



DECEMBER 2002

Requirements Specification

MODIFICATION PROPOSAL P110

**Nullification of Volume Notifications where no
Notification Authorisations are in place**

Prepared by the Settlement Standing Modification Group

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b Distribution

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

c References

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|------|---|--------|------------|---------|
| 1 | Modification Proposal P110 | | 04/11/02 | 1.0 |
| 2 | P110 Initial Written Assessment (P110IR) | ELEXON | 08/11/02 | 1.0 |
| 3 | CP888 'ECVNA Authorisation Terminations Effective on Receipt' | ELEXON | 15/11/02 | 1.0 |

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1 INTRODUCTION

1.1 Scope

The purpose of this document is to identify the requirements for implementation of Modification Proposal P110 'Nullification of Volume Notifications where no Notification Authorisations are in place ' (P110). It is intended that this document be used as a basis for responding to the high level impact assessment.

This document sets out the interpretation of the Modification Proposal and the issues considered by the Settlement Standing Modification Group (SSMG) during its assessment of the Modification Proposal. It also details the different implementation methods possible and seeks to identify the cost and impacts for the different methods. These costs and timescales will enable the SSMG to agree on the implementation method and discuss whether P110 better facilitates the Applicable BSC Objectives.

The high level impact assessment seeks to identify all BSC Agent and ELEXON costs and timescales associated with the change, the impact on documentation, systems and processes and the timescale needed by BSC Parties to implement the change.

BSC Parties, BSC Agents and ELEXON are asked to provide a response by 12:00 on Wednesday 18 December 2002.

1.2 Structure of Document

The document is structured as follows:

- Section 2 provides an overview of the Proposed Modification and the discussions of the SSMG on the implementation method;
- Sections 3 and 4 provide the detailed requirements for market participants and summarises the potential changes to processes, systems and documentation;
- Section 5 details the responses required to the impact assessment;

1.3 Background

AES Drax Power Limited submitted P110 on 4 November 2002 (reference 1). The Initial Written Assessment (IWA), reference 2, was submitted to the Panel at their meeting on 14 November 2002. The Panel agreed to submit P110 to the Assessment Procedure, with an Assessment Report to be presented at the February 2003 Panel meeting.

P110 seeks to provide a mechanism for a BSC Party to nullify their Notifications with another BSC Party, for those Settlement Periods that have not yet passed Gate Closure, if the following conditions are met:

- all the Notification Agent Authorisations (ECVNAA/MVRNAA) with that Party have been terminated; and
- the two Parties cannot agree to establish a new Notification Agent Authorisation.

The Proposer suggests that as there is currently no mechanism for amending contract notifications under these circumstances, one of the two Parties (i.e. the one selling the electricity) would potentially be left with a settlement liability that did not reflect the reality of the contractual relationship between the two Parties. In the case of an 'evergreen' contract notification, which lasts indefinitely, this settlement liability would be potentially unlimited in magnitude.

1.4 Glossary of Terms

The following acronyms have been used throughout this document:

| Acronym | Definition |
|---------|--|
| BSC | Balancing and Settlement Code |
| ECVN | Energy Contract Volume Notification |
| ECVNA | Energy Contract Volume Notification Agent |
| ECVNAA | Energy Contract Volume Notification Agent Authorisation |
| II | Interim Information |
| IWA | Initial Written Assessment |
| MVRN | Meter Volume Reallocation Notification |
| MVRNA | Meter Volume Reallocation Notification Agent |
| MVRNAA | Meter Volume Reallocation Notification Agent Authorisation |
| SSMG | Settlement Standing Modification Group |

2 THE PROPOSED MODIFICATION

P110 seeks to amend Section P of the Code to allow a BSC Party to nullify all outstanding Volume Notifications with another BSC Party, for those Settlement Periods that have not yet passed Gate Closure, if the following conditions are met:

- all the ECVNAA and MVRNAA with that BSC Party / Energy Account have been terminated; and
- the two BSC Parties cannot agree to establish a new ECVNAA or MVRNAA.

The SSMG have agreed that the following additional conditions should be met:

- The process can be triggered either when the last Authorisation between two BSC Party Energy Accounts is terminated, or at any time after that, by either of the two Parties involved;
- P110 should be applied to both ECVN and MVRN and when requested will trigger nullification of outstanding volumes for both MVRN and ECVN ;
- Once the process has been triggered, the BSC Parties involved must be notified as soon as possible; and
- Once the contracts have actually been nullified on the ECVAA system, the existing ECVAA reports will be sent out so BSC Parties can check that the nullification has been carried out correctly.

The SSMG have also discussed several other issues and will use the impact assessment responses to determine how the implementation method for the Modification Proposal will be defined. These issues are:

- When can the process be triggered? 24/7, or only within working hours? This will have cost implications for BSC Agents and potentially for both Parties and BSCCo..
- When exactly does the nullification start, should it be immediately, i.e. the next Settlement Period not to have reached Gate Closure, implying a 24/7 operation or some other time period (see section 3.2.1.3).
- How automated the solution should be. There are several options for automation of the solution and these are detailed in section 3.1 below.

3 REQUIREMENTS

3.1 Requirements Specification Overview

The details of how these requirements are to be implemented in the systems and processes is given below. P110 should apply to both ECVN and MVRN and the associated Authorisations and this should be considered when completing the impact assessment.

The impact assessment response should provide the difference in implementation cost and timescale for the following solutions:

| | Nullification Request Processing | | Nullification of Contract Volumes | | |
|----------|----------------------------------|---------------|-----------------------------------|-----------------------|---------------|
| | Automated Method | Manual Method | Automated Method | Semi-Automated Method | Manual Method |
| Option 1 | ✓ | | ✓ | | |
| Option 2 | ✓ | | | | ✓ |
| Option 3 | | ✓ | | | ✓ |
| Option 4 | | ✓ | ✓ | | |
| Option 5 | | ✓ | | ✓ | |

- Option 1 Fully automated solution, operational on a 24/7 basis for both “nullification requests” and “nullification of notified volumes”;
- Option 2 Partially automated solution, automated 24/7 “nullification request” procedure and manual “nullification of notified volumes” procedure;
- Option 3 Manual solution for both the “nullification request” procedure (operational on a working day basis) and the “nullification of notified volumes” procedure;
- Option 4 Partially automated solution, manual (operational on a working day basis) “nullification request” procedure and automated “nullification of notified volumes” procedure;
- Option 5 Partially automated solution, manual (operational on a working day basis) “nullification request” procedure and semi-automated “nullification of notified volumes” procedure, triggered on a manual basis;

The SSMG’s assessment of P110 indicates that it has a close relationship with CP888 ‘Authorisation Terminations Effective on Receipt’ (reference 3). CP888 is currently the subject of a separate impact assessment.

It would be useful, in so far as possible, if the impact assessment response could highlight the areas and nature of any overlap should CP888 be approved and implemented either with P110 or before P110 is implemented.

3.2 Requirements for BSC Systems and Processes

The following detailed requirements should be considered for the impact assessment of the BSC Systems and processes.

3.2.1 Nullification Request Process

3.2.1.1 *Receive Request for Nullification*

There are two different processes for handling the Nullification Requests depending on whether the solution is automated or manual. The Nullification Request will contain the following information and will only be sent by BSC Parties, and not Notification Agents:

- Party ID, name and Production / Consumption Flag
- Counter Party ID, name and Production / Consumption Flag
- Date and Settlement Period
- Name of Authorised Signatory, Password and Signature (manual only)

Automated Method (Options 1 and 2)

The ECVNAA will receive the Authorisation Termination request (E0021 or E0031) electronically and should process it in accordance with the Service Level requirement that such requests be processed within 1 hour of receipt.

A new electronic data flow will be created for a Nullification Request and this should be processed only if all Authorisations between the two Energy Accounts have been terminated. It is important that in this situation ECVAA ensures that any outstanding Authorisation Termination Requests and Authorisation Requests are processed before rejecting the Nullification Request i.e. requests received prior to the Nullification Request.

Manual Method (Options 3, 4 and 5)

A new form will be added to BSCP 71 'ECVNA and MVRNA Registration, Authorisation and Termination' that should be completed for Nullification Requests. In addition to the fields mentioned previously the form will have a field to indicate if an associated Authorisation Termination has been submitted at the same time.

The Authorisation Termination request will also be amended to add a new field that will be used to indicate if a Nullification Request is associated with the Termination Request. This will aid the ECVAA in processing the Authorisation Termination if the faxes are not received in the correct order.

The Nullification Request should only be processed if all Authorisations (both ECVNAA and MVRNAA) between the two Energy Accounts have been terminated. It is important that in this situation ECVAA ensures that any outstanding Authorisation Termination Requests and Authorisation Requests are processed before rejecting the Nullification Request, i.e. requests received prior to the Nullification Request.

3.2.1.2 *Validate Nullification Request*

In either case on receipt of a Nullification Request, ECVAA should check that all Authorisations (both ECVNAA and MVRNAA) between the two Energy Accounts have been terminated, either by one of the Parties or the Notification Agent. The nullification request does not necessarily have to be received from the same Party as the Authorisation Termination Request.

It is important that in this situation ECVAA ensures that any outstanding Authorisation Termination Requests and Authorisation Requests are processed before rejecting the Nullification Request.

This process is the same for both the automatic and the manual process.

3.2.1.3 Validate "Effective From Date" and Settlement Period

ECVAA will validate the Settlement Date and Settlement Period from when the Nullification will become effective. Nullifications cannot be carried out retrospectively.

The SSMG have not yet agreed on the final solution and the impact assessment should detail the difference in cost and timescale for implementation of the following solutions for when the Nullification should become effective. The effective date and Settlement Period will either be that specified in the request or one of the solutions detailed below:

- Effective from the next Settlement Period for which Gate Closure has not occurred (Automated options only – options 1 and 2);
- Effective in n periods time where n is the number of Settlement Periods for which Gate closure has not occurred (Automated options only – options 1 and 2);
- Effective from the start of the next Settlement Period for which Gate Closure has not occurred in x Business Hours in time, where x is the number of Business Hours from when the nullification Request has been received (all options);

3.2.1.4 Send Nullification Request Feedback

Upon receipt of the Nullification Request the ECVAA will validate the form and will send feedback of the validation to both affected Parties indicating if the Nullification request has been accepted or rejected, and will also detail the Settlement Period from when the Nullification Request will take effect.

The form will contain the following information either as a manual fax or an electronic flow and will be sent to both Parties involved in the nullification process:

- Party ID, name and Production / Consumption Flag;
- Counter Party ID, name and Production / Consumption Flag;
- Requested Date and Settlement Period (from the Nullification Request);
- Actual Nullification Date and Settlement Period;
- Reject / Accept;
- Reason for rejection, this should include details of any outstanding Authorisations that have caused rejection.

Automated Method (Options 1 and 2)

ECVAA would process the Nullification Request and send an electronic feedback to the two Parties involved within 1 hour of the receipt of a Nullification Request, in line with current service level requirements.

Manual Method (Options 3, 4 and 5)

ECVAA would process the Nullification Request and send a manual feedback to the two Parties involved within 1 hour of the receipt of a Nullification Request, in line with current service level requirements, unless the Nullification Request is received outside of Business Hours. Any Nullification Request received outside of Business Hours will be processed and a feedback form sent out at the beginning of the next Business Day.

3.2.2 Process for Nullification of Contract Volumes

3.2.2.1 Nullification of outstanding Notified Volumes

Once the Nullification Request has been processed and accepted ECVAA will need to process all the outstanding notified volumes (both ECVN and MVRN volumes) between the two Parties. There are two different ways of achieving this and these should be assessed separately.

Automated Method (Options 1 and 4)

The ECVAA system will automatically nullify any outstanding notified volumes held on the system between the two Energy Accounts. This should be carried out within the current service level requirements, 1 hour.

Semi-Automatic Method (Option 5)

This method will be predominantly based on the automatic method however it can be triggered manually. It will only be available during working hours and so will be triggered within 1 hour of the receipt of a Nullification Request, in line with current service level requirements, unless the Nullification Request is received outside of Business Hours. Any Nullification Request received outside of Business Hours will be processed at the beginning of the next Business Day.

Once the process has been triggered the ECVAA system will automatically nullify any outstanding notified volumes held on the system between the two Energy Accounts.

Manual Method (Options 2 and 3)

The process for nullifying any outstanding volumes will be carried out manually in the ECVAA systems and will need to be carried out before the Interim Information Settlement Run. Please indicate in your response if it would be possible to complete this earlier.

3.2.2.2 Feedback new Notified Position

Once the nullification of notified volumes has been carried out both Parties should be informed of their new notified position. This will be achieved by sending an extended version of the Forward Contract Report to the Parties involved in the process.

Automated Method (Options 1, 4 and 5)

A version of the Forward Contract Report (ECVAA-I022 sub flow 1) will be issued to the two Parties involved in the nullification process. The report will show the new notified position of the Parties once the nullification has been carried out and will cover the period from Actual Nullification Start Date and Settlement Period to the last Settlement Period that was nullified. In the case of long term contracts this should show a maximum of 3 years data.

Manual Method (Options 2 and 3)

Once the nullification of notified volumes has been carried out for a Settlement Day a new Notification Report (ECVAA-I014) will be triggered to both Parties for the Settlement Day in question. This will need to be carried out for each Settlement Day that is retrospectively changed.

3.3 Requirements for Party Systems and Processes

The following detailed requirements should be considered for giving changes to BSC Party systems and processes.

3.3.1 Nullification Request Process

3.3.1.1 Send Request for Nullification

There are two different processes for handing the Nullification Requests depending on whether the solution is automated or manual. The Nullification Request will contain the following information and will only be sent by BSC Parties, and not Notification Agents:

- Party ID, name and Production / Consumption Flag
- Counter Party ID, name and Production / Consumption Flag
- Date and Settlement Period
- Name of Authorised Signatory, Password and Signature (manual only)

Automated solution (Options 1 and 2)

The Party will send the Authorisation Termination request (E0021 or E0031) electronically (assuming implementation of the functionality described within CP888).

A new electronic data flow will be created for a Nullification Request and this should be sent to ECVA. Parties should note that any nullification request that is sent in conjunction with an Authorisation Termination Request should be sent after the Authorisation Termination Request.

Responses should indicate the timescales for P110 combined with CP888 and also the incremental timescales should CP888 be implemented separately to P110.

Manual solution (Options 3, 4 and 5)

A new form will be added to BSCP 71 'ECVNA and MVRNA Registration, Authorisation and Termination' that should be completed by Parties for Nullification Requests. In addition to the field mentioned previously the form will have a field to indicate if an associated Authorisation Termination has been submitted at the same time.

If this process is manual the current Authorisation Termination request form will be altered to add a new field that will be used to indicate if a Nullification Request is associated with the Termination Request. This will aid the ECVA in processing the Authorisation Termination Request if the faxes are not received in the correct order from the Party requesting the Termination Request.

3.3.1.2 Send Nullification Request Feedback

Upon receipt of the Nullification Request the ECVA will validate the form and will send feedback of the validation to both affected Parties indicating if the Nullification request has been accepted or rejected, and will also detail the Settlement Period from when the Nullification Request will take effect. Parties should be capable of receiving and taking any necessary action on receipt of this form.

The form will contain the following information either as a manual fax or an electronic flow and will be sent to both Parties involved in the nullification process:

- Party ID, name and Production / Consumption Flag;
- Counter Party ID, name and Production / Consumption Flag;
- Requested Date and Settlement Period (from the Nullification Request);
- Actual Nullification Date and Settlement Period;
- Reject / Accept;
- Reason for rejection, this should include details of any outstanding Authorisations that have caused rejection.

Automated solution (Options 1 and 2)

Both Parties involved in the nullification process will receive electronic copies of the new data flow.

Manual solution (Options 3, 4 and 5)

Both Parties involved in the nullification process will manually receive copies of the Nullification Request Feedback form.

3.3.2 Process for Nullification of Contract Volumes

3.3.2.1 Receive Feedback new Notified Position

Once the nullification of notified volumes has been carried out both Parties will be informed of their new notified position.

Automated Solution (Options 1, 4 and 5)

Parties will receive a copy of the Forward Contract Report (ECVA-I022 sub flow 1) to indicate their new position. The Party should be capable of loading this report and processing their new overall position.

Manual Process (Options 2 and 3)

Parties should be aware that should the ECVAA treat this as a manual process the nullifications will be carried out retrospectively and this will mean that the Forward Contract Report will no longer accurately reflect the position of the Party until all the nullifications have taken place.

Parties should indicate if this will have an adverse impact on their systems and processes.

3.4 Requirements for BSCCo Systems and Processes

No additional requirements on BSCCo systems and processes have been identified. However the impact assessment should indicate if there are any potential impacts that have not been identified.

4 OTHER CHANGES REQUIRED

This section defines amendments to industry systems, processes and documentation not already identified in the previous sections.

It also identifies the documentation that requires amendment as a result of the implementation of P110 with a brief summary of the potential changes. Impact assessment responses should indicate if there are further changes necessary that have not been highlighted by the SSMG.

4.1 The Code

P110 seeks to change Section P of the Code to allow ECVN and MVRN to be nullified if the Authorisation (either Energy Contract Volume or Meter Volume Reallocation) between the two Parties has been terminated.

There is potentially an effect on section W as process for handling Trading Disputes may need to be introduced.

4.2 Core Industry Documents

It is not expected that P110 will impact any Core Industry Documents however impact assessment responses should indicate if there are any potential impacts.

4.3 Code Subsidiary Documents

The following BSC Procedure is expected to be impacted however, the impact assessment response should highlight any other documents that are potentially impacted.

- BSCP 71 'ECVNA and MVRNA Registration, Authorisation and Termination' will be impacted to detail the procedure for handling the new process and will include the new forms necessary for Nullification Requests.

4.4 Other Configurable Items

- NETA Data File Catalogue may be impacted if the flows are to be changed, this could also have a potential impact on the Interface and Definition Document (IDD).
- There will be an impact on the BSC Central Service Agent ECVAA System documentation, the necessary changes should be detailed in the impact assessment response.
- Any other documents owned by the Transmission Company or by the BSC Central Service Provider that may be affected should be detailed in the impact assessment response.

5 RESPONSES REQUIRED

The following responses are required to the impact assessment:

5.1 BSC Agent Response

Please indicate the cost and timescale for implementation of options 1 to 5 detailed within section 3 of this document.

The SSMG's assessment of P110 indicates that it has a close relationship with CP888 'Authorisation Terminations Effective on Receipt' (reference 3). CP888 is currently the subject of a separate impact assessment.

It would be useful, in so far as possible, if the impact assessment response could highlight the areas and nature of any overlap should CP888 be approved and implemented either with P110 or before P110 is implemented.

Additionally please indicate if it is possible to implement the manual process for nullifying any outstanding volumes within the ECVAA systems earlier than the II Settlement Run (see section 3.2.2.1).

Please indicate if you believe that there are other changes needed to other configurable items that have not been identified within this document.

5.2 BSC Party / Party Agent Response

Please indicate the timescale for implementation of options 1 to 5 detailed within section 3 of this document and details of any impact on Party systems and processes.

The SSMG's assessment of P110 indicates that it has a close relationship with CP888 'Authorisation Terminations Effective on Receipt' (reference 3). CP888 is currently the subject of a separate impact assessment.

It would be useful, in so far as possible, if the impact assessment response could highlight the areas and nature of any overlap should CP888 be approved and implemented either with P110 or before P110 is implemented.

| | Timescale | Impact on systems and processes |
|----------|-----------|---------------------------------|
| Option 1 | | |
| Option 2 | | |
| Option 3 | | |
| Option 4 | | |
| Option 5 | | |

Please indicate if you believe that a manual process for nullifying notified volumes will have an adverse effect on party systems and processes and give rationale for this view (see section 3.3.3).

Please also indicate if you believe that there are any other impacts or requirements that have not been highlighted in this document.

5.3 BSCCo Response

Please indicate if you believe that implementation of P110 will have any impact on your departmental systems and processes. Please give costs and timescales for these changes.

Please indicate if you believe there are changes to the Code, Code Subsidiary Documents or other configurable items that have not been identified within this requirements specification. Please give timescales for changes to the documentation.

The SSMG's assessment of P110 indicates that it has a close relationship with CP888 'Authorisation Terminations Effective on Receipt' (reference 3). CP888 is currently the subject of a separate impact assessment.

It would be useful, in so far as possible, if the impact assessment response could highlight the areas and nature of any overlap should CP888 be approved and implemented either with P110 or before P110 is implemented.

5.4 Core Industry Document Owners

Please indicate if you believe there is any impact on the Core Industry Documents. If no response is received it is assumed that there is no impact.

The SSMG's assessment of P110 indicates that it has a close relationship with CP888 'Authorisation Terminations Effective on Receipt' (reference 3). CP888 is currently the subject of a separate impact assessment.

It would be useful, in so far as possible, if the impact assessment response could highlight the areas and nature of any overlap should CP888 be approved and implemented either with P110 or before P110 is implemented.