

April 2002

**ASSESSMENT REPORT**  
**MODIFICATION PROPOSAL P61 –**  
**Ad Hoc Adjustments to Settlement**  
**involving material errors without**  
**resorting to Ad Hoc Settlement**  
**Runs**

Prepared by the P61 Modification Group on behalf  
of the Balancing and Settlement Code Panel

<b>Document Reference</b>	MAR061
<b>Version no.</b>	1.1
<b>Issue</b>	FINAL
<b>Date of Issue</b>	12 April 2002
<b>Reason for Issue</b>	Panel Decision
<b>Author</b>	ELEXON

## I DOCUMENT CONTROL

### a Authorities

Version	Date	Author	Signature	Change Reference
0.1	05/04/02	Clive Cushen		ELEXON Design Authority
1.0	10/04/02	Clive Cushen & Tim Fleisig		ELEXON Design Authority

Version	Date	Reviewer	Organisation	Review Criteria
0.1	05/04/02	P61 Modification Group	N/A	Overall clarity and accurate reflection of the members views
0.1	05/04/02	Ceri Hughes	ELEXON Trading Development	Accuracy of impact on relevant CIs
	05/04/02	Robin Eccles	ELEXON Design Authority	Accuracy of impact on relevant CIs
0.1	05/04/02	Cathy Woods	ELEXON Legal	Accuracy of Legal section
0.1	05/04/02	Alex Grieve	BSC Systems Delivery Programme	Accuracy of Project Brief
0.1	05/04/02	Christina Kennedy	ELEXON Disputes	Accuracy of relevant impact statement
0.1	05/04/02	Richard Humphreys	ELEXON Finance	Accuracy of relevant impact statement
0.1	05/04/02	Peter Wibberly	ELEXON Trading Operations	Accuracy of relevant impact statement
0.1	05/04/02	Graham Webb	ELEXON Contracts	Accuracy of service contract statements
0.1	05/04/02	Catherine Forrester	ELEXON Performance Assurance	Overall clarity
0.1	05/04/02	Dorcas Batstone	ELEXON Modifications	Overall clarity & suitability of modified structure to accommodate comparison with CP517
1.0				

### b Distribution

Name	Organisation
Reviewers	

### c Intellectual Property Rights and Copyright

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#### **d Related Documentation**

<b>Reference</b>	<b>Document</b>
Reference 1	Modification Proposal P61 'Ad Hoc Adjustments to Settlement involving material errors without resorting to Ad Hoc Settlement Runs'
Reference 2	Initial Assessment of Modification P61 (IWA061)
Reference 3	Modification P61 Assessment Consultation V1.0
Reference 4	Modification P61 Requirements Specification V1.0
Reference 5	Change Proposal 517 'Multiple Occurrences of Disputes Pre and Post-Final Settlement Runs
Reference 6	BSC Business Process Model V4.0

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## Summary and Recommendations

### 1.1 Recommendations

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Procedure, and the resultant findings of this report, the Modification Group recommends to the BSC Panel that:

- Modification Proposal P61 should proceed to the Report Phase in accordance with section F2.7 of the Balancing and Settlement Code (the Code) for presentation to the Panel meeting on 16 May 2002.
- Recommend that the Implementation Date for the Proposed Modification should be the release date for the BSC Systems Delivery Programme which first occurs not less than 3 months after the date of the Authority's determination.
- Recommend that the implementation of the proposal be on a Calendar day basis.

### 1.2 Background

The inability to perform multiple Disputes Pre- and Post-Final Settlement Runs (i.e. Ad-Hoc Settlement Runs) is a non-compliance with the BSC addressed via Change Proposal 517. This issue has been presented to the Panel (paper33/022), indicating a severe impact on participant systems and processes if CP517 is implemented.

Modification P61 proposes an alternative solution to CP517. One that is a more cost effective, and practical, standard methodology for adjustment of a material error in Settlement is to use timetabled settlement runs or if required calculate a manual interim adjustment between settlement runs.

Modification Proposal P61 was submitted on 31<sup>st</sup> December 2001 by ScottishPower Energy Trading Ltd. The Modification Proposal seeks to address the compliance issue by an alternative means and remove Ad Hoc Settlement Runs as the means to effect agreed adjustments, with the exception of a single Disputes Final Run.

The Panel, at their meeting of 17 January 2002, considered the Initial Written Assessment of Modification Proposal P61 (Reference 2) and agreed that Modification Proposal P61 be submitted to the Assessment Procedure, with the Assessment Report due for consideration at the Panel meeting of 18 April 2002. The Panel also agreed that the Assessment Procedure should be undertaken by a new Modification Group.

The P61 Modification Group have met twice and have reviewed Modification Proposal P61 and discussed the compliance issue. An impact assessment and a consultation on the Requirements Specification have been issued.

### 1.3 Rationale for Recommendations

Modification P61 proposes an alternative solution to CP517. One that is a more cost effective, and practical, standard methodology for adjustment of a material error in Settlement is to use timetabled settlement runs or if required calculate a manual interim adjustment between settlement runs.

The Modification has only a minor impact on BSC Systems, as effectively it aligns the Code with the current capability of BSC Systems (Central as well as Participant Systems) with regard to Volume Allocation and Settlement Runs.

The recommendation is to carry out the interim adjustment calculation manually, this is in view of the expense of the automatic calculation option and the expected low frequency of interim adjustments.

## 2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC 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 BSC.

An electronic copy of this document can be found on the BSC website, at [www.elexon.co.uk](http://www.elexon.co.uk)

## 3 MODIFICATION GROUP DETAILS

The Membership of the P61 Modification Group(P61MG) was as follows:

Member	Organisation
Nigel Gibbs	ELEXON (Chair)
Clive Cushen	ELEXON (Lead Analyst)
Abid Sheikh	ScottishPower (Sponsor)
Harish Mistry	London
Mark Thomas	Innogy
Katherine Bergin	Scottish & Southern
Bob Brown	St. Clement Services
Geoff Allen	Powergen
Deborah Cox	National Grid
John Lucas	ELEXON
Mark Manley	ELEXON
Jerome Williams/David Edward	Ofgem

## 4 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

### 4.1 Background and History of Modification Proposal P61

The inability to perform multiple Disputes Pre- and Post-Final Settlement Runs (i.e. Ad-Hoc Settlement Runs) is a non-compliance with the BSC addressed via Change Proposal 517. This issue has been presented to the Panel (paper33/022), indicating a severe impact on participant systems and processes if CP517 is implemented.

CP517 seeks to deliver the requirement of section W of the BSC for the settlement of Disputes through multiple Ad-Hoc Settlement Runs, for any given Settlement Date, both within the fourteen month period (pre-final Settlement) and beyond that up to a cut off point of three years (post-final Settlement).

Modification Proposal P61 was submitted on 31<sup>st</sup> December 2001 by ScottishPower Energy Trading Ltd. The Modification Proposal seeks to address the same compliance issue by an alternative means and remove the requirement for Ad Hoc Settlement Runs as the means to effect agreed adjustments, with the exception of a single Disputes Final Run.

A Disputes Final Run is an extra Settlement Run outside of the timetabled Settlement Runs, and is performed after the final Settlement Run. The Dispute Final Run would take place within a window of twenty to twenty four months after the Settlement Day in question. This would allow the raising of any Post-Final Disputes in accordance with BSCP 11.

It proposes that a more cost effective, and practical, standard methodology for adjustment of a material error in Settlement is to use timetabled settlement runs or if required calculate a manual interim adjustment between settlement runs.

The Modification has only a minor impact on BSC Systems, as effectively it aligns the Code with the current capability of BSC Systems (Central as well as Participant Systems) with regard to Volume Allocation and Settlement Runs.

There is an option to automatically carry out the calculation of the interim adjustment levels but due to the expense and the low expected frequency the Modification Group and Industry felt that the purely manual option was preferred.

## 4.2 Description of the Proposed Modification

Modification Proposal P61 removes Ad-Hoc Settlement Runs from the Code and proposes that Trading Disputes are settled by:

- Applying the correction at the next convenient Timetabled Reconciliation Settlement Run; or
- Using a single Dispute Final Run post the Timetabled Final Reconciliation Run; or
- Using an interim adjustment between settlement runs.

The single Dispute Final Run would not be a timetabled Reconciliation Run but would be run at the discretion of the Panel/TDC.

The concept of 'Interim Adjustment' being where there is an urgent requirement to make an adjustment, say for cashflow reasons, then a simple and approximate manual calculation of the error, carried out by ELEXON on behalf of the Trading Disputes Committee and agreed by the BSC Panel, outside the timetabled Reconciliation Settlement Runs, would be put into effect. This would effect an instruction to the FAA to recover monies from a specific number of advantaged Parties payable to the disadvantaged Party. The appropriate Parties to be decided upon by ELEXON and approved by the Trading Disputes Committee on a case by case basis.

A second instruction is then issued to the FAA prior to the date of the next timetabled Reconciliation Run (including the case where this is a Disputes Final Run). This second instruction effectively reverses the initial amounts but includes an interest element due

from the point of the initial payments up to the point of their repayment. The disadvantaged Party would be liable to pay the appropriate interest to each of the other Parties involved in the interim adjustment. This is intended to ensure that the interim adjustment process is transparent (auditable) and equitable and reflects the transactions of monies within the settlement boundaries.

### **4.3 Applicable BSC Objectives**

The P61 Modification Group believe that Modification Proposal P61 would be a more effective and cost efficient resolution of the non compliance issue surrounding Ad Hoc Settlement Runs, than the BSC as it is currently drafted, which would necessitate the implementation of CP517.

The P61 Modification Group thus believe that this Modification Proposal better facilitates achievement of the Applicable BSC Objectives 3(d), as follows:

3(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

## **5 Solution Analysis**

### **5.1 Options considered**

The P61 Modification Group considered a number of options for the calculation of 'interim adjustments' from purely manual to an automated solution. (An automated solution is defined as the SAA providing the materiality calculation for TDC approval, effectively undertaking a 'dummy' Settlement Run without producing the Settlement Reports. The options considered were incorporated into a requirements specification (Reference 4) which was used as the basis for an industry-wide Impact Assessment.

The existing BSC Agent facility to rerun the CDCA/SAA runs in the case of data quality problems was investigated to explore its potential to support the 'interim adjustment' calculation. However, the capability would not allow revised settlement data to be applied by Parties and therefore this option was dismissed.

### **5.2 Recommended solution and rationale**

The P61 solution covers the use of existing timetabled settlement runs and includes the Disputes Final run.

The Interim Adjustment could be calculated automatically (by SAA) or manually. In either case payment would incur ELEXON/TDC time of four days for each Dispute rectification and two days for ELEXON Finance, plus FAA costs (see Section 6 for Impact Assessment).

Based on the Impact Assessments the cost of an automated solution would be a one-off charge from Logica of £60,000 plus an annual maintenance charge.

The manual solution would cost the equivalent of eight days for an analyst each time the facility was invoked. This figure is anticipated to be a maximum and is based on the single adjustment carried out so far under NETA.

The expected occurrence of Interim Adjustments is low, based on current expectation of the use of an Ad Hoc Settlement Run. In the first twelve months of NETA there has only been one such instance.

On the basis of this low expectation a manual solution is considered most appropriate, particularly in the early days. A sensible anticipation would be between one to five incidents per year.

Therefore the significant costs of developing an automated system do not appear justifiable. The position should be monitored, and should the number of cases appear to justify a more automated solution, then the TDC would appear to be the most appropriate forum to recommend alternative solutions should they believe it to be warranted.

Additionally the nature of any such adjustments is likely to be quite specific, and it is therefore more difficult to design, build and implement a system to support.

A manual system would enable the Modification, once approved, to be implemented quickly, whereas the timescales required to implement an automated system would require a more significant lead time.

The modification could be implemented on a Calendar day or a Settlement day basis and this has been discussed at length by the Modification Group. The unanimous opinion is that the Calendar Day implementation is the preferred option, for the following reasons:

- It would enable a quick and immediate implementation to take place.
- It would provide the greatest flexibility to the TDC, Panel etc. to utilise the new functionality.
- It would remove any confusion as to whether a historical Settlement Date is 'in' or 'out'.

Any retrospective impact on settlement periods prior to the Calendar Day on which the modification is implemented is purely process-related. This modification is not proposing a change to the market rules as to how BM Settlement charges are calculated. It is seeking to correct an error in central arrangements (no process for Ad Hoc Settlement Runs) in a cost effective manner and (through Calendar Day implementation) at the earliest opportunity possible. In this way, it provides a greater degree of flexibility to the Panel and its committees (i.e. the TDC) in how settlement of the affected Settlement Days is administered.

The Modification Group recognise that there is an Ofgem preference for Settlement day implementation to avoid retrospection however, a Settlement day implementation would leave a period, between Go Live and the Implementation date, with the current non compliance to the code and no definitive rules in place. This raises the possibility of a (P45 style) Modification being raised to cope with the intervening period. A complication would also occur where a dispute period spans the Settlement day implementation date, with different rules applying each side of implementation date.

It is not believed that this Modification sets any precedent for retrospection or will cause any change in participant behaviour because of its introduction.

## **6 Impact of Recommended Solution**

### **6.1 BSC**

The proposed legal text for P61 is provided in ANNEX 1. The main changes are to Section U and W.

### **6.2 Code Subsidiary Documents**

SAA, CDCA, and FAA Service Descriptions are impacted, to remove the requirement for Ad Hoc Settlement Runs, and to clarify the requirement for Dispute Final Runs.

SVAA Service Line SSL370 is impacted to remove the requirement for Ad Hoc Settlement Runs, and to clarify the requirement for Dispute Final Runs.

Party Service Lines 120 and 140 are impacted, to clarify the obligations on Ad Hoc Runs.

BSCP 11 is impacted to describe the process for 'Interim Adjustments' and remove references to Ad Hoc Settlement Runs.

### **6.3 BSCCo Memorandum and Articles of Association**

No impact.

### **6.4 Core Industry Documents and Supporting Arrangements**

No impact.

### **6.5 BSC Systems**

The FAA process of making a Dispute payment will need amending to include the instruction from ELEXON, to make an Interim Adjustment. Also to action the second instruction reversing the initial amounts and including an interest element.

### **6.6 Party and Party Agent processes and systems**

Party impact assessment responses (ANNEX 3) indicate that some parties are impacted by Modification Proposal P61. However, these responses indicate that the impact is minimal. Some parties qualified their 'no impact' responses, subject to confirmation that Advice Notes from the FAA would not be issued as formal Backing Sheet Advice Notes. The FAA has confirmed this.

The maximum notice period requested was 1 month to put the necessary manual procedures in place.

### **6.7 Operational impact**

#### **6.7.1 BSC Agents**

The FAA impact assessment (ANNEX 2) indicates that each 'Interim Adjustment' would trigger two multilateral Disputes payments. The cost of undertaking two multilateral Disputes payments would be £5000.

No other BSC Agent service costs are involved.

### **6.7.2 ELEXON**

In the proposed solution ELEXON would undertake the manual calculation for an 'Interim Adjustment', if requested by the Trading Disputes Committee.

The ELEXON impact assessment indicates that the effort involved in the Interim Adjustment would be:

Calculation = 8 man-days of skilled resource

ELEXON Disputes = 5 man-days

ELEXON Finance = 2 man-days

### **6.7.3 The Panel**

Will be presented with any proposed 'Interim Adjustment' for agreement.

### **6.7.4 The Trading Disputes Committee**

The TDC process to approve the materiality and recommend rectification outside of Settlements, will change to recommend rectification by an Interim Adjustment as opposed to via an Ad Hoc Settlement Run.

The transaction cost is 2 man-days per 'Interim Adjustment'

### **6.7.5 Parties and Party Agents**

The relevant Party process is to identify a potential Settlement anomaly, i.e. to perform analysis of the output from the Settlement reports to determine any anomalies and raise a query as appropriate.

As stated in section 6.6, Party impact assessment responses indicate that some parties are impacted by Modification Proposal P61. However, these responses indicate that the impact is minimal. Some Parties qualified their 'no impact' responses subject to confirmation that Advice Notes from the FAA would not be issued as formal Backing Sheet Advice Notes. The FAA has confirmed this.

The maximum notice period requested was 1 month to put the necessary manual procedures in place.

## **7 LEGAL ISSUES**

There are no legal issues not covered by rewording of BSC, see ANNEX 1.

As a consequence of the legal wording, the Ad Hoc Trading Charges on a Party resulting from an Interim Adjustment would be mandatory.

## **8 SUMMARY OF REPRESENTATIONS**

Nine responses (on behalf of fifty-two parties) were received in response to the consultation. All but one respondent supported Modification Proposal P61 and all but one respondent indicated that they believe that Modification Proposal P61 better facilitates achievement of the Applicable BSC Objectives.

The nature of the one objection believed that the BSC was written with the expectation of being able to use software to perform "settlement between or after normal runs" in special circumstances, to avoid the numerous problems associated with manual processes.

## **9 SUMMARY OF TRANSMISSION COMPANY ANALYSIS**

The Transmission Company response to the Assessment Consultation on Modification Proposal P61 (Reference 3) can be summarised as: the Transmission Company supports Modification Proposal P61 on the basis that without it, costs will be incurred by Parties, as well as by the SAA, to accommodate Ad Hoc Settlement Runs, and that it makes sense to avoid such expenditure given the likely infrequency of these.

The Transmission Company has confirmed that there is no impact on its systems and processes.

## **10 PROJECT BRIEF**

It is expected that the proposed solution is absorbed into an existing BSC Systems Delivery, without impacting other planned deliverables or incurring additional costs. It is proposed that the implementation of P61 be aligned with the next BSC Systems Delivery Programme release in August.

Incorporation in this release will cover the requirement from Parties for sufficient notice of implementation, and the recommendation that the Implementation Date for the Proposed Modification should be the release date which first occurs not less than 3 months after the date of the Authority's determination.

## **ANNEX 1 - PROPOSED TEXT TO MODIFY THE BSC**

### ***P61 – legal drafting***

#### **Section N**

*In paragraph 6.1.2(b), replace the term 'Ad-Hoc Settlement Run' with the term 'Post-Final Settlement Run.'*

*Delete existing paragraph 6.9.1(a)(ii) and replace with:*

- (ii) pursuant to an Extra-Settlement Determination in accordance with Section U2.2.3;

#### **Section T**

*In paragraph 5.2.1(b), 5.3.1(b) and 5.3.2, replace the term 'Ad-Hoc Settlement Run' with the term 'Post-Final Settlement Run.'*

#### **Section U**

*In paragraph 2.1.1(b), replace the term 'Ad-Hoc Settlement Run' with the term 'Post-Final Settlement Run.'*

*Replace the heading in 2.2 "Ad Hoc Settlement Runs" with the heading "Post Final Settlement Runs and Extra Settlement Determinations".*

*Delete paragraph 2.2.1 and replace with the following:*

2.2.1 The Parties acknowledge that there may be occasions when it is necessary or appropriate:

- (a) to carry out a Settlement Run (and related Volume Allocation Runs) in relation to a Settlement Day, after the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run;
- (b) to carry out a determination, outside Volume Allocation Runs and Settlement Runs, of Trading Charges (or adjustment and apportionment in respect thereof) in relation to a Settlement Day (whether or not after the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run).

*Amend paragraph 2.2.2:*

2.2.2 Subject to paragraph 2.2.3, the Panel may determine, upon the recommendation of the Trading Disputes Committee following resolution of a Trading Dispute, or following the award of an arbitrator, or otherwise in its discretion:

- (a) that, after the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run, a Post-Final Settlement Run should be carried out in relation to a Settlement Day or part thereof; provided that no more than one Post-Final Settlement Run may be carried out in respect of any one Settlement Day;
- (b) that, at any time, an Extra-Settlement Determination should be carried out in accordance with paragraph 2.2.3 in relation to a Settlement Day or part thereof.

*Insert new paragraph 2.2.3 and renumber existing paragraphs 2.2.3 and 2.2.4 accordingly*

2.2.3 Where an Extra-Settlement Determination is to be carried out:

- (a) there shall be determined amounts
  - (i) by reference to the differences between the amounts of Trading Charges determined pursuant to the Extra-Settlement Determination and such amounts as determined in the Settlement Run (for the relevant Settlement Day) preceding such Extra-Settlement Determination, or
  - (ii) otherwise by way of adjustment and apportionment in respect of Trading Charges as the Panel shall determine

which each Trading Party and the Transmission Company shall be entitled to be paid by or liable to pay to the BSC Clearer;
- (b) such entitlements and liabilities shall be Ad-Hoc Trading Charges for the purposes of Section N6.9;
- (c) the Panel shall determine the method by which Trading Charges, or adjustment and apportionment in respect thereof, are to be determined;
- (d) each Party and each BSC Agent shall comply with the reasonable requests of the Panel in connection with such method of determination;
- (e) such determination may be made on such estimated or approximate basis as the Panel may decide is appropriate in the circumstances (having regard, without limitation, to whether any further Timetabled Reconciliation Settlement Run in relation to the relevant Settlement Day is to take place after the Extra-Settlement Determination);
- (f) without prejudice to the generality of paragraph (e), subject to paragraph (g), unless the Final Reconciliation Settlement Run and related Final Reconciliation Volume Allocation Run for the relevant Settlement Day have already taken place, such determination may (where appropriate in the Panel's opinion) be made so that extra-settlement amounts are payable by or to some Trading Parties only (each an "**included**" Party), rather than by or to all of the Trading Parties by or to whom extra-settlement amounts would be payable on the basis of an exact determination; where:
  - (i) "**extra-settlement amounts**" means the amount payable (pursuant to paragraph (b)) by way of Ad-Hoc Trading Charges pursuant to an Extra-Settlement Determination;
  - (ii) "**exact determination**" means an exact determination of the relevant Trading Charges in accordance with the Code;
- (g) a determination pursuant to paragraph (f) shall not be such as to result in:
  - (i) any Party being an excluded Party, unless the exact extra-settlement amount for that excluded Party is less than the exact extra-settlement amount for each included Party;
  - [(ii) the exact extra-settlement amount for any excluded Party exceeding £      **tbd**     ; or

- (iii) the sum of the exact extra-settlement amounts for all excluded Parties exceeding £\_\_\_\_\_ td\_\_\_\_\_;

where "**exact extra-settlement amount**" means the magnitude of the extra-settlement amount which the Panel (or its nominee) estimates would be payable by a Trading Party on the basis of an exact determination, and an "**excluded**" Party is a Party which is not an included Party;

- (h) each Party shall be bound by the Extra-Settlement Determination,;
- (i) where a Settlement Run in relation to a Settlement Day is carried out after an Extra-Settlement Determination has been carried out in relation to that day:
- (i) each Trading Party and the Transmission Company shall be entitled to be paid by or liable to pay to the BSC Clearer, on or as near as practicable to the Payment Date in respect of such Settlement Run, an amount calculated as:
- (1) an amount equal and opposite to the extra settlement amount paid by or to such Party, plus
- (2) an amount in lieu of interest calculated by applying the Base Rate to the amount in paragraph (i) in respect of the period from the date when payment of such extra-settlement amount was due to the Payment Date in respect of such Settlement Run;
- (ii) such entitlements and liabilities shall be Ad-Hoc Trading Charges for the purposes of Section 6.9.

*In new paragraphs 2.2.3 and 2.2.4, replace the term "Ad-Hoc Settlement Run" with the term "post-Final Settlement Run" and replace the term "Ad-Hoc Volume Allocation Run" with the term "Post Final Volume Allocation Run".*

*In paragraph 2.3.1:*

*amend paragraph (b) to read as follows:*

- (b) a "**Post-Final Settlement Run**" and a "**Post Final Volume Allocation Run**" are, respectively, a Settlement Run and a Volume Allocation Run required to be carried out by the Panel in accordance with paragraph 2.2.1(a);

*insert new paragraph (c) as follows, and re-letter existing paragraph (c) as paragraph (d):*

- (c) an "**Extra-Settlement Determination**" is a determination, outside Volume Allocation Runs and Settlement Runs, of Trading Charges (or adjustment and apportionment in respect thereof), required to be carried out by the Panel in accordance with paragraph 2.2;

*In new paragraph (d), replace the term "Ad-Hoc Settlement Run" with the term "post-Final Settlement Run" and replace the term "Ad-Hoc Volume Allocation Run" with the term "Post Final Volume Allocation Run"*

*In paragraph 2.6.1, amend paragraph (b) to read:*

"... in a subsequent Timetabled Reconciliation Settlement Run, Post-Final Settlement Run or Extra-Settlement Determination"

*In paragraph 2.6.1, amend paragraph (c) to read:*

"... such subsequent Timetabled Reconciliation Settlement Run, Post-Final Settlement Run or Extra-Settlement Determination unless otherwise permitted ..."

## **Section W**

*In paragraph 4.1.1, amend paragraph (c) to read as follows:*

(c) that a recommendation should be made to the Panel that an Extra-Settlement Determination should be carried out in accordance with the provisions of paragraph 4.2;

*In paragraph 4.1.1(d), delete existing paragraphs(ii) and (iii) and insert the following new paragraph (ii):*

(ii) that an Extra-Settlement Determination or Post-Final Settlement Run should be undertaken.

*Amend paragraph 4.2 to read as follows:*

### **4.2 Post-Final Settlement Runs and Extra-Settlement Runs following a Trading Dispute**

4.2.1 Where the materiality of the Trading Dispute is, in the opinion of the Trading Disputes Committee, sufficiently large in relation to the costs of carrying out a Post-Final Settlement Run or (as the case may be) Extra-Settlement Determination, the Trading Disputes Committee may recommend to the Panel:

(a) where the Final Reconciliation Settlement Run has taken place, that a Post-Final Settlement Run or Extra-Settlement Determination should be performed;

(b) where the period to the next Timetabled Reconciliation Settlement Run (considered together with the materiality of the Dispute) is such that the Trading Disputes Committee believes that an Extra-Settlement Determination is justified, that an Extra-Settlement Determination should be performed.

4.2.2 If the Trading Disputes Committee recommends to the Panel that a Post-Final Settlement Run or Extra-Settlement Determination should be performed, the Trading Disputes Committee may recommend to the Panel that a particular Party or Parties shall bear all or part of the cost of any such Post-Final Settlement Run or Extra-Settlement Determination, and if the Panel so decides such Party or Parties shall pay such amounts as were so recommended by the Trading Disputes Committee.

4.2.3 Following a recommendation of the Trading Disputes Committee pursuant to paragraph 4.2.1, the Panel shall determine whether or not a Post-Final Settlement Run or Extra-Settlement Determination should be undertaken and, after consultation with the relevant BSC Agents, shall specify the date when such run or determination is to be undertaken.

*Delete paragraph 4.3 in its entirety*

## **Section V**

*In Table 2 – SAA Reporting, in the 5th row, replace the term 'Ad-Hoc Settlement Run' with the term 'Post-Final Settlement Run.'*

## **Annex X-1**

*Delete the definitions of Ad-Hoc Settlement Run and Ad-Hoc Volume Allocation Run;*

*Insert the following definitions:*

**"Post-Final Volume Allocation Run"**  
term in Section U2.3;

has the meaning given to that

**"Extra-Settlement Determination"**  
term in Section U2.3;

has the meaning given to that

**"Post-Final Settlement Run"**  
term in Section U2.3;

has the meaning given to that

## ANNEX 2 - BSC AGENT IMPACT ASSESSMENTS FOR P61

### Detailed Level Impact Assessment by FAA - P61

#### Ad Hoc Adjustments to Settlement involving material errors without resorting to Ad Hoc Settlement Runs

- The manual process requires work sheets to calculate the correct billing amounts; this will involve:

The set up of SQL scripts to pull the existing settlement run data (interest rate changes and BSC Party information) from the database.

The data will then be put into a file format readable by EXCEL e.g. comma separated variable

The data will generate three worksheets:

1) BSC Party information

PMEM\_ID , ADDR\_TYPE, ADDR\_LINE1 , ADDR\_LINE2, ADDR\_LINE3, ADDR\_LINE4, PCODE, COUNTRY, TEL\_NO, FAX\_NO, CONTACT\_TITLE, CONTACT\_NAME, JOB\_TITLE, EMAIL\_NO, CONTACT\_TEL\_NO

2) Previous Run Amounts and Payment Dates

Run Type, Payment Date, Amount

3) Interest Rate Changes

Effective Rate, Interest Rate

A compound interest calculator will be developed in Excel to calculate the interest accrued on reconciliation differences.

The spreadsheet will then be used to generate the correct totals required based on the agreed methodology.

A blank advice note will be generated in word and this will be set up as a mail merge with the data generated in the spreadsheet to automate the billing process for one of the adjustments.

- **Assumptions made:**

- The FAA would like clarification on the following:  
Will ELEXON provide new data that we need to compare or the differences?
- ELEXON will provide the FAA with the Participant Ids and amounts involved, and the basis of the reapportionment.
- The FAA will have to calculate the VAT on the principal amounts and the interest calculations for the second instruction.
- The figures will be provided to the FAA through an agreed route either via e-mail, fax or post.
- The FAA will be given a reasonable and practicable amount of time to process the Ad Hoc Trading Charges (this will need to be agreed).

- There will be an agreement as to how many Ad-Hoc Trading Charges are likely to be processed outside the settlement run (e.g. 30)
- A Change Proposal will be implemented to bring the Service Description in line with the BSC.
- **Constraints and limitations:**
  - As the process is manual, time and resource issues will be involved.
  - Problems may arise if the Ad-Hoc is particularly large, depending on the number of parties involved in a single ad-hoc run it would be unreasonable to have to manually fax all the Advice Notes.
- Resources will be needed to undertake the manual calculations and to generate advice notes. The FAA's ability to deliver the services in accordance with the NETA Programme Services Agreement must not be affected.
- Achievement of the Service Levels must not be affected.
- There is no time scale for implementation as the change is manual, however the FAA would need a notice period of at least one month if the change is to take place.
- A change proposal would be needed to affect changes to the Service Description to bring it in line with the BSC. The Service Description should be amended to reflect that the standard methodology adopted in adjusting Settlement after resolution of a Trading Dispute is through a calculation of the material error outside of the normal settlement runs by the TDC and agreed by the BSC Panel. If a Change Proposal is implemented there may be a development charge for the creation of a more sophisticated environment to carry out the work and also an operate charge.

## ANNEX 3 - BSC PARTY IMPACT ASSESSMENTS FOR P61

### Responses for CPC 121 Detailed Level Impact Assessment (DLIA) of Modification P61.

<b>Carried out by</b>	<b>Comments</b>
<b>Phil Lawton</b> National Grid	Impact – No.
<b>Lina Shah</b> Siemens Metering Services (Wollaton – Nottingham)	Impact – No.
<b>Ian Dunn</b> LE Group	We support this modification. It can be implemented with one week's notice.
<b>Corrina Harvey</b> IMServ Europe	Impact – No.
<b>Geoff Allen</b> Powergen UK plc	Impact – No. Notification required – 1 Month.
<b>Stephen Mooney</b> Bridge of Cally Energy Investments Ltd	Impact – No. Notification required – 0 days.
<b>Rachel Ace</b> British Energy Generation British Energy Power & Energy Trading Eggborough Power Ltd	Impact – No. Notification required – 1 month to put in procedures to manage the process.
<b>Dave Morton</b> SEEBOARD	Impact – Yes. Estimate of costs to make changes – Less than £1k. Notification required – 5 days.
<b>Sue Macklin</b> Scottish & Southern Energy	Impact – No. Notification required – None.
<b>Derek Livesey</b> United Utilities Electricity.	Comments: This proposal is accepted.
<b>Helen Lees</b> Npower Ltd Npower Direct Ltd  <b>Lesley Mulley</b> Npower Northern Ltd  <b>Ros Parsons</b> Npower Yorkshire Ltd	Comments: Note: ECMS and SONET are Settlement Systems that the npower companies use to validate settlement data and invoices.  Adopting P61 will obviate the need for expensive changes to ECMS to accommodate Ad-Hoc runs pre Final Reconciliation. Changes to central systems (which BSC Parties would have to fund) will also be minimised. The proposal to establish materiality via an internal BSC Agent system run (with no reporting to participants) is sensible and does not require any changes to ECMS. We are assuming that in these cases we will receive an Advice Note for interim adjustments (Ad Hoc Trading Charges) which will be reversed at the next Reconciliation Run. Providing that this assumption is correct there will be no impact on SONET as long as the adjustment notes from the FAA are not issued as formal Backing Sheet Advice Notes which SONET would be required to load and validate.  I would be grateful if you would advise us if the assumptions we have made above are incorrect, as we will need to undertake further analysis in this situation.