

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

Request to raise a Modification Proposal

Removal of the concept of Trading Queries

The Trading Disputes Committee requests that the BSC Panel raise a Modification Proposal to remove the concept of Trading Queries and to allow BSCCo to close Trading Disputes that have not satisfied the relevant criteria when raised.



The TDC recommends:
The attached Modification is raised and progressed to a 3 month Assessment Procedure



High Impact:
The Trading Disputes Committee, BSCCo and Parties who wish to raise a Trading Dispute.

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About this document:

This document is a request to raise a Modification, which ELEXON will present to the Panel on 11 March 2010 on behalf of the TDC. The Panel will consider the recommendations and agree whether to raise a Modification and how it should be progressed.

If the Panel agree to raise this as a Modification Proposal then this paper should be treated as the Initial Written Assessment (IWA).

Further information is available in the Modification Proposal which Attachment A to this document.



Any questions?

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

The Trading Disputes Process

The Trading Disputes process is a remedial Performance Assurance technique that provides a mechanism for correcting identified settlement errors. Any data can be changed before the Initial Settlement (SF) Run but after this can only be changed through the Disputes process or if the Code explicitly allows it (as with Supplier Volume Allocation data).

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 Trading Dispute Process Review 2009

The last time the Trading Disputes process review was carried out, was in 2002. Over the recent years feedback from the industry has indicated that the current process is too complex. The Trading Disputes Committee (TDC) has also become increasingly concerned that the process is not used as much as it could be resulting in less accurate Settlement data.

As a result of this feedback, the TDC instigated a review of the Trading Disputes process to identify improvements that would make the process more user-friendly, simpler and efficient.

The review helped the TDC identify that the Trading Queries process is obsolete and should be removed. The TDC consulted the Industry on this issue during November 2009 and all of the respondents agreed with the TDC's view.

What's the issue?

Trading Queries and Trading Disputes

The Trading Disputes process can be split into two broad stages, a Trading Query stage and a Trading Dispute stage. The intention is that Trading Queries act as a precursor to the Trading Disputes process.

If a Party believes they have identified an error in Settlement data that impacts their Trading Charges they first raise a Trading Query. ELEXON will then investigate the Trading Query and perform three validation checks to ensure that:

1. All affected Settlement Periods lie within the applicable Query Deadline;
2. It is confirmed that a settlement error exists; and
3. The materiality of the Trading Query is greater than the materiality threshold (set in BSCP11).

If the Trading Query is found invalid, and the Party does not agree with ELEXON's findings they may raise a Trading Dispute.

If the Trading Query is valid against all three checks, ELEXON will present its findings to the TDC who will either agree or disagree with the findings. If the TDC agree with the findings then the settlement error is corrected and the Trading Query closed. If the TDC disagree with the findings and the alleged error cannot be rectified it is progressed as a Trading Dispute.

Once a Trading Dispute is raised ELEXON will collate the necessary information and present evidence to the TDC against each of the three validation checks. The TDC will then decide whether to approve or reject the Dispute. If the Party disagrees with the TDC decision they may appeal to the BSC Panel.

After reviewing this process it is apparent that the concept of Trading Queries is obsolete, as it isn't really a precursor to, but an initial stage of a Trading Dispute. If a Party or the TDC disagree with ELEXON's findings then a Trading Dispute could always be raised. Therefore a Trading Query is a complicated way of saying that ELEXON validate the claim and presents its findings to the TDC.

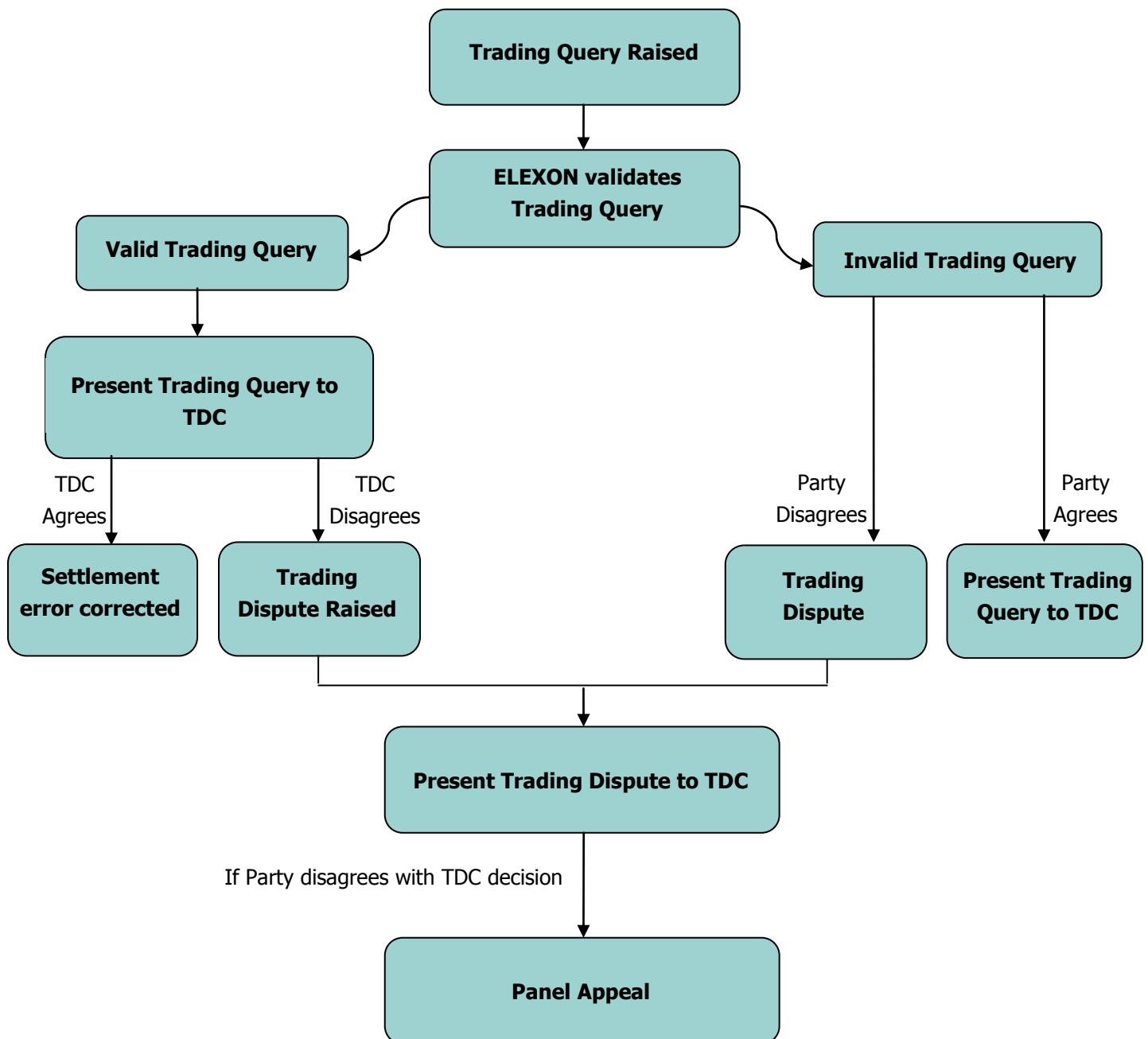
Furthermore, the terms 'Trading Queries' and 'Trading Disputes' can lead to confusion for Parties using the process, as it implies two distinct phases. It would help streamline and clarify the Trading Disputes process if the concept of Trading Queries were removed.

Closing invalid Trading Disputes

As noted above, ELEXON carries out an initial validation on all Queries/Disputes. If the claim passes the three validation checks then the Query/Dispute is presented to the TDC for decision. If the claim is declared invalid by ELEXON but the Party disagrees, the claim is presented to the TDC for a decision. This is sensible practice. However, when a claim is found to be invalid by ELEXON and the Party agrees with the decision, the Query/Dispute still needs to be presented to the TDC before it can be formally closed.

An overview of the current process is on the following page.

High level overview of current Trading Query/Disputes process



Related changes

This Modification is one of three Trading Dispute review Modifications that the TDC is recommending the Panel raises. The other two cover:

- Improving the efficiency and clarity of the Trading Dispute process; and
- Including Party Agents in the Trading Disputes process.

All three Modifications will be progressed together using the same Modification Group and proposed timescales.

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Trading Queries or Trading Disputes?

To streamline the Trading Disputes process, and to reduce confusion from Parties, it is proposed to remove the concept of Trading Queries.

If a Party believes they have identified an error in Settlement then they would simply raise a Trading Dispute. If ELEXON validates the claim and the TDC approves it, the Dispute is closed. If ELEXON validates the claim and TDC rejects it, then the Party may appeal to the BSC Panel as they currently can.

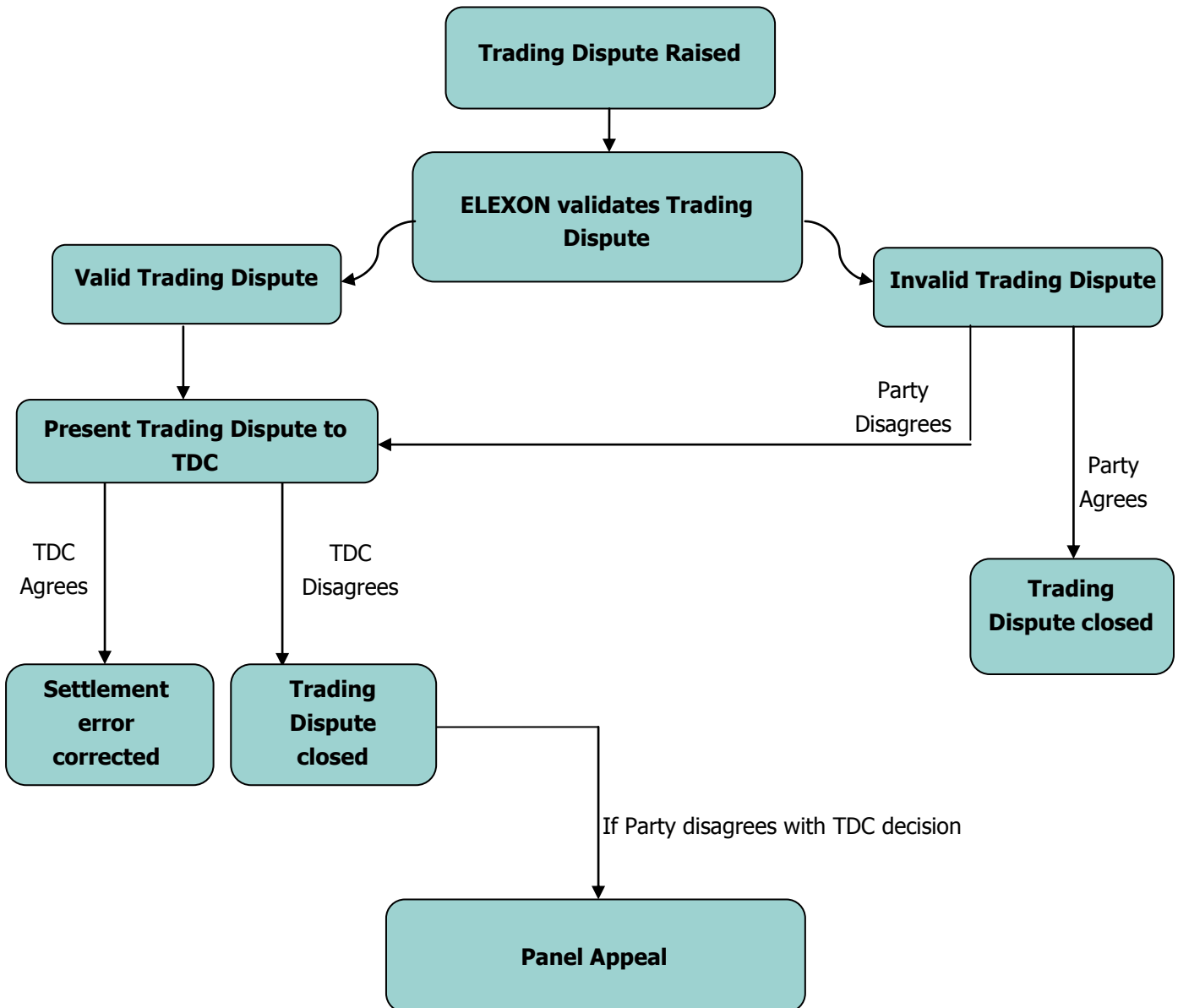
This change will not amend the validation process that each Query/Dispute must go through, nor will it impact a Party's right to appeal against a TDC decision.

Closing Invalid Disputes

As detailed in the section above, if a claim is found invalid by ELEXON, but the Raising Party disagrees then the Dispute must be presented to the TDC for decision. This is a sensible and robust practice. However, where a claim has been found invalid by ELEXON, and the Raising Party agrees, it is inefficient to present the dispute to the TDC for decision.

It is therefore proposed that where a Query/Dispute is found invalid by ELEXON, and the Raising Party agrees, ELEXON may close the Query/Dispute. This saves time and effort both for Parties and ELEXON and enables Parties to get a swifter resolution to Queries/Disputes. It is envisaged that ELEXON would present a report to the TDC on the Queries/Disputes closed in this manner.

Proposed Trading Disputes process



3 Proposed Progression

Terms of Reference

Proposed Terms of Reference

The Modification Group will be formed from members of the GSMG. The Group will consider the following items:

Ref	
1	The effect of the Modification on Applicable BSC Objective (d) and any other relevant BSC Objective(s).
2	Whether the Modification Group supports the TDCs proposed solutions to the identified defects.
3	Whether there is any Alternative Modification which would better facilitate the achievement of the Applicable BSC Objectives in relation to the identified issue or defect.
4	The most appropriate implementation approach for the Modification.
5	The most appropriate legal drafting to deliver the solution.

Costs

As noted above there are three related Modifications that the Panel is requested to raise which for efficiency will be progressed together. The costs detailed below are the progression costs for all three together and is duplicated in the other two 'Request to raise Modification Proposal' documents.

Estimated progression costs based on proposed timetable

Meeting costs (including Modification Group member expenses)	£1500
ELEXON resource	44 man days, equating to £10,140

Timetable

Assessment Activity	Date
Modification Group 1	19 April 2010
Modification Group 2 (if required)	20 April 2010
Draft Consultation Document	20 April 2010
Assessment Procedure Consultation	30 April 2010
Modification Group 3	19 May 2010
Draft Assessment Report	20 May 2010
Submit Assessment Report to Panel	04 June 2010
Present Assessment Report to Panel	10 June 2010

The timetable above sets out the planned progression approach for all three Trading Disputes review Modification Proposals. Whilst the planned timetable is for two months, this may prove difficult should something unexpected turn up. Therefore we are pragmatically requesting a 3-month timetable, but will attempt to deliver in two.

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4 Likely 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 E	Removal of references to Trading Query
Section P	Removal of references to Trading Query
Section R	Removal of references to Trading Query
Section S	Removal of references to Trading Query
Section T	Removal of references to Trading Query
Section U	Removal of references to Trading Query
Section W	Changes to remove Trading Queries from the Code section out in the Proposal
Annex X-1	Removal of definition of Trading Query

Impact on Code Subsidiary Documents

CSD	Potential impact
BSCP11	Process changes to support Code amendments
BSCP18	Minor impact to remove references to Trading Query
BSCP504	
BSCP520	
CDCA Service Description	
SAA Service Description	

Impact on other Configurable Items

Configurable Item	Potential impact
BSC Business Process Model	Changes to the 'Manage Disputes, Queries and Claims' process to reflect alterations to Section W and BSCP11

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There is no impact on any Core Industry Documents.

5 Recommendations

The TDC invites the Panel to:

- AGREE to raise the Modification Proposal as included in Attachment A.

If the Panel agrees to raise the Modification Proposal, we also invite the Panel to:

- DETERMINE that the Modification Proposal progresses to the Assessment Procedure;
- AGREE the Assessment Procedure timetable such that an Assessment Report should be completed and submitted to the Panel at its meeting on 08 July 2010;
- DETERMINE that the Modification Group should be formed from members of the Governance Standing Modification Group; and
- AGREE the Modification Group's Terms of Reference.

6 Further Information

More information is included in the Modification Proposal form which is an Attachment to this document.