

August 2001

**DRAFT MODIFICATION REPORT**  
**MODIFICATION PROPOSAL P1 –**  
**Extension to the Definition of**  
**ECVAA System Failure**

Prepared by ELEXON on behalf of the Balancing  
and Settlement Code Panel

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Version	Date	Reviewer	Signature	Responsibility
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### b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	Energywatch
Core Industry Document Owners	Various

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## **1 SUMMARY AND RECOMMENDATIONS**

See the associated document 'P1\_Summary' for the Summary and Recommendations.

## 2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC 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 BSC.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

An electronic copy of this document can be found on the BSC website, at [www.elexon.co.uk](http://www.elexon.co.uk)

## 3 PURPOSE AND SCOPE OF THE REPORT

BSC Section F sets out the procedures for progressing proposals to amend the BSC (known as 'Modification Proposals'). These include procedures for proposing, consulting on, developing, evaluating and reporting to the Authority on potential modifications.

The BSC Panel is charged with supervising and implementing the modification procedures. ELEXON provides the secretariat and other advice, support and resource required by the Panel for this purpose. In addition, if a modification to the Code is approved or directed by the Authority, ELEXON is responsible for overseeing the implementation of that amendment (including any consequential changes to systems, procedures and documentation).

A Modification Report must be prepared and submitted to the Authority in respect of each proposed modification and must contain:

- (a) The recommendation of the Panel as to whether or not the Proposed Modification or any Alternative Modification should be made;
- (b) The proposed Implementation Date for implementation of the Proposed Modification or any Alternative Modification;
- (c) The matters set out in Annex F-1 of the BSC. This will usually be in the form of the relevant Assessment Report where the Proposal has been submitted to a Modification Group prior to the Report Phase;
- (d) An explanation of the Panel's rationale should the Panel form a different view of any matters contained in the Modification Group Report; and
- (e) A summary of the representations made by Parties and interested third parties during the consultation undertaken in respect of the Proposed Modification and any Alternative Modification.

## 4 HISTORY OF PROPOSED MODIFICATION

The Modification was submitted on the 27<sup>th</sup> March 2001 by OM London Exchange Ltd. ELEXON produced an IWA and presented it to the Panel on the 5<sup>th</sup> April 2001. The Panel endorsed ELEXON's recommendation that the Modification be progressed to the Definition Procedure, and requested that a Definition Report be presented at the Panel meeting on the 31<sup>st</sup> May 2001.

The Definition Report was presented to the Panel on the 31<sup>st</sup> May 2001. The Panel endorsed the Group's recommendation to progress the Modification to the Assessment Procedure and that an Assessment Report be presented to the Panel meeting on the 26<sup>th</sup> July. The Panel also endorsed the Group's recommendation that making implementation of the Modification retrospective to market opening be considered separately from the main part of the Modification to ensure that assessment would not be delayed by the issue of retrospection.

During the Assessment Procedure, the Group developed an Alternative Modification that they believed would better facilitate the Applicable BSC Objectives in comparison to the original Modification. The Alternative Modification would extend the re-submission contingency for affected Volume Notifications to failures of Low Grade, as well as High Grade, communication links. In addition, the Alternative Modification would not be made retrospective to market opening.

The Assessment Report was presented to the Panel on the 26<sup>th</sup> July 2001. The Panel endorsed the Group's recommendation that the Modification, as submitted, is rejected and the Alternative Modification is approved and implemented immediately upon such approval.

On Monday 30<sup>th</sup> July 2001 a draft Modification Report was issued for industry consultation (2 weeks were allowed for responses to be sent to ELEXON). All representations received under this consultation supported the implementation of the Alternative Modification.

## 5 DESCRIPTION OF PROPOSED MODIFICATION

The Modification, as submitted, calls for extension of the definition of the ECVAA System Failure to include participants' High Grade links to the NETA Central site, where the ECVAA service is hosted. In keeping with the existing contingencies for an ECVAA System Failure, participants would be able to re-submit affected Volume Notifications.

An Alternative Modification was proposed by the Group, which covered failures of Low Grade links and was not retrospective to market opening. The Group decided that the Alternative Modification would better facilitate the Applicable BSC Objectives, because:

- (a) by extending the original Modification to cover Low Grade links, it provides the benefits to all BSC Parties, thereby providing equitable treatment of communication failures to Parties using either High Grade or Low Grade links; and
- (b) not proposing retrospection avoids any legal implications and would thus further increase efficiency in the administration of the balancing and settlement arrangements.

## **6 LEGAL TEXT**

### **6.1 Conformed Version of Section P5**

See Annex 2 for the conformed version of Section P5 of the Code.

### **6.2 Clean Version of Section P5**

See Annex 2 for the clean version of Section P5 of the Code.

### **6.3 Changes to Annex X-1**

The following changes to Annex X-1 of the Code, the general glossary, are necessary to reflect the new terms introduced in the revised version of Section P5:

- (a) remove "ECVAA System Failure" entry on page X1-14;
- (b) add the following entry "Notification System: has the meaning given to that term in Section P5.1.1(c)";
- (c) add the following entry "Notification System Incident: has the meaning given to that term in Section P5.1.1(e)"; and
- (d) add the following entry "Party Service Boundary: has the meaning given to that term in Section P5.1.1(d)".

## **7 RATIONALE FOR PANEL RECOMMENDATIONS**

The Panel endorse and agree with the Group's rationale for proposing the Alternative Modification and rejecting the original Modification.

According to the Proposer, not including communications failures as a type of ECVAA System Failure is an inconsistency that undermines the Applicable BSC Objectives (c) and (d). Failure to submit or receive "contract notifications" increases potential imbalance and, hence, could have a significant effect on imbalance prices regardless of underlying market conditions. The contingencies currently in place to recover from ECVAA System Failures remove this risk and distortion, applying the same contingencies to communications link failures would promote competition in the wholesale electricity market and increase the efficiency of the balancing and settlement arrangements. Participants would no longer be exposed to a risk beyond their control and the potential price distortion would be removed.

The Group agreed with the Proposer's analysis of the current situation. In the event of a communications failure in the current environment, participants are exposed to the risk of significant imbalance charges. The communication links to the ECVAA are centrally provided and participants have only limited ability to mitigate the risk of their failure. Therefore, participants bear the financial risk of systems failures over which they have little control.

The Group believe that implementation of the Modification would remove the imbalance risk that participants face from communication link failures outside their control.

Furthermore, an Alternative Modification was proposed by the Group. The Group believe the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives than the original Modification, as it extends the benefits of the original Modification to all BSC Parties and avoids the legal implications of retrospection.

## 8 ASSESSMENT

The following is a summary of the impacts identified in the Assessment Report produced by the Group, which forms Attachment 1 to this report.

The Alternative Modification would have the following impacts:

- amendments to section P5 of the BSC (the legal drafting is contained in Annex 2 of the report);
- amendments to the ECVAA Service Description and ECVAA User Requirements Specification (URS) to be agreed between ELEXON and the Central Service Provider (these changes will be designed so as not to prejudice any future liberalisation of the communications provision market)<sup>1</sup>;
- ELEXON would have to update their 'Local Working Instructions' and agree with the Central Service Provider on a new set of criteria for declaring a "Notification System Incident";
- no impact on BSC Systems;
- no Party provided any details of the impact that the Alternative Modification would have on them (most respondents reported no impact);
- no impact on Core Industry Documents and Supporting Arrangements;
- no impact on the BSSCo Memorandum and Articles of Association; and
- no impact ELEXON systems.

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<sup>1</sup> ELEXON have identified a potential concern associated with the implementation of the Alternative Modification. Implementation should not prejudice any future liberalisation of the market in the provision of communication media. To this end, it is proposed that changes to the ECVAA Service Description and User Requirements Specification be drafted so as to avoid any potential restrictions in this market.

## 9 SUMMARY OF REPRESENTATIONS

The consultation responses received during the Definition and Assessment Procedures are summarised and reproduced in full in the Assessment Report, included as Attachment 1 to this report.

During the Report Phase, a draft version of this report was sent out for consultation with BSC Parties - nine responses were received. The responses are summarised in the table below and reproduced in full Annex-1 of this report.

No	Party	Alternative Modification	Comments
1.	Dynergy	Yes	-
2.	TXU Energy Trading Ltd	Yes	-
3.	London Electricity	Yes	-
4.	Powergen UK plc	Yes	-
5.	SEEBOARD	Yes	New terms introduced into the Code should be included in glossary (i.e. Annex X-1)
6.	British Energy plc	Yes	Draft legal text should clearly state that failure of a High Grade link, regardless of whether or not Party possesses a Low Grade link, should always constitute a "Notification System Incident"
7.	Scottish & Southern Energy	Yes	Scope of Low Grade link in draft legal text unclear
8.	Scottish Power UK plc	Yes	Typographical errors in cross-referencing in draft legal text
9.	British Gas Trading	Yes	-

All nine responses supported implementation of the Alternative Modification. Four respondents made additional comments.

One respondent recommended that Annex X-1 of the Code, the general glossary of terms, be amended to reflect the proposed changes to Section P5. The respondent proposed removal of the redundant "ECVAA System Failure" entry and inclusion of entries for the new terms "Notification System", "Notification System Incident" and "Party System Boundary". The relevant changes to Annex X-1 have been proposed in section 6.3 of this report.

Another respondent identified some typographical errors in the proposed changes to Section P.5. The errors have been rectified in the proposed changes to P.5 contained in Annex-2 of this report.

Another respondent was concerned that a Party possessing both a High Grade and a Low Grade link would not be able to re-submit notifications unless both links failed – even if the Party could not switch

quickly from one notification medium to the other. However, in subsequent conversation, the respondent was re-assured that the proposed changes met their concerns. The changes clearly allow re-notification in the event of a failure of any part of either the High Grade or Low Grade link inhibiting contract notification or receiving confirmation of receipt of such notification. Therefore, if one's High Grade link failed, and one couldn't switch quickly enough to one's Low Grade link to ensure no contract notifications were affected, then a "Notification System Incident" would be declared and the accompanying contingencies made available.

In the final detailed response, the respondent stated that they were unclear as to the precise scope of the definition of the Low Grade link in the proposed changes to Section P.5. Specifically, they were not clear if Internet connections were included. The proposed definition of "Notification System" is deliberately unspecific, so as not to require constant revision as communication technology evolves. However, as mentioned under the definition, the precise components of the "Notification System" are to be determined in accordance with guidance from time to time issued by ELEXON. The two system diagrams contained in Annex-3 of this report represent the suggested "Notification Systems" and their boundaries for the High and Low Grade links. The proposed boundary for the Low Grade link includes the Internet Service Provider (ISP) of the ECVA.

## **ANNEX 1 – REPRESENTATIONS**

### **Responses from P1 Modification Report Consultation**

See separate document 'P1 ANNEX 1' for the representations received in response to the Consultation on the draft Modification Report.

## ANNEX 2 – LEGAL TEXT

Enclosed are two versions of the amendments to Section P5 of the BSC required to implement the Alternative Modification – the first details all changes made and text omitted, whilst the second is a “clean” version reflecting how the modified portion of the BSC would actually read.

### Conformed Version

## 5. FAILURES OF THE ~~ECVAA~~NOTIFICATION SYSTEM

### 5.1 Introduction

5.1.1 For the purposes of this Section P:

- (a) **"Volume Notification"** means an Energy Contract Volume Notification and/or a Metered Volume Reallocation Notification, and **"Volume Notification Agent"** means an Energy Contract Volume Notification Agent and/or a Metered Volume Reallocation Notification Agent;
- (b) the **"ECVAA System"** is the BSC Agent System of the ECVAA, ~~which for the avoidance of doubt does not include hardware or software forming part of any relevant Communications Medium;~~
- (c) ~~an~~ the "Notification System" is (in aggregate):
  - ~~(i) the ECVAA System~~ Failure" is a failure or breakdown of the ECVAA System which has the effect that, and
  - ~~(ii) for every Trading Party (and its Notification Agents):~~
    - ~~(1) the Communications Mediums (and all parts of any system constituting any such medium) by which such Trading Party/its Notification Agents sends and receives Communications to and from the ECVAA, and~~
    - ~~(2) any part of the relevant Party System from the ECVAA System to but not beyond the party system boundary; and~~
    - ~~(iii) any other system or part of a system (up to but not beyond the party system boundary) by which any of the foregoing are connected or Communications transmitted by any of the foregoing are processed or stored;~~

[determined consistent with guidance from time to time issued by BSCCo] (and where 'system' includes telecommunications facilities, other equipment, hardware and software, and includes systems for redundancy, contingency and disaster recovery purposes);

(d) "party system boundary" shall be determined as follows:

(i) where the Communications Medium comprises dedicated telecommunications facilities (ie the high grade service described in the Communications Requirements Document) the party system boundary means and includes the 'router' which forms part of the Party System (and by which Communications are routed from and to the Party System) but not any source of power for the router:

(ii) where the Communications Medium is internet-based (ie the low grade service described in the Communications Requirements Document), the party system boundary means and includes the system (known as the 'internet portal') by which the ECVAA System is connected to the internet:

[determined consistent with guidance from time to time issued by BSCCo]:

(e) a "Notification System Incident" is a failure, breakdown or unavailability of the Notification System (other than parts of such system not for the time being in use) which has, and for so long as it has, the effect:

(i) that all or any Notification Agents are unable to submit to the ECVAA, and/or the ECVAA is unable to receive from all or any such agents, Volume Notifications submitted to it by all or any Volume Notification Agents, and/or (as the case may be) to send

(ii) that the ECVAA is unable to send to all or any Volume Notification Agents, or all or any such agents are unable to receive from the ECVAA, confirmations of receipt by the ECVAA of Volume Notifications within 20 minutes after such receipt confirmations of such receipt to all or any such agents;

excluding (as respects any Volume Notification Agent affected thereby, and in relation to parts of the Notification System other than the ECVAA System) such a failure, breakdown or unavailability which was within the reasonable control of that Volume Notification Agent:

(f) the reference in paragraph (e) to the ECVAA sending confirmations of receipt of Volume Notifications is without prejudice to the provisions of the Communications Requirements Document as to the deemed receipt of such notifications;

(g) for the avoidance of doubt, no failure or breakdown of any Party System or any communications link not forming part of the ECVAA Notification System shall be counted as an ECVAA Notification System Failure Incident;

(h) in relation to an ECVAA Notification System Failure Incident:

(i) the "system incident failure occurrence time" is the start of the ECVAA Notification System Failure Incident, or such earlier time as BSCCo may determine as being appropriate for the purposes described in paragraph (j) below and notify to the ECVAA, Contract Trading Parties and Volume Notification Agents;

- (ii) the "**resubmission deadline**" is the end of the Business Day following the day on which the ECVAAs notified BSCCo (in accordance with paragraph 5.2.1(c)(i)) that the ~~ECVAAs System Failure Notification System Incident~~ has ended, or such earlier time (not being earlier than such ~~failure incident~~ ended) or later time as BSCCo may determine as being appropriate for the purposes described in paragraph ~~(e)~~ and notify to the ECVAAs, Contract Trading Parties and Volume Notification Agents;
- ~~(e)~~ the purposes referred to in paragraph ~~(f)~~ are to enable Contract Trading Parties and their Volume Notification Agents to take steps to put themselves, so far as is practicable, in the position ~~(as respects the submission of Volume Notifications)~~ in which they would have been had the ~~ECVAAs System Failure Notification System Incident~~ not occurred.

## 5.2 Consequences of ~~ECVAAs Notification System Failure Incident~~

5.2.1 Where ~~an~~ ~~ECVAAs Notification System Failure Incident~~ occurs:

- (a) the ECVAAs shall as soon as possible notify BSCCo of the failure and the time at which it started;
- (b) the ECVAAs and BSCCo shall each use all reasonable efforts as soon as practicable to notify all Contract Trading Parties and Volume Notification Agents of the failure and the time at which it started;
- (c) as soon as practicable after the end of the ~~ECVAAs Notification System Failure Incident~~:
  - (i) the ECVAAs shall notify BSCCo, Contract Trading Parties and Volume Notification Agents that the failure has ended;
  - (ii) BSCCo will notify Contract Trading Parties and Volume Notification Agents that Volume Notifications may be submitted or resubmitted in accordance with paragraph 5.2.2.

5.2.2 Where ~~an~~ ~~ECVAAs Notification System Failure Incident~~ has occurred, commencing at the end of such failure, and until the resubmission deadline, Volume Notifications may be submitted or resubmitted to the ECVAAs in relation to any Settlement Period for which Gate Closure falls after the ~~system incident failure occurrence~~ time and before the resubmission deadline.

5.2.3 Where ~~an~~ ~~ECVAAs Notification System Failure Incident~~ affects ~~(as described in paragraph 5.1.1(e)) the ability of one or more but not all Volume Notification Agents to submit Volume Notifications to the ECVAAs or receive confirmation of the receipt thereof by the ECVAAs, or the ability of the ECVAAs to receive and/or confirm receipt of Volume Notifications (as described in paragraph 5.1.1(c))~~ from or to ~~someone or more~~ but not all Volume Notification Agents:

- (a) the ECVAAs shall inform BSCCo which Volume Notification ~~Agents~~ Agent(s) are so affected, and references in paragraph 5.2.1 to Volume Notification Agents shall only be to those ~~agents~~ agent(s) so affected;
- (b) paragraph 5.2.2 shall apply only in relation to the affected Volume Notification ~~Agents~~ Agent(s).

- 5.2.4 Any Volume Notification submitted or resubmitted in accordance with paragraph 5.2.2 shall specify the details (as provided in paragraph 2.3.2 or 3.3.2) which were or would (pursuant to commitments made before Gate Closure for any Settlement Period to which such notification relates) have been specified in such notification if it had been submitted before Gate Closure for any Settlement Period to which it relates (and if any question arises in relation to this paragraph 5.2.4, such question shall be decided by the Panel whose decision shall be final and binding on all Parties).
- 5.2.5 For the avoidance of doubt the existence of ~~an~~ ECVAA Notification System Failure Incident which is known to BSCCo shall constitute a material doubt as referred to in Section M3.4.3(a) in relation to all Trading Parties, except (in relation to a particular Trading Party) in a case where BSCCo is aware that such Party has not appointed any of the Volume Notification Agents affected thereby.
- 5.2.6 If any Contract Trading Party or Volume Notification Agent considers that:
- (a) ~~an~~ ECVAA Notification System Failure Incident has occurred which has not been notified under paragraph 5.2.1(b), or
  - (b) the ECVAA has given notice under paragraph 5.2.1(c)(i) at a time at which the ECVAA Notification System Failure Incident has not ended, or
  - (c) (in the case of such an agent, where paragraph 5.2.3 applies) that it was not but should have been informed that it is affected as described in that paragraph;

such Party or agent may so notify BSCCo, not later than the end of the Business Day following the day on which the Party or agent considers that the ECVAA Notification System Failure Incident occurred, or (in a case in paragraph (b)) after the day on which the ECVAA gave notice as therein mentioned.

- 5.2.7 Upon any Party or Volume Notification Agent giving notification to BSCCo in accordance with paragraph 5.2.6:
- (a) BSCCo shall:
    - (i) notify the ECVAA,
    - (ii) promptly investigate the matter, and
    - (iii) determine whether ~~an~~ ECVAA Notification System Failure Incident occurred, or whether the failure had ended, or whether such agent was affected, each as referred to in paragraph 5.2.7;
  - (b) the ECVAA and upon request any Party or Notification Agent shall provide reasonable assistance to BSCCo in such investigation;
  - (c) BSCCo shall promptly notify its findings to all Contract Trading Parties and Volume Notification Agents;
  - (d) BSCCo's determination of such matters shall be final and binding for the purposes of this paragraph 5.2;
  - (e) where BSCCo determines that ~~an~~ ECVAA Notification System Failure Incident has occurred, BSCCo may determine and notify the resubmission deadline at

any time at which it appears to BSCCo that the ECVAA Notification System Failure Incident has ended.

### 5.3 ECVAA System Withdrawal

5.3.1 Where:

(a) there occurs or has occurred ~~any partial:~~

~~(i) any Notification System Incident involving the failure, breakdown or unavailability of the~~ ECVAA System ~~Failure (that is, such a failure affecting which affects~~ some but not all Volume Notification Agents, and/or ~~affecting affects~~ only the ability of the ECVAA to receive or its ability to confirm receipt (as described in paragraph 5.1.1(e)) of Volume Notifications); and/or

~~(ii) any failure or~~ breakdown or unavailability of the ECVAA System affecting the ability of the ECVAA to provide information of invalidity of Volume Notifications within the timescales contemplated in paragraph 2.3.9(b) and 3.3.9(b)), and

(b) the ECVAA or BSCCo determines (in its reasonable opinion) that, in order to minimise disruption to the smooth and efficient implementation of Contract Trading Parties' operations under this Section P and of Settlement, it is necessary:

(i) to withdraw the ECVAA System from operation in order to remedy such failure ~~or~~ breakdown or unavailability and/or to implement the provisions of paragraph 5.2 (in the case of ~~an ECVAA System Failure a Notification System Incident~~ giving rise to the application of such provisions); and

(ii) to do so earlier than might otherwise be done by way of planned BSC Agent Downtime in accordance with the Communications Requirement Document

then the ECVAA shall withdraw the ECVAA System from operation, for the purposes of remedying the failure ~~or~~ breakdown or unavailability and/or implementing the provisions of paragraph 5.2.

5.3.2 Where the ECVAA withdraws the ECVAA System from operation pursuant to paragraph 5.3.1:

(a) the ECVAA shall, not later than the time of such withdrawal, give notice thereof to BSCCo specifying the time of such withdrawal;

(b) the ECVAA shall restore the ECVAA System to operation as soon as reasonably practicable, having regard to the purposes (described in paragraph 5.3.1(b)) for which it was withdrawn from operation;

(c) in order to enable Volume Notifications to be submitted to the ECVAA in respect of the period of withdrawal, paragraphs 5.1.1(~~fh~~) and 5.2 (excluding paragraphs 5.2.1(a), 5.2.3, 5.2.6 and 5.2.7) shall apply as if references in those paragraphs:

- (i) to the ~~ECVAA Notification~~ System ~~Failure Incident~~ (or the start of such ~~failure incident~~) were to the withdrawal from operation of the ECVAA System;
- (ii) to the end of the ~~ECVAA System Failure Notification System Incident~~ were to the restoration to operation of the ECVAA System.

## Clean Version

### 5. FAILURES OF THE NOTIFICATION SYSTEM

#### 5.1 Introduction

5.1.1 For the purposes of this Section P:

- (a) "**Volume Notification**" means an Energy Contract Volume Notification and/or a Metered Volume Reallocation Notification, and "**Volume Notification Agent**" means an Energy Contract Volume Notification Agent and/or a Metered Volume Reallocation Notification Agent;
- (b) the "**ECVAA System**" is the BSC Agent System of the ECVAA;
- (c) the "**Notification System**" is (in aggregate):
  - (i) the ECVAA System; and
  - (ii) for every Trading Party (and its Notification Agents):
    - (1) the Communications Mediums (and all parts of any system constituting any such medium) by which such Trading Party/its Notification Agents sends and receives Communications to and from the ECVAA, and
    - (2) any part of the relevant Party System  
from the ECVAA System to but not beyond the party system boundary; and
  - (iii) any other system or part of a system (up to but not beyond the party system boundary) by which any of the foregoing are connected or Communications transmitted by any of the foregoing are processed or stored;  
determined consistent with guidance from time to time issued by BSCCo (and where 'system' includes telecommunications facilities, other equipment, hardware and software, and includes systems for redundancy, contingency and disaster recovery purposes);
- (d) "**party system boundary**" shall be determined as follows:
  - (i) where the Communications Medium comprises dedicated telecommunications facilities (ie the high grade service described in the Communications Requirements Document) the party system boundary means and includes the 'router' which forms part of the Party System (and by which Communications

are routed from and to the Party System) but not any source of power for the router;

- (ii) where the Communications Medium is internet-based (ie the low grade service described in the Communications Requirements Document), the party system boundary means and includes the system (known as the 'internet portal') by which the ECVAA System is connected to the internet;

determined consistent with guidance from time to time issued by BSCCo;

- (e) a "**Notification System Incident**" is a failure, breakdown or unavailability of the Notification System (other than parts of such system not for the time being in use) which has, and for so long as it has, the effect:
  - (i) that all or any Notification Agents are unable to submit to the ECVAA, and/or the ECVAA is unable to receive from all or any such agents, Volume Notifications, and/or (as the case may be)
  - (ii) that the ECVAA is unable to send to all or any Volume Notification Agents, or all or any such agents are unable to receive from the ECVAA, confirmations of receipt by the ECVAA of Volume Notifications within 20 minutes after such receipt;

excluding (as respects any Volume Notification Agent affected thereby, and in relation to parts of the Notification System other than the ECVAA System) such a failure, breakdown or unavailability which was within the reasonable control of that Volume Notification Agent;

- (f) the reference in paragraph (e) to the ECVAA sending confirmations of receipt of Volume Notifications is without prejudice to the provisions of the Communications Requirements Document as to the deemed receipt of such notifications;
- (g) for the avoidance of doubt, no failure or breakdown of any Party System not forming part of the Notification System shall be counted as a Notification System Incident;
- (h) in relation to a Notification System Incident:
  - (i) the "**incident occurrence time**" is the start of the Notification System Incident, or such earlier time as BSCCo may determine as being appropriate for the purposes described in paragraph (i) below and notify to the ECVAA, Contract Trading Parties and Volume Notification Agents;
  - (ii) the "**resubmission deadline**" is the end of the Business Day following the day on which the ECVAA notified BSCCo (in accordance with paragraph 5.2.1(c)(i)) that the Notification System Incident has ended, or such earlier time (not being earlier than such incident ended) or later time as BSCCo may determine as being appropriate for the purposes described in paragraph (i) and notify to the ECVAA, Contract Trading Parties and Volume Notification Agents;
- (i) the purposes referred to in paragraph (h) are to enable Contract Trading Parties and their Volume Notification Agents to take steps to put themselves, so far as is practicable, in the position (as respects the submission of Volume Notifications) in which they would have been had the Notification System Incident not occurred.

## 5.2 Consequences of Notification System Incident

- 5.2.1 Where a Notification System Incident occurs:
- (a) the ECVAA shall as soon as possible notify BSCCo of the failure and the time at which it started;
  - (b) the ECVAA and BSCCo shall each use all reasonable efforts as soon as practicable to notify all Contract Trading Parties and Volume Notification Agents of the failure and the time at which it started;
  - (c) as soon as practicable after the end of the Notification System Incident:
    - (i) the ECVAA shall notify BSCCo, Contract Trading Parties and Volume Notification Agents that the failure has ended;
    - (ii) BSCCo will notify Contract Trading Parties and Volume Notification Agents that Volume Notifications may be submitted or resubmitted in accordance with paragraph 5.2.2.
- 5.2.2 Where a Notification System Incident has occurred, commencing at the end of such failure, and until the resubmission deadline, Volume Notifications may be submitted or resubmitted to the ECVAA in relation to any Settlement Period for which Gate Closure falls after the incident occurrence time and before the resubmission deadline.
- 5.2.3 Where a Notification System Incident affects (as described in paragraph 5.1.1(e)) the ability of one or more but not all Volume Notification Agents to submit Volume Notifications to the ECVAA or receive confirmation of the receipt thereof by the ECVAA, or the ability of the ECVAA to receive and/or confirm receipt of Volume Notifications from or to one or more but not all Volume Notification Agents:
- (a) the ECVAA shall inform BSCCo which Volume Notification Agent(s) are so affected, and references in paragraph 5.2.1 to Volume Notification Agents shall only be to those agent(s) so affected;
  - (b) paragraph 5.2.2 shall apply only in relation to the affected Volume Notification Agent(s).
- 5.2.4 Any Volume Notification submitted or resubmitted in accordance with paragraph 5.2.2 shall specify the details (as provided in paragraph 2.3.2 or 3.3.2) which were or would (pursuant to commitments made before Gate Closure for any Settlement Period to which such notification relates) have been specified in such notification if it had been submitted before Gate Closure for any Settlement Period to which it relates (and if any question arises in relation to this paragraph 5.2.4, such question shall be decided by the Panel whose decision shall be final and binding on all Parties).
- 5.2.5 For the avoidance of doubt the existence of a Notification System Incident which is known to BSCCo shall constitute a material doubt as referred to in Section M3.4.3(a) in relation to all Trading Parties, except (in relation to a particular Trading Party) in a case where BSCCo is aware that such Party has not appointed any of the Volume Notification Agents affected thereby.

5.2.6 If any Contract Trading Party or Volume Notification Agent considers that:

- (a) a Notification System Incident has occurred which has not been notified under paragraph 5.2.1(b), or
- (b) the ECVAA has given notice under paragraph 5.2.1(c)(i) at a time at which the Notification System Incident has not ended, or
- (c) (in the case of such an agent, where paragraph 5.2.3 applies) that it was not but should have been informed that it is affected as described in that paragraph;

such Party or agent may so notify BSCCo, not later than the end of the Business Day following the day on which the Party or agent considers that the Notification System Incident occurred, or (in a case in paragraph (b)) after the day on which the ECVAA gave notice as therein mentioned.

5.2.7 Upon any Party or Volume Notification Agent giving notification to BSCCo in accordance with paragraph 5.2.6:

- (a) BSCCo shall:
  - (i) notify the ECVAA,
  - (ii) promptly investigate the matter, and
  - (iii) determine whether a Notification System Incident occurred, or whether the failure had ended, or whether such agent was affected, each as referred to in paragraph 5.2.7;
- (b) the ECVAA and upon request any Party or Notification Agent shall provide reasonable assistance to BSCCo in such investigation;
- (c) BSCCo shall promptly notify its findings to all Contract Trading Parties and Volume Notification Agents;
- (d) BSCCo's determination of such matters shall be final and binding for the purposes of this paragraph 5.2;
- (e) where BSCCo determines that a Notification System Incident has occurred, BSCCo may determine and notify the resubmission deadline at any time at which it appears to BSCCo that the Notification System Incident has ended.

### **5.3 ECVAA System Withdrawal**

5.3.1 Where:

- (a) there occurs or has occurred:
  - (i) any Notification System Incident involving the failure, breakdown or unavailability of the ECVAA System which affects some but not all Volume Notification Agents, and/or affects only the ability of the ECVAA to receive or its ability to confirm receipt (as described in paragraph 5.1.1(e)) of Volume Notifications, and/or
  - (ii) any failure, breakdown or unavailability of the ECVAA System affecting the ability of the ECVAA to provide information of invalidity of Volume

Notifications within the timescales contemplated in paragraph 2.3.9(b) and 3.3.9(b)), and

- (b) the ECVAAs or BSCCo determines (in its reasonable opinion) that, in order to minimise disruption to the smooth and efficient implementation of Contract Trading Parties' operations under this Section P and of Settlement, it is necessary:
  - (i) to withdraw the ECVAAs System from operation in order to remedy such failure, breakdown or unavailability and/or to implement the provisions of paragraph 5.2 (in the case of a Notification System Incident giving rise to the application of such provisions); and
  - (ii) to do so earlier than might otherwise be done by way of planned BSC Agent Downtime in accordance with the Communications Requirement Document

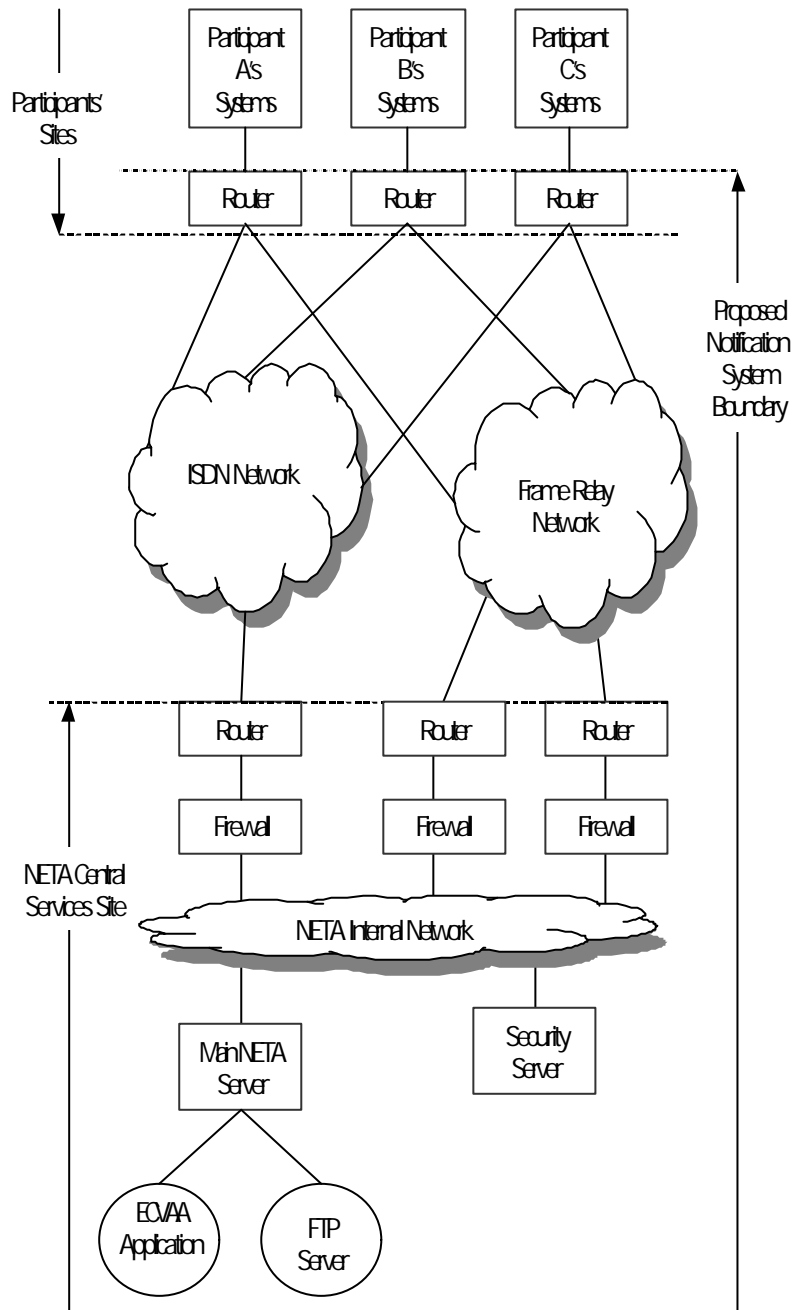
then the ECVAAs shall withdraw the ECVAAs System from operation, for the purposes of remedying the failure, breakdown or unavailability and/or implementing the provisions of paragraph 5.2.

5.3.2 Where the ECVAAs withdraws the ECVAAs System from operation pursuant to paragraph 5.3.1:

- (a) the ECVAAs shall, not later than the time of such withdrawal, give notice thereof to BSCCo specifying the time of such withdrawal;
- (b) the ECVAAs shall restore the ECVAAs System to operation as soon as reasonably practicable, having regard to the purposes (described in paragraph 5.3.1(b)) for which it was withdrawn from operation;
- (c) in order to enable Volume Notifications to be submitted to the ECVAAs in respect of the period of withdrawal, paragraphs 5.1.1(h) and 5.2 (excluding paragraphs 5.2.1(a), 5.2.3, 5.2.6 and 5.2.7) shall apply as if references in those paragraphs:
  - (i) to the Notification System Incident (or the start of such incident) were to the withdrawal from operation of the ECVAAs System;
  - (ii) to the end of the Notification System Incident were to the restoration to operation of the ECVAAs System.

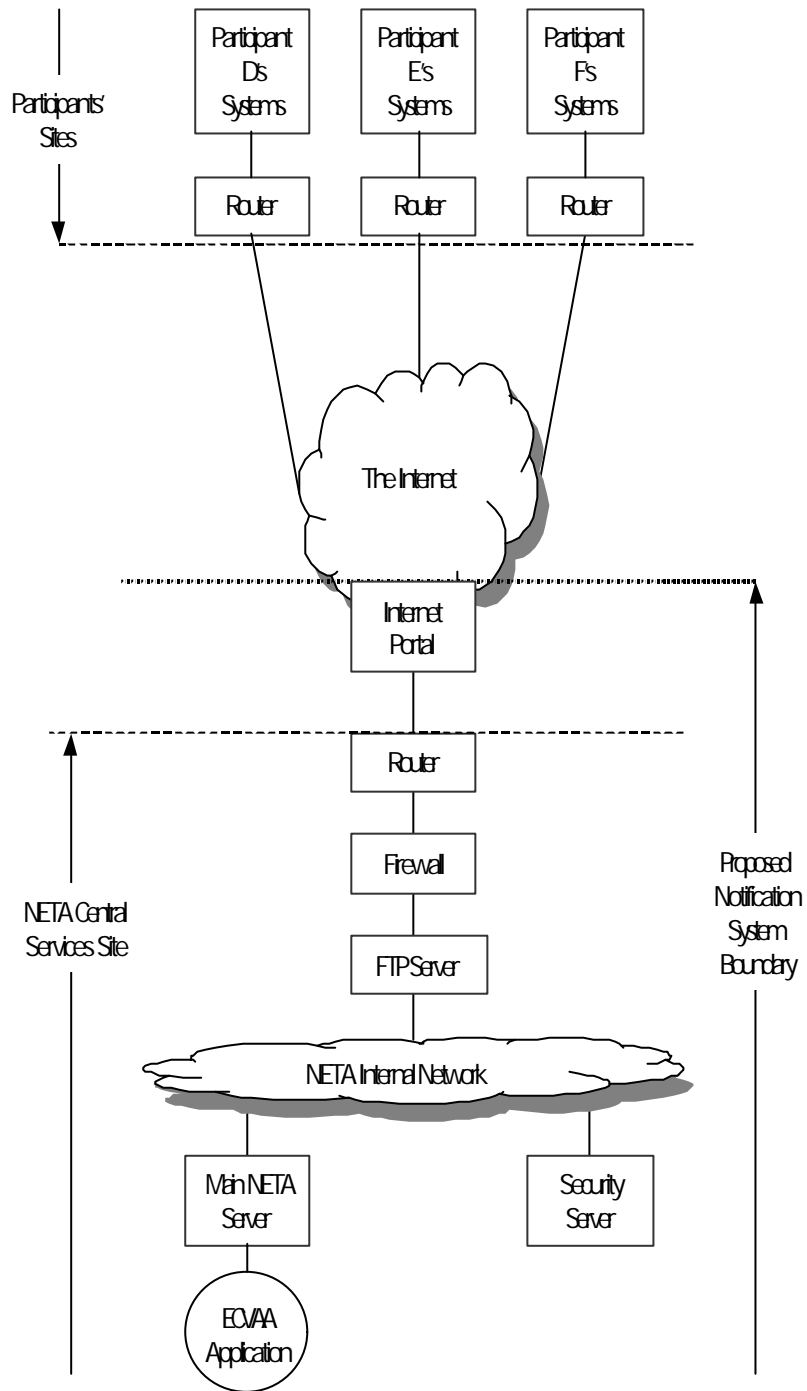
### ANNEX 3 – RECOMMENDED “NOTIFICATION SYSTEM” DIAGRAMS

Pursuant to section 5.1.1(c)(iii) in the amended BSC contained in Annex 2, the following diagrams sketch out the proposed constituents of the “Notification System”:



**Figure 1 – High Grade Service**

The diagram above shows all of the main functional elements of the network, but does not include all elements of the internal network infrastructure at the NETA Central Services site, such as hubs and switches, and does not cover the Disaster Recovery site. Details of these configurations are available in the Logica Communications Strategy document.



**Figure 2 – Low Grade Service**

Connections to the Low Grade service use the Internet to access the NETA central systems. The configuration of these connections differs from the High Grade connection in a number of ways, as shown in the diagram above.