



MARCH 2003

MODIFICATION REPORT
MODIFICATION PROPOSAL P117 -
Rectification of Past Notification
Errors (PNEs)

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

Document Reference	P117RR
Version no.	0.5
Issue	Draft
Date of Issue	07 March 2003
Reason for Issue	For Decision
Author	ELEXON Limited

I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Reviewer	Change Reference
0.1	18/02/03	Joanne Ellis	J Lucas / J Andrews / R Lindstrom-Thomas	Initial draft
0.2	19/02/03	Joanne Ellis	BSC Parties	Consultation
0.3	05/03/03	Change Delivery	Change Delivery	Final technical review
0.4	07/03/03	Change Delivery	Change Delivery	Quality review
0.5	07/03/03	Change Delivery	Change Delivery	For decision

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

c References

Ref.	Document	Owner	Issue Date	Version
1.	Modification Proposal P117		29/01/03	1.0
2.	Modification P117 Initial Written Assessment	ELEXON	07/02/03	1.0
3.	Modification P107 draft Modification Report 'Data Retention Requirements for Post Final Disputes'	ELEXON	07/03/03	0.5
4.	Modification P37 Modification Report 'To provide for the remedy of past errors in Energy Contract Volume Notifications and in Metered Volume Reallocation Notifications'	ELEXON	05/11/01	1.0

Unless otherwise stated electronic copies of these documents can be found on the BSC Website, at www.elexon.co.uk.

d Intellectual Property Rights and Copyright

This document contains materials the copyright and other intellectual property rights in which are vested in ELEXON Limited or which appear with the consent of the copyright owner. These materials are made available for you to review and to copy for the purposes of the establishment, operation or participation in electricity trading arrangements in Great Britain under the BSC. All other commercial use is prohibited. Unless you are a person having an interest in electricity trading in Great Britain under the BSC you are not permitted to view, download, modify, copy, distribute, transmit, store, reproduce or otherwise use, publish, licence, transfer, sell or create derivative works (in whatever format) from this document or any information obtained from this document otherwise than for personal academic or other non-commercial purposes. All copyright and other proprietary notices contained in the original material must be retained on any copy that you make. All other rights of the copyright owner not expressly dealt with above are reserved.

II CONTENTS TABLE

I	Document Control.....	2
a	Authorities.....	2
Author	2	
b	Distribution.....	2
c	References.....	2
d	Intellectual Property Rights and Copyright.....	2
II	Contents Table	3
1	Summary and Recommendations	4
1.1	Recommendation.....	4
1.2	Background	4
1.3	Rationale for Recommendations.....	4
2	Introduction.....	5
3	History of Proposed Modification.....	5
4	Description of the Modification.....	5
5	Rationale for Panel Recommendations	6
6	Legal Text to Give Effect to the Modification.....	7
7	Assessment	7
8	Summary of Representations.....	8
8.1	Arguments Supporting the Panel Recommendations.....	8
8.2	Issues Raised During Consultation	9
8.3	Legal Text Issues.....	9
8.4	Implementation Date Issues.....	10
8.5	Panel Discussion of Representations	10
Annex 1	Cost Summary.....	11
Annex 2	Representations	11
A2.1	Summary of Representations.....	11
A2.2	Detailed Responses.....	11
Annex 3	Legal Text	19

1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Modification Procedure, and the resultant findings of this Modification Report, the Balancing and Settlement Code Panel recommends that:

- **Proposed Modification P117 should be made; and**
- **The Implementation Date should be 15 Business Days after the date of the Authority's decision.**

1.2 Background

Modification Proposal P117 Rectification of Past Notification Errors (PNEs)' (P117) seeks to amend Section P6.5.1(c) of the Balancing and Settlement Code (the 'Code') to allow for adjustments associated with PNEs to be taken into account in either a Post-Final Settlement Run or an Extra-Settlement Determination as determined by the Panel.

Under Section F2.1.1(d) of the Code, the Balancing and Settlement Code Panel ('the Panel') can raise a Modification Proposal on the recommendation of BSCCo to rectify minor inconsistencies, manifest errors or other minor consequential changes, or if they believe it would better facilitate the objective in Condition C3(3)(d) of the Transmission Licence, promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

At their meeting of 16 January 2003 the Panel agreed that a Modification Proposal should be raised to allow Extra-Settlement Determinations to be carried out to rectify PNE claims and therefore introduce further flexibility to the process of rectification of PNEs. The Panel agreed that this would increase the efficiency of the balancing and settlement arrangements and therefore better facilitate Applicable Balancing and Settlement Code Objective (BSC Objective) (d).

1.3 Rationale for Recommendations

The Panel agreed with BSCCo's recommendation, that allowing the use of an Extra-Settlement Determination either instead of, or in addition to, a Post-Final Settlement Run (if a Post-Final Settlement Run has been used for other reasons) would improve the efficiency of the balancing and settlement arrangements and therefore better facilitates achievement of the Applicable BSC Objective (d). The Panel also noted that the Proposed Modification P117 would have no direct impact on any Party or BSC Systems. However, the Panel noted that the full cost of calculating and verifying amounts by an Extra-Settlement Determination should be considered when reaching a recommendation on the rectification method for PNEs.

Seven responses to the draft Modification Report consultation were received. Six responses (15 Balancing and Settlement Code Parties (BSC Parties) and 1 non BSC Party) supported the Panel's recommendations and one response (1 BSC Party) had no comment. Several issues were raised and these are detailed in section 8. These have been resolved.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd. on behalf of the Panel, in accordance with the terms of the Code. The Code is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the Code.

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.

3 HISTORY OF PROPOSED MODIFICATION

P117 was raised on 29 January 2003 by BSCCo on behalf of the Panel, in accordance with Paragraph F2.1.1(d)(iv) of the Code. P117 was raised following a discussion of paper 57/014, at the Panel meeting on 16 January 2003, which outlined the requirement for additional flexibility in the Code regarding the rectification of PNEs.

The Initial Written Assessment (Reference 2) was submitted to the Panel at their meeting on 13 February 2003. No major issues were identified in the Initial Written Assessment and therefore the Panel agreed that P117 be submitted directly to the Report Phase.

The Panel recommended that the Proposed Modification should be made. The Panel also agreed that in the event that the Authority determines that the Proposed Modification should be made, the Implementation Date should be 15 Business Days after the date of the Authority's decision. The costs highlighted for implementation of P117 are for documentation updates only and are discussed further in Annex 1.

On the basis of the Initial Written Assessment, the Panel supported the view that P117 better facilitates achievement of the Applicable BSC Objective (d) as it promotes efficiency in the implementation and administration of the balancing and settlement arrangements.

A draft Modification Report for P117 was issued for consultation on 19 February 2002. Seven responses, representing 16 BSC Parties and 1 non BSC Party, were received. *[Insert sentence to say if the Panel recommends or rejected the Modification on the basis of the consultation responses].*

The draft Modification Report was presented to the Panel meeting of 13 March 2003 and at this meeting the Panel agreed [insert details of any Panel decisions that take place at the Panel meeting].

4 DESCRIPTION OF THE MODIFICATION

P117 seeks to amend Section P6.5.1(c) of the Code to allow for adjustments associated with PNEs to be taken into account in either a Post-Final Settlement Run or an Extra-Settlement Determination as determined by the Panel.

Section P6 of the Code allowed Parties to submit PNE claims for any Volume Notification which occurred between Go-Live and the date that Modification Proposal P37 'To provide for the remedy of past errors in Energy Contract Volume Notifications and in Metered Volume Reallocation Notifications' (P37) (Reference 4) which was implemented on 20 May 2002. These PNE claims had to be made within a 10 day window, from D+5 to D+15 from the day of the Authority's decision (where D is the Implementation Date of P37).

Section P6.5.1 of the Code currently states that where the Panel determines that a PNE has occurred and should be rectified, adjustments shall be taken into account in the next Settlement Run. If the Final Reconciliation Settlement Run has already taken place, the Code only allows adjustments to be taken into account in a Post-Final Settlement Run. The Code does not allow the use of an Extra-Settlement Determination in relation to PNE claims.

P117 proposes to allow the Panel to determine that a rectification of a PNE can be carried out by either a Post-Final Settlement Run or an Extra-Settlement Determination, as appropriate. P117 allows the rectification of PNEs to be carried out using an Extra-Settlement Determination either instead of, or in addition to, a Post-Final Settlement Run (if the Post-Final Settlement Run has been carried out already for another purpose). This will allow the rectification of PNEs to be carried out in the most efficient manner possible and brings Section P6 of the Code in line with the process used for Trading Disputes, introduced under Modification Proposal P61 'Ad Hoc Adjustments to Settlement involving material errors without resorting to Ad Hoc Settlement Runs' (P61).

P61 removed the use of Ad Hoc Settlement Runs which could be triggered as many times as necessary and introduced one Post-Final Settlement Run and/or the use of Extra-Settlement Determinations for Trading Disputes. The process for P6 was only changed to allow the use of a Post-Final Settlement Run.

The difference between the two types of determination is as follows:

Post-Final Settlement Run	A Settlement Run that can be carried out only for a whole Settlement Day, and can only be carried out once. It will be carried out by the Settlement Administration Agent (SAA). A Post-Final Settlement Report will be produced at the end of the Post-Final Settlement Run;
Extra-Settlement Determination	A calculation for a Settlement Day or part thereof, carried out outside of a Settlement Run. It may be calculated on an estimated or approximated basis as the Panel decides is appropriate under the circumstances.

Under the current provisions of the Code it is necessary for the Post-Final Settlement Runs for any Settlement Days that are potentially affected by a claim under Section P6 to be held back until such time that the Panel determines if the claims are to be upheld or not. This is not the most efficient way of handling the situation as it may lead to non P6 claims being held back for a considerable amount of time. It should be noted that at its meeting of 4 February 2003 the Supplier Volume Allocation Group (SVG) agreed to recommend to the Trading Disputes Committee that Post-Final Settlement Runs for 20 March 2001 to 16 April 2001 be carried out. These Post-Final Settlement Runs could potentially include Settlement Days affected by the PNE claims. P117 proposes to increase the efficiency of this process and allow the Panel to use its discretion to determine that an Extra-Settlement Determination be used either after a Post-Final Settlement Run has been carried out or instead of a Post-Final Settlement Run for the PNE claims.

5 RATIONALE FOR PANEL RECOMMENDATIONS

The Panel unanimously agreed that P117 will increase the efficiency of the rectification process for claims under Section P6 of the Code. They noted the interaction between determinations of the Trading Disputes Committee and those of the P6 Committee and that currently it is necessary to hold back Post-Final Settlement Runs for Settlement Days potentially affected by claims under P6 until the claims have been determined. At its meeting of 28 February 2003, the TDC agreed to postpone all Post-Final

Settlement Runs until October 2003. The TDC also agreed that this date would be reviewed once the process for rectification of PNEs has been finalised.

The Panel agreed that allowing the rectification of PNEs to be carried out using either an Extra-Settlement Determination or a Post-Final Settlement Run would increase efficiency in the implementation and administration of the balancing and settlement arrangements. This therefore better facilitates achievement of Applicable BSC Objective (d).

6 LEGAL TEXT TO GIVE EFFECT TO THE MODIFICATION

Proposed Modification P117 requires changes to Sections P of the Code. A summary of the changes is given below and a detailed red lined version of the legal text is included in Annex 3.

Section P (version 8.0): Changes are required to Section P6 to allow the adjustments agreed by the Panel to be carried out by either an Extra-Settlement Determination or by a Post-Final Settlement Run.

The legal drafting included with this report is drafted against the version of the Code current on the date of the Panel meeting (13 March 2003). The legal drafting was checked against all Modifications that had been approved by the Authority on the date of the Panel meeting, including those that have not yet been implemented. If the baseline of the Code changes prior to implementation of P117, or if other Modification Proposals are to be implemented at the same time as P117, the legal text may need to be amended.

7 ASSESSMENT

The proposed changes are of a minor and inconsequential nature, and have no impact on any systems or processes other than BSCCo local work instructions (LWI).

During the Initial Assessment of P117, the following minor impacts on BSCCo's procedures and systems were identified:

- The LWI of the P6 team will need to be updated to reflect the change in the rectification process for claims upheld under Section P6 of the Code; and
- Should the Extra-Settlement Determinations for claims upheld under Section P6 be carried out outside to the usual Settlement systems, BSCCo will need to ensure that the data is retained for audit purposes. This may require changes to LWIs and may require additional work from the Service Delivery team in BSCCo;

Additional issues that were highlighted during the Initial Assessment are:

- Allowing the use of Extra-Settlement Determinations is consistent with the approach taken for Trading Disputes. In deciding whether an Extra-Settlement Determination can be used the Panel will need to be assured of the relative accuracy of this approach and the potential effect on BSC Party liabilities if PNE claims are settled under an Extra-Settlement Determination;
- Parties, Party Agents and BSC Agents will be required to retain any data relevant to claims made under Section P6 of the Code so that an Extra-Settlement Determination can be carried out. This has been considered as part of P107 'Data Retention Requirements for Post-Final Trading Disputes' (P107). The P107 Modification Report (Reference 3) will be presented to the Panel on 13 March 2003. The P107 legal text proposes that PNE claims are excluded from the normal data retention requirements.

The above issues were discussed when the Initial Written Assessment was presented to the Panel on 13 February 2003. The Panel was satisfied with the responses provided to address these issues and recommended that the Proposed Modification P117 should be made.

The Panel also agreed that the proposed Implementation Date for P117 should be 15 Business Days after an Authority determination. The rationale for this Implementation Date is:

- P117 requires changes to the Code and to other BSCCo documentation, therefore the changes must be logged and reviewed by BSCCo before being issued, and 10 Working Days are given for this; and
- Under BSC Procedure 40 'Change Management' all BSC Party Change Administrators must be notified of the change to the Code 5 Working Days prior to the Implementation Date.

8 SUMMARY OF REPRESENTATIONS

The draft Modification Report was issued for consultation on 19 February 2003 with responses due back on 3 March 2003. Seven responses were received representing 16 BSC Parties and 1 non BSC Party:

- All responses supported the recommendation that the Proposed Modification should be made, except for 1 response (1 BSC Party) which had no comment;
- Four responses (14 BSC Parties) supported the legal drafting, whilst 2 responses made no comment. One response did not support the legal drafting and suggested changes. The issue raised is addressed below;
- Three responses (13 BSC Parties) supported the recommended Implementation Date, whilst 3 responses made no comment. One response raised an issue and this is addressed below;

The views expressed in the responses are summarised below:

Respondent	No. BSC Parties Represented	No. non BSC Parties Represented	Agree with Recommendations	Agree with Legal Drafting	Agree with Implementation Date
SEEBOARD	1	-	✓	✓	X
Aquila Networks	1	-	No comment	No Comment	No comment
Scottish and Southern	4	-	✓	✓	✓
Scottish Power	6	-	✓	✓	✓
British Gas Trading	1	-	✓	X	No Comment
IMServ	-	1	✓	No Comment	No Comment
British Energy	3	-	✓	✓	✓
TOTAL (7)	16	1	6 (15+1)	4 (14)	3 (13)

Annex 2 of this Modification Report contains a summary of the responses and copies of the actual responses received. A summary of the arguments and issues raised in the responses is given below.

8.1 Arguments Supporting the Panel Recommendations

The following arguments were raised in the consultation responses, in support of the Panel recommendation that the Proposed Modification be made:

- Two respondents believed that the Proposed Modification made the rectification of PNEs consistent with other Trading Disputes;

- Two respondents agreed that the additional flexibility that P117 would introduce to the process of rectification of PNEs, would promote efficiency in the trading arrangements therefore better facilitating the achievement of Applicable BSC Objective (d);
- One respondent believed that P117 would ensure that Post Final Settlement Runs involving other Trading Disputes would not be unduly delayed; and

therefore P117 would better facilitate the achievement of the Applicable BSC Objective (d).

8.2 Issues Raised During Consultation

Although all the responses supported making the Modification Proposal P117, the following concerns were raised:

- Three responses noted that when reaching a decision on how the PNE claims should be rectified the Panel should consider carefully the associated costs/impacts of performing a Post-Final Settlement Run or an Extra-Settlement Determination. One respondent agreed with the additional flexibility of using an Extra-Settlement Determination, but preferred the Post-Final Settlement Run approach. A Post-Final Settlement Run will provide more accurate outputs than an Extra-Settlement Determination as the Settlement Administration Agent will be utilising the same process as that performed for a timetabled Settlement Run;
- Two responses noted that the impact of other outstanding data errors such as those agreed by SVG should be considered, and the fact that it may be cost-effective to delay these Post-Final Settlement Runs in order that all outstanding errors can be calculated together in a central single Post-Final Settlement Run. It should be noted that this issue was discussed by the TDC at their meeting on 28 February 2003 and it was agreed that all Post-Final Settlement Runs should be postponed until October 2003. The TDC also agreed that this date would be subject to review once the PNE process has progressed further; and
- One response questioned whether there is any interaction between P107 and P117. P107 will have no impact on the implementation of P117. P107 will be presented to the Panel on 13 March 2003 with a provisional recommendation that it be made. P107 addresses the timescales associated with processing Trading Queries/Trading Disputes following the Post-Final Settlement Run and in addition seeks to specify data retention and data transfer requirements. P107 specifically excludes data related to PNEs, refer to paragraph U1.6.4(a) of the P107 legal drafting. It should be noted that Section P6.4.4 of the Code, as introduced by P37, specifies that the Party raising the claim, any relevant Contract Trading Party and the relevant Volume Allocation Agent must provide evidence to support the claim.

8.3 Legal Text Issues

- One respondent believed there was an inconsistency between the description of the modification in the draft Modification Report and the legal drafting. The draft Modification Report has been amended to reflect the correct intent of the Modification Proposal, see section 4. The respondent is happy with the changes made.
- One response suggested that rectification of all PNEs should be mechanistic in that it should obligate the use of a Post-Final Settlement Run in all instances and only if it is not possible to undertake a Post-Final Settlement Run that an Extra-Settlement Determination should be directed. The respondent believed that this should be mandated in the legal drafting. BSCCo believe that no change is required to the legal drafting. Should the PNE claims need a Post-Final Settlement Run

or an Extra-Settlement Determination for rectification of errors, the Panel will determine which is the most appropriate method. It is envisaged that all PNE claims that fall outside of the Settlement Calendar will be rectified using the same method, however there may be circumstances that are not currently known that will mean that this is not the case. P117 brings Section P6 of the Code in line with the process used for Trading Disputes, introduced under Modification Proposal P61 'Ad Hoc Adjustments to Settlement involving material errors without resorting to Ad Hoc Settlement Runs' (P61).

8.4 Implementation Date Issues

The following issue was raised in the consultation responses with respect to the proposed Implementation Date for P117:

- The Implementation Date and the time needed by BSCCo to implement the changes was questioned. It should be noted that 15 Business Days is the preferred time required by BSCCo for documentation only changes, see section 7 for the rationale for this.

8.5 Panel Discussion of Representations

At the Panel meeting of 13 March 2003, the arguments raised in the consultation responses were presented.

[Insert details of any Panel discussions relating to the consultation responses]

ANNEX 1 COST SUMMARY

Any costs associated to the implementation of P117 will relate to the physical changes to the Code and issuing of the documentation, along with the application of a contingency test to all Pending Modification Proposals.

ANNEX 2 REPRESENTATIONS

A2.1 Summary of Representations

The draft Modification Report was sent out for consultation on 19 February 2003 with responses due back on 3 March 2003. The table below gives a summary of the responses and the actual responses received are attached below.

	Responses	BSC Parties	Non BSC Parties
Support recommendations	6	15	1
Do not support recommendations	0	0	0
No Comment	1	1	0
Total	7	16	1

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties	No. non BSC Parties	Proforma
1	SEEBOARD	P117_DR_001	1		
2	Aquila Networks	P117_DR_002	1		Response was not on the proforma issued for consultation responses
3	Scottish and Southern	P117_DR_003	4		
4	Scottish Power	P117_DR_004	6		
5	British Gas Trading	P117_DR_005	1		Response was not on the proforma issued for consultation responses
6	IMServ	P117_DR_006		1	
7	British Energy (late response)	P117_DR_007	3		

A2.2 Detailed Responses

P117_DR_001 – SEEBOARD

Respondent:	Dave Morton
No. of BSC Parties Represented	1
BSC Parties Represented	SEEBOARD Energy Limited
No. of Non BSC Parties Represented	0
Non BSC Parties represented	
Role of Respondent and Parties represented	Supplier

Q	Question	Response	Rationale
1	Do you agree with the Panel's views on P117 and the provisional recommendation to the Authority contained in the draft Modification Report that P117 should be made? Please give rationale.	Yes	Without this proposal administration for past notification errors will differ from other activities. This change ensures a consistent approach and should, therefore, better facilitate BSC objectives as it simplifies BSC administration.
2	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P117? Please give rationale.	No	Given minor nature of this proposal there does not seem to be a need to wait 10 days if a decision to accept this modification is made by the Authority.
4	Do you believe that there are any impacts that have not been highlighted? If yes please give details.	No	
5	Are there any further comments on P117 that you wish to make?	No	

P117_DR_002 – Aquila Networks

THE RESPONSE RECEIVED WAS NOT IN THE FORMAT OF THE PROFORMA THEREFORE THE FOLLOWING ASSUMPTIONS HAVE BEEN MADE AS TO HOW THE RESPONDENTS VIEWS SHOULD BE PRESENTED.

Respondent:	Rachael Gardener
No. of BSC Parties Represented	1
BSC Parties Represented	Aquila Networks

Q1 : No Comment

Q2: No Comment

Q3 : No Comment

Q4 : No Comment

Q5: No Comment

THESE HAVE BEEN VERIFIED WITH THE RESPONDENT AND THEY HAVE INDICATED THAT THEY ARE HAPPY WITH THE INTERPRETATION.

THE ACTUAL RESPONSE RECEIVED IS GIVEN BELOW:

Please find that Aquila Networks Plc response to P117 Consultation on draft Modification Report is 'No Comment'.

regards

Rachael Gardener

Deregulation Control Group & Distribution Support Office
AQUILA NETWORKS

P117_DR_003 – Scottish and Southern Energy plc

Respondent:	Garth Graham
No. of BSC Parties Represented	4
BSC Parties Represented	Scottish and Southern Energy plc, Southern Electric, Keadby Generation Ltd, SSE Energy Supply Ltd
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent and Parties represented	

Q	Question	Response	Rationale
1	Do you agree with the Panel's views on P117 and the provisional recommendation to the Authority contained in the draft Modification Report that P117 should be made? Please give rationale.	Yes	As this is basically a housekeeping Modification which the Panel has noted will have no impact on any Party or BSC System it seems a sensible proposition.
2	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P117? Please give rationale.	Yes	If Modification Proposal P117 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in Section 1.1 of the Modification Report.
4	Do you believe that there are any impacts that have not been highlighted? If yes please give details.	No	
5	Are there any further comments on P117 that you wish to make?	No	We have no further comments to make.

P117_DR_004 – Scottish Power

Respondent:	Name John W Russell (SAIC Ltd)
No. of BSC Parties Represented	6
BSC Parties Represented	Scottish Power UK plc; ScottishPower Energy Trading Ltd.; Scottish Power Generation plc; ScottishPower Energy Retail Ltd.; SP Transmission plc; SP Manweb plc.
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent and Parties represented	Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent

Q	Question	Response	Rationale
1	Do you agree with the Panel's views on P117 and the provisional recommendation to the Authority contained in the draft Modification Report that P117 should be made? Please give rationale.	Yes	<i>It is appropriate to allow sufficient flexibility in the rectification of Past Notification Errors (PNEs) in Settlement. Allowing PNEs to be resolved through Extra-Settlement Determination promotes efficiency in the trading arrangements and ensures that Post-Final Settlement Runs involving other Trading Disputes are not unduly delayed until all relevant PNE claims have been resolved.</i>
2	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	<i>The draft legal text is appropriate for this change</i>
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P117? Please give rationale.	Yes	<i>The proposed implementation timescale of 15 Business Days after an Authority decision is appropriate to allow the relevant documentation changes to be made.</i>
4	Do you believe that there are any impacts that have not been highlighted? If yes please give details.	No	<i>We don't believe that there are further impacts which have not already been highlighted.</i>
5	Are there any further comments on P117 that you wish to make?	No	<i>No further comments.</i>

P117_DR_005 – British Gas Trading

Respondent:	Mark Manley
No. of BSC Parties Represented	1
BSC Parties Represented	BGT

Q1: YES

Q2: NO (see below)

Q3: No views expressed

Q4: No views expressed

Q5: See response received

THESE HAVE BEEN VERIFIED WITH THE RESPONDENT AND THEY HAVE INDICATED THAT THEY ARE HAPPY WITH THE INTERPRETATION.

THE ACTUAL RESPONSE RECEIVED IS GIVEN BELOW:

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P117. British Gas Trading (BGT) conditionally agrees with the Panel's provisional recommendation supporting the Modification Proposal as the improved efficiency of the process can be seen to better facilitate Applicable BSC Objective (d). The conditional support relates to an inconsistency between the draft modification report and the Modification Proposal and the effect of the legal text.

BGT do not believe that the draft modification report is consistent with the Modification Proposal. The draft modification report proposes to allow the Panel the power to direct an Extra-Settlement Determination (ESD) after a Post-Final Settlement Run (PFSR) has taken place. The legal text as drafted allows for the use of either method of correction rather than both to rectify an endorsed claim. Whilst BGT agree that both methods of correction should be available for rectification of any upheld claims we do not believe this decision should be taken by the BSC Panel or the Past Notification Error Committee. The decision process should be mechanistic in that it should obligate the use of a PFSR in all instances and only if it is not possible to undertake a PFSR then an ESD should be directed. BGT believe the legal text should reflect this and should be amended to remove any discretion from the BSC Panel. Furthermore BGT believe to achieve a consistent approach to rectification all claims that are endorsed should be corrected in a uniform manner, whether that be via a PFSR or ESD.

On the basis of any of the P6 claims being upheld and corrective action being required BGT support the use of a PFSR as opposed to an ESD. A PFSR will provide more accurate outputs than an ESD as the Settlement Administration Agent will be utilising the same process as that performed for a timetabled Settlement Run. Whereas an ESD will be a manual calculation based upon estimated inputs, which will naturally include a margin of error. The only caveat to this preference being that performing a Post-Final Settlement Run must be a cost efficient process to administer.

BGT note with concern that the Supplier Volume Allocation Group (SVG) has made a recommendation to the Trading Disputes Committee (TDC) that they endorse the running of **PFSR for Settlement Days** in March and April 2001. BGT are aware that there are P6 claims relating to the first few Settlement Days under NETA. Assuming the TDC endorses the SVG recommendation, BGT seek assurances that this process will not undermine the ability to process any P6 claims that are upheld via a Post-Final Settlement Run. If these assurances are not forthcoming then BGT would oppose any PFSR being undertaken until the PNE process is complete.

Yours faithfully

Mark Manley
Contract Manager

P117_DR_006 – IMServ

Respondent:	Carmen Page
No. of BSC Parties Represented	
BSC Parties Represented	IMServ Europe Ltd
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent and Parties represented	<i>HHDA, HHDC, HHMOP, NHHDA, NHHDC, NHHMOP</i>

Q	Question	Response	Rationale
1	Do you agree with the Panel's views on P117 and the provisional recommendation to the Authority contained in the draft Modification Report that P117 should be made? Please give rationale.	Yes	As long as this is implemented in line with modification P107.
2	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes / No	None submitted
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P117? Please give rationale.	Yes / No	None submitted
4	Do you believe that there are any impacts that have not been highlighted? If yes please give details.	Yes / No	We have assumed there is no impact above that of P107 – is this correct?
5	Are there any further comments on P117 that you wish to make?	Yes / No	Could this be combined with P107 or have we misunderstood this?

P117_DR_007 – British Energy (late response)

Respondent:	<i>Martin Mate</i>
No. of BSC Parties Represented	3
BSC Parties Represented	<i>British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, Eggborough Power Ltd.</i>
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent and Parties represented	<i>Supplier/Generator/Trader/Consolidator/Exemptable Generator/Party Agent)</i>

Q	Question	Response	Rationale
	Do you agree with the Panel's views on P117 and the provisional recommendation to the Authority contained in the draft Modification Report that P117 should be made? Please give rationale.	Yes	Whilst agreeing with the Panel that calculation of materiality of any successful claims under Section P6 should in principle be treated consistently with other errors requiring calculation after the Final Reconciliation Run using either the Post-Final Settlement Run or Extra-Settlement Determination, this should not be interpreted as agreement that an Extra-Settlement Determination should be used.
	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P117? Please give rationale.	Yes	As good as any.
	Do you believe that there are any impacts that have not been highlighted? If yes please give details.	No	None identified in the time available.

Q	Question	Response	Rationale
	Are there any further comments on P117 that you wish to make?	Yes	The Panel should consider carefully the relative costs of using the Post-Final Settlement Run or an Extra-Settlement Determination to calculate amounts due under any successful P6 claim. The impact of other outstanding data errors (EAC/AA and other meter data errors affecting individual imbalances and cashflow reallocation etc) should be considered, and it may be cost-effective to delay the Post-Final Settlement Run in order that all outstanding errors can be calculated together in a central settlement calculation. The impact on participant systems and processes should be considered. The full cost of calculating and verifying amounts by Extra-Settlement Determination should not be underestimated.

ANNEX 3 LEGAL TEXT

See attached document (P117 Legal drafting v2).