

Redlined BSCP201 text for CP1504 ‘Amend BSCP201’s references to dual/single pricing following implementation of P305’.

This CP proposes changes to BSCP201 in sections 1.1.1c-e, 1.1.2, 1.2.1, 1.2.2, 1.2.4, 1.2.5, 1.2.7, 1.3, 1.6.2, 2.1, 2.2, 3, 3.3, 3.4, Attachment One Section 2A and 2C.

We have redlined these changes against Version 3.0.

Amend section 1.1.1c-e as follows:

1.1.1 Black Start Event

c) What happens if there is a Market Suspension Period?

Normal BSC market operations will be suspended for the duration of the Market Suspension Period. This includes:

- Suspending the operation of the Balancing Mechanism (including the submission and acceptance of Bids and Offers);
- Suspending the notification of contract volumes (Energy Contract Volume Notifications and Metered Volume Reallocation Notifications);
- Suspending the calculation of Energy Indebtedness, and thereby Parties' credit positions; and
- Suspending the normal imbalance pricing calculations and applying a Contingency Imbalance Price (as defined in Section 1.6 of this BSCP)~~single imbalance cash-out price (i.e. a System Buy Price and a System Sell Price which have identical values)~~ to all Parties' Metered Volumes.

All generators will be despatched by the Transmission Company for the duration of the Market Suspension Period. All instructions given by the Transmission Company to Grid Code Users during the Market Suspension Period will be deemed to be Emergency Instructions under the Grid Code (unless the Transmission Company specifies otherwise) and will represent black start instructions as defined in BSC Section G3. The Lead Party of any BM Unit which receives a black start instruction will be eligible to claim a black start compensation amount under the BSC, regardless of whether or not the BM Unit relates to a Black Start Station.

The Market Suspension Period and the Black Start Period will both end, and normal BSC market operations will resume, at a point determined by the BSC Panel after consultation with the Transmission Company (this will be some time after the restoration of the Total System under the Grid Code, so that participants can prepare for a return to normal BSC market operations).

d) What happens if there is no Market Suspension Period?

Normal BSC market operations (including the Balancing Mechanism, the submission of contract notifications, credit positions and the normal dual-imbalance pricing calculation~~cash-out prices~~) will continue.

Only those instructions issued by the Transmission Company in accordance with Balancing Code (BC) 2.9.1.2(e)(i) of the Grid Code¹ shall represent black start instructions as defined in BSC Section G3. The Lead Party of any BM Unit which receives such a black start instruction will be eligible to claim a black start compensation amount under the BSC.

¹ The need to invoke the Black Start process or the Re-Synchronisation of De-Synchronised Island process in accordance with Grid Code OC9.

The following instructions from the Transmission Company will be deemed to be Emergency Instructions under the Grid Code and black start instructions as defined in BSC Section G3:

- Any instructions to Black Start Stations and to Network Operators which are part of an invoked Local Joint Restoration Plan (unless the Transmission Company specifies otherwise); and
- In Scotland, any instructions to Gensets that are not at Black Start Stations, but which are part of an invoked Local Joint Restoration Plan and are instructed in accordance with the provisions of that Local Joint Restoration Plan.

The Transmission Company may issue other types of Emergency Instructions to other Grid Code Users. Where these are issued in accordance with Grid Code BC2.9.1.2(e)(i), they shall represent black start instructions as defined in BSC Section G3. Otherwise they shall not represent black start instructions and the normal Grid Code, BSC and CUSC provisions for these Emergency Instructions shall apply.

The Transmission Company will also continue to issue Bid Offer Acceptances (BOAs). These will not represent black start instructions, and the normal Grid Code and BSC provisions for BOAs shall apply.

The Black Start Period will end when the Transmission Company determines that the Total System has returned to normal operation under the Grid Code.

e) What is the black start compensation amount?

The Lead Party of any BM Unit which is given a black start instruction during a Black Start Period may submit a claim for a black start compensation amount.

The black start compensation amount is:

- The Lead Party's Avoidable Costs; minus
- The imbalance charges received, or reduction in imbalance charges paid, for the black start compensation volume.

Avoidable Costs are the amount of net costs of operating the BM Unit which would not have been incurred but for the black start instruction.

The black start compensation volume is the net change in the BM Unit's Exports or Imports resulting from the Lead Party's compliance with the black start instruction.

The calculation for determining the amount of imbalance charges to deduct from the Lead Party's Avoidable Costs will be based on the ~~relevant Contingency~~ ~~single~~ Imbalance Price(s) for any Settlement Periods which fall within a Market Suspension Period (when all contract positions are zero).

If, for any Settlement Periods which fall within a Black Start Period but not within a Market Suspension Period, the BM Unit is the subject of a Metered Volume Reallocation Notification, the calculation takes account of the imbalance charges incurred/paid by both the Lead Party and the Subsidiary Party(ies) and is based on the relevant ~~dual~~ imbalance prices and the Parties' contract positions. The compensation is claimed by the Lead Party and any

redistribution of funds between the Lead Party and Subsidiary Party(ies) is outside the BSC arrangements.

The terms “black start instruction”, “black start compensation amount” and “black start compensation volume” are defined in BSC Section G3. BSC Section G2 sets out what is included in, and excluded from, Avoidable Costs.

This BSCP provides a claims process for black start compensation amounts incurred as a result of black start instructions.

Amend section 1.1.2 as follows:

1.1.2 Fuel Security Code Event

A Fuel Security Code (FSC) event occurs when the Secretary of State exercises his powers under sections 34 and 35 of the Electricity Act 1989, to direct power stations or the Transmission Company to operate in specific ways (for example a power station with a particular fuel could generate more or less energy in order to balance the electricity grid, rather than a power station which would otherwise provide that service). A FSC ‘direction’ can be issued to one or multiple participants and a single FSC direction or several distinct FSC directions can be issued over the course of an event.

In a FSC event Generators (or the recipient of instructions from the Secretary of State) can claim Exceptional Costs. With this in mind, the BSC states that the FSC provisions supersede that of the BSC, and a BSC Party will not be in breach of the BSC for following a FSC direction.

Generally (but not always), the Secretary of State issues instructions via the Transmission Company, who informs the relevant BSC Party. However, there is no means for BSCCo to be aware of FSC directions as the Secretary of State does not provide information on FSC directions to BSCCo.

To avoid a BSC Party being placed in default if they have defaulted as a direct consequence of a FSC direction, the BSC Party must notify BSCCo. BSCCo will not be liable for actions relating to any incomplete information. Additionally the Transmission Company will use its discretion to inform BSCCo that a FSC direction has been issued to a BSC Party.

This BSCP does not contain provisions for a situation where a Fuel Security Code event could disrupt normal market operations. However, when BSC Section G 4.1 applies, the Secretary of State, after consultation with the Authority, can authorise that a Contingency ~~single~~ Imbalance ~~Price~~ shall ~~to~~ apply for a determined period (BSC Section G 4.2) and can authorise historic limits on balancing mechanism prices (BSC Section G 4.3). The Secretary of State can also authorise a revision or reduction of the Credit Assessment Price (BSC Section G 4.4). Refer to BSC Section G 4 for further details.

In the case of a FSC event, an application can be made by the Lead Party of a BM Unit who has received a direction from the Secretary of State (or, if empowered by the Secretary of State to do so, the Transmission Company) for exceptional costs arising from that direction either in anticipation of a Fuel Security Event period (if the direction does not specify the date of commencement of a Fuel Security Event period, or such date is in the future, or such date is subsequently rescinded before it is reached) or during a Fuel Security Event period.

An application for compensation can only be made for 'Exceptional Costs' (as defined in the FSC) actually incurred (i.e. no advance payments). This BSCP provides a claims process for Exceptional Costs incurred as a result of a FSC instruction.

Amend section 1.2.1 as follows:

1.2.1 BSCCo

BSCCo shall:

- Communicate that a Total Shutdown or Partial Shutdown exists and that the Transmission Company intends to implement a Black Start;
- Determine and communicate the Settlement Period and Settlement Day representing the start of the Total Shutdown or Partial Shutdown, and therefore of the Black Start Period;
- Determine and communicate the Settlement Period and Settlement Day representing the start of any Market Suspension Period, and therefore of the suspension of normal BSC market operations;
- Where there is a Market Suspension Period, communicate the Settlement Period and Settlement Day from which the BSC Panel has determined that normal BSC market operations shall resume (and that the Settlement Period immediately before this shall be the end of the Market Suspension Period and of the Black Start Period);
- Where there is no Market Suspension Period, determine and communicate the Settlement Period and Settlement Day representing the end of the Black Start Period;
- Communicate the status of the Transmission System during a Black Start Period;
- Communicate the status of the BSC Systems during a Black Start Period;
- Provide administrative assistance to the BSC Panel;
- Provide administrative assistance to the Claims Committee;
- Calculate (for the determination and approval of the Panel), in accordance with BSC Section T1.7, the ~~Contingency~~~~single~~ Imbalance ~~P~~price(s) that shall apply during a Market Suspension Period;
- Publish the total amount (£) claimed for and the total amount (£) approved by the Claims Committee; and
- Inform BSC Parties of the time and method of cost recovery.

Amend section 1.2.2 as follows:

1.2.2 Transmission Company

The Transmission Company shall:

- Determine and notify BSCCo that a Total Shutdown or a Partial Shutdown exists and that it intends to implement a Black Start under the Grid Code;
- Determine and inform BSCCo of the time and date from which the Total Shutdown or Partial Shutdown commenced;
- Monitor the Market Suspension Threshold during a Partial Shutdown in accordance with BSC Section G3 and, if applicable, notify BSCCo of the time and date on which the Market Suspension Threshold was met;
- Inform BSCCo of the operation of the Transmission System during a Black Start Period;
- Advise the BSC Panel (if there is a Market Suspension Period) or BSCCo (if there is no Market Suspension Period) of the time and date that the Total System could return to normal operation under the Grid Code;
- Where there is a Market Suspension Period, advise the Panel (at any time up to one hour before normal BSC market operations would otherwise resume) if the Total System can no longer return to normal operation at that time and date;
- Where there is a Market Suspension Period, advise the Panel on preparing to resume normal BSC market operations for the purposes of BSC Sections Q and P;
- Where there is no Market Suspension Period, inform BSCCo of the time and date that the Total System returned to normal operation under the Grid Code; and
- Communicate any circumstances which may affect the calculation of a ~~Contingency~~single Imbalance ~~P~~price.

Amend section 1.2.4 as follows:

1.2.4 BSC Agents

The BSC Agent responsible for the BSC Services shall:

- Communicate the status of the BSC Systems to BSCCo;
- Where there is a Market Suspension Period, send forward contract notification reports to BSC Parties before the end of the Market Suspension Period informing them of their contractual position for Settlement Periods after the end of the Market Suspension Period;
- Apply the ~~relevant Contingency~~single Imbalance ~~P~~price(s) to all Settlement Periods within a Market Suspension Period;

- Ensure the value of Energy Indebtedness is set to zero / nullified for all Settlement Days within a Market Suspension Period;
- Where there is a Market Suspension Period, provide a revised timetable for system settlement runs, reporting and payments to restore the timetable to normal efficiently and securely; and
- Perform settlement of claims when requested.

Amend section 1.2.5 as follows:

1.2.5 The Panel

The BSC Panel shall:

- Where there is a Market Suspension Period and after industry consultation, determine the Settlement Day and Settlement Period from which normal BSC market operations will resume (and the Settlement Period immediately before this shall represent the end of both the Market Suspension Period and the Black Start Period);
- Where there is a Market Suspension Period and after industry consultation, determine the methodology (in accordance with BSC Section T1.7.1A) to be used to calculate the ~~Contingency~~~~single~~ ~~Imbalance~~ ~~P~~price(s);
- Appoint a Claims Committee to process Black Start and Fuel Security compensation claims; and
- Make determinations on time-extension requests for the submission of claims and, if required, request further information from the Claimant (BSC Party) regarding time-extension requests (this action could be delegated to the Claims Committee).

Amend section 1.2.7 as follows:

1.2.7 The Authority

The Authority shall:

- Determine whether any ~~Contingency~~~~single~~ ~~Imbalance~~ ~~P~~price(s) required and proposed by the BSC Panel shall be used;
- For successful claims pertaining to Fuel Security Event periods, determine the time-frame and method of payment to the Claimant (BSC Party); and
- For successful claims pertaining to Fuel Security Event periods, determine the method of cost recovery from the industry.

Amend section 1.3 as follows:

1.3 Key Milestones

This procedure has the following key milestones:

- The determination of the Settlement Period for when the market is to return to normal operations following a Market Suspension Period;
- The determination of the Settlement Period representing the end of the Black Start Period (where there has been a Market Suspension Period, this shall be the same Settlement Period referred to above);
- The determination of ~~thea Contingency~~single Imbalance P~~price(s)~~ to apply during a Market Suspension Period; and
- The determination of claims for compensation resulting from a “black start instruction” or a Fuel Security direction.

Delete the following acronym from section 1.6.1 as follows:

1.6.1 Acronyms

~~DECC Department of Energy and Climate Change~~

Add the following definition to section 1.6.2 as follows:

1.6.2 Definitions

<u>Contingency Imbalance Price</u>	<u>Means any imbalance price(s) determined in accordance with BSC Section T1.7 for the purpose of BSC Section G;</u>
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Amend the Total Shutdown Recovery Diagram in section 2.1 as follows:

2 Black Start Recovery Processes

2.1 Total Shutdown Recovery Process

The following diagrams and guidance explain the process to recover from a Total Shutdown. They cover both the process to restore the Total System under the Grid Code and the process to resume normal BSC market operations under the BSC.

A Total Shutdown will always result in a Market Suspension Period under the BSC, the start and end points of which will be the same as the Black Start Period. Where there is a Partial Shutdown, the Grid Code process to restore the Total System will be the same as for a Total Shutdown. However, in a Partial Shutdown there will only be a Market Suspension Period if the BSC's Market Suspension Threshold is met – and so there may be a Market Suspension Period for some, all or none of the Black Start Period.

Where there is a Market Suspension Period as a result of a Partial Shutdown, the process for resuming normal BSC market operations (and for determining the end of the Market Suspension Period and Black Start Period) will be the same as for a Total Shutdown. However, the timing of the steps for resuming normal BSC market operations may differ depending on the point in time at which the market is suspended. Where there is no Market Suspension Period during a Partial Shutdown, the Black Start Period will conclude at the end of the Settlement Period in which the Total System returned to normal operation.

[New Diagram inserted \(see below\)](#)

Total Shutdown Recovery Diagram

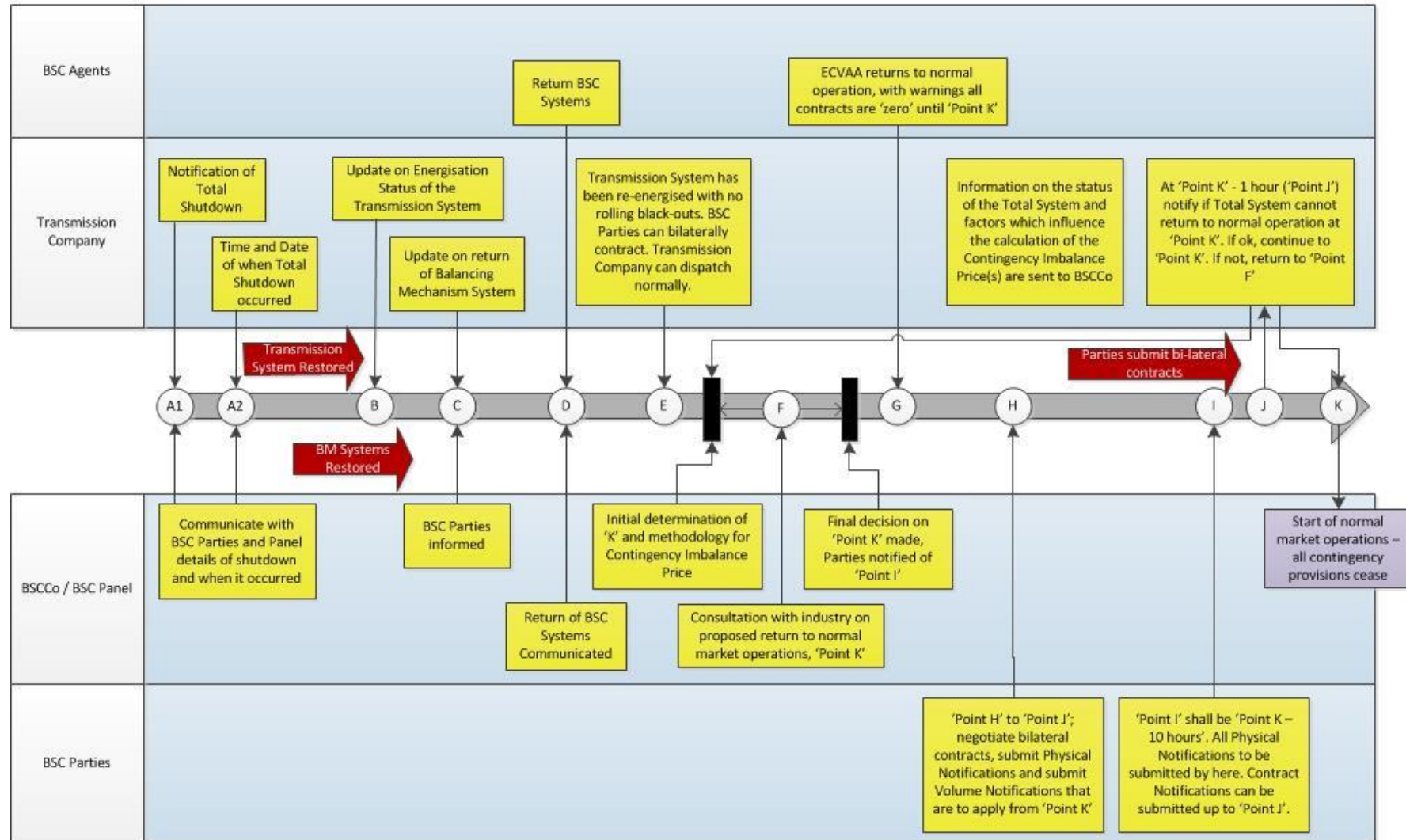
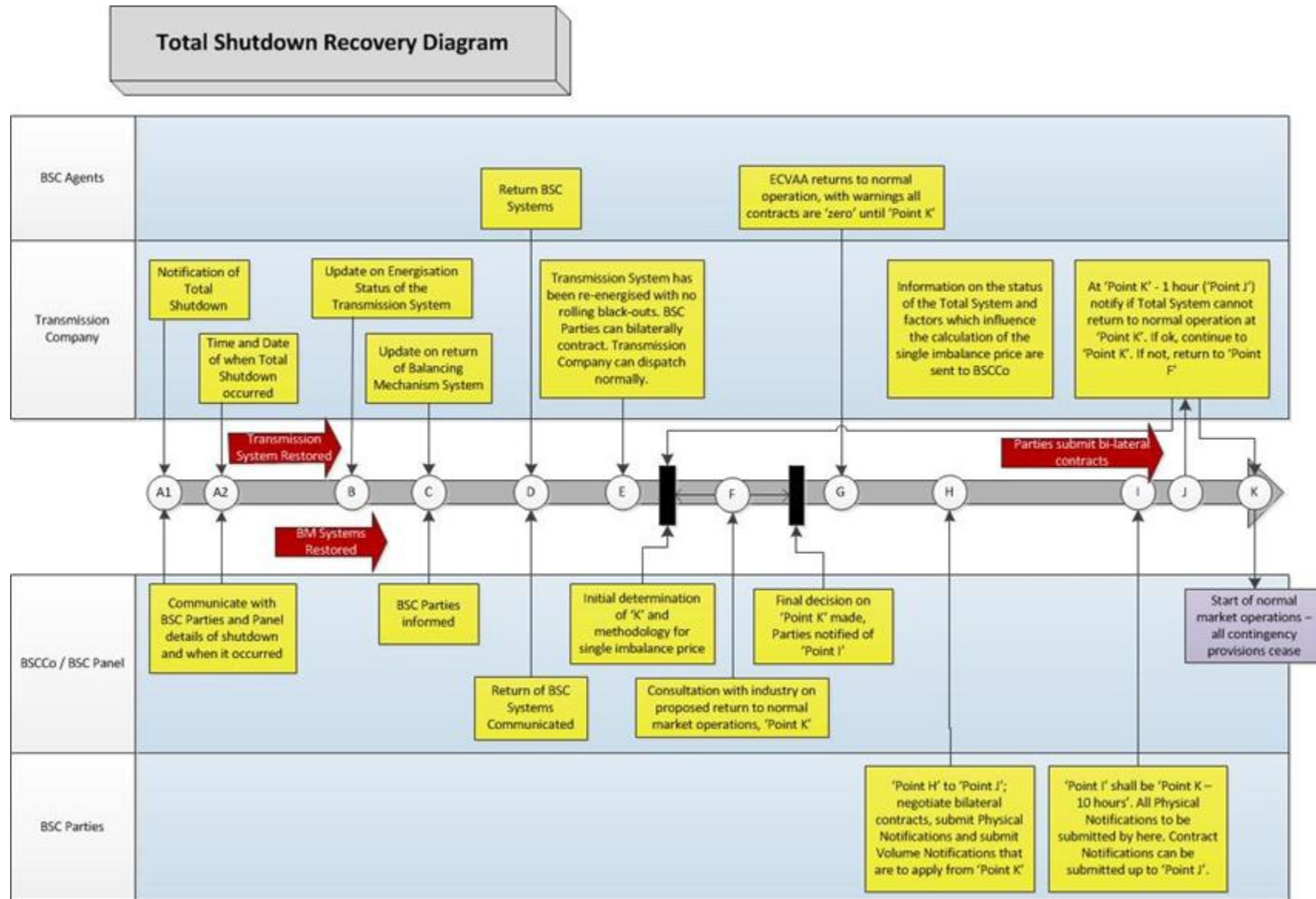


Diagram below deleted



POINT E – Restoration of the Total System

- At this point, the Transmission System has been re-energised in accordance with OC9.4.7.9; generators are able to generate sufficient electricity to meet Demand and are under instructions of the Transmission Company through the Transmission Company's BM system; and the BSC Systems are available and capable of operating.
- The Transmission Company will inform BSCCo and Grid Code Users of the time and date that the Total System could return to normal operation under the Grid Code. BSCCo will convey the information contained in these updates to the BSC Panel and BSC Parties via normal communication channels.
- The Transmission Company will inform BSCCo of any circumstances which are likely to affect the calculation of a Contingency ~~single~~ Imbalance ~~P~~price (see Section 3.4 of this BSCP for further details).

POINT F –Panel determination of the return to normal BSC market operations

- At the start of 'Point F', the BSC Panel will determine a proposed Settlement Period/Day from which normal BSC market operations shall resume. This is 'Point K' on the diagram.
- The BSC Panel will consult with the Transmission Company (and may consult with BSC Parties, Party Agents, Market Index Data Providers, MRASCo and the Authority) on the proposed timetable for the resumption of normal BSC market operations.
- Following feedback received during the consultation, the BSC Panel will determine the point at which normal BSC market operations should resume ('Point K').
- BSCCo will promptly inform all BSC Parties and any CM Settlement Services Provider of the Settlement Period/Day from which normal BSC market operations shall resume ('Point K'). The Transmission Company will notify Grid Code Users of this 'Point K'.
- The Panel will determine / confirm the methodology to be used in the calculation of the Contingency ~~single~~ Imbalance ~~P~~price(s) (see Section 3.4 of this BSCP for further details).

Amend section 2.2 as follows:

2.2 Restoration of BSC Systems following a Market Suspension Period

The BSC Systems will be operated in the following manner during a Market Suspension Period:

- a) Continue normal operation of the **BMRS** as far as is possible in the following manner:
 - The BMRS would be used to provide industry with updates regarding the status of the Transmission System and other relevant systems;
 - Tibco messages would continue to be issued where possible;
 - A notice would be placed on the BMRS stating that the indicative prices are not accurate, and that contract positions are 'zero', for Settlement Periods during a Market Suspension Period;
 - When the market returns to normal operation (i.e. point K) the BMRS would continue calculating indicative prices for subsequent Settlement Periods based on actual data received from the Transmission Company; and
 - The BMRS will publish the ~~Contingency~~single Imbalance ~~P~~price information for all Settlement Periods during the Market Suspension Period, once the Panel has agreed the methodology and the price(s) has been calculated by BSCCo.
- b) **ECVAA** should continue operating throughout the Market Suspension Period, where possible, as follows:
 - Where notifications are submitted, these will be processed and reports sent back;
 - 'Zero' data is sent to the SAA for all Settlement Periods within the Market Suspension Period;
 - Credit Default process switched off and Energy Indebtedness for all Parties set to Zero for all Settlement Periods within the Market Suspension Period; and
 - Submitted Volume Notifications would be processed in relation to Settlement Periods following point K.
- c) **CDCA** to continue normal operations. This would include:
 - Collecting data throughout the Market Suspension Period where possible; and
 - Aggregation runs carried out normally as far as possible.
- d) **SVAA** to continue normal operations as far as possible including:
 - Calculation of Daily Profile Coefficients; and
 - Volume Allocation Runs carried out normally as far as possible in accordance with Section R of the BSC.
- e) **SAA** runs would not be carried out until the ~~Contingency~~single Imbalance ~~P~~price methodology has been determined by the BSC Panel and ~~the~~ price(s) ~~has~~ve been calculated by BSCCo – see section 3.4.

- f) **FAA Payment Runs** may be postponed in accordance with Section N6.6 of the BSC.

Amend section 3 as follows:

3 Interface and Timetable Information

This section contains:

- A summary (3.1) of the Grid Code procedure for restoring the Total System following a Black Start event;
- The BSC procedure (3.2) for determining and communicating:
 - The existence of a Total Shutdown or a Partial Shutdown, and the start of a Black Start Period;
 - The start of any Market Suspension Period where the Market Suspension Threshold is met; and
 - The end of a Black Start Period where there is no Market Suspension Period,
- The procedure (3.3) for:
 - Suspending, and preparing to resume, normal BSC market operations during any Market Suspension Period; and
 - Determining and communicating the end of the Market Suspension Period and Black Start Period after which normal BSC market operations will resume,
- The procedure (3.4) for calculating and applying the ~~Contingency~~single ~~Imbalance~~cash-out Price(s) during a Market Suspension Period;
- The procedure (3.5) for applying for a time-extension to submit claims for black start compensation amounts following a Black Start event, or for Exceptional Costs following a FSC event;
- The procedure (3.6) for submitting claims for black start compensation amounts or Exceptional Costs; and
- The procedure (3.7) for withdrawing claims for black start compensation amounts or Exceptional Costs.

Sections of these procedures can run concurrently, and are not necessarily dependent upon the completion of the previous procedure.

Amend section 3.3.4 as follows:

REF	WHEN	ACTION	FROM	TO	INFORMATION REQUIRED	METHOD
3.3.4	As soon as possible/ practicable after 3.3.1	Suspend the <u>normal</u> imbalance pricing calculations on the BMRS	BMRA		Settlement Periods/Days falling within the Market Suspension Period	Internal process

Amend section 3.4 as follows:

3.4 ContingencySingle Imbalance Price Calculation and Application During a Market Suspension Period

This procedure shall be completed as efficiently as is practical at the time to allow Parties visibility of their positions.

REF	WHEN	ACTION	FROM	TO	INFORMATION REQUIRED	METHOD
3.4.1	To allow this process to be completed in time for the Initial Settlement Runs for the relevant Settlement Periods, wherever possible	Determine the proposed methodology to calculate the <u>Contingency</u> single Imbalance Pprice(s) in accordance with BSC Section T1.7.1A	The Panel		Proposed <u>Contingency</u> single Imbalance Pprice methodology	Internal process
3.4.2	After 3.4.1	Where necessary, seek the opinion of the industry on the proposed methodology to calculate the <u>Contingency</u> single Imbalance Pprice(s)	The Panel	BSC Parties The Authority Transmission Company	Proposed <u>Contingency</u> single Imbalance Pprice methodology	Electronic, or other method as agreed
3.4.3	In response to the consultation in 3.4.2 or otherwise	Provide information relevant to the calculation of the <u>Contingency</u> single Imbalance Pprice(s)	Transmission Company	The Panel	Provisions of BSC Section T1.7.1A	Electronic, or other method as agreed

REF	WHEN	ACTION	FROM	TO	INFORMATION REQUIRED	METHOD
3.4.4	After 3.4.3	Request approval of the Contingency single I mbalance P price methodology	The Panel ²	The Authority	Final proposed Contingency single I mbalance P price methodology	Electronic, or other method as agreed
3.4.5	After 3.4.4	Approve the Contingency single I mbalance P price methodology	The Authority	The Panel	Final proposed Contingency single I mbalance P price methodology	Electronic, or other method as agreed
3.4.6	After 3.4.5	Communicate Contingency single I mbalance P price methodology	BSCCo	BSC Parties BSC Agents Transmission Company The Authority	Approved Contingency single I mbalance P price methodology	Electronic, or other method as agreed
3.4.7	After 3.4.6	Apply methodology to calculate Contingency single I mbalance P price(s) ³	BSCCo SAA		Approved Contingency single I mbalance P price methodology	
3.4.8	After 3.4.7	Circulate and publish ⁴ the Contingency single I mbalance P price(s) and, if required, an interim Settlement Calendar timetable ⁵	BSCCo SAA	BSC Parties BSC Panel BSC Agents Transmission Company	Contingency Single I mbalance P price(s) Interim Settlement Calendar	Electronic, or other method as agreed

² Communication between the Authority and the Panel is to be done via BSCCo.

³ The Panel is to provide instruction on how the ~~Contingency~~~~single~~ ~~I~~mbalance ~~P~~price(s) shall be applied.

⁴ BSCCo shall publish the ~~Contingency~~~~single~~ ~~I~~mbalance ~~P~~price(s) on the BSC Website as soon as is possible as well as circulate the price(s) to BSC Parties.

⁵ Potentially CDCA runs could be affected as well as SAA runs and their timing will also be in the Settlement Calendar. The BSC Agents shall ensure all systems will operate to achieve Settlement Runs.

REF	WHEN	ACTION	FROM	TO	INFORMATION REQUIRED	METHOD
3.4.9	After 3.4.8	Update BMRS with Contingency single Iimbalance Pprice(s)	BMRA		Contingency Single Iimbalance Pprice(s)	BMRS
3.4.10	A minimum of 24 hours after 3.4.9	Begin SAA Settlement Runs including the Contingency single Iimbalance Pprice(s) for Settlement Periods affected by the Market Suspension Period	SAA		Contingency Single Iimbalance Pprice(s) Interim Settlement Calendar	
3.4.11	If 3.4.10 means FAA Payment Runs affected	Complete FAA Payment Runs until timetable is back to 'normal operation'	FAA		Contingency Single Iimbalance Pprice(s) Interim Settlement Calendar	

Amend Attachment One Section 2A as follows:

2 Procedures for the Claims Committee

A Role of the Claims Committee and Experts

The membership of any Claims Committee will be appointed by the BSC Panel and may contain members of the BSC Panel but does not have to (i.e. the Claims Committee could be the BSC Panel, a sub-set of the BSC Panel, or have no direct BSC Panel Members' involvement).

The BSC Panel or a Claims Committee may employ expert / technical / specialist sub-committees to advise or to assist it in determining a claim.

The Claims Committee discharges the responsibilities ascribed to the BSC Panel in section G of the Code, the FSC and FSC Guidance (the last two documents being those published ~~by DECC~~ on behalf of the Secretary of State, as amended from time to time).

The Claims Committee can establish (a) one, or a number of, expert/technical/specialist sub-committee(s) to which the Claims Committee can delegate consideration of claims to and / or (b) advisory groups/individuals to assist the Claims Committee in determining the validity of claims. Specifically in relation to FSC claims only, establishment of any sub-committee(s) are subject to the Authority not disapproving (i.e. sub-committee(s) will be established unless the Authority notifies the Claims Committee of its specific disapproval); note this applies to establishment only, sub-committee (or indeed the Claims Committee) membership is not subject to Authority approval.

Note that an expert or number of experts can be co-opted directly onto the Claims Committee. In such a case they become Claim Committee members rather than advisory experts.

Sub-committee(s) can potentially perform the bulk of claim validation work, particularly if the volume and complexity of claims was significant (e.g. due to a lengthy FSC period affecting all / many BSC Parties). Thus sub-committee(s) might be established, depending on the volume of claims etc, to look at the main (technical/specialist) aspects of all the claims received. These might be, for example, 'Fuel Costs', 'Insurance', 'Financing', 'Overheads', 'Emissions', 'Damages', 'Industry Charges' and 'Other Costs'. In other words, under this example, all the 'Fuel Costs' aspects of all the individual claims received would go to the 'Fuel Costs' sub-committee for validation, with this sub-committee membership being drawn from those persons whom the Claims Committee believed to be competent in the field of 'Fuel Costs'.

The role of sub-committee(s) can be to validate aspects of claims that fall under their specialist area of knowledge/expertise and advise the Claims Committee accordingly of their conclusions. The onus is on the claimant to supply sufficient evidence to the Claims Committee to enable it (or any sub-committee etc., that they establish to assist them) to carry out their duties. The role of the Claims Committee (and any sub-committee(s) supporting it) is to verify (and adjust as necessary) claims and determine the amount (£) of compensation to be paid to the BSC Party making the claim in question. In accordance with this sub-committee(s) would not actively gather evidence but would engage only in verification of evidence submitted. However, if the evidence submitted by the claimant is, in the opinion of

the sub-committee(s) (or the Claims Committee itself) insufficient to carry out its duties it may, if it wishes, ask the Claims Committee to seek such additional information from the claimant as, in the reasonable opinion of the sub-committee(s) (or the Claims Committee itself), it believes would be sufficient to complete its duties.

The Claims Committee is to make a judgement of the need to employ expert sub-committee(s) based on the need for specialist expertise and knowledge in relation to particular claim(s) and the need to delegate due to the volume of claims. The Claims Committee is to be mindful of the need to maintain the efficiency of the process by minimising the number of sub-committee(s) involved

Amend Attachment One Section 2C as follows:

C Confidentiality

Meetings of the Claims Committee are to be held in closed session to ensure confidentiality.

As well as the Claims Committee and (if invited) any sub-committee(s) members or experts, the Authority and DECCa representative of the Secretary of State are free to attend meetings in an observational capacity. Relevant persons (e.g. representatives of claimants) can be invited to attend only for the consideration of particular claims, as deemed necessary by the Claims Committee.

Information submitted by claimant as part of a claim (or in response to a request from the Claims Committee) is to be treated as confidential by the Claims Committee.

Following the claims validation process, information held by the Claims Committee shall be destroyed after a period of time previously determined by the Claims Committee (and that date would be published to industry). For example, this time period may align with a time period permitted for appeal of the Credit Committee's determination.