

CONSULTATION for URGENT Modification Proposal P210 'Revisions to the Text in Section P related to Single Notifications of Energy Contract Volumes and Metered Volume Reallocations'

Prepared by: P210 Modification Group

For attention of: BSC Parties and other interested parties
Responses due: 12:00 on 28 February 2007
(to: modification.consultations@elexon.co.uk)

Date of Issue:	14 February 2007	Document Reference:	P210AC
Reason for Issue:	For Consultation	Version Number:	1.0

This document has been distributed in accordance with Section F2.1.10 of the Balancing and Settlement Code.¹

Proposed Modification P210 seeks to revise or clarify the Code text in relation to the process of single notification for the purposes of removing the potential for misinterpretation and to ensure that established conventions and practices (and the efficiencies associated with those) are maintained. The Proposal would ensure that the text relating to the notifications processes in Section P of the Code is unambiguous and in accordance with existing conventions, general understanding, industry practice and the Energy Contract Volume Allocation Agent (ECVAA) Service Description. If approved, the Proposed Modification would be implemented 1 day after the Authority's decision.

Alternative Modification P210 is identical to the Proposed Modification but would have an Implementation Date of the date on which P210 was raised (5 February 2007).

PURPOSE OF CONSULTATION

This consultation seeks respondents' views regarding P210 and, in particular:

- Whether the Code should be amended as proposed under P210;
- Whether the legal text provided delivers the solution agreed by the Modification Group;
- Whether the Proposed Modification would better facilitate the achievement of the Applicable BSC Objectives² when compared to the current Code baseline;
- Whether the Alternative Modification would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification; and
- Whether there are any substantive issues not considered by the Modification Group which should be brought to the Group's attention for inclusion in its assessment of P210.

You are invited to provide a response to the questions contained in the attached pro-forma.

Please send responses, entitled 'P210 Assessment Procedure Consultation', by **12:00 on 28 February 2007** to the following e-mail address: modification.consultations@elexon.co.uk.

Any queries on the content of the consultation pro-forma should be addressed to Chris Stewart (020 7380

¹ The current version of the Code can be found at <http://www.elexon.co.uk/bscrelateddocs/BSC/default.aspx>.

² A copy of the Applicable BSC Objectives is provided in Appendix 1.

4309), e-mail address chris.stewart@elexon.co.uk.

This consultation document is also being simultaneously issued for impact assessment by BSCCo and the Transmission Company.

CONTENTS TABLE

Summary of Impacted Parties and Documents	4
1 Executive Summary	5
2 Description of Modification.....	5
2.1 Proposed Modification.....	5
2.2 Alternative Modification.....	9
3 Areas Raised by the Terms of Reference	9
3.1 How ECVNs and MVRNs are Overwritten	9
3.2 Part Day Overwrites.....	9
3.3 Validation	10
3.4 Requests not to Receive Notification of Validation Failures	10
3.5 Rejection and Refusal of Notifications for Credit Reasons.....	10
3.6 Cross Referencing Error	10
3.7 Changes to Code Subsidiary Documents.....	10
3.8 Implementation Date.....	11
3.9 Implementation Approach	11
4 Assessment of Modification Against Applicable BSC Objectives	11
4.1 Proposed Modification.....	12
4.2 Alternative Modification.....	12
5 Terms Used in this Document	12
6 Document Control.....	13
6.1 Authorities.....	13
Appendix 1: Applicable BSC Objectives	14
Appendix 2: Process Followed	14
Appendix 3: Results of Initial Assessment	16
Appendix 4: Modification Proposal	18

Intellectual Property Rights, Copyright and Disclaimer

The copyright and other intellectual property rights in this document are vested in ELEXON or appear with the consent of the copyright owner. These materials are made available for you for the purposes of your participation in the electricity industry. If you have an interest in the electricity industry, you may view, download, copy, distribute, modify, transmit, publish, sell or creative derivative works (in whatever format) from this document or in other cases use for personal academic or other non-commercial purposes. All copyright and other proprietary notices contained in the document must be retained on any copy you make.

All other rights of the copyright owner not expressly dealt with above are reserved.

No representation, warranty or guarantee is made that the information in this document is accurate or complete. While care is taken in the collection and provision of this information, ELEXON Limited shall not be liable for any errors, omissions, misstatements or mistakes in any information or damages resulting from the use of this information or action taken in reliance on it.

SUMMARY OF IMPACTED PARTIES AND DOCUMENTS

As far as the Modification Group has been able to assess, the following parties/documents would be impacted by P210.

Please note that this table represents a summary of the full impact assessment results in Appendix 3.

Parties	Sections of the BSC	Code Subsidiary Documents
Distribution System Operators <input type="checkbox"/>	A <input type="checkbox"/>	BSC Procedures <input checked="" type="checkbox"/>
Generators <input checked="" type="checkbox"/>	B <input type="checkbox"/>	Codes of Practice <input type="checkbox"/>
Interconnectors <input type="checkbox"/>	C <input type="checkbox"/>	BSC Service Descriptions <input type="checkbox"/>
Licence Exemptable Generators <input checked="" type="checkbox"/>	D <input type="checkbox"/>	Party Service Lines <input type="checkbox"/>
Non-Physical Traders <input checked="" type="checkbox"/>	E <input type="checkbox"/>	Data Catalogues <input type="checkbox"/>
Suppliers <input checked="" type="checkbox"/>	F <input type="checkbox"/>	Communication Requirements Documents <input type="checkbox"/>
Transmission Company <input type="checkbox"/>	G <input type="checkbox"/>	Reporting Catalogue <input type="checkbox"/>
Party Agents	H <input type="checkbox"/>	Core Industry Documents
Data Aggregators <input type="checkbox"/>	I <input type="checkbox"/>	Ancillary Services Agreement <input type="checkbox"/>
Data Collectors <input type="checkbox"/>	J <input type="checkbox"/>	British Grid Systems Agreement <input type="checkbox"/>
Meter Administrators <input type="checkbox"/>	K <input type="checkbox"/>	Data Transfer Services Agreement <input type="checkbox"/>
Meter Operator Agents <input type="checkbox"/>	L <input type="checkbox"/>	Distribution Code <input type="checkbox"/>
ECVNA <input checked="" type="checkbox"/>	M <input type="checkbox"/>	Distribution Connection and Use of System Agreement <input type="checkbox"/>
MVRNA <input checked="" type="checkbox"/>	N <input type="checkbox"/>	Grid Code <input type="checkbox"/>
BSC Agents	O <input type="checkbox"/>	Master Registration Agreement <input type="checkbox"/>
SAA <input type="checkbox"/>	P <input checked="" type="checkbox"/>	Supplemental Agreements <input type="checkbox"/>
FAA <input type="checkbox"/>	Q <input type="checkbox"/>	Use of Interconnector Agreement <input type="checkbox"/>
BMRA <input type="checkbox"/>	R <input type="checkbox"/>	BSCCo
ECVAA <input checked="" type="checkbox"/>	S <input type="checkbox"/>	Internal Working Procedures <input type="checkbox"/>
CDCA <input type="checkbox"/>	T <input type="checkbox"/>	BSC Panel/Panel Committees
TAA <input type="checkbox"/>	U <input type="checkbox"/>	Working Practices <input checked="" type="checkbox"/>
CRA <input type="checkbox"/>	V <input type="checkbox"/>	Other
SVAA <input type="checkbox"/>	W <input type="checkbox"/>	Market Index Data Provider <input type="checkbox"/>
Teleswitch Agent <input type="checkbox"/>	X <input checked="" type="checkbox"/>	Market Index Definition Statement <input type="checkbox"/>
BSC Auditor <input type="checkbox"/>		System Operator-Transmission Owner Code <input type="checkbox"/>
Profile Administrator <input type="checkbox"/>		Transmission Licence <input type="checkbox"/>
Certification Agent <input type="checkbox"/>		
Other Agents		
Supplier Meter Registration Agent <input type="checkbox"/>		
Unmetered Supplies Operator <input type="checkbox"/>		
Data Transfer Service Provider <input type="checkbox"/>		

1 EXECUTIVE SUMMARY

The key conclusions of the P210 Modification Group ('the Group') to date are outlined below.

The Group:

- **AGREED** by **MAJORITY** to revise the Code references from BSCP01 to BSCP71³ and to draft detail into the BSCP71 relating to how ECVNs and MVRNS are notified and processed;
- **AGREED** that the Implementation Date of the Proposed Modification would be 1 Working Day after an Authority decision;
- **AGREED** to develop an Alternative Modification which would have as its Implementation Date the date P210 was raised (5 February 2007);
- **AGREED** an initial view that the Proposed Modification would better facilitate achievement of Applicable BSC Objectives (c) and (d) compared to the current baseline;
- **AGREED** an initial view that the Alternative Modification would better facilitate achievement of Applicable BSC Objectives (c) and (d) compared to the current baseline; and
- Was **SPLIT** as to whether the Alternative Modification, as compared to the Proposed Modification, would better facilitate achievement of the Applicable BSC Objectives.

A description of the P210 solution is provided in Section 2. Further information regarding the Group's initial discussions of the areas set out in the P210 Terms of Reference is contained in Section 3.

A summary of the Group's initial views regarding the merits of the Proposed Modification and Alternative Modification can be found in Section 4. A copy of the Group's full Terms of Reference can be found in Appendix 2.

2 DESCRIPTION OF MODIFICATION

This section outlines the solution for the Proposed Modification and Alternative Modification as developed by the Modification Group.

2.1 Proposed Modification

This Proposal seeks to revise or clarify the Code text in relation to the process of single notification⁴ for the purposes of removing the potential for misinterpretation and to ensure that established conventions and practices (and the efficiencies associated with those) are maintained. The Proposal would ensure that the text relating to the notifications processes in Section P of the Code is unambiguous and in accordance with existing conventions, general understanding, industry practice and the Energy Contract Volume Allocation Agent (ECVAA) Service Description.

There are six areas relating to Energy Contract Volume and Metered Volume Reallocation processes in Section P that have been identified as requiring revision or clarification, or are currently open to potential misinterpretation, that this Proposal seeks to rectify. These are:

1. Effect of an overwrite notification on Settlement Days beyond its Effective To Date;
2. Part day overwrites of notifications;
3. Business validation of notifications;

³ BSCP71 'ECVNA and MVRNA Registration, Authorisation and Termination'.

⁴ Single Notification is the process in which a single Agent provides notification of Energy Contract Volumes or Metered Volume Reallocations on behalf of two Parties.

4. Requests from Parties and Agents not to receive notification of validation failures;
5. Refusal and rejection of notifications for credit reasons; and
6. An erroneous cross-reference.

2.1.1 Effect of an overwrite notification on Settlement Days beyond its Effective To Date

Under the ECVA Service Description a replacement Energy Contract Volume Notification (ECVN) or Metered Volume Reallocation Notification (MVRN) will terminate the effect of the previous ECVN or MVRN for all Settlement Periods on all Settlement Days from the Effective From Date (EFD) of the new notification. This includes those days after the Effective To Date (ETD) of the second notification (if specified) in accordance with P2.3.5 and P3.3.5.

The Code may however be interpreted as one of the following:

1. A replacement notification will overwrite the entire existing notification from the EFD forward (as described above); or
2. A replacement notification will overwrite an existing notification only for the dates specified in the replacement notification.

This ambiguity can be explained in the following example:

Example 1 – Data beyond the Effective To Date (ETD)

Suppose an Energy Contract Volume Notification Agent (ECVNA) submits an ECVN (ECVN1) which runs from 01/06/2008 to 07/06/2008. ECVN1 specifies an Energy Contract Volume of 100MWh for all 48 Settlement Periods in each Settlement Day between and including these dates. The relevant ECVNA then overwrites ECVN1 with a new ECVN (ECVN2), which covers two days during the effective dates of ECVN1 i.e. 03/06/2008 to 04/06/2008 inclusive. ECVN2 specifies an Energy Contract Volume of 200MWh for all 48 Settlement Periods.

The first interpretation, (and the current ECVA system operation) will overwrite ECVN1 from 03/06/2008 (i.e. the EFD of ECVN2) onwards. This will leave a zero notified position for 05/06/2008 onwards as it would consider those Settlement Periods to have been withdrawn. The overall position would therefore be:

01-02/06/2008 100 MWh (in each period 1-48)
 03-04/06/2008 200 MWh (in each period 1-48)
 05-07/06/2008 0 MWh (in each period 1-48)

The second interpretation would treat ECVN2 as overwriting ECVN1 only for Settlement Days between the Effective From Date (EFD) and ETD (inclusive), leading to the following position:

01-02/06/2008 100 MWh (in each period 1-48)
 03-04/06/2008 200 MWh (in each period 1-48)
 05-07/06/2008 100 MWh (in each period 1-48)

Current industry practice, which is reflected in the ECVA Service Description, is for an overwrite notification to terminate the effect of the previous notification for all Settlement Periods on all Settlement Days from the EFD of the new notification, including those days after the ETD of the second notification (if specified). However, the two possible interpretations make this process unclear. It is proposed that it is made unambiguous in the Code that the first interpretation applies.

2.1.2 Part day overwrites of notifications

The second area identified as open to misinterpretation relates to when notifications are made for only part of the day. For example, if periods 1-21 of a notification (that is not subject to Gate Closure) are replaced with a new notification then periods 22-48 may be interpreted as:

1. Withdrawn and a value of zero assigned; or
2. Remaining as submitted in the relevant preceding ECVN/MVRN.

This second ambiguity can be explained in the following example:

Example 2: Part day overwrite notification

An ECVNA submits ECVN1, which specifies a contract volume of 50 MWh for Settlement Periods 1-48. The ECVNA then overwrites this with ECVN2, which specifies a contract volume of 70 MWh for Settlement Periods 1-20 only.

The first interpretation (and the current ECVA system operation) will assume zero values for periods 21-48, in accordance with paragraph 8.2(b)(vii) of the ECVA Service Description. This will leave the notified position as follows, once the overwrite notification has been applied:

Periods 1 - 20	70 MWh
Periods 21 – 48	0 MWh

The second interpretation would treat ECVN2 as overwriting ECVN1 only for those periods explicitly included in ECVN2, leading to the following position:

Periods 1 - 20	70 MWh
Periods 21 – 48	50 MWh

Only the first interpretation (that Settlement Periods that are omitted from a notification for a Settlement Day are, subject to Gate Closure, assumed to be withdrawn and a value of zero assigned) would be consistent with the behaviour of the ECVA systems, the ECVA Service Description and industry practice since NETA Go-Live. It is proposed that the Code is modified to ensure that, in the case of the process of single notification, the established industry practice for part day overwrites is accurately reflected in the Code and cannot be misinterpreted.

The first two areas relate to overwriting notifications. The Modification Group agreed to include in the proposed solution that it is made clear in the Code that there is a BSCP that describes how an ECVNA or MVRNA should effect an overwrite. This would be by specifying in the Code that for a notification to be considered as an overwrite, it is required that the same ECVN/MVRN identifier provided for in BSCP71 is to be used. BSCP71 would then be amended to include the required details.

2.1.3 Business validation of notifications

In relation to the third area, it is proposed that business validation of ECVNs and MVRNs should also be revised to ensure that inefficiencies (including costs) are not created or borne by the industry by moving away from existing conventions and current practices, or there being doubt in relation to them. Validation is required to ensure that files have values within an acceptable range of the ECVA system⁵. It is proposed that the current practice of rejecting an entire notification if any single Settlement Period fails validation is made unambiguous in the Code such that there is no scope for misinterpretation.

⁵ For example, MWh values should be within the range of +/- 99,999.999 MWh with no more than 3 decimal places. For MVRNs, the percentage should have no more than five digits after the decimal point and should be in the range of 0 to 100 inclusive.

2.1.4 Requests from Parties and Agents not to receive notification of validation failures

The fourth area identified as potentially open to possible misinterpretation and therefore requiring revision or clarification relates to P2.3.8 and P3.3.8. It is proposed that it is made clear in the Code that there should be no obligation on the ECVAAs to send 'Notification Feedback' reports if a Notification Agent or BSC Party has opted out of receiving them⁶. A small revision to the relevant BSCP to explicitly indicate to Parties and Agents the consequences of opting out should be effected.

2.1.5 Refusal and rejection of notifications for credit reasons

The fifth area relates to P2.5 and P3.5 and when a notification is treated as refused or rejected for credit reasons. The Code could currently potentially be interpreted as requiring the ECVAAs systems to:

- Reject an entire notification if any one Settlement Period has the effect of **not decreasing** indebtedness; and
- Refuse an entire notification if the **net effect** is to **not decrease** indebtedness.

It is proposed that it is made clear in the Code that, if a Party is in Level 2 Credit Default, the ECVAAs systems should:

- only **reject** individual Settlement Periods of a notification if that Settlement Period value has the effect of **increasing** the indebtedness of the Party; and
- **refuse** the entire notification if any one Settlement Period has the effect of **increasing** indebtedness of the Party; and
- not refuse or reject a notification if any one Settlement Period does not decrease indebtedness. (i.e. the ECVAAs systems should not reject or refuse a notification when a Settlement Period has a neutral effect on indebtedness).

The proposed solutions are consistent with current industry practice and the ECVAAs systems. Examples 3 and 4 below highlight the two potential interpretations for each of rejection and refusal for credit reasons.

Example 3: Rejecting ECVNs

A Party is in Level 2 Credit Default and has a notification, ECVN1, that is for only one day, has been validated and is in force in the ECVAAs systems. ECVN1 looks as follows:

Settlement Periods 1 to 10	20 MWh buy
Settlement Periods 11 to 30	20 MWh sell
Settlement Periods 31 to 48	20 MWh buy

The first potential interpretation of the Code above would result in the entire notification being rejected once Settlement Period 11 is within 3 Settlement Periods of Gate Closure⁷.

The proposed solution (consistent with current practice) is that as the individual Settlement Periods enter within 3 Settlement Periods of Gate Closure:

- Settlement Periods 1 to 10 would be accepted
- Settlement Periods 11 to 30 would be rejected as this increases energy indebtedness
- Settlement Periods 31 to 48 would be accepted

⁶ In accordance with the process in 3.12 of BSCP71.

⁷ The Modification Group noted that this interpretation would conflict with the fact that part of the notification would have already passed Gate Closure.

Example 4: Refusing ECVNs

A Party is in Level 2 Credit default and buys 10 MWh of energy in each of periods 1 to 30, but sells 10 MWh of energy in each of periods 31 to 48.

The first potential interpretation of the Code above would result in an overall net position of a buy of 120 MWh of energy. Therefore the notification should be allowed into settlement in its entirety.

The proposed solution (consistent with current practice) is that Settlement periods 31 to 48 each increase energy indebtedness of the Party and the notification would be refused in its entirety. The refusal would also occur if only one of Settlement Periods 31 to 48 increase indebtedness.

2.1.6 The erroneous cross-reference.

The final area that this Modification seeks to revise is a cross referencing error in P3.3.2(a)(vii). This paragraph should refer to 3.6.1 and not 3.5.1 as is currently drafted in the Code.

The Modification Group considered an appropriate Implementation Date. Given the urgent status of the Modification Proposal, the Modification Group agreed that the Implementation Date should be 1 Working Day after a decision by the Authority.

The original Modification Proposal as submitted by The Panel ('the Proposer') can be found in Appendix 4. The slides for an ELEXON presentation to the Modification Group on the Proposal can be found in Attachment 2.

2.2 Alternative Modification

The Alternative Modification is identical to the Proposed Modification except that the Alternative specifies an Implementation Date of 5 February 2007, which is the date that P210 was raised. Any required change to the relevant BSCP would also have this historic Implementation Date.

3 AREAS RAISED BY THE TERMS OF REFERENCE

This section outlines the initial conclusions of the Modification Group regarding the areas set out in the P210 Terms of Reference.

3.1 How ECVNs and MVRNs are Overwritten

The Group agreed that there was potential ambiguity in relation to how overwrite notifications should be handled by the ECVAAs systems and that the proposed revision ensures there is no potential for misinterpretation of the Code. The Group noted that the Code was not clear how you would demonstrate an overwrite notification should be effected. The Group discussed whether the specific detail of how to overwrite by using the same ECVN/MVRN identifier for the notification should sit within the Code or a relevant BSCP. It was noted by one member that information on 'how' to do things would often be found in a BSCP. However, it was also felt that part of the benefit of P210 was to ensure the Code could not be misinterpreted. Thus it was agreed that additional legal text was required within the Code to state that for an overwrite to occur, the same ECVN/MVRN identifier must be used. This addition is being considered from a legal perspective and can be added to the draft legal text as necessary prior to the Modification Report.

3.2 Part Day Overwrites

The Group agreed with the Proposer that the Code should be modified to make it clear that a replacement notification for a Settlement Day should always overwrite the entire previous notification such that any Settlement Periods omitted will, subject to Gate Closure, be considered to be withdrawn and a MWh value of

zero assigned. One member noted that there was inconsistency with how an overwrite notification deals with part day overwrites and full day overwrites in that a full day overwrite will only replace the existing notification from the Effective From Date forward. However, a part day overwrite will replace all Settlement Periods within the Settlement Day notified. Thus there is no concept of an 'Effective From Settlement Period'. It was noted that this was due to notifications being considered as consisting of entire days. Thus there is no ability (other than in days where Gate Closure for one or more Settlement Periods has already passed) to overwrite only specific Settlement Periods.

3.3 Validation

The Modification Group agreed that the current practice of rejecting an entire notification when one Settlement Period (or multiple Settlement Periods) fails validation is appropriate and the Code should be revised.

Notwithstanding that individual Settlement Period rejection is not supported, it was noted that the costs of adjusting the CVA and/or Party systems to accommodate rejection by individual Settlement Periods (as implied by the current Code drafting) is likely to be excessive. Indicative costs for Central Systems changes in this area are being sought as part of the Impact Assessment for P210.

3.4 Requests not to Receive Notification of Validation Failures

The Group agreed that the ECVAAs should not be required to provide information on validation to a participant who has opted out of receiving validation notifications. One member highlighted that it should be made clear in the relevant BSCP what the implications of opting out of receiving this notification are. Under the proposal, if a Party or Agent has elected not to receive notification feedback then the provisions of P2.3.10 and P3.3.10 will not be applied. The Group agreed that such clarification could be progressed separate to P210 in the form of either a guidance note or further additions to a relevant BSCP.

3.5 Rejection and Refusal of Notifications for Credit Reasons

The Group agreed with the revisions proposed under P210 in relation to the rejection and refusal of notifications for credit reasons. One member queried what would happen to a notification that was made with an Effective From Date outside the 29-day period for which Energy Indebtedness is calculated in Section M of the Code. It was confirmed that this would be refused by the ECVAAs systems and that it should therefore also be made clear in the Code that this should happen. The current legal text will be revised to reflect this point.

3.6 Cross Referencing Error

The Modification Group agreed that the cross reference in P3.3.2(a)(vii) should refer to 3.6.1 and not 3.5.1.

3.7 Changes to Code Subsidiary Documents

The Group agreed by majority that there should be additional supporting information relating to the submission and processing of notifications included within BSCP71. This would include any technical details of the overwrite process that are not included in the text of the Code. The Group agreed that the BSCP changes should be implemented concurrently with P210 as the changes are necessary to give full and timely effect to the Modification Proposal. In order to ensure that the BSCP revisions are comprehensive, a redlined version of BSCP71 that contains the required changes will be available for consultation in the week following this P210 consultation. It is not envisaged that this will impact the implementation timescales of the BSCP (i.e. the BSCP changes would be implemented coincidental with P210 should P210 be approved). It is anticipated that BSCP71 be renamed to reflect its full purpose as revised by any additions.

Some members supported the creation of an entirely new BSCP that would provide a comprehensive overview of the submission and processing of notifications as this would be particularly beneficial to new entrants. This would include information that is currently available in the ECVAAs Service Description plus other supporting

information relating to the submission and processing of notifications. However, the majority were not convinced it was required as part of this Urgent Modification. It was noted that further information in terms of a guidance note or a more thorough description included in the BSCP could also be taken forward separate to this Urgent Modification.

3.8 Implementation Date

The Group identified arguments both for and against implementation of P210 to be from the date of raising. It was noted that whilst there was precedent for Implementation dates to be before the date of approval, this is very rare as BSC parties would generally prefer the assurance of rules that are unlikely to be changed retrospectively. Criteria previously identified by the Authority for when a historic rule change may be necessary includes⁸:

- A situation where the fault or error occasioning the loss (which would need to be material) was directly attributable to central arrangements;
- Combinations of circumstances that could not have been reasonably foreseen; or
- Where the possibility of a retrospective action had been clearly flagged to the participants in advance allowing the detail and process of the change to be finalised with retrospective effect.

Some members noted that because the Code can potentially be misinterpreted, there is the potential of large material impact on Parties. Having a historic Implementation Date would be a pragmatic approach to ensure that the risk of exploitation by Market Participants is minimised. Additionally, the potential of a historic Implementation Date was flagged in the Modification Proposal on the date it was raised so Market Participants have been made aware of the possibility. Some members would however prefer to avoid this implementation approach as it can potentially undermine confidence in a traded market. Parties prefer to have a baseline that would not be subject to change.

The Group was split as to the Proposed Modification Implementation Date. It was therefore agreed that a historic Implementation Date would form the basis of an Alternative and the Proposed would be the next Working Day after approval.

3.9 Implementation Approach

P210 requires revisions to the Code as it seeks to ensure that the Code is not open to misinterpretation and that there is no move away from current industry practice or established conventions. P210 would remove the potential need for any changes to Central and/or Party systems. Implementation of P210 could therefore be completed with only a minimal interval after an Authority decision.

The desirability of amending BSCP71 to include details of how notifications should be submitted and are processed was agreed by the Modification Group. Changes to BSCP71 are being drafted and will be issued for review within the P210 consultation timescales. The intention is that these changes would be approved by the Panel, but subject to the approval of P210 by the Authority. Were P210 to be approved, then the BSCP71 changes would be implemented coincident with P210.

4 ASSESSMENT OF MODIFICATION AGAINST APPLICABLE BSC OBJECTIVES

This section outlines the initial views of the Modification Group regarding the merits of P210 against the Applicable BSC Objectives.

⁸ Ofgem Decision for P206 "Publication of BSC Panel Election results", 24 January 2007.

4.1 Proposed Modification

The initial **UNANIMOUS** view of the Modification Group was that the Proposed Modification **WOULD** better facilitate the achievement of Applicable BSC Objectives (c) and (d) when compared to the current Code baseline, for the following reasons:

- **Applicable BSC Objective (c)**

Potential uncertainty or variances in the interpretation of the Code create inefficiency and uncertainty in the settlement and administration of the settlement arrangements. The proposed changes would reinforce existing rules, conventions and practice and therefore will provide certainty and avoid inefficiency and potentially significant costs. This will benefit competition.

- **Applicable BSC Objective (d)**

Potential lack of clarity in the Code and therefore uncertainty in relation to existing conventions and industry practice adversely affects efficiency in implementation and administration of Settlement.

The Group agreed that the Proposed Modification would have a neutral impact on Applicable BSC Objectives (a) and (b).

4.2 Alternative Modification

The Modification Group views were evenly **SPLIT** as to whether the Alternative Modification **WOULD** better facilitate the achievement of Applicable BSC Objectives (c) and (d) when compared to the Proposed Modification.

Those Group members who favoured the Alternative also believed that the benefits to Applicable BSC objectives (c) and (d) above applied to the alternative. Additionally, they believed that there would be additional positive impact on competition from having an historic Implementation date to ensure that there is no window of opportunity for any Market Participant to take advantage of the existing ambiguities.

In comparison to the Alternative Modification those Modification Group members who favoured the Proposed Modification felt that a historic Implementation Date is detrimental to competition due to reducing confidence in the current Code baseline that Parties are trading under. Any reduced confidence in the BSC Arrangements reduces potential for market entry and the resulting competition in the market.

The Group agreed that the Alternative Modification would have a neutral impact on Applicable BSC Objectives (a) and (b).

5 TERMS USED IN THIS DOCUMENT

Other acronyms and defined terms take the meanings defined in Section X of the Code.

Acronym/Term	Definition
BSCCo	Balancing and Settlement Code Company - Defined and created by the Balancing and Settlement Code (BSC) in March 2001. A non-profit making organisation, responsible for managing the provision of the necessary central systems and services to give effect to the BSC trading rules and for managing the governance processes.
BSCP	Balancing and Settlement Code Procedure - Working procedure documents, which provide additional detail to the processes, defined in the BSC.
Code	The Balancing and Settlement Code
ECVAA	Energy Contract Volume Aggregation Agent - Agent that receives ECVN and

	MVRNs from ECVNA and MVRNA's. Stores data and provides data to SAA and BMRA
ECVN	Energy Contract Volume Notification - The notification sent for a contract between two parties by the ECVNA.
ECVNA	Energy Contract Volume Notification Agent - Sends contract notifications between two trading parties to the ECVA
ECVNAA	Energy Contract Volume Notification Agent Authorisation - An agreement between two Trading Parties and an ECVNA, which enables the notification agent to send notifications to the ECVA on their behalf.
EFD	Effective From Date
ETD	Effective To Date
MVRN	Metered Volume Reallocation Notification - A notification of Metered Volume Reallocation in relation to Settlement Period(s) in any Settlement Day(s). Sent by the MVRNA to the ECVA
MVRNA	Metered Volume Reallocation Notification Agent. Agent giving MVRNs on behalf of Parties.
MVRNAA	Metered Volume Reallocation Notification Agent Authorisation. Agreement between two Trading parties to select a notification agent to sent MVRN on their behalf.
Settlement Day	Means the period from 00:00 hours to 24:00 hours on each day for which payments and sales are calculated
Settlement Period	A period of 30 minutes beginning on the hour or the half-hour, used in the BSC for Settlement purposes.

6 DOCUMENT CONTROL

6.1 Authorities

Version	Date	Author	Reviewer	Reason for Review
0.1	13/02/07	Chris Stewart	Chris Rowell	For technical review
0.2	13/02/07	Chris Stewart	David Jones	For technical review
0.3	13/02/07	Chris Stewart	Modification Group	For Modification Group review
0.4	14/02/07	Chris Stewart	John Lucas	For technical review
0.5	14/02/07	Chris Stewart	David Jones	For quality review
1.0	14/02/07	P210 Modification Group		For industry consultation
1.0	14/02/07	P210 Modification Group		For impact assessment

APPENDIX 1: APPLICABLE BSC OBJECTIVES

For reference the Applicable BSC Objectives, as contained in the Transmission Licence, are:

- (a) The efficient discharge by the licensee [i.e. the Transmission Company] of the obligations imposed upon it by this licence [i.e. the Transmission Licence];
- (b) The efficient, economic and co-ordinated operation of the GB transmission system;
- (c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;
- (d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

APPENDIX 2: PROCESS FOLLOWED

Copies of all documents referred to in the table below can be found on the BSC Website at: [ELEXON - Modification Proposal P210](#)

Date	Event
05/02/07	Modification Proposal raised by The Panel
05/02/07	Panel request and recommend Urgency to the Authority
07/02/07	The Authority grants Urgency for P210
09/02/07	First Modification Group meeting held
14/02/07	P210 Consultation Document published

ESTIMATED COSTS OF PROGRESSING MODIFICATION PROPOSAL⁹

Meeting Cost	£1000
Legal/Expert Cost	£5000
Impact Assessment Cost	£5000
ELEXON Resource	33 man days £8960

⁹ Clarification of the meanings of the cost terms in this appendix can be found on the BSC Website at the following link: http://www.elexon.co.uk/documents/Change_and_Implementation/Modifications_Process_-_Related_Documents/Clarification_of_Costs_in_Modification_Procedure_Reports.pdf.

MODIFICATION GROUP MEMBERSHIP

Member	Organisation	09/01/07	02/03/07
David Jones	ELEXON (Chairman)	✓	
Chris Stewart	ELEXON (Lead Analyst)	✓	
Martin Mate	British Energy	✓	
Dave Wilkerson	Centrica	✓	
Andrew Colley	Scottish and Southern	✓	
Gary Henderson	SAIC Ltd		
Tim Johnson	E.On UK plc	✓	
David Lewis	EDF Energy	✓	
Lisa Waters	Waters Wye Associates	✓	

Attendee	Organisation	09/01/07	02/03/07
David Ahmad	ELEXON (Lawyer)	✓	
Richard Hall	Ofgem	✓	
Jonathan Blott	Logica	✓	
John Guest	Logica	✓	

MODIFICATION GROUP TERMS OF REFERENCE

Modification Proposal P210 will be considered by a new Modification Group, the P210 Modification Group, comprised of members of the Settlement Standing Modification Group (SSMG), and members of other Modification Standing Groups with the relevant expertise in the areas of Energy Contract Volume Notifications and Metered Volume Reallocation Notifications, in accordance with the following Terms of Reference.

P210 – Revisions to the Text in Section P related to Single Notifications of Energy Contract Volumes and Metered Volume Reallocations

ASSESSMENT PROCEDURE

- 1.1 The Modification Group will consider Modification Proposal P210 pursuant to section F2.9 of the Balancing and Settlement Code.
- 1.2 In accordance with the urgent timetable agreed by the Authority the Modification Group will produce a Modification Report for consideration at a BSC Panel Meeting on 14 March 2007.
- 1.3 The Modification Group is asked to confirm:
 - That a replacement notification should always overwrite the previous notification from the Effective From Date of the replacement notification but not overwrite the previous notification for any Settlement Period before the Effective From Date of the replacement notification. For the avoidance of doubt, this would mean that any Settlement Days specified in the previous notification which are beyond the Effective to Date (if specified) of the replacement notification will be negated;

- That a replacement notification for a Settlement Day should always overwrite the entire previous notification for the Settlement Day (subject to Gate Closure) and that any Settlement Periods omitted in the replacement notification will be considered to be withdrawn and a MWh value of zero be inserted;
- That the Energy Contract Volume Allocation Agent (ECVAA) systems should reject an entire notification if any one Settlement Period fails validation;
- That the ECVAA should not be required to provide information on validation ('Notification Feedback') to a participant who has opted out of receiving Notification Feedback;
- That, if a Party is in Level 2 Credit Default, the ECVAA systems should:
 - Only reject individual Settlement Periods of a notification if that Settlement Period value has the effect of increasing the indebtedness of the Party;
 - Refuse the entire notification if any one Settlement Period has the effect of increasing indebtedness; and
 - Not refuse or reject a notification if one Settlement Period does not decrease indebtedness (i.e. the ECVAA systems should not reject or refuse when a Settlement Period has a neutral effect on indebtedness); and
- That the cross reference in P3.3.2 is incorrect.

1.4 The Modification Group shall consider and/or include in the Urgent Report as appropriate:

- Whether the Proposed Modification should have a retrospective Implementation Date (potentially to the date the Proposal was raised on 5 February 2007); and
- Whether any changes are required to Code Subsidiary Documents.

APPENDIX 3: RESULTS OF INITIAL ASSESSMENT

a) Impact on BSC Systems and Processes

No impact identified.

b) Impact on BSC Agent Contractual Arrangements

BSC Agent Contract	Impact of Proposed/Alternative Modification
LogicaCMG (ECVAA)	<p>Should be no change as the Proposal will ensure the Code accurately reflects the original intent which is reflected by current industry practices.</p> <p>If the Proposal is not approved then changes to ECVAA systems will be required to bring these in line with the Code. The required changes are currently being assessed.</p>

c) Impact on BSC Parties and Party Agents

There would be no impact to BSC Parties or Party Agents if P210 is implemented as current practice will continue to operate. If the Proposal is not approved then changes to Parties and Party Agents systems may be required to bring these in line with the Code. In particular, Notification Agents may need to amend their processes and systems for collating ECVN (ECVAA-I004) and MVRN (ECVAA-I005) flows, in order to reflect the revised conventions for processing of these data flows. Parties and Notification Agents may need to

amend their processes and systems for receiving and processing ECVN Feedback (ECVAA-I009), MVRN Feedback (ECVAA-I010), ECVN Acceptance Feedback (ECVAA-I028) and MVRN Acceptance Feedback (ECVAA-I029) data flows, to reflect changes in the way the ECVA system constructs such flows.

d) Impact on Transmission Company

No impact identified.

e) Impact on BSCCo

Area of Business	Impact of Proposed/Alternative Modification
Code administration/configuration	Changes to the text of the Code would be required following approval of P210.
Communications	BSCCo would produce a guidance note for single contract overwrites.

f) Impact on Code

Code Section	Impact of Proposed/Alternative Modification
P 'Energy Contract Volumes and Metered Volume Reallocations'	The revised legal text will remove the potential for misinterpretation from the Code. The detailed changes can be found in the draft Legal Text that is attached to the Modification Proposal.
Annex X-1	Changes to definitions required.

g) Impact on Code Subsidiary Documents

Document	Impact of Proposed/Alternative Modification
BSCP01	References to BSCP01 within Section P replaced by BSCP71 as BSCP01 holds no extra information in relation to single contract notification overwrites.
BSCP71	The Proposal suggests that changes to BSCP71 'ECVNA and MVRNA Registration, Authorisation and Termination' are made. It is proposed that a brief section is added to BSCP71 to reflect the processes as revised within Section P. BSCP71 will also need to be appropriately renamed.

h) Impact on Core Industry Documents/System Operator-Transmission Owner Code

No impact identified.

i) Impact on Other Configurable Items

No impact identified.

j) Impact on BSCCo Memorandum and Articles of Association

No impact identified.

k) Impact on Governance and Regulatory Framework

No impact identified.

APPENDIX 4: MODIFICATION PROPOSAL

<p align="center">Modification Proposal – BSCP40/06</p>	<p>MP No: 210 (mandatory by BSCCo)</p>
<p>Title of Modification Proposal (<i>mandatory by originator</i>): Revisions to the Text in Section P related to Single Notifications of Energy Contract Volumes and Metered Volume Reallocations.</p>	
<p>Submission Date (<i>mandatory by originator</i>): 5 February 2007</p>	
<p>Description of Proposed Modification (<i>mandatory by originator</i>):</p> <p>Under Section C3.8.8 of the Balancing and Settlement Code (the 'Code'), BSCCo shall keep under review whether any possible modification of the Code from time to time would better facilitate Applicable BSC Objective (d) "Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements". BSCCo has been made aware by the Trading Disputes Committee¹⁰ that specific paragraphs in Section P 'Energy Contract Volumes and Metered Volume Reallocations' of the Code might be said to be ambiguous and has, upon further investigation, identified other related provisions of Section P that would benefit from revision. Section F2.1.1(d)(i) of the Code provides for the Panel to raise a Modification on the recommendation of BSCCo.</p> <p>This Proposal seeks to revise or clarify the Code text in relation to the process of single notification¹¹ for the purposes of removing the potential for misinterpretation and to ensure that established conventions and practices (and the efficiencies associated with those) are maintained. The Proposal would ensure that the text relating to the notifications processes in Section P of the Code is unambiguous and in accordance with existing conventions, general understanding, industry practice and the Energy Contract Volume Allocation Agent (ECVAA) Service Description.</p> <p>There are five areas relating to Energy Contract Volume and Metered Volume Reallocation processes in Section P which have been identified as requiring revision or clarification, or are currently open to potential misinterpretation, that this Proposal seeks to rectify. These are:</p> <ol style="list-style-type: none"> 1. Effect of an overwrite notification on Settlement Days beyond its Effective To Date; 2. Part day overwrites of notifications; 3. Business validation of notifications; 4. Request from Parties and Agents not to receive notification of validation failures; and 5. Refusal and rejection of notifications for credit reasons. <p>In relation to the first two areas, under the ECVAA Service Description a replacement Energy Contract Volume Notification (ECVN) or Metered Volume Reallocation Notification (MVRN) will terminate the effect of the first ECVN or MVRN for all Settlement Periods on all Settlement Days from the Effective From Date of the new notification, including those days after the Effective To Date of the second notification (if specified) in accordance with P2.3.5 and P3.3.5. Additionally, the ECVAA Service Description states that any omitted Settlement Periods in a notification will constitute an Energy Contract Volume value of zero. It is proposed that the Code is modified to ensure that, in the case of the process of single notification, these established industry practices are accurately reflected in the Code and cannot be misinterpreted.</p> <p>In relation to the third area, business validation of ECVNs and MVRNs should also be revised to ensure that inefficiencies (including costs) are not created or borne by the industry by moving away from existing conventions and current practices, or there being doubt in relation to them. It is proposed that the current practice of rejecting an entire notification if any single Settlement Period fails validation is made unambiguous in the Code such that there is no scope for misinterpretation.</p> <p>The fourth area identified as potentially open to possible misinterpretation and therefore requiring revision or clarification relates to P2.3.8 and P3.3.8. It is proposed that it is made clear in the Code that there should be no</p>	

¹⁰ Trading Disputes Committee Meeting (TDC92) - Minutes – 21 September 2006 & Panel Paper 119/01 (d) – 12 October 2006.

¹¹ Single Notification is the process in which a single Agent provides notification of Energy Contract Volumes or Metered Volume Reallocations on behalf of two Parties.

Modification Proposal – BSCP40/06

MP No: 210
(mandatory by BSCCo)

obligation on the ECVAAs to send 'Notification Feedback' reports if a Notification Agent or BSC Party has opted out of receiving them.

The final area relates to P2.5 and P3.5 and when a notification is treated as refused or rejected for credit reasons. It is proposed that it is made clear that a notification will be refused in its entirety if any one of the Settlement Period values within it has the effect of increasing the indebtedness of the Party in Level 2 Credit Default. For rejection, in contrast, it is proposed that it is made clear that only individual Settlement Periods are rejected if that Settlement Period value would have the effect of increasing the indebtedness of the Party in Level 2 Credit Default. Any Settlement period that does not increase the indebtedness should be accepted. In the case of both notification refusals and rejections, it is proposed that it is made clear that a zero value (or Settlement Period with neutral effect on indebtedness) should not count as increasing indebtedness.

The Proposal does not recommend an Implementation Date as the Modification Group may wish to consider whether the Modification should be retrospective to have effect from the date the Modification Proposal is raised.

The draft legal text provided also corrects an existing erroneous cross-reference in Paragraph P3.3.2.

Description of Issue or Defect that Modification Proposal Seeks to Address *(mandatory by originator)*

The first area identified above as open to potential misinterpretation is related to changes introduced under P98 'Dual Notification of Contract Positions' (implemented 8 November 2004) where increased use of the terms 'Settlement Period' and 'in force' were introduced to Section P. It might be said that this could give rise to two possible interpretations in relation to the overwriting of notifications in which a Settlement Period may mean:

1. A particular Settlement Period on a particular Settlement Day – thus presenting 960 Settlement Periods over a 20 day period; or
2. One of the 48 Settlement Periods in a day (e.g. Settlement Period 10) – thus representing just 48 Settlement Periods repeated over a 20 day period

BSCCo believes the intent was for overwrite notifications to apply to all Settlement Periods on all subsequent Settlement Days from the Effective From Date of the new notification and this has been reflected in existing conventions and practice. Clarification to reflect existing practice would make it clear that an overwrite notification applies to all Settlement Periods on all subsequent Settlement Days from the Effective From Date of the new notification rather than only for the effective dates specified in the new notification. It is proposed that the clarification is made as this would ensure the potential for misinterpretation of the original intent is removed.

The second area identified as open to potential misinterpretation relates to when notifications are made for only part of the day. For example if periods 1-21 are updated by a replacing notification then periods 22-48 might be able to be said to be interpreted as either :

1. Remaining as submitted in the notification(s) immediately prior to the replacing notification; or
2. Assumed to be withdrawn and a value of zero entered.

The second situation is consistent with the behaviour of the ECVAAs systems and industry understanding and practice since NETA Go-Live.

The third area identified as benefiting from revision or clarification of the Code to ensure that inefficiencies and uncertainties are not created and costs are not borne by the industry by moving away from existing conventions and current practices is in relation to business validation of notifications. The current Code may be said to be able to be interpreted as requiring notifications to be validated on a Settlement Period basis. That is, if a single Settlement Period fails business validation, this would not exclude the remaining Settlement Periods of the notification from being validated. However, under current practice and conventions, the systems will reject an entire notification if one Settlement Period fails validation and it is believed that it would be inefficient, costly and disruptive to current industry practice to move away from this convention.

<p>Modification Proposal – BSCP40/06</p>	<p>MP No: 210 (mandatory by BSCCo)</p>
<p>The fourth area identified as benefiting from revision or clarification relates to P2.3.8 and P3.3.8. These provisions allow for an ECVNA/MVRNA to resubmit a notification after Gate Closure if it failed validation and they weren't notified within 20 minutes. However, under P98, BSCP71 'ECVNA and MVRNA Registration, Authorisation and Termination' was adjusted to allow an ECVNA/MVRNA to opt out of receiving Notification Feedback. Thus if an ECVNA or MVRNA has opted out of receiving Notification Feedback, the ECVAAs should not be required to provide information on validation.</p>	
<p>The final area identified as requiring revision is in relation to rejection and refusal of notifications for credit reasons. Under current practice the systems will only reject individual Settlement Periods of a notification if that Settlement Period value would have the effect of increasing the indebtedness of the Party in Level 2 Credit Default. This allows for individual Settlement Periods in a notification which do not increase indebtedness to be accepted. However, the current wording of P2.5 and P3.5 could be said to be able to be interpreted as rejecting an entire notification if one Settlement Period has the effect of increasing indebtedness. With regards to refusal, in contrast, the current practice is that the entire notification will be refused if one Settlement Period has the effect of increasing indebtedness. However, the current wording of P2.5 and P3.5 could be said to be able to be interpreted as refusing notifications on a Settlement Period basis. Also, a notification may be refused or rejected if one Settlement Period does not decrease indebtedness. This means that if one Settlement Period has a neutral effect on indebtedness, the Code could be said to be interpreted as requiring the whole notification to be refused or rejected.</p>	
<p>Therefore it is proposed that the Code should be modified in relation to the above five areas so that the potential for misinterpretation, inefficiency or uncertainty is removed and unnecessary costs are not borne by the industry by moving away from existing conventions and current practices. A copy of the draft legal text for Section P is included as Attachment A to this Modification Proposal.</p>	
<p>Impact on Code <i>(optional by originator)</i></p> <p>The Code will need to be modified as suggested in the draft legal text in Attachment A.</p>	
<p>Impact on Core Industry Documents or System Operator-Transmission Owner Code <i>(optional by originator)</i></p> <p>None Identified.</p>	
<p>Impact on BSC Systems and Other Relevant Systems and Processes Used by Parties <i>(optional by originator)</i></p> <p>The Proposed Modification would have no impact on BSC systems as it will remove the potential for misinterpretation from the Code. Current industry practice and established conventions will not change. If this Proposed Modification is not implemented established industry practice and the ECVAAs system may have to be adjusted to be able to accommodate this.</p>	
<p>Impact on other Configurable Items <i>(optional by originator)</i></p> <p>Further information related to the processing of notifications can be found in the in the ECVAAs Service Description. However, this does not relate specifically to the submission of notifications and H1.2.8 of the Code states that the requirement for Parties and BSC Agents to comply with Code Subsidiary Documents does not apply to BSC Service Descriptions. It is suggested that additions are made to BSCP71 'ECVNA and MVRNA Registration, Authorisation and Termination' to reflect the processes as revised within Section P. BSCP71 will also need to be appropriately renamed. It is proposed that the BSCP changes can be made after the Modification is progressed.</p>	

<h2 style="text-align: center;">Modification Proposal – BSCP40/06</h2>	<p>MP No: 210 (mandatory by BSCCo)</p>
<p>Justification for Proposed Modification with Reference to Applicable BSC Objectives <i>(mandatory by originator)</i></p>	
<p>Potential uncertainty or variances in the interpretation of the Code create inefficiency and uncertainty in the settlement and administration of the settlement arrangements. The proposed changes would reinforce existing rules, conventions and practice and therefore will provide certainty and avoid inefficiency and costs. This will benefit competition and therefore better facilitate Applicable 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".</p> <p>Potential lack of clarity in the Code and therefore uncertainty in relation to existing conventions and industry practice adversely affects efficiency in implementation and administration of Settlement. Thus the Proposal will also better facilitate Applicable Objective (d) "Promoting efficiency in the implementation and administration of the Balancing and Settlement arrangements".</p>	
<p><u>Urgency Recommended:</u> Yes – please see draft letter to the Panel Chairman outlining the reason for urgency, included as Attachment B.</p>	
<p><u>Justification for Urgency Recommendation</u> <i>(mandatory by originator if recommending progression as an Urgent Modification Proposal)</i></p>	
<p>The possibility of misinterpretation of the Code surrounding the notification processes in Section P introduces an element of risk to the Trading Arrangements. As the ECVNs and MVRNs are used to produce a BSC Party's final contract position upon which Settlement is based, uncertainty, ambiguity or misinterpretation could result in significant commercial impact on BSC Parties. Any error in the contract positions notified by Parties has a potentially very large impact on their Trading Charges. It is therefore important that Parties should have absolute confidence that notifications which are submitted by their Agents will be interpreted in Settlement in a manner consistent with the Service Description and the practices and conventions described above. In addition, if this is not the case this may also cause problems for the counter party. It may also cause problems to the System Operator when trying to balance the system.</p> <p>All the issues outlined in the Proposal represent sources of uncertainty in the area of notifications. These matters have not previously come to the attention of BSCCo or industry as being matters requiring attention or of concern because the systems have functioned as Parties expected and in accordance with practice and conventions. Nonetheless, doubt in relation to these matters, or any change in current conventions, interpretation and practice could undermine confidence in the notification mechanism and create uncertainty.</p> <p>Inevitably, raising this Modification Proposal may focus attention on these areas of uncertainty, and hence increase the risk of a situation arising in which uncertainty over the notification mechanism has a material impact on Parties. While we believe that the chance of such an event occurring will still be low, we recognise that the commercial impact on Parties if such an event were to occur could be extremely large. For this reason, we believe that Urgency is justified, in order to minimise the period of time in which industry is exposed to this increased risk and uncertainty.</p>	

Modification Proposal – BSCP40/06	MP No: 210 (mandatory by BSCCo)
Details of Proposer: <i>Name</i> <i>Organisation BSC Panel</i> <i>Telephone Number</i> <i>Email Address</i>	
Details of Proposer's Representative: <i>Name</i> Modification Secretary <i>Organisation</i> ELEXON <i>Telephone Number</i> 0207 380 4337 <i>Email address</i> chris.rowell@elexon.co.uk	
Details of Representative's Alternate: <i>Name</i> <i>Organisation</i> <i>Telephone Number</i> <i>Email address</i>	
Attachments: two If Yes, Title and No. of Pages of Each Attachment: Attachment A: Draft Legal Text - 18 pages Attachment B: Letter to Panel Chairman recommending a request for Urgency	