC Central Service Agent the following:

- The cost and development timescale associated with implementing the Alternative Modification manually (based on the principled outlined in P037 where relevant) as a short term solution; and
- The cost and development timescale associated with implementing the Alternative Modification automatically within the BSC Systems as a long term solution.

The Modification Group Report (reference 14) identifies the key actions agreed together with the attendees.

4.15 BSC Central Service Agent Second Detailed Level Impact Assessment (Logica)

The response to the second DLIA was received on 20th December 2001 and is contained in Annex 3. The key points to note from this second DLIA are:

- There would be a development and implementation cost of £218,000 (ex VAT). This does not include market testing;
- There would be a monthly Maintain cost of £2,543 (ex VAT);
- There would be no Operate cost;
- The development timescale would be in the region of 3.5 months;
- The service provided would be automated for calculating the ECP; and
- There would be an impact on the ECVAA, SAA and FAA Service Descriptions, the ECVAA, the SAA and the FAA Systems and associated design documents.

4.16 BSC Central Service Agent Impact Assessments (Logica and EPFAL)

4.16.1 EPFAL Response

A quotation was received from EPFAL on 9th January 2002 relating to the system solution. The quotation is contained in Annex 3. The key points to note from this DLIA are:

- There would be a development cost of £24,000 (ex VAT); and
- There would be a development timescale of 1 month.

4.16.2 Logica Response

In view of a number of queries that had arisen on the three quotations that had previously been provided, the Group was advised of the following, which was provided on 10th January 2002 to ELEXON:

- The cost for manually calculating the ECP and the associated development timescale would be as follows:
 - £74,300 for the development and implementation costs and a 2 month development (the indicative price quoted for P037); and
 - £1,500 payable for each Settlement Day corrected (the indicative price quoted for P037).
- The cost of the system calculating the ECP and the associated development timescale would be as follows:
 - £246,000 for the development and implementation costs and a 5 month development timescale;
 - There would be a monthly cost of £2,870 (ex VAT) to Maintain the new service; and
 - There would be a monthly cost of £960 (ex VAT) per claim to Operate the new service under Time & Material (T&M) arrangements.

The revised quotation is contained in Annex 3.

4.17 Group's Final Views

The Group reviewed the updated assessment received from the NETA Central Service Agent. In addition the Group reviewed the assessment provided by EPFAL.

The Group agreed that although the proposed phased implementation approach outlined in section 4.14 was desirable, on the basis of cost and that the frequency of claims would be small, there was no justification in developing a system solution for calculating the ECP. The Group did however note that this decision should be revisited if the Alternative Modification was approved and implemented and the number of claims submitted increased significantly. In addition the Group noted that other Modification Proposals (referred to in Annex 8) were in existence, or other Modification Proposals may be raised at a future date, which would require this decision to be revisited¹.

The Group noted that, as changes were required to the BSC Systems, that the BSC Systems Delivery Programme would develop the necessary changes. Section 13 identifies the approximate costs and timescales associated with including the Alternative Modification in the BSC Systems Delivery Programme.

¹ It may be necessary to revisit the costs if other Modification Proposals are approved for implementation which use some of the functionality required for P044.

On the basis that such a development would take in the region of three months (recognising that both ELEXON and the BSC Central Service Agent would be impacted), the Group agreed that to enable the prompt implementation of the Alternative Modification, that the Implementation Date proposed would be 5 Business Days after the date of the determination by the Authority (in line with proposals made on other Modification Proposals). The rationale for this decision is that the ability to raise claims would be available to Parties within a short timescale after the Authority determination. It is proposed that the Panel (or Panel Committee) would determine on the claims raised in a timely fashion in line with the proposed legal text outlined in Annex 1 (refer to paragraph 7.4.3 of the proposed legal text for the Alternative Modification). This approach would allow ELEXON and the BSC Central Service Agent to develop the necessary changes to achieve the required implementation at a later date (as part of a subsequent BSC Systems Delivery Programme release). The Group concluded that the Panel be requested to agree that the Alternative Modification be progressed to the Report Phase, with a draft Modification Report being presented to the Panel meeting on 14th February 2002.

5 IMPACT ON CODE AND BSCCO DOCUMENTATION

5.1 Code

Amendments to a number of Sections of the Code will be required for the Alternative Modification, which are summarised below:

- Section D 'BSC Cost Recovery and Participation Charges'
- Section G 'Contingencies'
- Section M 'Credit Cover and Credit Default'
- Section P 'Energy Contract Volumes and Metered Volume Reallocations'
- Section X 'Definitions and Acronyms', Annex X-1 and Annex X-2

Section P is the one Section that would be greatest impacted by P044. The proposed legal text is for the above Sections is included in Annex 1, where appropriate it is based on that proposed for P037.

5.2 Code Subsidiary Documents

Changes will be required to the following Code Subsidiary Documents for the Alternative Modification. These will be developed the Authority approve the Alternative Modification:

- New BSCP;
- ECVAA Service Description;
- SAA Service Description;
- FAA Service Description;
- Business Process Model;
- Reporting Catalogue;
- Communications Requirements Document; and
- NETA Data File Catalogue.

5.3 Configurable Items

Changes will be required to the following configurable items for the Alternative Modification. These will be developed if the Authority approve the Alternative Modification:

- ECVAA User Requirement Specification;
- SAA User Requirement Specification; and
- FAA User Requirement Specification.

5.4 BSCCo Memorandum and Articles of Association

No changes are required.

5.5 Other Documentation

Although not configurable items, changes will be required to the BSC Central Service Agent documents and these will include:

- Interface, Definition and Design (IDD); and
- Other design documentation.

In addition ELEXON will be required to produce new and update existing local working instructions.

6 IMPACT ON BSC SYSTEMS

There will be the following impact on BSC Systems:

6.1 Registration

No impact identified.

6.2 Contract Notification

The Party (claimant) would submit a claim, requesting a correction of a Volume Notification (for one or more Settlement Periods) to BSCCo.

6.3 Credit Checking Systems

Where an error is corrected, the correction would be taken into account for the purposes of the determination of the relevant Contract Trading Parties' Credit Cover Percentages in relation to Settlement Periods for which Gate Closure occurred after, but not earlier than, the date of the correction ie. the correction is not applied for the Settlement Period which was affected by the claim. This requires no change to the credit checking systems.

6.4 Balancing Mechanism Activities

No impact identified.

6.5 Collection and Aggregation of Metered Data

No impact identified.

6.6 Supplier Volume Allocation

No impact identified.

6.7 Settlement

There are a number of impacts on the above and these are as follows:

- The existing Volume Notification process already allows for Volume Notifications to be 'corrected' post Gate Closure, in the event of ECVAA System Failure. P044 would utilise the existing manual process and would extend the circumstances under which a correction could be made.
- BSCCo would provide any necessary administrative support to the Panel in administering the claim; this would be an additional BSCCo activity.
- The Panel would determine what adjustments were 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 correct the Volume Notification and would require the BSCCo to notify the affected bodies of the next Settlement related steps to be taken eg. ECVAA who would be involved in the ECVAA disputes run.

6.8 Clearing, Invoicing and Payment

There are a number of impacts on the above and these are as follows:

- BSCCo would submit an invoice, for £5000.00, to the claimant and would be responsible for ensuring that payment was received and advising the Panel accordingly. This invoice would be produced and issued when the BSCCo Charges for the relevant Party were determined for the next month. This activity would be an additional activity undertaken by the BSCCo Finance Department in line with the existing processes adopted for Ad-Hoc Trading Charges.
- As a result of a Panel determination in support the claim, the Panel would require adjustments to be made to the Volume Notification as soon as is practicable, and taken into account in the next Settlement Run. This would require the ECVAAs to perform a dispute run as the ECVAAs Run on Day+1 cannot be re-run. The corrected data would be submitted by the ECVAAs to the SAA for use in the next Settlement Run for the relevant Settlement Period(s) after such adjustments would have been made. If however, the Final Reconciliation Settlement Run for the relevant Settlement Period(s) had already taken place, before the Panel had made its determination, such adjustments would be made as soon as was practicable, and would be processed in accordance with the existing provisions in the Code. This would impact the ECVAAs, the SAA and the FAA.

6.9 Reporting

It is envisaged that the Parties will be informed of the progress and status of each claim via updates on the BSC Website. It is intended that sufficient information (eg. notification of the Panel's decision and the process followed in reaching the decision) would be published to enable Parties to assess whether it may be appropriate to raise an appeal.

7 IMPACT ON CORE INDUSTRY DOCUMENTS AND SUPPORTING ARRANGEMENTS

7.1 Grid Code

No impact.

7.2 Master Connection and Use of System Agreement (MCUSA)

No impact.

7.3 Supplemental Agreements

No impact.

7.4 Ancillary Services Agreements (ASAs)

No impact.

7.5 Master Registration Agreement (MRA)

No impact.

7.6 Data Transfer Services Agreement (DTSA)

No impact.

7.7 British Grid Systems Agreement (BGSA)

No impact.

7.8 Use of Interconnector Agreement

No impact.

7.9 Pooling and Settlement Agreement (PSA)

No impact.

7.10 Settlement Agreement for Scotland (SAS)

No impact.

7.11 Distribution Codes

No impact.

7.12 Distribution Use of System Agreements (DUoSAs)

No impact.

7.13 Distribution Connection Agreements

No impact.

8 IMPACT ON ELEXON

The BSC Systems Delivery Programme would oversee the project and develop the necessary changes to the Code Subsidiary Documents and other configurable items for the Alternative Modification.

The Group were advised by ELEXON that there would potentially be an operational impact on the following ELEXON Departments:

- Performance Management;
- Trading Development / Trading Operations;
- Finance;
- Panel Secretary / Modifications; and
- Corporate Affairs.

9 IMPACT ON PARTIES AND PARTY AGENTS

9.1 Parties

9.1.1 Impact on Transmission Company

No response has been received from the Transmission Company.

9.1.2 Impact on Trading Parties

Those Parties who wanted to make a claim and those Counter Parties supporting the claim would be actively involved in this new process. In addition any Party wishing to make an appeal would be impacted.

Section 11 summarises the responses and also includes the detailed responses received.

9.2 Party Agents

The ECVNA and / or the MVRNA may be asked by the Panel to provide information regarding the Volume Notifications claimed to be in error.

10 LEGAL ISSUES

There are no legal issues associated with P044.

11 REPRESENTATIONS RECEIVED

11.1 Responses to First Consultation

11.1.1 Summary of Responses to First Consultation

In response to the first consultation, below is a summary of the responses which have been received.

No	Company	Approve	Reject	Comments	File Number	No. Parties Represented
1.	Edison Mission Energy			Depends.	P44_ASS_001	5
2.	London Electricity plc	✓			P44_ASS_002	4
3.	InterGen (UK) Ltd		✓		P44_ASS_003	5
4.	TXU Europe Energy Trading Ltd	✓			P44_ASS_004	12
5.	SEEBOARD plc	✓			P44_ASS_005	3
6.	Powergen UK plc	✓			P44_ASS_006	4
7.	British Gas Trading	✓			P44_ASS_007	3
8.	Enron Europe	✓			P44_ASS_008	1
9.	TotalFinaElf Gas and Power Ltd	✓			P44_ASS_009	1
10.	ScottishPower Energy Trading Ltd	✓			P44_ASS_010	5
11.	British Energy		✓		P44_ASS_011	3
12.	Derwent Co-Generation Limited	✓			P44_ASS_012	1
Totals		9	2			47

The detailed responses are contained in 'Attachment 3: Consultation Responses on the Assessment Report'.

11.2 Responses to High Level Impact Assessment

11.2.1 Summary of Responses to High Level Impact Assessment

In response to the HLIA, below is a summary of the responses which have been received.

No	Organisation	Approve	Reject	No. Parties Represented	Comments
1.	IMServ			1	No Impact
2.	London Electricity plc. SWEB Ltd. Sutton Bridge Power Jade Power generation	✓		4	
3.	Siemens Metering Services (Nottingham)			1	No impact / No comment
4.	British Energy Power & Energy Trading British Energy Generation Eggborough Power Ltd.			3	Notification required – 4 weeks. Impact – Yes.
5.	TXU Europe	✓		12	
6.	GPU Power UK			1	No Comment
7.	SEEBOARD Plc.	✓		1	
8.	AES Medway	✓		1	180 days and £70,000 development costs
9.	Bridle of Cally Energy Investments Ltd			1	No impact
Totals		4	0	25	

The detailed responses are contained in 'Attachment 3: Consultation Responses on the Assessment Report'.

11.3 Responses to First Detailed Level Impact Assessment

11.3.1 Summary of Responses to First Detailed Level Impact Assessment

In response to the first DLIA, below is a summary of the responses which have been received.

N o	Organisati on	Approve	Reject	Impact	Notice Required	No. Parties Represented	Comments
1.	Siemens Metering Services (Wollaton – Nottingham)	✓		No		1	
2.	Barking Power Ltd.	✓		Yes	30 Days	1	
3.	IMServ Europe			No		1	
4.	(sent by fax) London Electricity on behalf of itself, SWEB Ltd, Sutton Bridge Power and Jade Power Generation	✓		Yes	None	4	
5.	GPU Power UK			No		1	
6.	SEEBOARD	✓		Yes		1	
7.	Npower					4	Npower companies (Npower Ltd, Npower Direct Ltd, Npower Northern Ltd and Npower Yorkshire Ltd) will not be submitting a response to Elexon CPC89 due to the fact that Elexon CPC95 on the same subject has since been issued. We will therefore just be submitting a response to CPC95. I have raised an enquiry with regards to whether this is the correct course of action to take (PMR29044) however am still awaiting a response, and have therefore decided to advise you of the course of action we are taking for your information.
	Totals	4	0			13	

The detailed responses are contained in 'Attachment 3: Consultation Responses on the Assessment Report'.

11.4 Responses to Second Consultation and Detailed Level Impact Assessment

11.4.1 Summary of Responses to Second Consultation

In response to the second consultation, below is a summary of the responses which have been received.

No	Company	File Number	No. Parties Represented
1.	Edison Mission Energy	P44_ASS2_001	3
2.	Powergen UK plc	P44_ASS2_002	4
3.	Intergen	P44_ASS2_003	1
4.	London Electricity plc	P44_ASS2_004	4
5.	Scottish & Southern Energy	P44_ASS2_005	4
6.	British Energy	P44_ASS2_007	3
7.	SEEBOARD	P44_ASS2_008	1
8.	Innogy Group	P44_ASS2_008	6
9.	Scottish Power / Manweb	P44_ASS2_009	2
Total			28

The detailed responses are contained in 'Attachment 3: Consultation Responses on the Assessment Report'.

11.4.2 Summary of Responses to Second Detailed Level Impact Assessment

In response to the second DLIA, below is a summary of the responses which have been received.

No	Organisation	Approve	Reject	Impact	No. Parties Represented	Comments
1.	Siemens Metering Services (Wollaton – Nottingham)			No	1	
2.	Bridge of Cally Energy Investments Ltd			No	1	
3.	SEEBOARD	✓		Potentially	1	It should be noted that this change does impact on our organisation and would refer Elexon to our response to CPC 089 with respect of notification period (to do with the outcome of P4). Our comments on this remain unchanged.
4.	Scottish Power / Manweb		✓	Potentially	2	An administration fee of £20,000 should be set as a replacement for the ECP and cap.
Totals		1	1		5	

The detailed responses are contained in 'Attachment 3: Consultation Responses on the Assessment Report'.

12 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

No response has been received from the Transmission Company.

13 PROJECT BRIEF – EXECUTIVE SUMMARY

An executive summary is included below which sets out in high level terms a proposed Project for implementation of the changes required. The following will be required, the:

- Claimant to submit a claim, supporting evidence and administration fee to BSSCo;
- Counter Party and Volume Notification Agent to support the claim and provide relevant evidence;
- BSSCo to administer the claim and liaise with affected bodies;
- The Panel to determine validity of claim having reviewed all evidence provided and determine adjustments to be made (if the claim is deemed to be valid and requires correction);
- BSSCo to carry out the instructions of the Panel;
- BSSCo to publish the status of claims on the BSC Website;
- For valid claims:
 - ECVAAs to correct the Volume Notification by an ad-hoc disputes run;
 - SAAs to process the Volume Notification including calculation of the ECP, when instructed by the BSSCo (otherwise BSSCo will calculate the ECP). These calculations will be taken into account in the next Settlement Run (if determination is made prior to the Final Reconciliation Run or will otherwise be processed in accordance with the existing provisions in the Code.
 - FAAs to produce the billing information relating to the correct Volume Notification.
- Claimant and Counter Party to pay any outstanding Relevant Account Energy Imbalance Cashflow;
- Where dissatisfied with Panel determination due to the Panel not having followed due process or where new evidence has arisen, claimant would submit an appeal to the Authority together with an administration fee; and
- Authority to determine on appeal.

After analysis of the various impact assessment prepared by the BSC Central Service Agent, the Group concluded that the most cost effective approach was that of developing a manual solution. Therefore section 13.1 below outlines the costs and timescales associated with this development. Although not proposed for progression, section 13.2 outlines the costs and timescales associated with developing a system solution. Section 13.3 highlights the difference in costs and timescales between the manual and system solutions, hence the reason why the manual solution is being recommended.

13.1 Alternative Modification – Manual Calculation of ECP

13.1.1 BSC Central Service Agent Costs and Timescales

On the basis that a manual solution is developed, the BSC Central Service Agent development cost would be £74,300 (based on the figure quoted for P037) and there would be a development timescale of 2 months (based on the timescale quoted for P037).

This cost does not include market testing, which of course would be required to ensure integrity of the development. In addition the cost quoted does not recognise any other developments initiated by ELEXON.

13.1.2 ELEXON Costs and Timescales

On the basis that changes would be required to the BSC Systems, it is proposed that the BSC Systems Delivery Programme oversee the project and develop the necessary changes to the Code Subsidiary Documents and other configurable items. On the basis that a manual solution is developed, the ELEXON development cost would be approximately £50,000 and there would be a development timescale of 3 months.

13.1.3 Estimated Total Project Cost

The estimated total project cost is £124,300 with an elapsed development timescale of 3 months.

13.2 System Calculation of ECP

In order to qualify why the system solution is not being proposed for progression on the basis of costs, below are the estimated costs associated with such a development.

13.2.1 Logica Costs and Timescales

On the basis that a system solution is developed, the BSC Central Service Agent development cost would be £246,000 and there would be a development timescale of 5 months. The cost quoted does not recognise any other developments initiated by ELEXON.

13.2.2 ELEXON Costs and Timescales

On the basis that a system solution is developed, the BSC Systems Delivery Programme costs associated with overseeing the project and developing the necessary changes to the Code Subsidiary Documents and other configurable items would be £76,000 and there would be a development timescale of 4.5 months.

13.2.3 EPFAL Costs and Timescales

EPFAL would additionally be impacted if the system solution were to be developed, resulting in a development cost of £24,000 and development timescale of 1 month.

13.2.4 Estimated Total Project Cost

The estimated total project cost is £346,000 with an elapsed development timescale of 5 months.

13.3 Cost Differences

The difference in price between the manual and system solution is £221,700. Hence the rationale behind the Group's decision to proceed with the manual solution.

ANNEX 1 – PROPOSED TEXT TO MODIFY THE CODE

Annex 1.1 – Alternative Modification Legal Text

Below is the text that is proposed for the Alternative Modification (this includes the ECP requirements).

The following text shall be inserted in Section P:

7. NOTIFICATION ERRORS

7.1 Meaning of Notification Error

7.1.1 For the purposes of this Section P:

- (a) a "**Notification Error**" occurs in relation to the notification of Energy Contract Volume Data or Metered Volume Reallocation Data for a Settlement Period where and only where there was an error in the submission of a Volume Notification on the part of the Volume Notification Agent and/or the relevant Contract Trading Parties which was not rectified prior to Gate Closure for the relevant Settlement Period;
- (b) references in this paragraph 7 to the submission of a Volume Notification:
 - (i) mean the submission of a particular Volume Notification; and
 - (ii) include a failure to submit a Volume Notification,and the provisions of this paragraph 7 shall be construed accordingly;
- (c) for the purposes of paragraph (a), an error in the submission of a Volume Notification will be considered to have occurred only where:
 - (i) the relevant Contract Trading Parties had, at the time of such submission, a demonstrably settled and (save in the case of paragraph 1.4.1) shared commitment to notify particular ascertained Volume Data for the Settlement Period in question; and
 - (ii) it is clear that a mistake occurred in giving effect to that commitment;
- (d) in relation to a claim of Notification Error:
 - (i) the "**relevant**" Volume Notification is the Volume Notification in respect of which the Notification Error occurred;
 - (ii) the "**relevant**" Volume Notification Agent is the Volume Notification Agent which submitted or failed to submit (as the case may be) the relevant Volume Notification;
 - (iii) the "**relevant**" Settlement Period is the Settlement Period in respect of which the Notification Error occurred;

- (iv) a "**relevant**" Contract Trading Party is a Contract Trading Party in relation to which the Notification Error occurred;
 - (v) the "**rectified Volume Notification**" is the Volume Notification which would have been made had the Notification Error not occurred; and
 - (vi) the "**relevant**" Settlement Run, in relation to a claim or claims for Notification Error, is the next Settlement Run as referred to in paragraph 7.5.1(b);
- (e) in relation to a relevant Contract Trading Party, references to a Notification Error are to the Notification Error which has (or is alleged to have) occurred in respect of such Party;
- (f) "**Volume Data**" means Energy Contract Volume Data or Metered Volume Reallocation Data, as the case may be;
- (g) "**Relevant Account Energy Imbalance Cashflow**" means the Account Energy Imbalance Cashflow of an Energy Account of a relevant Contract Trading Party in relation to a relevant Settlement Period or, if claims for more than one Notification Error in respect of the same Volume Notification are made, the net aggregate amount of such Account Energy Imbalance Cashflows for all relevant Settlement Periods;
- (h) "**Volume Notification Report**" means a report generated under the Code for circulation to Trading Parties of a kind containing data sufficient, in the Panel's reasonable opinion, to enable a Contract Trading Party to check whether Volume Notifications have been submitted with respect to that Contract Trading Party and to check the information specified (pursuant to paragraph 2.3.2 or 3.3.2 as the case may be) in such Volume Notifications; and
- (i) "**Claimant**" means a Party making a claim for Notification Error under this paragraph 7.

7.2 Claiming Notification Errors

- 7.2.1 Where a relevant Contract Trading Party considers that there has been a Notification Error, such Party may make a claim to that effect by giving written notice of such claim to BSCCo in accordance with the relevant BSCP, identifying the Notification Error and the relevant Settlement Period, provided that no claim of Notification Error may be made after 17:00 hours on the Business Day next following the Settlement Day in which Gate Closure for the relevant Settlement Period occurs.
- 7.2.2 Where a relevant Contract Trading Party makes a claim of Notification Error, such Party shall pay a fee to BSCCo for each such claim:
- (a) the amount of which (for each such claim, provided that, for the purposes of this paragraph 7.2.2 and subject to paragraph 7.2.4, claims of Notification Error made by a Party in respect of the same Volume Notification shall be treated as a single claim) shall be £5,000 or such other fee (to take effect upon no less than 30 days' notice to Parties) as the Panel may determine from time to time after consultation with Parties and with the approval of the Authority; and
 - (b) which shall not be reimbursed in any circumstances.

7.2.3 Where a relevant Contract Trading Party makes a claim of Notification Error, the claim shall be accompanied by a statement in writing from:

- (a) in the case of a claim to which paragraph 1.4.1 applies, a board director (or equivalent) of the relevant Contract Trading Party; or
- (b) in all other cases, the other relevant Contract Trading Party; and
- (c) where the relevant Volume Notification Agent is not the relevant Contract Trading Party (or either of the relevant Contract Trading Parties), the relevant Volume Notification Agent,

addressed, in each case, to BSCCo for the benefit of all Contract Trading Parties and confirming that it considers that the Notification Error has occurred.

7.2.4 A claim of Notification Error may not be made:

- (a) in relation to a Volume Notification in respect of which a previous claim has been made (and, accordingly, if a relevant Contract Trading Party wishes to claim Notification Errors in relation to more than one Settlement Period in respect of a single Volume Notification, all such errors must be claimed at the same time);
- (b) in relation to a Settlement Period for which Gate Closure occurs after the time at which the claim is made.

7.2.5 A claim of Notification Error may be made in relation to a Volume Notification, notwithstanding that the Volume Notification was treated as rejected (in relation to the relevant Settlement Period) or refused, in accordance with paragraph 2.4 or 3.4, where the rectified Volume Notification (if submitted as described in paragraph 7.4.6) would not have been so treated, but without prejudice to paragraph 7.6.2.

7.2.6 The fee referred to in paragraph 7.2.2 shall be invoiced as and included in determining BSCCo Charges for the Claimant for the next month for which BSCCo Charges are invoiced following the notification of the Panel's determination under paragraph 7.4.4(c), and shall be paid accordingly.

7.3 Flagging Notification Errors

7.3.1 Where a Party gives notice of a claim of Notification Error under paragraph 7.2.1, BSCCo shall within one Business Day after receiving such notice notify the claim to the Energy Contract Volume Aggregation Agent, all Contract Trading Parties, and the relevant Volume Notification Agent, and shall publish such notice as soon as practicable on the BSC Website.

7.4 Determination of Notification Errors

7.4.1 The Panel shall consider claims of Notification Error in accordance with this paragraph 7.4.

7.4.2 For the avoidance of doubt, the Panel may establish or appoint a Panel Committee to discharge its functions under this paragraph 7 (and, in so doing, shall have regard to the level of expertise which the Panel considers appropriate for these purposes), and (notwithstanding Section W2.2) the Panel may appoint the Trading Disputes Committee, which (if so appointed) shall have the ability and competence, to discharge such functions.

7.4.3 Claims of Notification Error will be considered in a timely fashion, but having regard (among other things) to the need first to establish appropriate central systems and processes to give effect to the requirements of this paragraph 7, the overall number of claims made and the time reasonably required to investigate each claim.

7.4.4 Where a claim of Notification Error is made:

- (a) the Panel Secretary shall request:
 - (i) the Claimant to provide evidence and information supporting its claim;
 - (ii) the other relevant Contract Trading Party (if any) to provide evidence and information supporting the claim; and
 - (iii) the relevant Volume Notification Agent and the ECVAAs to provide comments in relation to the claim;
- (b) BSCCo shall:
 - (i) investigate the matters referred to in paragraph 7.4.7 (and each Trading Party shall provide BSCCo with such information as BSCCo may reasonably request for these purposes); and
 - (ii) provide the Panel with a report of its findings, a copy of which shall be made available to the Claimant;
- (c) the Panel shall determine in its opinion:
 - (i) whether the Claimant has demonstrated that there was a Notification Error in relation to the relevant Settlement Period;
 - (ii) if so, what the Notification Error was;
 - (iii) whether it considers the requirements referred to in paragraph 7.4.7(a) and (b) are satisfied; and
 - (iv) if they are so satisfied, whether the Notification Error should in all the circumstances be rectified in relation to the relevant Settlement Period, subject to paragraph 7.4.6,and the Panel shall indicate its reasons for each of those determinations;
- (d) the relevant Contract Trading Parties and the relevant Volume Notification Agent shall:
 - (i) provide the Panel with such further information as it may reasonably request to assist it in making its determination; and
 - (ii) confirm to the Panel that the evidence and information provided to the Panel are complete and not misleading;
- (e) the Panel Secretary shall notify the Panel's determinations to all Contract Trading Parties and the relevant Volume Notification Agent, together with the reasons indicated by the Panel for each of its determinations under paragraph 7.4.4(c) and a brief description of the process followed by the Panel in making its determinations;

- (f) BSCCo shall give such instructions to the ECVAA, SAA and FAA as are necessary to give effect to any such rectification; and
 - (g) BSCCo may publish details of the progress and status of each claim made under this paragraph 7 on the BSC Website.
- 7.4.5 The determination of the Panel (or any Panel Committee established or appointed under paragraph 7.4.2) as to each of the matters referred to in paragraph 7.4.4(c) shall be final and binding on all Parties, subject to paragraph 7.7.
- 7.4.6 Rectification of a Notification Error shall not be made if the rectified Volume Notification would have been invalid (pursuant to paragraph 2.3.4 or 3.3.4) or treated as rejected (in relation to the relevant Settlement Period) or refused (pursuant to paragraph 2.4 or 3.4) if such rectified Volume Notification had been submitted:
- (a) at the time at which the relevant Volume Notification was submitted; or
 - (b) where the Notification Error is a failure to submit, immediately prior to Gate Closure for the relevant Settlement Period.
- 7.4.7 The Panel may determine that a Notification Error should be rectified if (and only if) it considers that:
- (a) either:
 - (i) the relevant Volume Notification could not reasonably be expected (having regard to any binding agreement to submit that Volume Notification by a particular time and otherwise having regard to good industry practice) to have been submitted prior to the time by which a Volume Notification would need to have been submitted if it was to be included in the last Volume Notification Report sent to the Claimant prior to Gate Closure for the relevant Settlement Period; or
 - (ii) the last Volume Notification Report which, under the Code, was due to be sent prior to Gate Closure for the relevant Settlement Period was not sent to the Claimant;
- and
- (b) the Claimant has demonstrated to the Panel's reasonable satisfaction that it and, where relevant, its Volume Notification Agent took all reasonable and prudent steps (in accordance with good industry practice as applicable in all the circumstances):
 - (i) to prevent the occurrence of errors in the submission of Volume Notifications;
 - (ii) to minimise the risk that such errors, should they occur, are not noticed by it in a reasonable time;
 - (iii) to minimise, or be able to minimise, the impact on it of such errors, should they occur;
 - (iv) where such errors occur, to avoid a repetition of those errors; and
 - (v) in relation to the error in question, promptly to rectify, reverse or otherwise mitigate the effect of such error (giving rise to one or

more such Notification Errors) in respect of Settlement Periods for which Gate Closure occurred after it became aware of such error.

- 7.4.8 The Panel shall establish and from time to time review, following consultation with Parties and with the approval of the Authority, and publish guidance as to the factors which it would expect to take into account and the assumptions which it would expect to make in considering the matters referred to in paragraph 7.4.7.
- 7.4.9 For the avoidance of doubt, no claim may be made under this paragraph 7 in respect of a Volume Notification to which the provisions of paragraph 5 apply.
- 7.4.10 Subject and without prejudice to paragraph 7.4.9, in relation to a Volume Notification and a Settlement Period:
- (a) to the extent that any other provision of the Code provides an Adjustment Mechanism, a claim may not be made in respect of that Volume Notification under more than one Adjustment Mechanism and, accordingly, if a claim is made under one Adjustment Mechanism in respect of that Volume Notification, no claim may be made in respect of that Volume Notification under any other Adjustment Mechanism (regardless of the outcome of such claim);
 - (b) this paragraph 7.4.10 applies:
 - (i) irrespective of whether such other provision of the Code is introduced into the Code before or after the date when this paragraph 7 comes into effect; and
 - (ii) unless otherwise expressly stated in such other provision;
 - (c) for the purposes of this paragraph 7.4.10, an "**Adjustment Mechanism**" means, in relation to a Volume Notification and a Settlement Period, arrangements established under the Code providing for the possible submission, resubmission, rectification or adjustment of that Volume Notification after Gate Closure for that Settlement Period (whether or not subject to any restrictions and/or the satisfaction of any requirements and/or the exercise of any discretion as set out in the relevant provisions of the Code), and, for the avoidance of doubt, the arrangements established under this paragraph 7 are an Adjustment Mechanism.
- 7.4.11 The provisions of this paragraph 7 are without prejudice to Section V1.1.4.

7.5 Rectification of Notification Errors

- 7.5.1 Where the Panel determines that a Notification Error occurred and should, in accordance with paragraph 7.4, 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 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.

7.5.2 Where, in relation to a claim for Notification Error (or, if claims for more than one Notification Error in respect of the same Volume Notification are made, in relation to the sum of all such claims in aggregate), the adjustments to the data as determined pursuant to paragraph 7.5.1 result in a reduced debit or increased credit in the Relevant Account Energy Imbalance Cashflow of the relevant Contract Trading Parties (or either of them individually), such Party or Parties shall be liable to pay to the BSC Clearer the Error Correction Payment(s) applicable to its or their Energy Account(s) in accordance with the further provisions of this paragraph 7.5.

7.5.3 BSCCo or the SAA (where so instructed by BSCCo) shall calculate the Error Correction Payment (ECP_a) for those Energy Account(s) of the relevant Contract Trading Party(ies) for which adjustment of the data as determined pursuant to paragraph 7.5.1 results in a reduced debit or increased credit in the Relevant Account Energy Imbalance Cashflow as follows:

$$ECP_a = 0.1 * \max \{ \sum_j (NCAEI_{aj} - CAEI_{aj}), 0 \}$$

where:

- (a) \sum_j is the sum over all relevant Settlement Periods j relating to the relevant Volume Notification;
- (b) $CAEI_{aj}$ is the Account Energy Imbalance Cashflow determined by the relevant Settlement Run for Energy Account a and relevant Settlement Period j ;
- (c) $NCAEI_{aj}$ (the non-corrected Account Energy Imbalance Cashflow) is the value which would have been the value of $CAEI_{aj}$ for Energy Account a and relevant Settlement Period j , had the Notification Error not been rectified.

7.5.4 In relation to Notification Errors, the amount of the Error Correction Payment(s) made by the relevant Contract Trading Parties shall be paid by the BSC Clearer to Trading Parties by way of Error Correction Payment Reallocation in accordance with this paragraph 7.5.

7.5.5 Where an Error Correction Payment is payable, BSCCo or the SAA (where so instructed by BSCCo) shall calculate the Error Correction Payment Reallocation ($ECPR_a$) for each Energy Account of each Trading Party as follows:

- (a) if rectification of the relevant Notification Error(s) in respect of which the Error Correction Payment is payable results in a reduced debit or increased credit (or net reduced debit or increased credit) in the Account Energy Imbalance Cashflow for Energy Account a , then:

$$ECPR_a = 0$$

- (b) otherwise:

$$ECPR_a = ECP_a * \sum_j RCRP_{aj} / \sum_j \sum_a RCRP_{aj}$$

where:

- (i) \sum_j is the sum over all relevant Settlement Periods j relating to the relevant Volume Notification;
- (ii) \sum_a is the sum over all Energy Accounts a other than those referred to in paragraph (a).

7.5.5 The amounts of the entitlements and liabilities under paragraphs 7.5.3 and 7.5.5 shall be Ad Hoc Trading Charges for the purposes of Section N6.9.

7.5.7 Unless the Panel otherwise determines, claims in respect of Volume Notifications will be determined, and (where applicable) rectification and adjustments will be made and Error Correction Payments will be calculated, in the order chronologically in which claims in respect of Volume Notifications are received by BSCCo.

7.6 Credit Arrangements

- 7.6.1 Where a Notification Error is rectified, the rectification shall not be taken into account for the purposes of the determination of the relevant Contract Trading Parties' Credit Cover Percentages in relation to any Settlement Periods (whether occurring, or for which Gate Closure occurs, before, on or after the time of the rectification).
- 7.6.2 In accordance with paragraph 7.6.1:
- (a) where, in accordance with Section M, a relevant Contract Trading Party is or was treated as being in Credit Default and would not have been so treated had the rectified Volume Notification been submitted:
 - (i) Section M3.5 shall not apply, and such Party shall not be entitled to any right or remedy in respect of being so treated; and
 - (ii) to the extent that, as a result of such Party being so treated, any other Volume Notification is or was treated as rejected (in relation to any Settlement Period) or refused in accordance with paragraph 2.4 or 3.4, such refusal or rejection shall not be affected or prejudiced by the rectification of the Notification Error and Section M4 shall not apply in relation thereto;
 - (b) where, in accordance with Section M, a relevant Contract Trading Party would have been treated as being in Level 2 Credit Default if the rectified Volume Notification been submitted, and is or was not so treated, the rectification of the Notification Error shall not affect or prejudice any other Volume Notification which is or was not treated as refused or rejected as a result.
- 7.6.3 For the purposes of this paragraph 7.6, the time of the rectification of a Notification Error is the time with effect from which the ECVAA enters into its BSC Agent System the adjustments determined under paragraph 7.5.1.

7.7 Appeal to Authority

- 7.7.1 Where the Panel (or Panel Committee) makes a determination pursuant to paragraph 7.4.4(c), any Contract Trading Party may refer such determination to the Authority subject to the further provisions of this paragraph 7.7.
- 7.7.2 A reference to the Authority pursuant to paragraph 7.7.1 shall be made:
- (a) no later than five Business Days after the relevant determination is notified to all Contract Trading Parties under paragraph 7.4.4(e);
 - (b) solely on one of the grounds set out in paragraph 7.7.3;
 - (c) by notice in writing to the Authority, copied to the Panel Chairman, setting out the grounds upon which the reference is made and the reasons why the Party making such reference believes that the determination should be overturned or remitted to the Panel (as the case may be); and
 - (d) subject to payment by the Party making such reference of a fee of £5000, or such other fee (to take effect upon no less than 30 days' notice to Parties) as the Panel may determine from time to time after consultation with Parties and with the approval of the Authority, in respect of each such reference or, where more than one reference is made at the same time in relation to the

same Volume Notification, in respect of all such references together, such fee to be invoiced and paid in accordance with the provisions, mutatis mutandis, of paragraph 7.2.6.

- 7.7.3 The grounds referred to in paragraph 7.7.2 are either:
- (a) the procedures set out in this paragraph 7 have not been followed in relation to the claim of Notification Error(s) forming the subject of the relevant determination; or
 - (b) new information has emerged since the relevant determination was made, which is or is likely to be of relevance to the determination.
- 7.7.4 BSCCo shall assist the Authority in the administration and determination of references made under this paragraph 7.7 and shall provide the Authority with such data and information as the Authority may require in order to make its determination.
- 7.7.5 Where a determination of the Panel (or Panel Committee) is referred to the Authority pursuant to paragraph 7.7.1, and provided the Authority is satisfied that one of the grounds referred to in paragraph 7.7.3 applies, the Authority may:
- (a) substitute for the Panel's (or Panel Committee's) determination its own determination of the matter(s) forming the subject of such determination; or
 - (b) remit the matter(s) back to the Panel (or Panel Committee) to be decided again in accordance with the procedures of this paragraph 7 or in the light of the new information which has emerged (as the case may be); or
 - (c) uphold the relevant determination.
- 7.7.6 The decision of the Authority shall be final and binding.
- 7.7.7 The Panel (or Panel Committee) and the Authority shall not act as an expert or an arbitrator in making any decisions pursuant to this paragraph 7 and the Arbitration Act 1996 shall not apply in respect of any such decisions.

7.8 Application

- 7.8.1 This paragraph 7 shall apply in respect of relevant Settlement Periods occurring at any time on or after the date when this paragraph 7 comes into effect.

Section D

The following text shall be inserted in Section D4.1(a)(v):

- (v) any amounts paid to BSCCO by way of fee pursuant to Section P7.2.2, Section P7.7.2 or Section Q7.2.3;

Section G

The following text shall be inserted as a new Section G1.1.2(b) and the existing Section G1.1.2(b) and remaining paragraphs of Sections G1.1.2 shall be renumbered accordingly:

- (b) Section P7, which addresses the possibility of notification errors in the submission of Volume Notifications;

Section M

The following text shall be inserted as a new Section M3.5.2 and the title Section M3.5 shall be amended to read "Result of Trading Dispute, etc":

3.5.2 This paragraph 3 and paragraph 4 are subject to the provisions of Section P7.

Annex X-1

The following new definitions shall be inserted in Annex X-1:

"**Notification Error**" has the meaning given to that term in Section P7.1.1(a);

"**Volume Data**" has the meaning given to that term in Section P7.1.1(f);

Annex X-2

The following new terms and acronyms shall be inserted in Table X-2 of Annex X-2:

Defined Term	Acronym	Units	Definition/Explanatory Text
Error Correction Payment	ECP _a		The payment amount calculated in accordance with Section P7.5.3.
Error Correction Payment Reallocation	ECPR _a		The payment reallocation amount calculated in accordance with Section P7.5.5.
Non-corrected Account Energy Imbalance Cashflow	NCAE _{aj}	£	The value defined in Section P7.5.3.

Annex 1.2 - Original P044 Legal Text

Below is the text which is proposed for the original P044 (excludes the calculation of ECP), though it is not proposed that this legal text be approved for implementation on the basis that the Alternative Modification reflects the legal text requirements.

The following text shall be inserted in Section P:

7. NOTIFICATION ERRORS

7.1 Meaning of Notification Error

7.1.1 For the purposes of this Section P:

- (a) a "**Notification Error**" occurs in relation to the notification of Energy Contract Volume Data or Metered Volume Reallocation Data for a Settlement Period where and only where there was an error in the submission of a Volume Notification on the part of the Volume Notification Agent and/or the relevant Contract Trading Parties which was not rectified prior to Gate Closure for the relevant Settlement Period;
- (b) references in this paragraph 7 to the submission of a Volume Notification:
 - (i) mean the submission of a particular Volume Notification; and
 - (ii) include a failure to submit a Volume Notification,and the provisions of this paragraph 7 shall be construed accordingly;
- (c) for the purposes of paragraph (a), an error in the submission of a Volume Notification will be considered to have occurred only where:
 - (i) the relevant Contract Trading Parties had, at the time of such submission, a demonstrably settled and (save in the case of paragraph 1.4.1) shared commitment to notify particular ascertained Volume Data for the Settlement Period in question; and
 - (ii) it is clear that a mistake occurred in giving effect to that commitment;
- (d) in relation to a claim of Notification Error:
 - (i) the "**relevant**" Volume Notification is the Volume Notification in respect of which the Notification Error occurred;
 - (ii) the "**relevant**" Volume Notification Agent is the Volume Notification Agent which submitted or failed to submit (as the case may be) the relevant Volume Notification;
 - (iii) the "**relevant**" Settlement Period is the Settlement Period in respect of which the Notification Error occurred;
 - (iv) a "**relevant**" Contract Trading Party is a Contract Trading Party in relation to which the Notification Error occurred;

- (v) the **'rectified Volume Notification'** is the Volume Notification which would have been made had the Notification Error not occurred; and
- (vi) the **"relevant"** Settlement Run, in relation to a claim or claims for Notification Error, is the next Settlement Run as referred to in paragraph 7.5.1(b);
- (e) in relation to a relevant Contract Trading Party, references to a Notification Error are to the Notification Error which has (or is alleged to have) occurred in respect of such Party;
- (f) **"Volume Data"** means Energy Contract Volume Data or Metered Volume Reallocation Data, as the case may be;
- (g) **"Volume Notification Report"** means a report generated under the Code for circulation to Trading Parties of a kind containing data sufficient, in the Panel's reasonable opinion, to enable a Contract Trading Party to check whether Volume Notifications have been submitted with respect to that Contract Trading Party and to check the information specified (pursuant to paragraph 2.3.2 or 3.3.2 as the case may be) in such Volume Notifications; and
- (h) **"Claimant"** means a Party making a claim for Notification Error under this paragraph 7.

7.2 Claiming Notification Errors

- 7.2.1 Where a relevant Contract Trading Party considers that there has been a Notification Error, such Party may make a claim to that effect by giving written notice of such claim to BSCCo in accordance with the relevant BSCP, identifying the Notification Error and the relevant Settlement Period, provided that no claim of Notification Error may be made after 17:00 hours on the Business Day next following the Settlement Day in which Gate Closure for the relevant Settlement Period occurs.
- 7.2.2 Where a relevant Contract Trading Party makes a claim of Notification Error, such Party shall pay a fee to BSCCo for each such claim:
 - (a) the amount of which (for each such claim, provided that, for the purposes of this paragraph 7.2.2 and subject to paragraph 7.2.4, claims of Notification Error made by a Party in respect of the same Volume Notification shall be treated as a single claim) shall be £5,000 or such other fee (to take effect upon no less than 30 days' notice to Parties) as the Panel may determine from time to time after consultation with Parties and with the approval of the Authority; and
 - (b) which shall not be reimbursed in any circumstances.
- 7.2.3 Where a relevant Contract Trading Party makes a claim of Notification Error, the claim shall be accompanied by a statement in writing from:
 - (a) in the case of a claim to which paragraph 1.4.1 applies, a board director (or equivalent) of the relevant Contract Trading Party; or
 - (b) in all other cases, the other relevant Contract Trading Party; and

- (c) where the relevant Volume Notification Agent is not the relevant Contract Trading Party (or either of the relevant Contract Trading Parties), the relevant Volume Notification Agent,

addressed, in each case, to BSCCo for the benefit of all Contract Trading Parties and confirming that it considers that the Notification Error has occurred.

7.2.4 A claim of Notification Error may not be made:

- (a) in relation to a Volume Notification in respect of which a previous claim has been made (and, accordingly, if a relevant Contract Trading Party wishes to claim Notification Errors in relation to more than one Settlement Period in respect of a single Volume Notification, all such errors must be claimed at the same time);
- (b) in relation to a Settlement Period for which Gate Closure occurs after the time at which the claim is made.

7.2.5 A claim of Notification Error may be made in relation to a Volume Notification, notwithstanding that the Volume Notification was treated as rejected (in relation to the relevant Settlement Period) or refused, in accordance with paragraph 2.4 or 3.4, where the rectified Volume Notification (if submitted as described in paragraph 7.4.6) would not have been so treated, but without prejudice to paragraph 7.6.2.

7.2.6 The fee referred to in paragraph 7.2.2 shall be invoiced as and included in determining BSCCo Charges for the Claimant for the next month for which BSCCo Charges are invoiced following the notification of the Panel's determination under paragraph 7.4.4(c), and shall be paid accordingly.

7.3 Flagging Notification Errors

7.3.1 Where a Party gives notice of a claim of Notification Error under paragraph 7.2.1, BSCCo shall within one Business Day after receiving such notice notify the claim to the Energy Contract Volume Aggregation Agent, all Contract Trading Parties, and the relevant Volume Notification Agent, and shall publish such notice as soon as practicable on the BSC Website.

7.4 Determination of Notification Errors

7.4.1 The Panel shall consider claims of Notification Error in accordance with this paragraph 7.4.

7.4.2 For the avoidance of doubt, the Panel may establish or appoint a Panel Committee to discharge its functions under this paragraph 7 (and, in so doing, shall have regard to the level of expertise which the Panel considers appropriate for these purposes), and (notwithstanding Section W2.2) the Panel may appoint the Trading Disputes Committee, which (if so appointed) shall have the ability and competence, to discharge such functions.

7.4.3 Claims of Notification Error will be considered in a timely fashion, but having regard (among other things) to the need first to establish appropriate central systems and processes to give effect to the requirements of this paragraph 7, the overall number of claims made and the time reasonably required to investigate each claim.

7.4.4 Where a claim of Notification Error is made:

- (a) the Panel Secretary shall request:

- (i) the Claimant to provide evidence and information supporting its claim;
 - (ii) the other relevant Contract Trading Party (if any) to provide evidence and information supporting the claim; and
 - (iii) the relevant Volume Notification Agent and the ECVAA to provide comments in relation to the claim;
- (b) BSCCo shall:
- (i) investigate the matters referred to in paragraph 7.4.7 (and each Trading Party shall provide BSCCo with such information as BSCCo may reasonably request for these purposes); and
 - (ii) provide the Panel with a report of its findings, a copy of which shall be made available to the Claimant;
- (c) the Panel shall determine in its opinion:
- (i) whether the Claimant has demonstrated that there was a Notification Error in relation to the relevant Settlement Period;
 - (ii) if so, what the Notification Error was;
 - (iii) whether it considers the requirements referred to in paragraph 7.4.7(a) and (b) are satisfied; and
 - (iv) if they are so satisfied, whether the Notification Error should in all the circumstances be rectified in relation to the relevant Settlement Period, subject to paragraph 7.4.6,
- and the Panel shall indicate its reasons for each of those determinations;
- (d) the relevant Contract Trading Parties and the relevant Volume Notification Agent shall:
- (i) provide the Panel with such further information as it may reasonably request to assist it in making its determination; and
 - (ii) confirm to the Panel that the evidence and information provided to the Panel are complete and not misleading;
- (e) the Panel Secretary shall notify the Panel's determinations to all Contract Trading Parties and the relevant Volume Notification Agent, together with the reasons indicated by the Panel for each of its determinations under paragraph 7.4.4(c) and a brief description of the process followed by the Panel in making its determinations;
- (f) BSCCo shall give such instructions to the ECVAA, SAA and FAA as are necessary to give effect to any such rectification; and
- (g) BSCCo may publish details of the progress and status of each claim made under this paragraph 7 on the BSC Website.

- 7.4.5 The determination of the Panel (or any Panel Committee established or appointed under paragraph 7.4.2) as to each of the matters referred to in paragraph 7.4.4(c) shall be final and binding on all Parties, subject to paragraph 7.7.
- 7.4.6 Rectification of a Notification Error shall not be made if the rectified Volume Notification would have been invalid (pursuant to paragraph 2.3.4 or 3.3.4) or treated as rejected (in relation to the relevant Settlement Period) or refused (pursuant to paragraph 2.4 or 3.4) if such rectified Volume Notification had been submitted:
- (a) at the time at which the relevant Volume Notification was submitted; or
 - (b) where the Notification Error is a failure to submit, immediately prior to Gate Closure for the relevant Settlement Period.
- 7.4.7 The Panel may determine that a Notification Error should be rectified if (and only if) it considers that:
- (a) either:
 - (i) the relevant Volume Notification could not reasonably be expected (having regard to any binding agreement to submit that Volume Notification by a particular time and otherwise having regard to good industry practice) to have been submitted prior to the time by which a Volume Notification would need to have been submitted if it was to be included in the last Volume Notification Report sent to the Claimant prior to Gate Closure for the relevant Settlement Period; or
 - (ii) the last Volume Notification Report which, under the Code, was due to be sent prior to Gate Closure for the relevant Settlement Period was not sent to the Claimant;
- and
- (b) the Claimant has demonstrated to the Panel's reasonable satisfaction that it and, where relevant, its Volume Notification Agent took all reasonable and prudent steps (in accordance with good industry practice as applicable in all the circumstances):
 - (i) to prevent the occurrence of errors in the submission of Volume Notifications;
 - (ii) to minimise the risk that such errors, should they occur, are not noticed by it in a reasonable time;
 - (iii) to minimise, or be able to minimise, the impact on it of such errors, should they occur;
 - (iv) where such errors occur, to avoid a repetition of those errors; and
 - (v) in relation to the error in question, promptly to rectify, reverse or otherwise mitigate the effect of such error (giving rise to one or more such Notification Errors) in respect of Settlement Periods for which Gate Closure occurred after it became aware of such error.
- 7.4.8 The Panel shall establish and from time to time review, following consultation with Parties and with the approval of the Authority, and publish guidance as to the factors

which it would expect to take into account and the assumptions which it would expect to make in considering the matters referred to in paragraph 7.4.7.

7.4.9 For the avoidance of doubt, no claim may be made under this paragraph 7 in respect of a Volume Notification to which the provisions of paragraph 5 apply.

7.4.10 Subject and without prejudice to paragraph 7.4.9, in relation to a Volume Notification and a Settlement Period:

(a) to the extent that any other provision of the Code provides an Adjustment Mechanism, a claim may not be made in respect of that Volume Notification under more than one Adjustment Mechanism and, accordingly, if a claim is made under one Adjustment Mechanism in respect of that Volume Notification, no claim may be made in respect of that Volume Notification under any other Adjustment Mechanism (regardless of the outcome of such claim);

(b) this paragraph 7.4.10 applies:

(i) irrespective of whether such other provision of the Code is introduced into the Code before or after the date when this paragraph 7 comes into effect; and

(ii) unless otherwise expressly stated in such other provision;

(c) for the purposes of this paragraph 7.4.10, an "**Adjustment Mechanism**" means, in relation to a Volume Notification and a Settlement Period, arrangements established under the Code providing for the possible submission, resubmission, rectification or adjustment of that Volume Notification after Gate Closure for that Settlement Period (whether or not subject to any restrictions and/or the satisfaction of any requirements and/or the exercise of any discretion as set out in the relevant provisions of the Code), and, for the avoidance of doubt, the arrangements established under this paragraph 7 are an Adjustment Mechanism.

7.4.11 The provisions of this paragraph 7 are without prejudice to Section V1.1.4.

7.5 Rectification of Notification Errors

7.5.1 Where the Panel determines that a Notification Error occurred and should, in accordance with paragraph 7.4, 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 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.

7.5.2 Unless the Panel otherwise determines, claims in respect of Volume Notifications will be determined, and (where applicable) rectification and adjustments will be made, in the order chronologically in which claims in respect of Volume Notifications are received by BSCCo.

7.6 Credit Arrangements

- 7.6.1 Where a Notification Error is rectified, the rectification shall not be taken into account for the purposes of the determination of the relevant Contract Trading Parties' Credit Cover Percentages in relation to any Settlement Periods (whether occurring, or for which Gate Closure occurs, before, on or after the time of the rectification).
- 7.6.2 In accordance with paragraph 7.6.1:
- (a) where, in accordance with Section M, a relevant Contract Trading Party is or was treated as being in Credit Default and would not have been so treated had the rectified Volume Notification been submitted:
 - (i) Section M3.5 shall not apply, and such Party shall not be entitled to any right or remedy in respect of being so treated; and
 - (ii) to the extent that, as a result of such Party being so treated, any other Volume Notification is or was treated as rejected (in relation to any Settlement Period) or refused in accordance with paragraph 2.4 or 3.4, such refusal or rejection shall not be affected or prejudiced by the rectification of the Notification Error and Section M4 shall not apply in relation thereto;
 - (b) where, in accordance with Section M, a relevant Contract Trading Party would have been treated as being in Level 2 Credit Default if the rectified Volume Notification been submitted, and is or was not so treated, the rectification of the Notification Error shall not affect or prejudice any other Volume Notification which is or was not treated as refused or rejected as a result.
- 7.6.3 For the purposes of this paragraph 7.6, the time of the rectification of a Notification Error is the time with effect from which the ECVAA enters into its BSC Agent System the adjustments determined under paragraph 7.5.1.

7.7 Appeal to Authority

- 7.7.1 Where the Panel (or Panel Committee) makes a determination pursuant to paragraph 7.4.4(c), any Contract Trading Party may refer such determination to the Authority subject to the further provisions of this paragraph 7.7.
- 7.7.2 A reference to the Authority pursuant to paragraph 7.7.1 shall be made:
- (a) no later than five Business Days after the relevant determination is notified to all Contract Trading Parties under paragraph 7.4.4(e);
 - (b) solely on one of the grounds set out in paragraph 7.7.3;
 - (c) by notice in writing to the Authority, copied to the Panel Chairman, setting out the grounds upon which the reference is made and the reasons why the Party making such reference believes that the determination should be overturned or remitted to the Panel (as the case may be); and
 - (d) subject to payment by the Party making such reference of a fee of £5000, or such other fee (to take effect upon no less than 30 days' notice to Parties) as the Panel may determine from time to time after consultation with Parties and with the approval of the Authority, in respect of each such reference or, where more than one reference is made at the same time in relation to the

same Volume Notification, in respect of all such references together, such fee to be invoiced and paid in accordance with the provisions, mutatis mutandis, of paragraph 7.2.6.

- 7.7.3 The grounds referred to in paragraph 7.7.2 are either:
- (a) the procedures set out in this paragraph 7 have not been followed in relation to the claim of Notification Error(s) forming the subject of the relevant determination; or
 - (b) new information has emerged since the relevant determination was made, which is or is likely to be of relevance to the determination.
- 7.7.4 BSCCo shall assist the Authority in the administration and determination of references made under this paragraph 7.7 and shall provide the Authority with such data and information as the Authority may require in order to make its determination.
- 7.7.5 Where a determination of the Panel (or Panel Committee) is referred to the Authority pursuant to paragraph 7.7.1, and provided the Authority is satisfied that one of the grounds referred to in paragraph 7.7.3 applies, the Authority may:
- (a) substitute for the Panel's (or Panel Committee's) determination its own determination of the matter(s) forming the subject of such determination; or
 - (b) remit the matter(s) back to the Panel (or Panel Committee) to be decided again in accordance with the procedures of this paragraph 7 or in the light of the new information which has emerged (as the case may be); or
 - (c) uphold the relevant determination.
- 7.7.6 The decision of the Authority shall be final and binding.
- 7.7.7 The Panel (or Panel Committee) and the Authority shall not act as an expert or an arbitrator in making any decisions pursuant to this paragraph 7 and the Arbitration Act 1996 shall not apply in respect of any such decisions.

7.8 Application

- 7.8.1 This paragraph 7 shall apply in respect of relevant Settlement Periods occurring at any time on or after the date when this paragraph 7 comes into effect.

Section D

The following text shall be inserted in Section D4.1(a)(v):

- (v) any amounts paid to BSCCO by way of fee pursuant to Section P7.2.2, Section P7.7.2 or Section Q7.2.3;

Section G

The following text shall be inserted as a new Section G1.1.2(b) and the existing Section G1.1.2(b) and remaining paragraphs of Sections G1.1.2 shall be renumbered accordingly:

- (b) Section P7, which addresses the possibility of notification errors in the submission of Volume Notifications;

Section M

The following text shall be inserted as a new Section M3.5.2 and the title Section M3.5 shall be amended to read "Result of Trading Dispute, etc":

3.5.2 This paragraph 3 and paragraph 4 are subject to the provisions of Section P7.

Annex X-1

The following new definitions shall be inserted in Annex X-1:

"Notification Error" has the meaning given to that term in Section P7.1.1(a);

"Volume Data" has the meaning given to that term in Section P7.1.1(f);

ANNEX 2 – PROPOSED TEXT TO MODIFY BSCCO MEMORANDUM AND ARTICLES OF ASSOCIATION

No changes are required.

ANNEX 3 – BSC AGENT IMPACT ASSESSMENTS

Annex 3.1 - High Level Impact Assessment (Logica)

The following HLIA was received from the NETA Central Service Agent (Logica) on 23rd November 2001. This HLIA does not include the ECP mechanism as this was not proposed at this stage.

To be completed by the Originator						
Change Request ID (to be provided by the Customer) P44 Logica reference: ICR161			Service affected ECVAA			
Change Request Name:			Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test.			
Agreement by the customer to proceed to the next stage						
	High Level Assessment	Detailed Level Assessment	Change Quotation	Implement Change	Emergency Fix Report	Change Request under Clause 14.2 (delay)
Tick which stage is being requested	✓					
Signed by Customer Baseline Manager						
Signed by Customer Contract Manager						
Date of agreement to proceed to next stage					n/a	n/a
Date this stage to be completed by	21/11/01					
Configuration of Service(s) (baseline affected)						
Assumed Changes (over baseline)		NETA Service Definition Baseline (V1.0)				
Priority		High/Medium/Low				
Identified by : Joanne Culpeck			Date Submitted: 15/11/01			
Description of Change See attached original P44						
Reason for Change (benefits) See attached original P44						
Implications of not making the change See attached original P44						
Attachments/references		P44				
Competition Item Yes/No/n/a		Reasons for Competition				
If Change Request made under Clause 14.2 (delay)		Required supporting information attached				
To be completed by the Service Provider						
	High Level Assessment	Detailed Level Assessment	Change Quotation			
Tick which stage is being completed	✓					
Signed by Service Provider Contract Manager						

Date	21/11/01			
Validity period of costs/prices	Change Quotation			
	Change		30 days	
Does the change involve any changes to the System or Services				Yes / No
Would the undertaking of a Detailed Level Assessment or Change Quotation delay the Trigger Milestone or the Planned Go-Live Date before Go Live or any Release Date after Go Live				N/a
If Yes – specify which Milestones/Release Dates would be affected		N/a		
Impact on any Milestones of incorporation of change		N/a		
Indicative impact on resources for change incorporation	Phase of the work			
	Design	Build	Test & Trial	Operate
	Labour			
	Materials/3rd Party			
Impact on Service Levels	None			
Impact on IDD	Yes / No			
Price for Detailed Level Assessment				Indicative/firm
Price for Change Quotation				Indicative/firm
Price for Change	£ 9,000 (ex VAT) to develop and implement the change			Indicative
	£134 (ex VAT) per month to Maintain			Indicative
	£800 (ex VAT) per claim to Operate. The monthly charge will depend on the volume of requests and it is suggested that this is charged under T&M arrangements.			Indicative
Assumptions for the above Price:				
<ul style="list-style-type: none"> • Logica will invoice in full for this change on deployment, or within one month of the change being ready for deployment • This will be a manual process (which should be sufficient if the volumes of requests for this process are kept low as is envisaged). Updates will be required to the System Specification and the Operations Manual • Price does not include provision for indexation of daily fee rates with effect from 1st April 2002. • The Service Descriptions will have been updated by ELEXON and agreed with Logica prior to commencement of work. • For all formal documentation which is subject to review, Logica shall provide one draft issue and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in this price. • Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change • There will be no new Service Levels. • The Maintenance charge has been estimated as a proportion of the price. • The cost and durations provided in this HLIA assume that only the CP to which the estimate relates is 				

being implemented. This has been achieved by excluding the effects of other changes.		
If the change is to be incorporated after Go Live, is this change proposed to be a patch or release		
If patch, expected time of incorporation		
If release - what release number		Release number
Date		Release Date
For High Level Assessment only – is it a Detailed Level Assessment Yes/No		If No, estimate of time and resources required to complete
Resources Required to undertake	Detailed Level Assessment	Change Quotation
Labour		
Materials		
Consequential amendments to base line:		
Proposed method of Change/ Work statement	<p>The process for a P44 claim is envisaged to be:</p> <ol style="list-style-type: none"> a. The party raises a claim against a notification (which may span multiple periods) before the first business day after the effective from date of the notification. b. They gather the information as to why the claim should be upheld and submit this to the Panel. c. ELEXON request information from Logica in respect of the claim. For instance, the notification data that was submitted, whether there were any comms failures at the time, when the ACK/NACK was sent out, the contents of the 7 day report spanning the periods affected. d. This evidence is gathered by Logica staff and sent to ELEXON. e. The BSC Panel then arbitrate on the claim and either uphold or dismiss it. f. If upheld, they then instruct Logica to make the necessary changes to the ECVAA system by either inserting a notification or amending the relevant one. g. Logica confirm the update. 	
Proposed Plan for Change	The estimated time to complete the development of this change is 4 weeks.	
Has the customer has indicated this is a competitive change		No
	Service Provider Plan for competition	
	Risks/Constraints of competition	
	Service Provider plan for incorporation of change including testing	
	Documentation to be produced by Service Provider to enable competition according to plan above	
	Indicative costs of Service Provider role in competition	
For Change Notice only – to be completed by the Customer		

Basis for payment	
Agreed Customer Caused Delay: Yes/No If Yes, amount of delay	
Date Change to become effective.	Is this to be a Release Date? Yes/No
Other items as required under the Change Management Procedures	

Annex 3.2 - Detailed Level Impact Assessment (Logica)

The following DLIA was received from the NETA Central Service Agent on 13th December 2001. This DLIA does not include the ECP mechanism as this was not proposed at this stage.

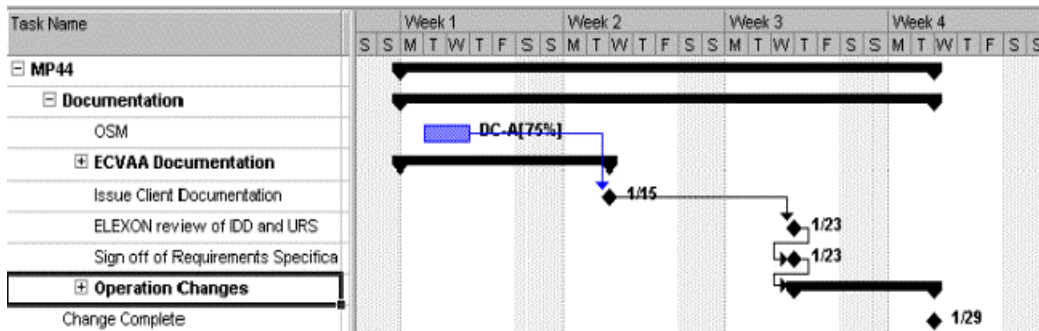
To be completed by the Originator						
Change Request ID (to be provided by the Customer) P44 Logica reference: ICR161			Service affected ECVAA			
Change Request Name:			Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test.			
Agreement by the customer to proceed to the next stage						
	High Level Assessment	Detailed Level Assessment	Change Quotation	Implement Change	Emergency Fix Report	Change Request under Clause 14.2 (delay)
Tick which stage is being requested		✓				
Signed by Customer Baseline Manager						
Signed by Customer Contract Manager						
Date of agreement to proceed to next stage					n/a	n/a
Date this stage to be completed by		13/12/01				
Configuration of Service(s) (baseline affected)						
Assumed Changes (over baseline)		NETA Service Definition Baseline (V1.0)				
Priority		High/Medium/Low				
Identified by : Joanne Culpeck			Date Submitted: 15/11/01			
Description of Change See attached original P44						
Reason for Change (benefits) See attached original P44						
Implications of not making the change See attached original P44						
Attachments/references		P44				
Competition Item Yes/No/n/a		Reasons for Competition				
If Change Request made under Clause 14.2 (delay)		Required supporting information attached				
To be completed by the Service Provider						
	High Level Assessment	Detailed Level Assessment	Change Quotation			
Tick which stage is being completed		✓				
Signed by Service Provider Contract Manager						
Date		13/12/01				
Validity period of costs/prices		Change Quotation				
		Change		30 days		

Does the change involve any changes to the System or Services		Yes / No		
Would the undertaking of a Detailed Level Assessment or Change Quotation delay the Trigger Milestone or the Planned Go-Live Date before Go Live or any Release Date after Go Live		N/a		
If Yes – specify which Milestones/Release Dates would be affected	N/a			
Impact on any Milestones of incorporation of change	N/a			
Indicative impact on resources for change incorporation	Phase of the work			
	Design	Build	Test & Trial	Operate
	Labour			
Materials/3rd Party				
Impact on Service Levels	None			
Impact on IDD				
Price for Detailed Level Assessment		Indicative/firm		
Price for Change Quotation		Indicative/firm		
Price for Change	<p>£ 16,800 (ex VAT) to develop and implement the change</p> <p>£0(ex VAT) per month to Maintain</p> <p>£960 Estimated (ex VAT) per claim to Operate. The monthly charge will depend on the volume of requests and it is suggested that this is charged under T&M arrangements.</p> <p>The price differs from the HLIA due to the following reasons:</p> <ol style="list-style-type: none"> 1. The full Requirements Specification states that an amendment to the ECVAAs URS should be included. This update, along with review by Logica and ELEXON was not included in the HLIA. 2. The Service Description is assumed to need updating as a result of point 1, which will require additional QA effort against documents (URS, Manual SS, OSM) to ensure compliance. 3. The process for P37 has been better defined since the HLIA was produced. It is assumed that the process for P44 will follow similar lines. As a consequence, it is assumed that the same level of auditing and process transparency will be required. This adds additional effort in the definition of the working practices and operator training to ensure the same high standards required by P44 are met. 	<p>Indicative</p> <p>Indicative</p> <p>Indicative</p>		

Assumptions for the above Price:

- Logica will invoice in full for this change on deployment, or within one month of the change being ready for deployment
- This will be a manual process (which should be sufficient if the volumes of requests for this process are kept low as is envisaged). Updates will be required to the System Specification and the Operations Manual
- Price does not include provision for indexation of daily fee rates with effect from 1st April 2002.
- The Service Descriptions will have been updated by ELEXON and agreed with Logica prior to commencement of work.
- For all formal documentation which is subject to review, Logica shall provide one draft issue and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in this price.
- Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change
- There will be no new Service Levels.
- The Maintenance charge has been estimated as a proportion of the price.
- The cost and durations provided in this HLIA assume that only the CP to which the estimate relates is being implemented. This has been achieved by excluding the effects of other changes.
- The modification will be implemented through amended documentation and manual processes
- No change to the NETA central services software is required
- Any evidence required by the Panel to validate a claim would be in the form of existing reports or ad-hoc scripts
- Evidence gathering and the running of a dispute run would be chargeable on a T&M basis
- The business process for P44 with respect to supplying evidence and amending the Notification would broadly follow that of P37
- The volumes of claims would be small – as anticipated in the P44 Requirements Proposal
- It is assumed, as per P37, that quality and transparency of process is paramount to ensure correct amendments
- The ECVAAs URS and Service Description will be updated
- A new Local Working practice will be produced with training for operators

If the change is to be incorporated after Go Live, is this change proposed to be a patch or release		
If patch, expected time of incorporation		
If release - what release number	Release number	
Date	Release Date	
For High Level Assessment only – is it a Detailed Level Assessment Yes/No	If No, estimate of time and resources required to complete	
Resources Required to undertake	Detailed Level Assessment	Change Quotation
Labour		
Materials		
Consequential amendments to base line:		



Proposed method of Change/ Work statement	<p>The change will be implemented, as per the suggested method in the request, as a manual process within the ECVAA Central service. On the notification of a change from ELEXON, the ECVAA system will manually enter the amended notifications and then subsequently run a dispute settlement run to allow the new data to be sent to the SAA system.</p> <p>In addition to the entering of data, it is expected that, as per P37, the Central Services will be required to run ad-hoc reports to provide evidence to the Panel to ensure the validity of the claim under the defined criteria. This activity would, as with the extra dispute run, be chargeable on a T&M basis.</p>
Proposed Plan for Change	The estimated time to complete the development of this change is 4 weeks.
Has the customer has indicated this is a competitive change	No
Service Provider Plan for competition	
Risks/Constraints of competition	
Service Provider plan for incorporation of change including testing	
Documentation to be produced by Service Provider to enable competition according to plan above	
Indicative costs of Service Provider role in competition	
For Change Notice only – to be completed by the Customer	
Basis for payment	
Agreed Customer Caused Delay: Yes/No If Yes, amount of delay	
Date Change to become effective.	Is this to be a Release Date? Yes/No
Other items as required under the Change Management Procedures	

Annex 3.3 – Second Detailed Level Impact Assessment (Logica)

The following second DLIA was received from the NETA Central Service Agent on 20th December 2001. This DLIA does include the ECP mechanism.

To be completed by the Originator						
Change Request ID (to be provided by the Customer) MP44			Service affected ECVAA, SAA			
Logica reference:						
Change Request Name:			P44 – Correction of Notification Errors (revision 2)			
Agreement by the customer to proceed to the next stage						
	High Level Assessment	Detailed Level Assessment	Change Quotation	Implement Change	Emergency Fix Report	Change Request under Clause 14.2 (delay)
Tick which stage is being requested		✓				
Signed by Customer Baseline Manager						
Signed by Customer Contract Manager						
Date of agreement to proceed to next stage					n/a	n/a
Date this stage to be completed by		19/12/2001 1				
Configuration of Service(s) (baseline affected)						
Assumed Changes (over baseline)		NETA Service Definition Baseline (V1.0)				
Priority		Medium				
Identified by : Sandy Blows			Date Submitted: 05/12/2001			
Description of Change The proposal aims to allow participants to, on an ongoing basis (as opposed to the one off activity in P37), amend / submit notifications after Gate Closure on the approval of the BSC Panel. The party in question must recognise the fault quickly, and submit a claim to the BSC Panel. They will then determine whether the claim should be upheld and then issue the ECVAA system with a notice to amend or submit the relevant notification. An error correction payment will be levied against the claimant as per the formula in P37.						
Reason for Change (benefits) To enable parties to retrospectively change erroneous Notifications rather than have to do emergency changes just prior to Gate Closure.						
Implications of not making the change See attached original P44						
Attachments/references		P44				
Competition Item Yes/No/n/a		Reasons for Competition				
If Change Request made under Clause 14.2 (delay)		Required supporting information attached				
To be completed by the Service Provider						
	High Level Assessment	Detailed Level Assessment	Change Quotation			
Tick which stage is being completed		✓ (for Revision 2)				
Signed by Service Provider Contract Manager						

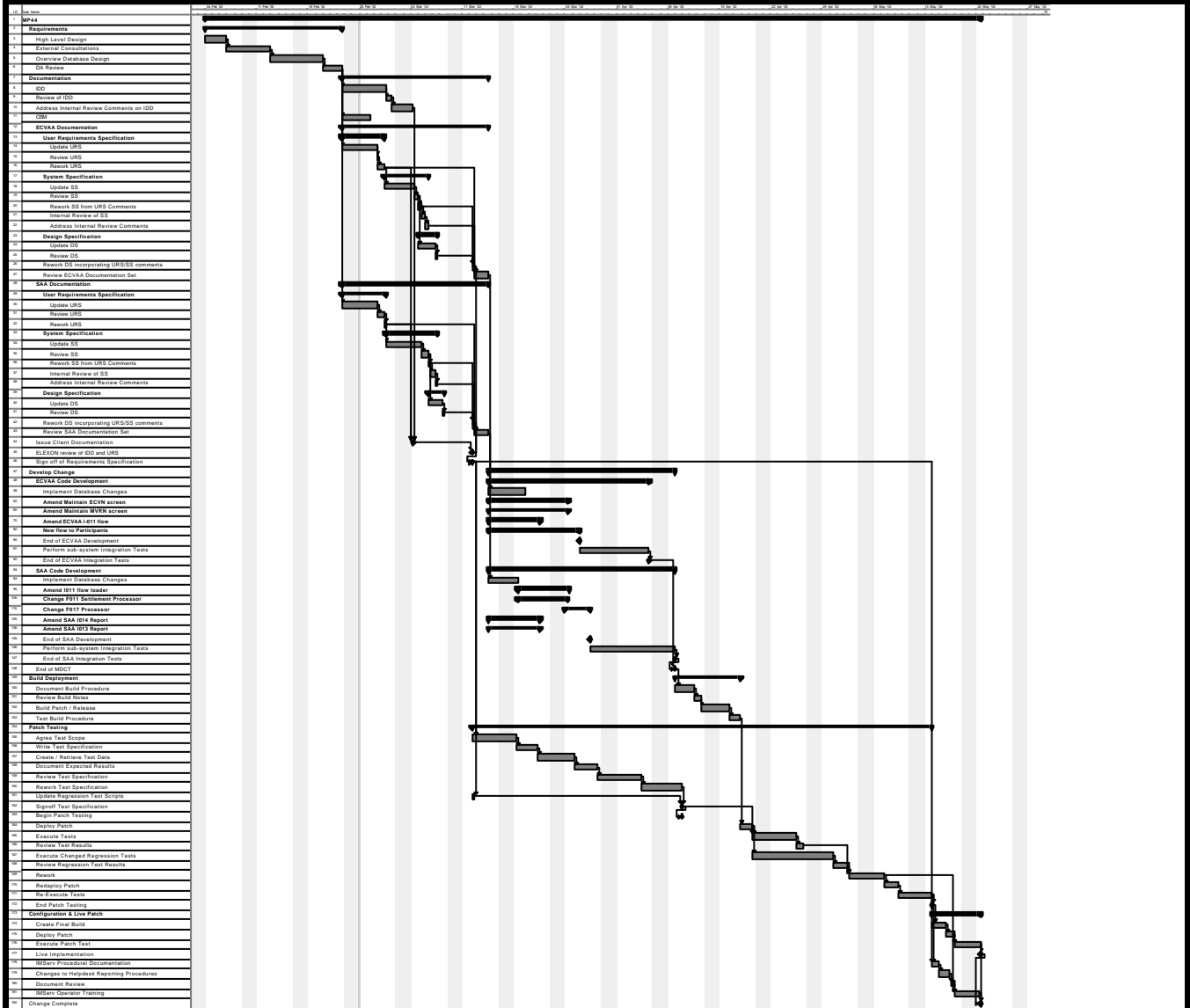
Date		20/12/2001		
Validity period of costs/prices	Change Quotation			
	Change	30 days		
Does the change involve any changes to the System or Services			Yes	
Would the undertaking of a Detailed Level Assessment or Change Quotation delay the Trigger Milestone or the Planned Go-Live Date before Go Live or any Release Date after Go Live			N/a	
If Yes – specify which Milestones/Release Dates would be affected		N/a		
Impact on any Milestones of incorporation of change		N/a		
Indicative impact on resources for change incorporation	Phase of the work			
	Design	Build	Test & Trial	Operate
	Labour			
	Materials/3rd Party			
Impact on Service Levels	None			
Impact on IDD	Yes / No			
Price for Detailed Level Assessment				Indicative/firm
Price for Change Quotation				Indicative/firm
Price for Change	£218 000 (ex VAT) to develop and implement the change, assuming implementation as a stand alone patch			Firm
	£2,543 (ex VAT) to Maintain per month (14% of development cost as agreed between ELEXON and Logica)			Firm

Assumptions for the above Price:

- Logica will invoice 30% on receipt of CN or authorised start of work, 50% on completion of acceptance tests, 20% on deployment or one month after completion of acceptance tests, whichever is sooner.
- Price does not include provision for indexation of daily fee rates with effect from 1st April 2002.
- The Service Descriptions will have been updated by ELEXON and agreed with Logica prior to commencement of work.
- For all formal documentation which is subject to review, Logica shall provide one draft issue and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in this price.
- Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change.
- There will be no new Service Levels.
- No allowance has been made for ELEXON to witness testing.
- Testing will only be performed on our own system, with external interfaces being simulated as necessary. No allowance has been made for testing with external systems.
- The modification would be implemented through amended documentation and manual processes.
- Any evidence required by the Panel to validate a claim would be in the form of existing reports or ad-hoc scripts.
- Evidence gathering and the running of a dispute run would be chargeable on a T&M basis.
- The Business process for P44, w.r.t. supplying evidence and amending the Notification, would broadly follow that of P37.
- The volumes of claims would be small - as anticipated within the P44 Modification Requirements Proposal.
- It is assumed, as per P37, that quality and transparency of process is paramount to ensure correct amendments.
- A new Local Working practice would be produced with training for operators to implement.
- The reallocation payment would be established on a PER SETTLEMENT PERIOD basis.
- All claims would be dealt with in Reference No order.
- It is unclear what reallocation would be necessary where both parties GAIN - this needs additional definition.

If the change is to be incorporated after Go Live, is this change proposed to be a patch or release	Patch
If patch, expected time of incorporation	20/05/2002
If release - what release number	Release number
Date	Release Date

For High Level Assessment only – is it a Detailed Level Assessment Yes/No	If No, estimate of time and resources required to complete	
Resources Required to undertake	Detailed Level Assessment	Change Quotation
Labour		
Materials		
Consequential amendments to base line:		
Proposed method of Change/ Work statement	On the notification of a change from ELEXON, the ECVAA system will manually enter the amended notifications and then subsequently run a dispute settlement run to allow the new data to be sent to the SAA system. The amendment would be sent to the SAA system where it would be used to calculate an Error Correction Payment automatically. (see attached sheet). In addition to the entering of data, it is expected that, as per P37, the Central Services will be required to run ad-hoc reports to provide evidence to the Panel to ensure the validity of the claim under the defined criteria. This activity would, as with the extra dispute run, be chargeable on a T&M basis.	
Proposed Plan for Change	The estimated time to complete the development of this change is 15 weeks, assuming implementation as a stand alone patch.	



Has the customer has indicated this is a competitive change		No
	Service Provider Plan for competition	
	Risks/Constraints of competition	None
	Service Provider plan for incorporation of change including testing	
	Documentation to be produced by Service Provider to enable competition according to plan above	
	Indicative costs of Service Provider role in competition	n/a
For Change Notice only – to be completed by the Customer		
Basis for payment		
Agreed Customer Caused Delay: Yes/No		
If Yes, amount of delay		
Date Change to become effective.		Is this to be a Release Date? Yes/No
Other items as required under the Change Management Procedures		

Logica approach to Modification Proposal P044 (version 2)

The assessment for P44 (version 1) was produced on the basis that no software change would be necessary to the Central Systems. The entire Modification Proposal could be implemented through manual procedures and existing functionality by operators. As such the price covers simply the setting up of the processes, amendments to documentation and operator training.

P44 (version 2) does require new software to be produced, and, contrary to P37, this software would be placed within the Central Service core bespoke elements – namely the SAA and ECVAA systems.

The recommended strategy for P37 was to create a standalone “Error Correction Payment (ECP) Calculator” that would be fed (manually) with NETA standard reports and then derive the error correction payments and reallocation proportions. These would then be compiled (manually) into an excel spreadsheet, and dispatched to the FAA in an e-mail form. The advantage of this mechanism were that the Central Systems were not physically amended, but simply used to provide the inputs to the calculator. The disadvantage of the design was that there were a considerable amount of manual steps which would require a fairly high level staff member, familiar with the NETA systems, to operate. However, this disadvantage was outweighed on the basis that P37 would result in a finite number of claims, and once all claims had been processed, no more could arise.

P44 can be regarded as the “enduring process” to continue the concept of P37. Any solution here must be viable for the long term and potentially numerous claims. The Modification Proposal acknowledges this and, on page 16, proposes a change to the SAA system to incorporate the calculator into the core systems.

We concur with this proposal as, if the process is to be ongoing, an automated solution must be implemented least a greater overhead be incurred in manual T&M charges over the course of the next 4 years (and onwards).

However, to move the calculator specified in P37 from being a standalone process to part of an automated solution within the Central Systems does require considerable changes to the software, outlined below as well as risk to the current software, should a defect be introduced.

For instance, the two SAA processes that would be used to calculate the error correction payment and reallocation percentages are “SAA F011 – Calculate Energy Imbalance Cashflows” and “SAA F017 – Allocate Other Costs”. Both of these are key elements within the Service and ANY change to them would require the rerunning of a substantial portion of the SAA regression tests to ensure that the amendment does not introduce side-effects. Regression test effort would also be required for the ECVAA processes affected.

To give you an idea of the technical alterations required, I’ll sketch out the proposed design:

The calculator itself would be built into the SAA F011 process and would need to be fed with the amended Notifications against a claim. To allow a “claim” to be defined within NETA, we would envisage that each claim would be allocated a unique reference number which could be tagged against the amended Notification values. During a dispute run, the process would search for all amended values against the specified reference number and evaluate the difference in cashflow that resulted from them. This would then be stored within the SAA and output on reports (see later).

The SAA F017 process, which currently calculates the Residual Cashflow Reallocation Payments (RCRP) would then be able to apportion (and store) the amount that each other party receives in rebate from the stored ECP. These values would then be stored for later reporting.

To implement the calculator then would require the change to these two core processes as well as a change to SAA database to support the storage of input data (Amended Notification values, keyed to reference number) as well as the result of the output (ECP and RCRP proportions). However, this is only half of the story unfortunately.

To get the data (Amended Notifications) into the SAA system requires that the flow from ECVAA to SAA (ECVAA I011) containing Notification data would need to be amended. Currently this contains only absolute values and would need to have two optional fields added at the settlement period level to allow the reference code and original Notification value to be carried. P37 did not require this as the calculator would have been built to evaluate the difference between two (manually) submitted files. Alteration to this IDD flow then also requires that the ECVAA sender and SAA file receiver be altered.

To get the data into the ECVAA system in the first place would require

a database change, much like that of SAA to store the amended data and any other ELEXON auditing information;

a change to the front end forms so that multiple period alterations could be easily input against a reference code. Since we must consider both ECVN and MVRN, this actually means two forms must be altered.

This allows P44 amendments to be entered, results calculated and stored. It now only remains to distribute the results on reports.

P37 provided a manual mechanism – an e-mailed spreadsheet. This would be inappropriate in this case and the data should be transferred to the FAA in an IDD flow. The most obvious flow for this would be the SAA I013 flow that is currently used to inform FAA of charges. To insert the data into this flow would, however, require the addition of a new charge type to the enumeration of valid charge types. Once this is done, and the flow sender process altered, the ECP and RCRP could be dispatched to the FAA (who would have to amend their receiving process accordingly).

We feel that the correct vehicle for transferring the results to ELEXON and BSC Parties would be the SAA I014 flow. This would then require amendment to allow ECP and RCRP to be reported against reference code and Party.

We also feel that the process would require the creation of a new flow. At the point of entry of the amended data into ECVAA, in P37, a handshaking process between ELEXON, The Central Service Provider and the affected Parties was specified. This ensured that everyone involved could see what amendment was about to be implemented and only when all were assured the data was correct would the process start and the data be committed.

In P44 (version 2), we likewise consider this business process to be vital to ensure quality and would wish to dispatch (and await confirmation of this event from the Parties) a file containing the “before” and “after” data. WE can see no obvious vehicle for this information and consequently consider a new flow the only option.

In summary, implementing the calculator within the Central Systems requires changes to:

- two key SAA data processors (F011 & F017),
- one SAA business loader (that receives the ECVAA I011 flow),
- two SAA report processors (the I013 & I014),
- the SAA database,
- a new ECVAA outbound flow,
- the Maintain ECVN and Maintain MVRN ECVAA forms
- the ECVAAI011 report process,
- the ECVAA database,
- and the addition of a new charge type in the I013 flow to FAA.

Having said all that, if we were to implement this solution, the cost of P44 would be eliminated if the following caveat is accepted.

P37 stated that reallocation percentages should be applied on the basis of RCRP over the entire claim. During discussions, David Hicks stated that this was perhaps less than fair and that it should be

conducted on a per period basis. However, the original formula remained and we quoted on that basis as it meant little given that we were manually feeding the calculator.

P44 does not state whether the reallocation should be conducted as a proportion across the claim or on a per period basis. We have thus ASSUMED IT WILL BE ON A PER PERIOD BASIS, as this is substantially easier to implement (We can report period by period atomically, rather than having to wait and collate results after multiple periods / days). If the P37 requirements were thus amended to fall in line with this concept, P37 would have a zero cost, reducing the overall cost of the two proposals from around £300K to £200K.

This is still a considerable investment to make for a single Modification Proposal. However, with clever design, we consider that it would be possible to (for the same ballpark price) widen the scope of the software change to allow for a generic "dispute management" process to be implemented. Many of the ancillary changes that would be introduced (such as reporting on the I014 flow and in the ECVAA to SAA inter Service flows) could be made more generic and thus allow for a greater range of "dispute costs" to be reported on. P44 would simply be one aspect of a more generic facility which could be implemented later if required.

Annex 3.4 – Price for Manually Calculating ECP (Logica)

The BSC Central Service Agent confirmed on 9th January 2002 that the cost of manually calculating the ECP would be in the region of £74,300 based on the indicative price quoted for P037 (via a DLIA, dated 30th November 2001). The development timescale is estimated at 2 months. This information has not previously been provided. Below is the response provided via a DLIA for P037.

To be completed by the Originator						
Change Request ID (to be provided by the Customer) P 37 Logica reference: ICR 149			Service affected ECVAA			
Change Request Name:			Calculations associated with energy payments			
Agreement by the customer to proceed to the next stage						
	High Level Assessment	Detailed Level Assessment	Change Quotation	Implement Change	Emergency Fix Report	Change Request under Clause 14.2 (delay)
Tick which stage is being requested		✓				
Signed by Customer Baseline Manager						
Signed by Customer Contract Manager						
Date of agreement to proceed to next stage					n/a	n/a
Date this stage to be completed by		30/11/01				
Configuration of Service(s) (baseline affected)						
Assumed Changes (over baseline)		NETA Service Definition Baseline (V1.0)				
Priority		High/Medium/Low				
Identified by : Sandy Blows			Date Submitted: 16/11/01			
Description of Change The modification allows for the retrospective amendment of notifications which have been disputed and which the panel have upheld. In the case where a notification has been deemed erroneous, the modification allows for the update of the ECVAA system with new notification values. These values are then percolated into the SAA system to recalculate the settlement data for the affected dates. (See attached original P37)						
Reason for Change (benefits) To allow for the rectification of early errors in notifying the NETA central systems and return of some funds lost as a result. (See attached original P37)						
See attached original P37						
Attachments/references		P37				
Competition Item Yes/No/n/a		Reasons for Competition				
If Change Request made under Clause 14.2 (delay)		Required supporting information attached				
To be completed by the Service Provider						
	High Level Assessment	Detailed Level Assessment	Change Quotation			
Tick which stage is being completed		✓				

Signed by Service Provider Contract Manager					
Date			30/11/01		
Validity period of costs/prices		Change Quotation			
		Change		30 days	
Does the change involve any changes to the System or Services				Yes / No	
Would the undertaking of a Detailed Level Assessment or Change Quotation delay the Trigger Milestone or the Planned Go-Live Date before Go Live or any Release Date after Go Live				N/a	
If Yes – specify which Milestones/Release Dates would be affected		N/a			
Impact on any Milestones of incorporation of change		N/a			
Indicative impact on resources for change incorporation		Phase of the work			
		Design	Build	Test & Trial	Operate
		Labour			
Materials/3rd Party					
Impact on Service Levels		None			
Impact on IDD		Yes / No			
Price for Detailed Level Assessment				Indicative/firm	
Price for Change Quotation				Indicative/firm	
Price for Change		£74,300 (ex VAT) to develop and implement the change		Indicative	
		£1,500 (ex VAT) per settlement day to be amended		Indicative	

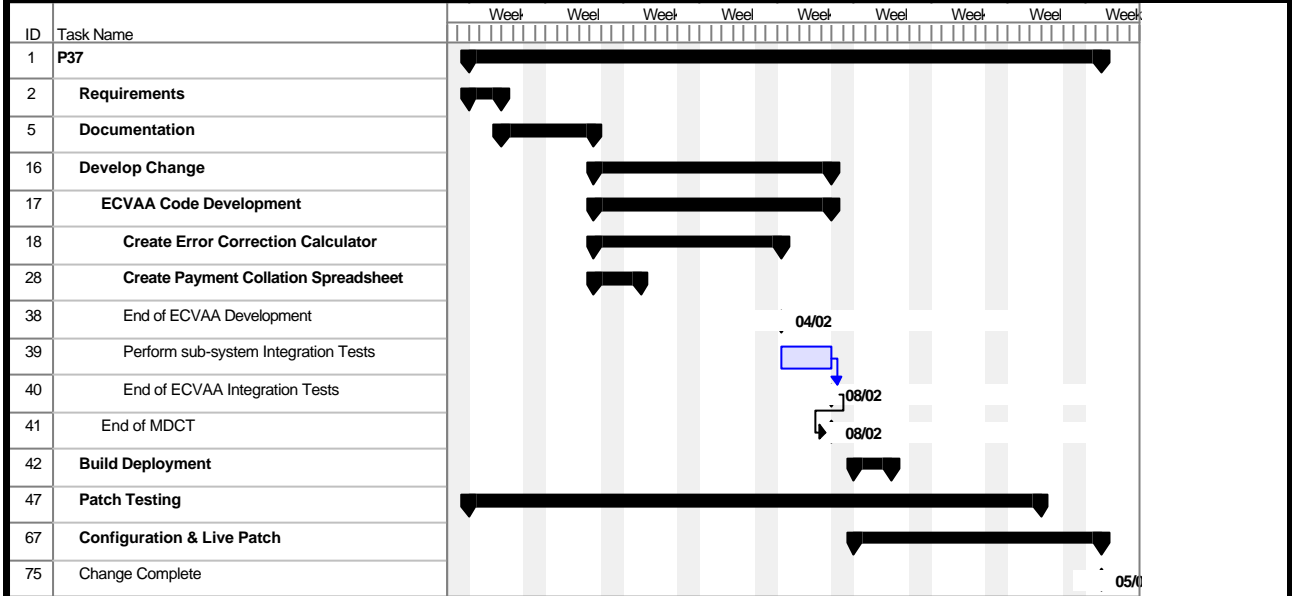
Assumptions for the above Price:

- Due to the nature of this change a Maintenance Charge has not been considered appropriate, although there is a significant operate cost that has been quoted as a fee per settlement day. However, it is assumed that the volume of claims and the number of settlement dates affected by the claims will be small.
- Logica will invoice in full for this change on deployment, or within one month of the change being ready for deployment
- Price does not include provision for indexation of daily fee rates with effect from 1st April 2002.
- An ad-hoc Service Descriptions will have been agreed between ELEXON and Logica prior to the commencement of work.
- Only document updates will be submitted for review by ELEXON during development of this change and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in this price.
- Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change
- There will be no new Service Levels.
- No allowance has been made for ELEXON to witness testing.
- The test specifications, expected results and test results will be reviewed by ELEXON
- No allowance has been made for testing with external systems.
- There is no need for regression testing, as data is only “read” from the NETA services.
- This is a one off exercise that Logica will be able to schedule when the work will be conducted.
- The charging and reallocation data will be sent to the FAA in an excel spreadsheet form (not in a NETA IDD file message).
- A “claim” is defined as a contiguous sequence of notifications
- Full evidence of each claim will be required to be kept for auditability by ELEXON.
- Auditing standards for this process will be in accordance with the current standards for NETA

If the change is to be incorporated after Go Live, is this change proposed to be a patch or release		
If patch, expected time of incorporation		
If release - what release number	Release number	
Date	Release Date	
For High Level Assessment only – is it a Detailed Level Assessment Yes/No	If No, estimate of time and resources required to complete	
Resources Required to undertake	Detailed Level Assessment	Change Quotation
Labour		
Materials		
Consequential amendments to base line:	0	

Proposed method of Change/ Work statement	The modification proposal requires that a new standalone process be built to calculate an "error correction" payment that the instigating party must pay for each notification claim. A new business process will allow for the intended Notification values to be retrospectively inserted into the ECVAA system. The difference in trading position before and after this amendment is then used by the new calculator to raise a charge on the party, which is to be sent to FAA in the form of a structured e-mail. The calculator will also calculate what residual value cash flow should be reallocated to each party from this charge to the claimant.
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Proposed Plan for Change	The estimated time to complete the development of this change is 8 weeks.
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Has the customer has indicated this is a competitive change		No
	Service Provider Plan for competition	
	Risks/Constraints of competition	
	Service Provider plan for incorporation of change including testing	
	Documentation to be produced by Service Provider to enable competition according to plan above	
	Indicative costs of Service Provider role in competition	

For Change Notice only – to be completed by the Customer

Basis for payment

Agreed Customer Caused Delay: Yes/No
If Yes, amount of delay

Date Change to become effective.	Is this to be a Release Date? Yes/No
----------------------------------	--------------------------------------

Other items as required under the Change Management Procedures

Annex 3.4 – Revised Price for System Calculating ECP (Logica)

This revised assessment was received on 10th January 2002. This assessment addresses inaccuracies, which were in the previous assessments, and also includes the costs for a limited market testing exercise (which was not included in earlier assessments).

To be completed by the Originator						
Change Request ID (to be provided by the Customer) MP44 Logica reference: ICR 161			Service affected ECVAA, SAA			
Change Request Name:			P44 – Correction of Notification Errors (revision 2b)			
Agreement by the customer to proceed to the next stage						
	High Level Assessment	Detailed Level Assessment	Change Quotation	Implement Change	Emergency Fix Report	Change Request under Clause 14.2 (delay)
Tick which stage is being requested		✓				
Signed by Customer Baseline Manager						
Signed by Customer Contract Manager						
Date of agreement to proceed to next stage					n/a	n/a
Date this stage to be completed by		9/1/2002				
Configuration of Service(s) (baseline affected)						
Assumed Changes (over baseline)		NETA Service Definition Baseline (V1.0)				
Priority		Medium				
Identified by : Sandy Blows			Date Submitted: 05/12/2001			
Description of Change The proposal aims to allow participants to, on an ongoing basis (as opposed to the one off activity in P37), amend / submit notifications after Gate Closure on the approval of the BSC Panel. The party in question must recognise the fault quickly, and submit a claim to the BSC Panel. They will then determine whether the claim should be upheld and then issue the ECVAA system with a notice to amend or submit the relevant notification. An error correction payment will be levied against the claimant as per the formula in P37.						
Reason for Change (benefits) To enable parties to retrospectively change erroneous Notifications rather than have to do emergency changes just prior to Gate Closure.						
Implications of not making the change See attached original P44						
Attachments/references		P44				
Competition Item Yes/No/n/a		Reasons for Competition				
If Change Request made under Clause 14.2 (delay)		Required supporting information attached				
To be completed by the Service Provider						
	High Level Assessment	Detailed Level Assessment	Change Quotation			
Tick which stage is being completed		✓ (for Revision 2b)				

Signed by Service Provider Contract Manager					
Date			9/1/2002		
Validity period of costs/prices		Change Quotation			
		Change		30 days	
Does the change involve any changes to the System or Services				Yes	
Would the undertaking of a Detailed Level Assessment or Change Quotation delay the Trigger Milestone or the Planned Go-Live Date before Go Live or any Release Date after Go Live				N/a	
If Yes – specify which Milestones/Release Dates would be affected		N/a			
Impact on any Milestones of incorporation of change		N/a			
Indicative impact on resources for change incorporation		Phase of the work			
		Design	Build	Test & Trial	Operate
		Labour			
Materials/3rd Party					
Impact on Service Levels		None			
Impact on IDD		Yes / No			
Price for Detailed Level Assessment				Indicative/firm	
Price for Change Quotation				Indicative/firm	
Price for Change		£246,000 (ex VAT) to develop and implement the change, assuming implementation as a stand alone patch		Firm	
		£2,870 (ex VAT) per month to Maintain (14% of development cost as agreed between ELEXON and Logica)		Firm	
		£960 (ex VAT) per amendment to Operate under T&M arrangements (1 day at Senior Analyst grade)		Indicative	

Assumptions for the above Price:

- Logica will invoice 30% on receipt of CN or authorised start of work, 50% on completion of acceptance tests, 20% on deployment or one month after completion of acceptance tests, whichever is sooner.
- Price does not include provision for indexation of daily fee rates with effect from 1st April 2002.
- The Service Descriptions will have been updated by ELEXON and agreed with Logica prior to commencement of work.
- For all formal documentation which is subject to review, Logica shall provide one draft issue and a maximum of 5 working days has been allowed for ELEXON to review and comment on the updates. No allowance is included for addressing comments from ELEXON and only one iteration of all reviewed documents has been included in this price.
- Within reasonable levels, ELEXON will make available appropriate staff to assist Logica during the development of this change.
- There will be no new Service Levels.
- No allowance has been made for ELEXON to witness testing.
- Testing will only be performed on our own system, with external interfaces being simulated as necessary.
- Market Testing will take place with no more than 5 selected participants.
- The modification would be implemented through amended documentation and manual processes.
- Any evidence required by the Panel to validate a claim would be in the form of existing reports or ad-hoc scripts.
- Evidence gathering and the running of a dispute run would be chargeable on a T&M basis.
- The Business process for P44, w.r.t. supplying evidence and amending the Notification, would broadly follow that of P37.
- The volumes of claims would be small - as anticipated within the P44 Modification Requirements Proposal.
- It is assumed, as per P37, that quality and transparency of process is paramount to ensure correct amendments.
- A new Local Working practice would be produced with training for operators to implement.
- The reallocation payment would be established on a PER SETTLEMENT PERIOD basis.
- All claims would be dealt with in Reference Number order unless directed otherwise by the Panel.

If the change is to be incorporated after Go Live, is this change proposed to be a patch or release		Patch
If patch, expected time of incorporation	20 weeks from authorisation to proceed	
If release - what release number	Release number	
Date	Release Date	

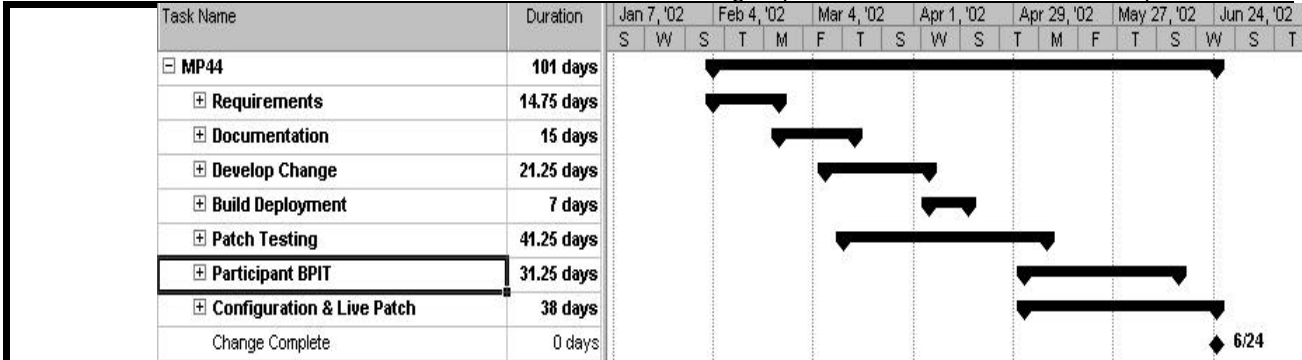
For High Level Assessment only – is it a Detailed Level Assessment Yes/No	If No, estimate of time and resources required to complete
---	--

Resources Required to undertake	Detailed Level Assessment	Change Quotation
Labour		
Materials		

Consequential amendments to base line:

Proposed method of Change/ Work statement	On the notification of a change from ELEXON, the ECVAA system will manually enter the amended notifications and then subsequently run a dispute settlement run to allow the new data to be sent to the SAA system. The amendment would be sent to the SAA system where it would be used to calculate an Error Correction Payment automatically. (see attached sheet). In addition to the entering of data, it is expected that, as per P37, the Central Services will be required to run ad-hoc reports to provide evidence to the Panel to ensure the validity of the claim under the defined criteria. This activity would, as with the extra dispute run, be chargeable on a T&M basis.
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Proposed Plan for Change	The estimated time to complete the development of this change is 20 weeks, assuming implementation as a stand alone patch.
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Has the customer has indicated this is a competitive change	No
Service Provider Plan for competition	
Risks/Constraints of competition	None
Service Provider plan for incorporation of change including testing	
Documentation to be produced by Service Provider to enable competition according to plan above	
Indicative costs of Service Provider role in competition	n/a

For Change Notice only – to be completed by the Customer

Basis for payment	
Agreed Customer Caused Delay: Yes/No	
If Yes, amount of delay	
Date Change to become effective.	Is this to be a Release Date? Yes/No
Other items as required under the Change Management Procedures	

Annex 3.5 – EPFAL Assessment

The following assessment was received on 9th January 2002 from the FAA.

Modification Proposal P044

Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator Test

Direct Level Impact Assessment

Specification of Method and Assumptions

Collecting and Distributing the Error Correction Payments

- Development to FTS 2000 will require an Extension to the filename convention to identify the error correction files
- Changes will be required to the local Settlement Calendar to allow the validation of Settlement Code and Settlement Date to work correctly
- Changes to the Ad Hoc Run Data Entry Screen to show the new settlement codes
- Changes will be required for Post-Final Settlement to re-run the settlement process
- Validation routines would be required for the new charge types
- Updates to existing Reports are required for the charge type info

Time Estimate

Development Cost and Resources

Resource	Days	£	Total £
Total	30.0	2400	24000

Assumptions

- All data will be received over the Logica electronic network, validated and auto loaded into the FAA FTS 2000 database.
- All Data relating to the BSC Parties involved in the error correction will be supplied indicating the sum due to/from each party and the charge type relating to the amount.
- The FAA will not be required to carry out any calculations in respect of distribution of the error correction amount to BSC Parties.
- A new charge type will be needed.
- A different naming convention is needed for the interface between the SAA and FAA (similar to existing flow FAA-I023).
- Logica EPFAL will need formal prior notification of one week for each data flow from ECVA

Volume of Claims

For resource planning purposes LogicaEPFAL need more insight into the volume of claims that may be generated.

Specification of Method

The following processes will be required:

- An interface process to receive the data electronically (the existing Credits/Debits interface, FAA-I022 may be used with slight modifications).
- An automatic load module (modification of the existing load module) and new data load tables.
- An error correction billing runs creation process
- An error correction payment process which will include the calculation of VAT, Interest and Income Tax
- Error Correction Advice Note creation process
- Error Correction Advice Note Print
- Error Correction Advice Note Report
- Error Correction Confirmation Notices Print
- Error Correction Confirmation Notice Report
- Error Correction Backing Sheets
- Error Correction Ledger Report

Credit Management

Clarification is needed by the FAA on the re-apportioning of payments via ad-hoc runs and its possible affects on Credit Cover values. Would the “default query period” in section M of the BSC Code still apply or would dispensation be granted in order for any appeal to be heard.

Impact on Current Activity

High

Risk

Low

Impact on Current Build Activity

Medium

Risk

High

ANNEX 4 – CORE INDUSTRY DOCUMENT IMPACT ASSESSMENTS

No impact assessment has identified that there is an impact on Core Industry Documents.

ANNEX 5 – TRANSMISSION COMPANY ANALYSIS

No response has been received from the Transmission Company.

ANNEX 6 – TERMS OF REFERENCE AND REPORT/ANALYSIS OF EXTERNAL CONSULTANTS/ADVISERS

Pursuant to paragraph F2.4.12 of the BSC, the Panel determined on 31st October 2001 the following terms of reference:

- i) the examination of P044;
- ii) consideration of the issues raised in the IWA; and
- iii) consultation on P044 and alternatives, if any.

No external consultants / advisers were employed by the Group.

ANNEX 7 – MODIFICATION P044

Modification Proposal	MP No: 44 <i>(mandatory by BSCCo)</i>
Title of Modification Proposal <i>(mandatory by proposer):</i> Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test.	
Submission Date <i>(mandatory by proposer):</i> 8 October 2001	
<p>Description of Proposed Modification <i>(mandatory by proposer):</i></p> <p>This proposal assumes that in the main BSC Parties are able through robust checking processes and systems to minimise the probability of notification errors. Nevertheless, there are specific circumstances in which BSC Parties and ECVNAs are unable to check submitted data where reports are not received from the ECVAAs showing within day notifications and contracted positions.</p> <p>It is proposed that BSC Parties should be able to apply to the BSC Panel requesting the <i>ex post</i> creation of new ECVNs/MVRNs or amendment of a previously submitted ECVN/MVRN when either:-</p> <ul style="list-style-type: none"> • The notification in question had, as part of normal operations¹, to be submitted after 18:30 of the day preceding the 'effective from' date of the notification (i.e. after 18:30 on D-1)², • The E0221 Forward Contract Report had not been sent to any of the BSC Parties involved, provided • The claimant can demonstrate beyond reasonable doubt that it had taken all reasonable steps (to the standard of a reasonable and prudent operator (RPO)) to prevent notification errors happening in the first place and minimise the impact of errors should they actually occur and • The claim is supported by both parties in the case of inter-company transactions and a Director/Company Secretary in the case of intra-company transactions. <p>For avoidance of doubt the above would not apply retrospectively to errors made prior to implementation of this proposal.</p> <p>Any claim would have to be submitted by 17:00 of the first Business Day following the 'effective day' and would be subject to a non-returnable administration fee of £5,000. In considering whether the claimant has acted as an RPO the Panel would be required to judge a claim against best industry practice (suggested examples of industry best practice are shown in Appendix A). The Panel would also have the power to limit the scope of any claim (which may be made up of a series of similar errors across consecutive periods) to periods during which the claimant has acted as an RPO. In addition they would have to be satisfied that the 'correct' quantities are capable of being verified beyond reasonable doubt by the claimant and other involved parties.</p>	
<p>Description of Issue or Defect that Modification Proposal Seeks to Address <i>(mandatory by proposer):</i></p> <p>Notifications submitted before 18:30 of the day before their 'effective from' date will be 'echoed back' to both affected trading parties on the E0221 Forward Contract Report (7 Day Report). Both counter-parties can validate the notifications on the report against their internal trade database to confirm that the notification creation and despatch process has worked correctly. In the same way, day-ahead notifications that transfer of energy between production and consumption accounts or between parties within an</p>	

¹ Under normal operations an RPO is likely to change or re-submit notifications close to gate-closure to (a) reflect operational failures or (b) fine tune earlier forecasted quantities.

² Claims under this point would not be permitted once improved ECVAAs reporting (MP4) has been implemented.

Modification Proposal	MP No: 44 <i>(mandatory by BSCCo)</i>
<p>affiliated group can be validated by at least one of the parties in the group.</p> <p>Unfortunately, no such facility is available for notifications that have to be submitted after 18:30 of the day before their 'effective from' date. The ECVNA will receive an 'ACK' (acknowledgement) to say that the notification was capable of validation by the ECVAAs, and if nothing more is heard can assume that the notification has been loaded. The non-notifying party (or parties if a 3^d party ECVNA is being used) hears nothing. Non of the parties involved can be sure that the notification process has been successfully completed.</p> <p>It is not just the adjustment to the position that is put at risk. Many parties use over-write methodologies to notify both net traded positions with counter-parties and internal transfers. The introduction of a minor error into the notification creation process (e.g. multiplication by minus 1) can have a major impact on the final notified position of a party, even if the new information that was meant to be notified was a small quantity.</p> <p>The planned introduction of Improved ECVAAs Reporting prompted by MP4 indicates that there is a recognised problem. This modification proposal merely seeks to address the increased risk faced by parties that have no choice but to notify close to gate-closure.</p>	
<p>Impact on Code <i>(optional by proposer):</i></p> <p>Section P of the BSC will have to be modified.</p>	
<p>Impact on Core Industry Documents <i>(optional by proposer):</i></p> <p>N/A</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by proposer):</i></p> <p>Existing processes for <i>ex post</i> notifications can be used. A BSCP to manage the process will be needed</p>	
<p>Impact on other Configurable Items <i>(optional by proposer):</i></p> <p>None</p>	
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by proposer):</i></p> <p>The proposal will reduce the risk associated with trading close to gate-closure, where parties legitimately need to amend their balance position at a late stage. In so doing the modification proposal better fulfils the relevant objectives by improving the efficiency of the market, promoting effective competition in generation and supply.</p>	
<p>Details of Proposer:</p> <p style="padding-left: 40px;">Name: Peter Bolitho</p> <p style="padding-left: 40px;">Organisation: Powergen</p> <p>Telephone Number: 024 7642 5441</p> <p style="padding-left: 40px;">Email Address: Peter.Bolitho@pgen.com</p>	

Modification Proposal	MP No: 44 <i>(mandatory by BSCCo)</i>
Details of Proposer's Representative: Name: Peter Bolitho Organisation: Powergen Telephone Number: 024 7642 5441 Email Address: Peter.Bolitho@pgen.com	
Details of Representative's Alternate: Name: Tim Johnson Organisation: Powergen Telephone Number: 024 7642 4919 Email Address: Tim.Johnson@pgen.com	
Attachments: Yes If Yes, Title and No. of Pages of Each Attachment: Examples of actions of a reasonable and prudent operator (RPO) with respect to MVRNs and ECVNs are shown in Appendices A and B.	

Appendix A

Suggested Examples of the actions of a Reasonable and Prudent Operator (RPO) with respect to MVRNs and ECVNs

(The examples below are intended to be indicative and should not be seen as an exhaustive list).

All systems and processes should demonstrably have been subjected to an appropriate testing regime.

Under the current ECVA User Requirements Specification it is acknowledged that '100% MVRNs' are a convenient and low-risk method of consolidating physical volume and should be used in preference to individual notifications

For a claim to succeed the claimant should demonstrate:-

- for bilateral trades entered into:-
 - before 18:00 of the day before the claim day adherence to GTMA Schedule 3B, clause 5.1 (see Appendix B), or a similar bilateral agreement;
 - on the day before the claim day that a reasonable attempt was made to resolve a difference identified by the Schedule 3 type processes;
 - after 18:00 of the day before the claim day that robust processes were in place at both itself and its counterparty to minimise the risk of an incorrect notification.

- for physical volume being transferred within an affiliated group, either by MVRNs or ECVNs :-
 - that a best view of the volume (e.g. IPN quantities) had been notified in time to be reflected on the ECVA Forward Contract Report (7 Day Report), giving assurance of the notifier's process and a backstop notification in case of subsequent ECVNA system failure;
 - that robust procedures were in place to cover non-working days
 - that robust procedures were in place to monitor within-day adjustments to the physical transfer. These procedures could include:-
 - Manual review of files being sent to the ECVA to validate the sign and sensible magnitude of a notification;
 - Daily checklists to enable confirmation that expected adjustments of the position have been made;

- that the validation processes based on the 7 Day Report make full use of the reports features e.g. its removal of the 'from and to' signing associated with the ECVNAA id;
- that robust procedures were in place surrounding the setting up and amendment of ECVNAA data to ensure that the correct data was in place and that the transfer direction was understood
- that the above processes are auditable and can provide evidence to enable the Panel or its appointed representative to verify the legitimacy of any notification error claim.

Appendix B

Extract from a typical Grid Trade Master Agreement (GTMA) – Clauses 4.2, 5.1 and 5.5 describe actions and responsibilities of parties that should help reduce the likelihood of Notification Errors

SCHEDULE 3B

CONTRACT PARTY NOTIFICATION AGENT APPROACH

If, in Schedule 2, the contract Party notification agent approach and Schedule 3B is specified, then the clauses of the Master Agreement referred to below shall be replaced by the following clauses:

1. Replace clauses 4, 5 and 6 with the following:

"4. ECV NOTIFICATION AGENT AUTHORISATION

4.1 ECV Notification Agent

4.1.1 For the purpose of each Transaction, the ECV notification agent (the "ECV Notification Agent") shall be the Party whom the Parties have agreed shall act as such **and that Party shall act as ECV Notification Agent in respect of all transactions other than those which are to be first notified on the day in which the Settlement Period to which they relate occurs. If the Parties have not agreed an ECV Notification Agent, the ECV Notification Agent for a Transaction shall be the Seller for that Transaction.**

4.2 Non-Validation of ECV Notification Agent Authorisation

4.2.1 If, at any time during a Transaction Term, the ECV Notification Agent does not have an ECV Notification Agent Authorisation for the Energy Accounts applicable to the relevant Transaction, each Party shall do all things reasonably necessary in co-operation with the other, to ensure that the ECV Notification Agent obtains and maintains that ECV Notification Agent Authorisation as soon as practicable and that in the interim all ECV Notifications in respect of the Transaction are made.

4.2.2 In the case of the initial application for the ECV Notification Agent Authorisation relevant to a Transaction, each Party shall do all things reasonably necessary in co-operation with the other to ensure that the ECV Notification Agent obtains an ECV Notification Agent Authorisation for the Energy Accounts applicable to that Transaction prior to the ECV Notification Deadline applicable to the first Settlement Period of the Transaction Term and, to the extent possible, prior to each of the notification times set out in clause 5.1 for that Settlement Period.

4.3 No Termination of ECV Notification Agent Authorisation

Without prejudice to clauses 12.2 (Suspension) and 12.6 (ECV Notification Withdrawal, Cancellation and Termination) and in respect of a Transaction, neither Party shall terminate an ECV Notification Agent Authorisation that has been validated by the ECV Aggregation Agent without the written consent of the other Party (which shall not be unreasonably withheld or delayed) during the Transaction Term.

5. ECV NOTIFICATIONS

5.1 Notification requirement

Unless otherwise agreed and subject to clause 5.6 (Cancellation of Default Settings), for each of any of the 48 Settlement Periods (or 46 or 50 as the case may be for daylight saving days) in any day ("each a "Relevant Settlement Period") for which the Settlement Period Volume is other than zero in any day and each combination of the Parties' respective Energy Accounts, the ECV Notification Agent shall make Accurate ECV Notifications in accordance with the following timetable:

	Transactions in respect of which notifications are to be made	Time Accurate ECV Notifications required to be made
1	All Transactions entered into at any time prior to 18.00 on the day falling 7 days prior to the day on which the Relevant Settlement Period falls.	On the day which falls not more and not less than 7 days prior to the day on which the Relevant Settlement Period falls, before 18.15.
2	All Transactions entered into during the 24 hour period prior to 18.00 on any day falling less than 7 days prior to the day on which the Relevant Settlement Period(s) falls.	Before 18.15 on the same day
3	All transactions entered into at or after 18:00 on the day immediately before the day in which the Relevant Settlement Period(s) falls.	As soon as reasonably practicable.

5.2 ACCURATE ECV NOTIFICATION

5.2.1 "Accurate ECV Notification" means in respect of an ECV Notification Agent and a Settlement Period, the last ECV Notification made prior to the ECV Notification Deadline in the format required by the ECV Aggregation Agent and which identifies for all Transactions (for which the ECV Notification is required according to the timetable in clause 5.1) relating to the relevant Settlement Period and combination of the Parties' respective Energy Accounts:

- (a) the ECV Notification Agent;
- (b) the Net Settlement Period Volume (or the Settlement Period Volume where there is only one relevant Transaction) to be taken into account as at the ECV Notification Deadline as an Energy Contract Volume, overwriting (unless otherwise agreed) any previous ECV Notification made by the relevant ECV Notification Agent for the Settlement Period;
- (c) the relevant Energy Account of each Party being the Energy (From) Account of one Party and the Energy (To) Account of the other (which will require correctly specifying in accordance with the relevant Transactions the Net Settlement Period Volume (or the Settlement Period Volume where there is only one Transaction) as either positive or negative as it relates to each Party);
- (d) such other information as is required (including under the Balancing and Settlement Code) for the Settlement Period Volume stated in the ECV Notification to be taken into account by the Settlement Administration Agent in determining the respective Account Energy Imbalance Volumes of the relevant Energy Accounts of the Parties for that Settlement Period,

("ECV Notification Information") and an ECV Notification that, when made at one of the time periods required in accordance with the timetable at clause 5.1, is an Accurate ECV Notification, shall cease to be an Accurate ECV Notification at the expiry of the next subsequent time period that an Accurate ECV Notification is required to be made in accordance with such timetable, or, where there is no such subsequent time period specified in the timetable, at the ECV Notification Deadline, if all Transactions taken into account in such ECV Notification no longer (at such next time or the ECV Notification Deadline, as the case may be) constitute all the Transactions between the Parties relating to that Relevant Settlement Period and combination of the Parties' respective Energy Accounts.

5.3 Other Information

If, for the purpose of making an Accurate ECV Notification, a Party requires any ECV Notification Information which it does not possess and cannot, using reasonable endeavours, obtain, then that Party may give notice to the other Party specifying what ECV Notification Information it requires, and if the other Party possesses or can, using reasonable endeavours, obtain that ECV Notification Information, the other Party shall furnish it to the ECV Notification Agent as soon as reasonably practicable.

5.4 Withdrawal of Notification

Except as provided in this clause 5, clause 12.2 (Suspension) or clause 12.6 (ECV Notification Withdrawal, Cancellation and Termination), neither Party shall withdraw, cancel, amend or replace an ECV Notification without the prior consent of the other Party (which consent shall not be unreasonably withheld or delayed).

5.5 Inaccurate Notification

Both Parties shall promptly check the 7 day report issued by the ECVA (‘‘the 7 Day Report’’) and either Party shall promptly issue a rejection notice to the other Party if it considers that the 7 Day Report does not accurately contain the Notifications it believes should have been made. The rejection notice shall clearly identify those ECV Notifications which the issuing Party considers to be inaccurate. If by 20.00 on any day on which a Party receives a 7 Day report, a Party shall not have issued a rejection notice relating to that report, that Party shall be deemed to have confirmed the accuracy of that report.

If a rejection notice is issued each Party shall take all reasonable steps to resolve the matter and ensure Accurate ECV Notifications are made. If the Parties cannot agree on the amendments needed to make an Accurate ECV Notification, both Parties will exchange their determination of the correct position to be notified, either in writing or on recorded telephone lines (where such exchange is in writing this will include facsimile). The Party who is the ECV Notification Agent shall decide to make an ECV Notification in accordance with either his determination of the correct position, as reported to the non-Notifying Party, or in accordance with the non-Notifying Party’s determination of the correct position, as reported to the Notifying Party. The Party whose determined position is so notified shall be a Non-Complying Party for the purposes of clause 6.2 in the event that such ECV Notification is not an Accurate ECV Notification.

ANNEX 8 – RELATED MODIFICATION PROPOSALS

The Group acknowledged that there were a number of Modification Proposals which were related to P044, with the relationship with each being described in the Correction of Notification Errors where Parties are able to satisfy a Reasonable and Prudent Operator test' Requirements Specification (001MAR, version 2.0) (Reference 13).

These related Modification Proposals are:

- P004 'Dual Contract Notification';
- P019 'To provide for the remedy of errors in Energy Contract Volume Notifications and in Metered Volume Reallocation Notifications';
- P035 'Qualified ECVNAs'; and
- P037 'To Provide for the remedy of past errors in Energy Contract Volume Notifications and Metered Volume Reallocations'.