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SECTION Q: BALANCING MECHANISM ACTIVITIES

(*Version 12.0 including all Approved Modifications awaiting Implementation)*

Amend paragraph 5.3.1 as follows:

5.3.1 Acceptance Data for a BM Unit shall comprise the following data items:

(a) a set comprising one or more Acceptance Volume Pairs, each with a 'from' MW level and an associated 'from' time and a 'to' MW level and an associated 'to' time and where:

(i) the MW levels are expressed in whole MW measured from the zero point (of no energy export or import); and

(ii) the times are expressed in a whole number of minutes and the first 'from' time is not earlier than the Bid-Offer Acceptance Time and the last 'to' time is not later than the end of the last Settlement Period for which Gate Closure fell before the Bid-Offer Acceptance Time; and

(b) the associated Bid-Offer Acceptance Number 'k' expressed as an integer greater than the value of k for the Acceptance Data (for that BM Unit) with the immediately preceding Bid-Offer Acceptance Time or, where any Acceptance Data exists with identical Bid-Offer Acceptance Time, greater than the highest value of k which exists with such Bid-Offer Acceptance Time; and

(c) the associated Bid-Offer Acceptance Time~~.~~; and

(d) whether the Acceptance was an Excluded Acceptance.

Amend paragraph 6.1.12 as follows:

6.1.12 Not later than 15 minutes following the issue of a communication or the occurrence of an event which (pursuant to paragraph 5.1.3(a) ~~or 5.1.5 respectively~~) is to be treated as an Acceptance, the Transmission Company shall send to the BMRA the Acceptance Data.

Add new paragraph 6.1.12A as follows:

6.1.12AAs soon as practicable after the issue of a communication which (pursuant to paragraph 5.1.3(b)) is to be treated as an Acceptance, the Transmission Company shall send to the BMRA the following information: the fact that such a communication has been issued, the time at which it was issued and the BM Unit in respect of which it was issued.

Amend paragraph 6.2.1(e) as follows:

6.2.1

(e) Acceptance Data, other than in relation to Acceptances which fall within paragraph 5.1.3(b).

Add new paragraph 6.2.2 as follows:

6.2.2 The Transmission Company shall send Acceptance Data for Acceptances which fall within paragraph 5.1.3(b) as soon as reasonably practicable following the relevant Settlement Day,

and wherever practicable in time for such Acceptance Data to be taken into account in the Initial Settlement Run.

Add new paragraph 9 as follows:

9. EXCLUDED ACCEPTANCES

9.1 General

9.1.1 For the purposes of this paragraph 9:

(a) "**Excluded Acceptance**" means an Acceptance which falls within paragraph 5.1.3(b) (including paragraph 5.1.5);

(b) the "**relevant**" BM Unit is the BM Unit in respect of which an Excluded Acceptance was issued (or treated as issued);

(c) a reference to the Lead Party is to the Lead Party of the relevant BM Unit;

(d) a reference to an accepted Bid-Offer Pair is to a Bid-Offer Pair to the extent accepted by the Excluded Acceptance;

(e) the "**relevant**" Settlement Day is the Settlement Day on which the Excluded Acceptance was issued;

(f) a Settlement Period is a "**relevant**" Settlement Period where any 'from' or 'to' time comprised in any Volume Acceptance Pair included in the Acceptance Data for the Excluded Acceptance falls within that Settlement Period.

9.1.2 Where there has been an Excluded Acceptance:

(a) an adjustment shall be made in respect of amounts paid by or to the Lead Party by way of Period BM Unit Cashflow, and a corresponding adjustment made in respect of the amounts paid by or to the Transmission Company by way of System Operator BM Cashflow, in accordance with paragraph 9.2;

(b) for each relevant Settlement Period, for the purposes of the determination of the System Buy Price and the System Sell Price, the Excluded Acceptance shall be deemed to have accepted Bid-Offer Pairs deemed to have been submitted by the Lead Party in accordance with paragraph 9.3;

(c) the Lead Party may claim payment of an excluded acceptance compensation amount subject to and in accordance with paragraph 9.4.

9.2 Adjustments in Period BM Unit Cashflow

9.2.1 For the purposes of this paragraph 9, in relation to an Excluded Acceptance, the "**excluded acceptance adjustment amount**" is an amount calculated by BSCCo as the sum (for all Offers and/or Bids, as the case may be, and for all relevant Settlement Periods) of the differences between:

(a) the amount of the Period BM Unit Offer Cashflow (CO^n_{ij}) or Period BM Unit Bid Cashflow (CB^n_{ij}) (in accordance with Section T3.10) in respect of the BM Unit for each relevant Settlement Period, and

(b) the amount that would be calculated (in accordance with Section T3.10) in respect of Period BM Unit Offer Cashflow (CO^{n}_{ij}) or Period BM Unit Bid Cashflow (CB^{n}_{ij}) in respect of the BM Unit for the relevant Settlement Period if, in Section T3.9, Σ^{k} represented the sum over all Acceptances within the relevant Settlement Period other than the Excluded Acceptance.

9.2.2 Where there has been an Excluded Acceptance:

(a) the Lead Party shall be liable to pay to or (as the case may be) entitled to be paid by the BSC Clearer the excluded acceptance adjustment amount, together with interest at the Base Rate on the excluded acceptance adjustment amount from the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;

(b) the Transmission Company shall be entitled to be paid by or (as the case may be) liable to pay to the BSC Clearer the excluded acceptance adjustment amount, together with interest at the Base Rate on the excluded acceptance adjustment amount from the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;

(c) the amounts of the entitlement and liabilities under paragraphs (a) and (b) shall be Ad-Hoc Trading Charges for the purposes of Section N6.9.

9.3 Deemed Bid-Offer Pairs

9.3.1 For the purposes of this paragraph 9.3, for each relevant Settlement Period, the "**relevant volume**" is the aggregate volume (in MWh) of Bids or Offers accepted by the Excluded Acceptance, determined as the sum, for all such Offers or Bids, of the Period Accepted Offer Volume or Period Accepted Bid Volume (in accordance with Section T3.8, where Acceptance k is the Excluded Acceptance).

9.3.2 For each relevant Settlement Period, the Panel shall determine (in its opinion) in consultation with the Transmission Company:

(a) what Bid-Offer Pairs (submitted by any Party and in relation to any BM Unit) were available to, and were not accepted by, the Transmission Company in respect of the relevant Settlement Period (but including the Bid-Offer Pairs actually submitted in relation to the relevant BM Unit);

(b) what Acceptances of those Bid-Offer Pairs would (having regard to the principles on which the Transmission Company generally selects Bid-Offer Pairs for acceptance) have been issued, if (in relation to the relevant Settlement Period) the Transmission Company had accepted Bid-Offer Pairs for an incremental aggregate volume equal to the relevant volume;

(c) the Bid-Offer Pairs deemed to have been submitted by the Lead Party in accordance with paragraph 9.3.3.

9.3.3 For the purposes only of determining the System Buy Price and the System Sell Price pursuant to Sections T4.4.5 and 4.4.6, the Lead Party shall be deemed (in lieu of any Bid-Offer Pairs actually submitted by it in respect of the BM Unit) to have submitted Bid-Offer Pairs (with 'from' and 'to' MW levels and Offer Prices and Bid Prices) such that the effect of the Excluded Acceptance, for each relevant Settlement Period, would result (pursuant to the application of Section T3) in Period Accepted Offer Volumes or Period Accepted Bid Volumes:

(a) for Offers or Bids having the Offer Prices or Bid Prices of the Bid-Offer Pairs, and

(b) equal to the volumes of the Acceptances

determined under paragraph 9.3.2(b), and such Bid-Offer Pairs shall be deemed to have been accepted accordingly by the Excluded Acceptance.

9.4 Excluded acceptance compensation amount

9.4.1 Where there has been an Excluded Acceptance, subject to paragraph 9.4.5, the Lead Party may, within 10 Business Days after the sending by the Transmission Company to the BMRA of information pursuant to paragraph 6.1.12A, give notice to BSCCo and the Transmission Company of a claim for payment of an excluded acceptance compensation amount.

9.4.2 The excluded acceptance compensation amount shall be an amount equal to the aggregate (for all relevant Settlement Periods but not, for the avoidance of doubt, for any subsequent Settlement Periods) of the net costs of operating the BM Unit which would not have been incurred but for the relevant changes in Exports and/or Imports which resulted from the Excluded Acceptance, as determined by the Panel pursuant to paragraph 9.5.1(d)(iii).

9.4.3 Section G2.1.4 shall apply (in relation to the determination of the net costs referred to in paragraph 9.4.2) on the basis that, notwithstanding Section G2.1.4(e):

(a) costs directly incurred in the operation of the Plant and Apparatus comprised in the BM Unit may include damage to such Plant and Apparatus which results directly from the Lead Party's complying with the Excluded Acceptance;

(b) an increase, which results directly from the Lead Party's complying with the Excluded Acceptance, in any insurance premium, financing cost or overhead cost (borne or payable by the Lead Party or as provided in Section G2.1.4(b) by the Customer) may be counted as a cost.

9.4.4 Subject to paragraph 9.4.5, where the Lead Party has claimed payment of an excluded acceptance compensation amount:

(a) the Lead Party shall be entitled to be paid by the BSC Clearer the excluded acceptance compensation amount (as determined by the Panel), together with interest at the Base Rate on the excluded acceptance compensation amount from the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;

(b) where the Lead Party is so entitled, the Transmission Company shall be liable to pay to the BSC Clearer the excluded acceptance compensation amount, together with interest at the Base Rate on the excluded acceptance compensation amount from the Initial Payment Date for the relevant Settlement Period to (but not including) the date (if later) when such payment is made;

(c) the amounts of the entitlement and liabilities under paragraphs (a) and (b) shall be Ad-Hoc Trading Charges for the purposes of Section N6.9.

9.4.5 The Lead Party shall not claim, and shall not be entitled to be paid, any excluded acceptance compensation amount in a case where, in the opinion of the Panel, the Lead Party and the Transmission Company are party to or have made any agreement or arrangement pursuant to which:

(a) the Lead Party has agreed, in return for any payment or other commercial benefit, to accept or submit to, or operate or submit to operation the BM Unit in accordance with,

Excluded Acceptances of the kind which occurred (provided that the fact that the Lead Party is bound by the Grid Code shall not of itself amount to such an agreement);

(b) the Lead Party or any other person is entitled to receive any payment or other compensation or benefit in consequence of the occurrence of the Excluded Acceptance; or

(c) it has been expressly agreed that the Lead Party should have no entitlement to receive any payment or other compensation or benefit in consequence of the occurrence of the Excluded Acceptance;

irrespective, in the case of paragraphs (a) and (b), of the relative amount or value of such payment, benefit or compensation.

9.4.6 For the avoidance of doubt the determination of the matters in paragraphs 9.2 and 9.3 may take place, and payment in respect thereof may become due, before the entitlement of the Lead Party to and/or the amount of any excluded acceptance compensation amount has been determined or paid.

9.4.7 The Lead Party may withdraw a claim for an excluded acceptance compensation amount at any time before the Panel has made a determination pursuant to paragraph 9.5.1(d)(iii).

9.5 Procedure

9.5.1 Where there has been an Excluded Acceptance:

(a) the Transmission Company shall (in addition to the requirements of paragraphs 6.1.12A and 6.2.2), as soon as reasonably practicable after the relevant Settlement Day, give notice to BSCCo to that effect, specifying the relevant Settlement Day, the relevant Settlement Period(s), the relevant BM Unit and the Lead Party;

(b) BSCCo shall determine the amount of the excluded acceptance adjustment amount in accordance with paragraph 9.2;

(c) the Panel shall determine the amounts and prices of the Bid-Offer Pairs deemed to have been submitted by the Lead Party in accordance with paragraph 9.3, wherever practicable in time for such amounts to be taken into account in the Initial Settlement Run for each relevant Settlement Period;

(d) where the Lead Party has given notice of a claim for an excluded acceptance compensation amount:

(i) the Lead Party shall, within three months (or such longer period as the Panel may permit) after the relevant Settlement Day, provide to the Panel the information required pursuant to Section G2.2.1;

(ii) the provisions of Section G2.2 shall apply, *mutatis mutandis*, as if this paragraph 9 were a Contingency Provision and the net costs referred to in paragraph 9.4.2 were Avoidable Costs;

(iii) the Panel shall determine, in its opinion, what is the amount of the net costs referred to in paragraph 9.4.2;

(e) the Transmission Company shall provide to the Panel all such information as the Panel may reasonably require in order to enable it to determine the matters in paragraphs 9.3 and 9.4.5;

(f) the Lead Party shall provide to the Panel all such information as the Panel may reasonably require in order to enable it to determine the matters in paragraph 9.4.5;

(g) BSCCo shall notify its determination under paragraph 9.2, and the Panel's determinations under paragraphs 9.3 and 9.4, to the Transmission Company and all Trading Parties;

(h) BSCCo shall give such instructions to the SAA and the FAA as are necessary to give effect to the adjustments and payments to be made pursuant to paragraphs 9.2, 9.3 and 9.4.

9.5.2 The determination of the Panel as to the amounts and prices of the Bid-Offer Pairs deemed to have been submitted pursuant to paragraph 9.3, as to whether the Lead Party was party to such an agreement or arrangement as is referred to in paragraph 9.4.5, and as to the excluded acceptance compensation amount pursuant to paragraph 9.5.1(d)(iii), shall be final and binding on all Parties.

9.5.3 For the avoidance of doubt, the Panel may establish or appoint a Panel Committee to discharge its functions under paragraph 9.3.2, and (notwithstanding Section W2.2) and the Panel may appoint the Trading Disputes Committee, and (if so appointed) that Committee shall have the ability and competence, to do so.

9.5.4. For the purposes of any Settlement Run (other than the Interim Information Settlement Run) carried out before the SAA has been instructed to give effect to the adjusted Bid Price and Offer Price, Section T3.8A.1 shall apply as if the following was included before paragraph (b) therein: "if Acceptance k is an Excluded Acceptance, then no values of the Period Priced Accepted Offer Volume and Period Priced Accepted Bid Volume will be determined in relation to Acceptance k in any Settlement Period".

ANNEX V-1: TABLES OF REPORTS

(*Version 16.0 including all Approved Modifications awaiting Implementation)*

Amend Table 1 by the addition of a new row as follows:

Table 1 - BMRS

Data and relevant Settlement Periods	Frequency	Format	Default
Data relating to Excluded Acceptances	As received	Text message only	None

ANNEX X-2: TECHNICAL GLOSSARY

(*Version 18.0 including all Approved Modifications awaiting Implementation)*

Add new definition to Annex X-2 Table X-2 as follows:

Table X–2
Terms and Expressions Applying Except in Relation to Section S

Defined Term	Acronym	Units	Definition/Explanatory Text
Excluded Acceptance			An Acceptance which falls within Section Q5.1.3(b).