ELEXON

Stage 04: Draft Mod Report

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

P256: Improving Efficiency and Clarity of the Trading Disputes Process

P256 seeks to improve the efficiency and clarity of the Trading Dispute process following a review undertaken by the Trading Disputes Committee.

Initially, the Panel recommends by a majority the **Approval** of P256

High Impact:
The Trading Disputes Committee, BSCCo and Parties who want to raise a Trading Query/Dispute

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About this document:

This document is a Draft Modification Report, which ELEXON is issuing for Report Phase Consultation.

Attachment A provides further supporting details of the Modification group's assessment of P256.

The consultation seeks your views on:

- The Panel's initial recommendation that P256 should be/not be approved;
- The Panel's initial recommended Implementation Date of:
  - 04 November 2010 if a decision is reached by 24 September 2010: or
  - the Next Available Release if a decision is made after 24 September 2010.
- The Panel's proposed redlined changes to the BSC (Attachment B) and to Balancing and Settlement Code Procedure (BSCP)11 (Attachment C).

This is the final opportunity to comment on P256 before it is submitted to the Authority. The Panel invites you to respond to the questions in the attached response form (Attachment D).

The Panel will consider your response at its meeting on 12 August 2010, when it will agree its final recommendations. ELEXON will then submit a Final Modification Report to the Authority.

You can download further P256 documents here, including the Transmission Company's impact assessment and copies of the full industry responses to the Group's previous Assessment Consultation.

Any questions?

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1 Summary

Why Change?

The Trading Disputes process was last reviewed in 2002. This led to the implementation of Modification Proposal P131 in 2004. Subsequent industry feedback has indicated that the process is inefficient and too complex.

The Trading Dispute Committee (TDC) instigated a review of its processes in 2009, which resulted in 12 recommendations designed to address areas of complexity, improve clarity and streamline the assessment of Trading Disputes. Eight of these recommendations are being progressed via 3 Modification Proposals (P256, P257 and P258). P256 is proposing changes to implement five of the Trading Disputes review recommendations.

What it the Trading Disputes Committee?

The role of the Trading Disputes Committee is to ensure that all Trading Disputes are resolved so that errors are corrected and the integrity of Settlement is maintained.

Solution

Proposed Solution

The Proposed solution seeks to improve the efficiency and clarity of the Trading Disputes Process by:

- giving the TDC the power to make decisions on rectification methods for Post Final Settlement Runs (PFSRs), Extra Settlement Determinations (ESDs) and decisions not to rectify, while also introducing the ability for Parties to refer such decisions to the Panel;
- allowing the TDC to extend the End Date of a Trading Query/Dispute1 where specified on the Raising Form but the error extends beyond that date;
- changing the SVA HH Query Deadline from Second Reconciliation (R2) + 20 WDs to align with the SVA NHH Query Deadline of the Final Reconciliation (RF) + 70 WDs;
- removing the concept of Precautionary Trading Queries; and
- increasing the clarity of the definition of 'settlement error'.

What is a settlement error?

A settlement error is where a breach of the BSC has occurred which has had an impact on Trading Charges.

Impacts & Costs

The P256 solution involves no system impacts.

The P256 solution will require changes to Section W and BSCP11. The BSCP11 changes have been drafted and are provided as Attachment C and will be consulted on during the Report Phase.

The estimated implementation costs are £1,920 which equates to 8 Man Days of ELEXON effort.

Implementation

If approved the Group recommends P256 is implemented on:

- **04 November 2010** if a decision is reached by 24 September 2010: or
- the **Next Available Release** if a decision is made after 24 September 2010.

[1] Trading Queries/Disputes and Trading Dispute/Query, will be referred to as Queries/Query or Disputes/Dispute throughout the rest of this document.

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The Case for Change

The Panel's initial majority view is that P256 is better than the current baseline and will better facilitate the achievement **of Applicable BSC Objective (d)**.

The majority of the Panel in support of P256, believe that it will increase the efficiency and effectiveness of the Trading Disputes Process by:

- widening the set of affected Settlement Periods that can be considered under a Trading Query or Dispute;
- providing greater opportunity for Parties to correct errors in their Trading Charges, and so increasing the accuracy of Settlement, while not reducing the incentive to make sure data is correct by RF;
- streamlining the decision making process relating to the rectification of Trading Queries and Disputes; and
- making the overall process easier for Parties to understand and use.

The minority of the Panel who do not support P256 did so due to the proposed changes to the SVA HH Query Deadline. They believed that extending the SVA HH deadline would:

- have a negative effect on efficiency;
- Reduce the incentive of getting data correct by RF.

The Transmission Company and a majority of respondents to the Group's Assessment Consultation agreed with this view.

Recommendations

The Panel therefore initially by a majority recommend that P256 should be made.

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2 Why Change?

The Trading Disputes Process

The Trading Disputes process is a remedial Performance Assurance technique that provides a mechanism for correcting identified settlement errors where the Code has not been followed or the error was not previously identified. Any data can be corrected before the Initial Settlement (SF) Run but after this can only be changed through the Disputes process or if the Code explicitly allows it.

Trading Disputes can arise as a result of errors in the data, processes and/or application of the rules used for the purposes of Settlement, where such errors affect the determination of Trading Charges paid to or from Parties. The Trading Disputes process allows for incorrectly derived Settlement data to be re-calculated, and for the corrected Trading Charges to be adjusted accordingly. The process is defined in Section W 'Trading Queries and Trading Disputes' of the BSC and BSCP11 'Trading Disputes and Trading Queries'.

The 2009 Review

The Trading Disputes process was last reviewed in 2002, which resulted in Modification Proposal P131[2]. Over the recent years feedback from the industry has indicated that the current process is too complex. It includes steps that add no value and some Disputes criteria are no longer fit for purpose. This has stopped some Parties participating in the process and reduced the number of Disputes being raised each year.

As a result of this feedback as well as the time elapsed since the last review, the Trading Disputes Committee (TDC) instigated a review of the Trading Disputes process to identify improvements that would make the process more user-friendly, simpler and efficient.

Further details on the Trading Disputes process and the review can be found in Attachment A, Section 1.

Why has P256 been raised?

The TDC identified 12 changes that would speed up the overall process, encourage participation and make the process easier to understand. Modification P256 is progressing 5 of these:

1. Expanding the remit of the TDC around Rectification decisions;
2. Allowing the TDC to amend Trading Dispute end dates;
3. Changing the SVA Half Hourly (HH) Query Deadline;
4. Removing Precautionary Queries from the process; and
5. Increasing the clarity of the definition of 'settlement error'.

These proposed changes were issued for industry consultation during November 2009 and received unanimous support among the small number of responses that were received.

Related changes

P256 is one of three Modifications that are taking forward the outcomes of the Trading Dispute process review. The other two cover:

- P257 - Removal of the concept of Trading Queries; and
- P258 - Including Party Agents in the Trading Disputes process.

A Change Proposal (CP) is also being put together to take forward non Code related changes to BSCP11.

[2] P131 - Introduction of further provisions relating to the determination of Trading Disputes

What does the Code say on updating data?

Section U2.1.2 enables data to be updated with the latest available between the 1st Reconciliation (R1) Settlement Run to the Final Reconciliation (RF) Settlement Run without the need for a Dispute

What are Performance Assurance Techniques?

The Performance Assurance Framework (PAF) is a complementary set of preventative, detective, incentive and remedial assurance techniques. These techniques are used flexibly to address Settlement Risks

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What are the areas that P256 is trying to improve?

Rectification Decisions

Concern has been expressed within the industry at the lack of referral rights on certain decisions relating to the rectification of settlement errors via the Trading Disputes process. Rulings on Trading Disputes are made by the TDC. The TDC consists of impartial industry experts who have been appointed by the BSC Panel. If a Party should disagree with a TDC ruling an escalation route to the Panel, and further to arbitration, exists as part of the Trading Disputes process.

If a Party disagrees with a TDC decision or the TDC fails to reach a majority decision, the TDC or that Party can refer the matter to the Panel within 30 days. If the Party disagrees with the Panel's decision in respect of those matters referred from the TDC it can, within 30 days, refer the matter to arbitration.

Parties can only appeal (via arbitration) Dispute decisions that have been made by the TDC and subsequently referred to the Panel. The decisions made by the TDC constitute checks against:

- The three Disputes criteria; and
- Determination on replacement data.

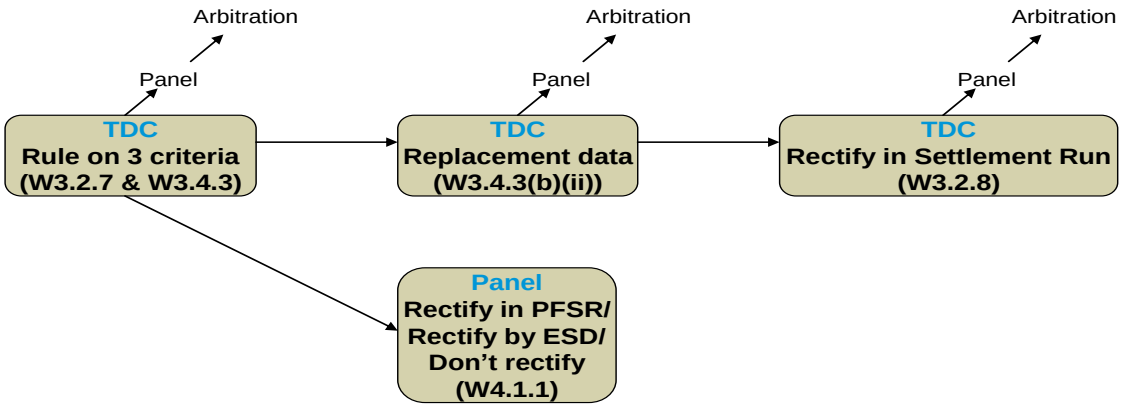
Where rectification cannot be effected via one of the normal, scheduled Settlement Runs (SF to RF) the Panel makes a determination regarding Trading Disputes taking into consideration the recommendation of the TDC. These decisions concern the rectification approach and are:

- Authorisation of a Post-Final Settlement Run
- Authorisation of an Extra-Settlement Determination
- The decision to not rectify a Dispute

Parties have no right of appeal (via arbitration) for these rectification decisions as such decisions are made solely by the Panel and fall outside the arbitration criteria in Section W of the Code.

Diagram 1 below demonstrates what can and cannot be taken to arbitration.

Diagram 1: Which decisions can be taken to arbitration.



Trading Dispute end dates

A Dispute will not be accepted or processed by ELEXON unless the raising form (BSCP11/01) that is submitted contains all affected Settlement Periods claimed. Where an end date is not specified it will be assumed that the alleged settlement error is ongoing.

What is the BSC Panel?

The BSC places an obligation on the BSC Panel to ensure that the provisions of the BSC are given effect: fully, promptly, fairly, economically, efficiently, transparently and in such a manner as will promote effective competition in the generation, supply, sale and purchase of electricity.

What are the three Dispute Criteria?

1. Raised before the applicable deadline;
2. There is a settlement error; and
3. The materiality exceeds the threshold (as set out in BSCP11).

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However, the TDC does not have the authority to amend the start or end dates where specified on the raising form. This means that if the error extends beyond the end date specified on the raising form a second Dispute would need to be raised so that all affected Settlement Days are covered. This creates unnecessary administrative work for both the Raising Party and ELEXON.

The SVA HH Query Deadline

The Query Deadlines are established by the BSC and defined in BSCP11 Section 2.1. The deadlines were set so that Parties would be encouraged to detect settlement errors promptly and hence raise Disputes in a timely manner. Most of the Query Deadlines are still fit for purpose and do not require changing. However it has become apparent that the SVA HH Query Deadline of Second Reconciliation (R2) Run + 20 Working Days (WD) is too strict.

Parties can correct data outside of the Disputes process until the Final Reconciliation (RF) Run. The current Second Reconciliation Run (R2) + 20WD deadline does not provide a long window of opportunity to identify errors. These competing factors mean that Parties only need to raise a Query should they feel that an identified error will not be resolved by the RF Run.

Some of the settlement errors that are investigated under Queries that are raised are found to have been resolved within the normal course of Settlement. There appears to be little value in investigating and presenting such Queries for the consideration of the TDC.

Most SVA HH errors, however, are discovered during site visits or during the Change of Supplier / Change of Agent processes. These errors have often existed for many months or years.

The current SVA HH Query Deadline has discouraged some Parties from participating in the process as they feel it is not worth raising a HH Dispute as they still have until RF to resolve it without requiring a Dispute to be raised. As a result the average number of Disputes being raised per year has declined from an average of 27 a year, prior to the implementation of P131 in 2004, to an average of 21 a year.

Parties can ask the TDC to consider errors arising in Settlement Periods for which the Query Deadline has passed. This requires the Parties to provide evidence that exceptional circumstances prevented them from identifying the errors at an earlier stage. Such a claim is investigated by ELEXON and presented to the TDC with appropriate evidence. The number of Disputes featuring exceptional circumstances claims has risen considerably in the 2009/2010 year, with 24 out of the 29 Disputes raised claiming exceptional circumstances compared to a total of 11 claims across all previous years. Most of these claims are SVA HH Disputes that could not be raised within the existing R2 +20 WD timetable. Aligning the SVA HH Query Deadline with the SVA NHH Query Deadline of RF +70WDs would ensure that the TDC focused its attention on only those settlement errors which could not be resolved in normal settlement timescales.

Precautionary Queries

Precautionary Queries are part of the current Disputes process and are defined in Section 3.2 of BSCP11. They are SVA HH Queries that are likely to be resolved outside the Disputes process but are raised 'just in case' so as to meet the R2 Run + 20WD window described above. They are placed on hold until either the error is resolved or until the Third Reconciliation Run (R3) + 5WD when they will be treated as a normal Query.

Currently even if the Query is resolved outside the Disputes process the TDC will have to formally close it, which is inefficient.

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Settlement error definition

Settlement error is defined in BSC Section W.1.3. Three criteria must be satisfied in order for a settlement error to exist:

- There must be an error in the data and/or processes or the application of the rules used for the purposes of Settlement.
- Must constitute a breach of the BSC
- Must impact Trading Charges

The current settlement error definition is difficult to understand. It has been recognised that the definition needs to be legalistic however a few minor changes could make it easier to understand.

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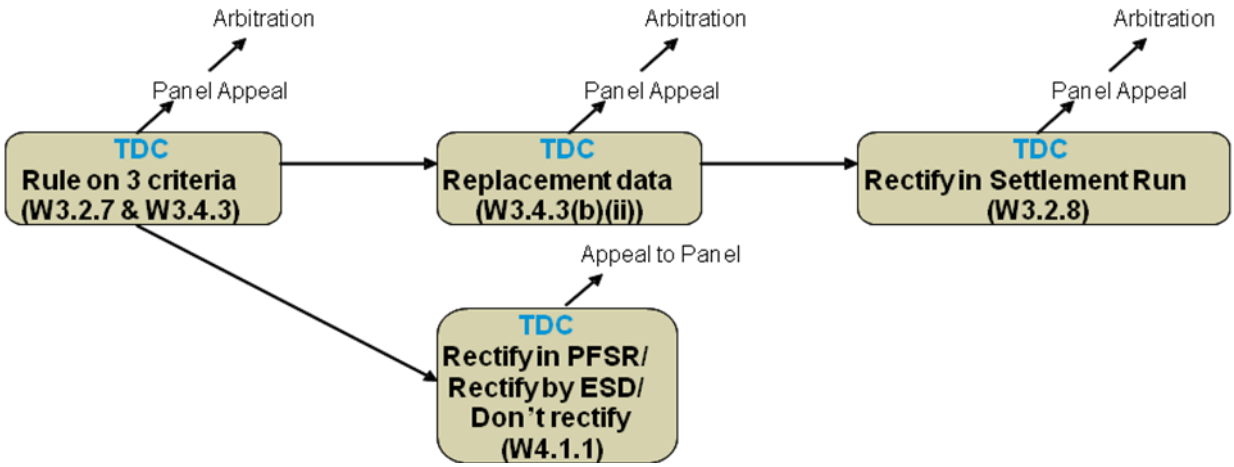
How will the P256 solution resolve the issues?

To resolve the identified issues, the following changes are included in the Proposed Solution:

The TDC to approve all rectification approaches

To address the concerns over Parties' inability to appeal certain rectification approaches, it is proposed to enable the TDC to determine all rectification approaches. Parties would then be given the right to refer these decisions to the Panel. If referred to the Panel, the Panel's decisions on Post-Final Settlement Run (PFSR), Extra-Settlement Determination and decision not to rectify would not be referable to arbitration[3] as per the current process.



This creates a referral mechanism for decisions on post RF rectification approaches, allowing for a second view to be taken without eroding the overall principles relating to Panel decisions of this kind. This approach would also speed up the overall Disputes process by removing the need for the TDC to make a recommendation to the BSC Panel regarding rectification, therefore providing more immediate answers to the Raising Party and allowing it and its Agents more time to submit replacement data if a Post Final Settlement Run (PFSR) is required.

The TDC to have authority to extend the end date of Disputes

It is proposed that the TDC should be able to amend the end date of the Dispute where it has been specified on the raising form, but the error extends beyond this specified date. This will involve a Code change to make it clear that the TDC has an authority to extend the end date of the Dispute to cover all affected Settlement Days if deemed appropriate.

Align the SVA HH Query Deadline with the NHH Query Deadline of RF+70WD

The SVA HH Query Deadline should be aligned with the SVA Non Half Hourly (NHH) Query Deadline of RF + 70WDs. This new deadline will allow BSC Parties more time to uncover errors and encourage participation in the process. It will also avoid ELEXON and the TDC investigating errors that have been resolved in the normal course of Settlement.

Changes to the Code would be made to align the SVA NHH and HH Query deadlines, in so far that the timescales associated with them would be the same. BSCP11 would then need to be amended to reflect that the SVA HH deadline was RF + 70WDs.

What is a Post Final Settlement Run (PFSR)?

Is a Settlement Run that is carried out after the Final Reconciliation (RF) Settlement Run to correct an error in settlement data.

[3] The Party could seek resolution in the courts if it was not happy with the Panel's decision.

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Removal of the concept of Precautionary Queries from BSCP11

Extending the SVA HH Query Deadline would remove the need for the Precautionary Queries. Therefore, P256 also proposes the removal of Precautionary Queries from BSCP11, further streamlining and simplifying the process.

Increase clarification around settlement error definition

To assist clarity and understanding of 'settlement error' the definition should be amended to:

- Include a cross-reference in Section W1.3.1 to Section W1.3.2 in order to make it clear that these two paragraphs need to be read together for the full definition of settlement error; and
- Capitalise 'settlement error' to make it clear that it is a defined term in the Code. Section X of the Code should include a reference to the definition of "settlement error" in section W1.3.1.

The Group's discussions on each element of the proposed solution can be found in Attachment A, Section 3.

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4 Alternative Solution

Has the Group identified any other solutions?

The Modification Group identified a potential alternative solution that is identical to the Proposed solution, with the exception that the SVA HH Query Deadline would remain as R2 +20 WDs.

Under the proposed solution, Precautionary Queries would be removed as it is a superfluous process and would become obsolete as a result of extending the SVA HH Query Deadline. For the potential alternative, the Group agreed that Precautionary Queries should still be removed from BSCP11. This concept is still superfluous since, in practice they are raised within the R2 + 20WD timeframe and then investigated and taken to the TDC for decision, so rather than raising a Precautionary Query for a potential SVA HH error, the Party can just raise a normal Query within the R2 + 20WD timeframe.

Incentives vs. Efficiency concerning the SVA HH Query Deadline

When the Group discussed the Proposed and potential alternative solutions there were some contrasting comments about incentives vs. efficiency.

The Group noted that many of the SVA HH errors discovered (during site visits of during Change of Supplier / Change of Agent processes) are long-standing issues.

The majority of Group members supporting the Proposed P256 solution believed that it was more effective to align the SVA HH and NHH deadlines so as to allow more settlement data to be corrected in a Dispute, while not reducing the existing incentive to make sure data is correct by RF. This would improve the accuracy of Settlement and result in a more efficient Disputes process that was less encumbered by previously resolved Queries and claims for exceptional circumstances.

A minority of Group members supporting the potential alternative P256 solution placed greater weight on the incentives created by the existing SVA HH Query Deadline. They observed that this deadline encourages Parties to identify and correct error in a timely manner (i.e. within the normal course of Settlement) without seeking recourse to Post Final Settlement Runs or Extra Settlement Determinations.

Conclusion

The Group all agreed that the potential alternative solution was better than the current Baseline.

However, the majority of the Group did not believe the potential alternative was better than the proposed modification, and therefore did not progress the alternative solution. The Group did consult on the potential alternative solution in its Assessment Consultation. A majority of respondents agreed that the potential alternative was better than the current Baseline, but not better than the proposed solution. The Consultation responses are summarised in Attachment A, Section 5 with the complete responses available on the P256 page of the ELEXON website here.

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5 Impacts & Costs

Costs

ELEXON Cost	ELEXON Service Provider Cost
8 Man Days equating to £1,920 to cover the costs of updating the Code and affected Code Subsidiary Documents.	None – P256 will not affect the activities of Service Providers

Impacts

Impact on BSC Parties and Party Agents
BSC Parties and Party Agents should experience a Trading Disputes process that is more efficient and easier to understand and use.

Impact on Transmission Company
None

Impact on ELEXON	
Area of ELEXON's business	Potential impact
Trading Disputes Processes	TDC Terms of Reference; Disputes Process Guidance Notes

Impact on Code	
Code section	Potential impact
Section U Section W	The proposed changes are to effect the changes set out in the P256 solutions above.
Annex X-1	Addition of 'Settlement Error'[4] to Annex X-1

Impact on Code Subsidiary Documents	
CSD	Potential impact
BSCP11	Updates to capture: • the TDCs additional authority to make decisions on PFSRs, ESDs and decisions not to rectify; • TDCs ability to amend End Dates; • Amend the SVA HH Query Deadline to RF + 70WDs; • remove Precautionary Queries; and • capitalise the Code term 'Settlement Error'

ELEXON has drafted the necessary changes to the BSCP11 (Attachment C) and will consult the industry on the changes during the Report Phase consultation.

Consultation Question 1
Do you agree that the Panel's recommended legal text and BSCP11 changes deliver the solution agreed by the Modification Group?
The Panel invites you to give your views using the response form in Attachment D.

[4] To avoid potential implementation issues, the 'Settlement Error' change has also o been included in the Proposed draft legal text for P257.

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6 Implementation

How will P256 be implemented?

The Panel initially recommends that, if the Authority approves P256, the changes to the BSC are implemented on:

- **04 November 2010** if a decision is made by 24 September 2010; or
- the **Next Available Release** if a decision is made after 24 September 2010.

This will enable the changes to be implemented promptly, while giving Parties a clear date for when the new processes will apply.

The Group's discussion on implementation timescales

The Group discussed the need for a clear implementation date following an Authority decision so that Parties were aware of when the new process would take effect.

The majority of the Group agreed that an implementation approach with a clear operational day cut over from the existing processes to those introduced by the Modification is more suitable than an implementation approach set around a specific Settlement Day. This was on the grounds that there would be no need for a run-off or parallel running of old and new processes which would likely give rise to confusion among Parties, if a Settlement day implementation was used.

What this means in practical terms is the criteria used to assess the validity will depend upon the date the Dispute was raised in relation to the implementation date.

The process that may be employed will vary across the implementation date so a Dispute may start out on one track but end up being progressed using the new processes.

An Example, Rectification decision:

A Party submits a Dispute concerning an error that will require either a PFSR or ESD to correct.

The Party submit the Dispute prior to the P256 implementation date, however once it is processed, P256 has been implemented. When the Dispute is presented to the TDC, they make the decision on the rectification approach required, which the Parties can then refer to the Panel if it disagrees.

The majority of the Group also believed that there was no need to excessively delay implementation following an Authority decision as there are no system related changes, only procedural changes.

Will the changes to the SVA HH deadline discriminate against those raising Queries/Disputes again if they did not previously meet the deadline?

When considering the consultation responses on the implementation approach, the Group queried whether the changes to the SVA NHH deadline following implementation would discriminate against Parties re-raising Queries/Disputes that had been previously rejected due to them not meeting the R2 + 20WD deadline. If a Party were to re-raise a Dispute previously determined to be invalid on those grounds, providing it concerns a subsequent rectification run (most likely the RF run) it would still be considered as it would be meeting the requirements of the new SVA HH deadline.

Parties raising a Query/Dispute in line with the new deadline following implementation would be considered as normal.

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Further details on the Group's discussion of the Implementation approach is provided in Attachment A, Section 3.

Consultation Question 2
The Panel has initially recommended an implementation approach of: • **04 November 2010** if a decision is made by 24 September 2010; or • the **Next Available Release** if a decision is made after 24 September 2010. Do you agree with the Panel's recommended Implementation Date (for both the BSC and BSCP11 changes)?
Insert answer here

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Applicable Objectives

The Group's **majority** view is that P256 is better than the current baseline and will better facilitate the achievement of **Applicable BSC Objective (d)** and to a lesser extent **(c)**.

The Group's views against the **Applicable BSC Objectives (d)** are as follows:

Applicable Objective (d)	
Benefits	Disadvantages
Expanding the remit of the TDC around Rectification decisions will increase the efficiency of the overall process by: • removing the need for the TDC to make a recommendation to the BSC Panel regarding rectification, therefore providing more immediate answers to the Raising Party and allowing it and its Agents more time to submit replacement data into Settlement; and • creating a referral mechanism for decisions on rectification approach, providing for a second view to be taken rather than the only recourse being to submit the matter to judicial review. Allowing the TDC to amend Trading Dispute End Dates will increase the efficiency of the overall process by allowing more settlement data to be corrected in a single Trading Dispute, rather than having to administer multiple Disputes. Changing the SVA Half Hourly (HH) Query Deadline and removing the concept of Precautionary Trading Queries will increase the efficiency of the overall process by: • eliminating the need for Parties to assess whether to raise a Trading Query should they feel that an identified error will not be resolved by the RF Run; • eliminating the work involved in ELEXON and the TDC considering errors that have been rectified within the normal course of Settlement; and • reducing the need for Parties, ELEXON and the TDC to investigate and consider and claims for exceptional circumstances. Clarifying the definition of 'settlement error', amending the Query Deadline and removing the concept of Precautionary Trading Queries will increase the efficiency of the overall process by encouraging Parties to participate in an a Trading Disputes process which is easier to understand and use, so increasing the accuracy of Settlement.	Extending SVA HH Query Deadline would remove the incentive it creates to correct error in a timely manner and may lead to more errors remaining to be resolved after RF, reducing the efficiency of Settlement overall.

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Two members of the Modification Group believed there was some benefit against **Applicable BSC Objective (c)**:

Applicable Objective (c)	
Benefits	Disadvantages
Changing the SVA Half Hourly (HH) Query Deadline and removing the concept of Precautionary Trading Queries will support effective competition by providing all Parties with a greater window of opportunity to identify errors and raise Trading Queries/Disputes, therefore allowing more settlement errors to be corrected, improving the accuracy of Settlement.	None identified

Transmission Company and Assessment Consultation Responses

The Transmission Company analysis indicated there is no impact of the Transmission Company. They agreed that the P256 would create a more efficient process, better achieving applicable BSC Objective (d).

A majority of Assessment Consultation respondents supported the initial views of the Modification Group that P256 does better facilitate the applicable objectives, particularly in relation to improvement to the efficiency of the Trading Disputes process.

Further details on the Assessment Consultation responses and the Group's discussions are provided in Attachment A, Section 5.

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Does the Panel agree with the Group's views?

A **majority** of the Panel initially **agree** with the findings of the Group that the Proposed Modification should be made.

Panel's Views on the Applicable BSC Objectives

The **majority** of the Panel initially agree that P256 would help to better facilitate applicable **BSC Objective (d)**.

The Panel did not agree with the minor benefit identified in relation of to Objective (c). They commented that the link was tenuous and expressed concern that referencing objective (c) in this way could bring the objective into disrepute.

A **minority** of the Panel disagreed with the Group's majority recommendation as they had concerns over changing the SVA HH deadline

Changing the SVA HH deadline

Some Panel members voiced their concerns around the extension of the SVA HH deadline, and reflected the Group's minority views that by extending the SVA HH deadline you may reduce the incentive to get accurate data in to Settlement expeditiously.

They requested that as part of the Report Phase consultation, that Parties provide their views on the change to the SVA Half Hourly Deadline.

Consultation Question 3

The BSC obliges Parties to submit correct data, derived in accordance with the provisions of the BSC, at each Settlement Run. The change to the SVA HH deadline (from R2+ 20WDs to RF + 70WDs) would enable Parties to seek correction of errors identified after R2+20WDs. It could also be seen to reduce the incentive for Parties to comply with the requirement to submit correct data expeditiously.

Does the impact on the incentive to submit correct Settlement data outweigh the benefits of being able to correct a wider set of settlement errors?

The Panel invites you to give your views using the response form in Attachment D.

Consultation Question 4

Do you agree with the Panel's initial majority recommendation that:

- P256 will better facilitate the achievement of Applicable BSC Objective (d) when compared with the existing BSC Arrangement; and
- P256 should therefore be approved?

The Panel invites you to give your views using the response form in Attachment D.

Did the Panel raise any additional views or comments?

Why not have more of the procedural detail in the Code Subsidiary Documents (CSDs)?

A Group member expressed a view that more of the procedural elements of the Trading Dispute Processes should be in the Code Subsidiary Documents (CSDs), such as BSCP11, rather than in the Code. ELEXON responded by re-iterating that the P256 (along with P257 and P258) changes arose from the TDC review group. The next time the TDC review the dispute procedures it can consider further improvements to simplify the process, including

What is the Panel's view?

The Panel initially by a majority agrees with the Group that P256 will better facilitate the achievement of Applicable BSC Objectives (d).

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re-locating elements of the process that might sit more appropriately in a CSD rather than the BSC.

Did the Group consider any alternatives?

A Panel member questioned the extent to which alternatives where considered by the Group. As detailed in Section 4 above, and Section 2 in Attachment A, the group did consider different alternatives. However none of them had a majority agreement that they were better than the Baseline and Proposed Modification. Therefore they were not developed into full solutions.

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9 Recommendations

The Panel initially recommends:

- By a majority that P256 should be made;
- An implementation Date of:
  - **04 November 2010** if a decision is made by 24 September 2010; or
  - the **Next Available Release** if a decision is made after 24 September 2010.
- The draft BSC legal text contained in Attachment B; and
- The Draft redlined changes to BSCP11 contained in Attachment C.

Recommendation

The Panel's initial majority recommendation is that P256 should be approved.

10 Further Information

More information is available in:

Attachment A: Detailed Assessment

This information includes:

- Background information on the Trading Disputes process and review;
- The Modification Group's Terms of reference and how each has been completed;
- The Modification Group discussions on the Proposed and potential alternative Solutions;
- Modification Group membership; and
- Process followed for P256.

Attachment B: Proposed Legal Text

Attachment C: Proposed BSCP11 Changes

See these attachments for copies of the Panel's recommended redlined changes to the BSC and BSCP11.

Attachment D: Consultation Questions

Please use this form to submit your consultation response. The Panel invites you to give your views on each of the question in this form.

You can download further P256 documents here, including the Transmission Company's impact assessment and copies of the full industry responses to the Group's previous Assessment Consultation.

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