# P309 'Facility to enable BSC Parties to select either replacement contract notifications or additional contract notifications'

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What stage is this document in the process?

- 01 Initial Written Assessment
- 02 Definition Procedure
- 03 Assessment Procedure
- 04 Report Phase

This Modification proposes to give BSC Parties the ability to specify that either replacement contract notifications or additional contract notifications are associated with an Energy Contract Volume Notification Agent Authorisation in order to mitigate the risk that replacement notifications might be submitted instead of additional notifications, or vice versa.

This Assessment Procedure Consultation for P309 closes:

**5pm** on **13 October 2014**

The Workgroup may not be able to consider late responses.

The P309 Workgroup initially recommends **approval** of the P309 Alternative Modification

The P303 Workgroup initially recommends **rejection** of the P303 Proposed Modification

This Modification is expected to impact:

- BSC Parties
- Energy Contract Volume Notification Agents (ECVNAs)


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## About This Document

The purpose of this P309 Assessment Procedure Consultation is to invite BSC Parties and other interested parties to provide their views on the merits of P309. The P309 Workgroup will then discuss the consultation responses, before making a recommendation to the BSC Panel at its meeting on 13 November 2014 on whether or not to approve P309.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the draft redlined changes to the BSC for P309 proposed solution.
- Attachment B contains the draft redlined changes to BSC for P309 alternative solution.
- Attachment C contains the specific questions on which the Workgroup seeks your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish the Workgroup to consider.

**Any questions?**


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# 1 Summary

## Why Change?

BSC Section P 'Energy Contract Volumes and Metered Volume Reallocations' sets out the current requirements for BSC Parties to notify the BSC systems of their contract positions to enable Energy Imbalance Volumes to be calculated.

It is suggested that the current BSC and associated systems enable a BSC Party to unintentionally switch between replacement contract notifications (overwrite) and additional contract notifications (additive) or vice versa. This creates a risk for Parties with the Energy Contract submission process that could affect competition in the Great Britain (GB) electricity market, and should therefore be amended.

## Proposed solution

Under the P309 Proposed Modification, a BSC Party must select the type of contract notifications associated with an ECVNA Authorisation; either additional only, replacement only, or both additional and replacement. Existing Authorisations would automatically default to 'both' so Parties with existing notifications would not be affected until they set up a new Authorisation (or change an existing Authorisation), and can then choose 'both' if they wish.

The Proposed Modification includes a retrospective element that would enable Parties, for a period of five Working Days following the Implementation Date, to retrospectively apply notification type selections to historic Authorisations, on or after an Effective Date of **21 May 2013**.

## Alternative solution

The P309 Alternative Modification is the same as the Proposed Modification except that it has no retrospective element.

Under the P309 Alternative Modification, a BSC Party must select the type of contract notifications associated with an ECVNA Authorisation; either additional only, replacement only, or both additional and replacement. Existing Authorisations would automatically default to 'both' so Parties with existing notifications would not be affected until they set up a new Authorisation (or change an existing Authorisation), and can then choose 'both' if they wish.

## Impacts & Costs

P309 will impact all **BSC Parties** and **ECVNAs.**

The central implementation cost of the P309 Proposed Modification is approximately £75.5k.

The central implementation cost of the P309 Alternative Modification is approximately £71k.


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## Implementation

The recommended Implementation Date of both the P309 Proposed Modification and Alternative Modification is:

- **25 June 2015** as part of the June 2015 BSC Systems Release if an Authority decision is received on or before 30 January 2015; or
- **5 November 2015** as part of the November 2015 BSC Systems Release if an Authority decision is received after 30 January 2015 but on or before 3 July 2015.

The implementation of the Proposed Modification would include a five Working Day period following implementation in which Parties could initiate retrospective amendments.

## Recommendation

The P309 Workgroup unanimously believes that the P309 Alternative solution would better facilitate Applicable BSC Objective (c) and therefore initially recommends that the P309 Alternative solution should be **approved**.

With the exception of the P309 Proposer, the Workgroup unanimously believes that the P309 Proposed solution would not better facilitate the Applicable BSC Objectives, and therefore initially recommends that the P309 Proposed solution **should not** be approved.


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# 2 Why Change?

## Background

Section P 'Energy Contract Volumes and Metered Volume Reallocations' of the BSC requires BSC Parties to notify the BSC systems of their contract positions to enable Energy Imbalance Volumes to be calculated.

## What is an Energy Contract Volume Notification?

Energy Contract Volume Notification Agents (ECVNAs) submit notifications known as Energy Contract Volume Notifications (ECVNs) on behalf of BSC Parties. Notifications can be submitted as follows:

- **Via direct file transfer protocol (FTP) transfers to the Energy Contract Volume Aggregation Agent (ECVAA)**: The ECVAA receives, validates, approves and records notifications in relation to the relevant Party's production and/or consumption energy accounts, prior to Gate Closure. ECVNs notify the ECVAA of the volumes of energy bought and sold between two Energy Accounts. These Energy Accounts could belong to separate Parties or could both belong to the same Party.
- **By use of a web-based reporting and submission tool known as the ECVAA Web Service**: The ECVAA Web Service is an easy to use and secure web interface which is available to all BSC Parties.

ECVNs can only be made in the form specified as there is no scope for Parties to specify any additional qualification or condition in the notification.

## What is an ECVNA Authorisation?

An ECVNA Authorisation ('Authorisation') by a Party authorises an agent to act as an ECVNA on behalf of that Party. Submission of ECVNA Authorisations must be made in accordance with BSCP71 'Submission of ECVNs and MVRNs' and must specify:

- the relevant ECVNA;
- the Contract Trading Parties
- the Energy (To) Account;
- the Energy (From) Account: and
- the day on which the Authorisation takes effect from (no earlier than 00:01 hours on the day after the Authorisation request being processed by ECVAA).

For an Authorisation to be valid, all Parties and Notification Agents involved in an Authorisation need to submit matching Authorisation applications.

## Additional and replacement contract notifications

Once an ECVN has been submitted to the ECVAA it cannot be withdrawn. Amendments can therefore only be made by further notifications being submitted as either:


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- additional notifications ('additive') where the initial notification will remain and a new ECVN will add to any previously submitted ECVNs for the same combination of BSC Party Energy Accounts for the dates specified; or
- replacement notifications ('overwrite') where the initial notification will be overwritten in its entirety from the Applied From Date and earliest Settlement Period for which Gate Closure has not passed.

An Authorisation can be terminated at any point. However, the termination does not automatically remove any notifications previously submitted using the Authorisation, it only prevents the submission of further notifications using this Authorisation.

## What is the issue?

The Proposer of P309 contends that the current BSC provisions and associated systems allow BSC Parties to unintentionally submit replacement (overwrite) energy contract notifications instead of additional (additive) energy contract notifications (or vice versa). The Proposer notes that this issue was identified due to an inadvertent error in contract submissions after a software upgrade by a BSC party.

The Proposer believes that this situation creates a risk for Parties in relation to the energy contract submission process that could affect competition in the GB electricity market. The Proposer therefore argues that this Modification will address this issue by enabling Parties to prevent an unintentional submission of replacement contract notifications (overwrite) instead of additional contract notifications (additive), or vice versa.


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# 3 Proposed Solution

## Proposed solution

P309 seeks to amend the current provisions in BSC Section P to enable BSC Parties to select either additional contract notifications or replacement contract notifications (as the case may be) as part of any ECVNA Authorisation.

Under P309, a Party may submit an ECVNA Authorisation that specifies that either:

- **Replacement notifications** are selected for that authorisation:
  In this case additional notifications ('additive') will be disregarded in Settlement for the Party; or

- **Additional notifications** are selected for that authorisation:
  In this case replacement notifications ('overwrite') will be disregarded in Settlement for the Party; or

- **Both additional notifications and replacement notifications** are selected for that authorisation:
  In this case both additional notifications ('additive') and replacement notifications ('overwrite') can be used in Settlement for the Party.

For the avoidance of doubt, if a Party chooses to continue to use both additional and replacement notifications for that authorisation, this will effectively be the same as the current arrangements. Both additional and replacement notifications will be selected and can be used in Settlement for the Party.

In addition, BSC Parties will be required to complete an 'Effective From Date' field in order to specify the date from which the amended notifications are selected. For the avoidance of doubt, if the amendment notification type does not match that selected for a particular ECVNA Authorisation (and the Effective From Date not being completed or not being valid for Authorisation amendments), it will be rejected.

The P309 arrangements would apply from the proposed P309 Implementation Date of 25 June 2015, and with effect in specific circumstances from an Effective Date of not before 21 May 2013 which is the Settlement Day that had its RF Run on 10 July 2014. This is the date that the Modification was presented to the BSC Panel i.e. retrospectively. The retrospective element will be achieved by manual changes to the data although we anticipate that the number of impacted authorisations and notifications will be low.

| **Assessment Consultation Question** |
| --- |
| Do you believe that you would utilise the retrospective element of the P309 Proposed solution?<br>If so, please estimate the approximate number of changes you would envisage making and the earliest date for which you anticipate you might make a change, if possible.<br>*Please provide your rationale*. |
| The Workgroup invites you to give your views using the response form in Attachment C. |


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## BSC Legal text for proposed solution

The proposed redlined changes to the BSC to deliver the P309 Proposed solution can be found in Attachment A. Further details of the Workgroup's discussions on the draft legal text are set out in section 7.

Please note that the draft legal text for the Proposed solution is identical to the draft legal text for the Alternative solution, except for the provisions relating to the Proposed solution's retrospective element.

| Assessment Consultation Question |
| --- |
| Do you agree that the draft legal text in Attachment A delivers the intention of the P309 Proposed solution?<br>*Please provide your rationale*. |
| The Workgroup invites you to give your views using the response form in Attachment C. |


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# 4 Alternative solution

The P309 Workgroup developed an alternative solution which is identical to the proposed solution in respect of selecting one of the three amendment notification types with a particular ECVNA Authorisation, and the completion of a new 'Effective From Date' field to specify the date from which the amended notifications are selected.

However, the Workgroup agreed that under the Alternative solution the new arrangements would only apply from the proposed P309 Implementation Date of 25 June 2015, i.e. prospectively only.

The Workgroup's discussions in developing the alternative solution are set out in section 7.

| **Assessment Consultation Question** |
| --- |
| Are there any other alternative solutions which would better facilitate the Applicable BSC Objectives?<br>*Please provide your rationale and, if 'Yes', please provide full details of your Alternative Modification(s) and your rationale as to why it/they better facilitate the Applicable BSC Objectives.* |
| The Workgroup invites you to give your views using the response form in Attachment C. |

## BSC Legal text for alternative solution

The proposed redlined changes to the BSC to deliver the P309 Alternative solution can be found in Attachment B. Further details of the Workgroup's discussions on the proposed legal text are set out in section 7.

Please note that the draft legal text for the Alternative solution is identical to the draft legal text for the Proposed solution, except that it does not contain any of the provisions relating to the retrospective aspect of the Proposed solution.

| **Assessment Consultation Question** |
| --- |
| Do you agree that the draft legal text in Attachment B delivers the intention of the P309 Alternative solution?<br>*Please provide your rationale*. |
| The Workgroup invites you to give your views using the response form in Attachment C. |


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# 5 Impacts & Costs

## Estimated central implementation costs of P309

### Proposed solution

The total central implementation costs for the P309 Proposed solution is approximately £75.5k. This comprises of:

- Approximately £61.5k in system change costs to the ECVAA; and
- Approximately £14k in ELEXON effort for managing the implementation.

### Potential alternative solution

The total central implementation costs for the P303l alternative solution is approximately £71k. This comprises of:

- Approximately £58.5k in system change costs to the ECVAA; and
- Approximately £12.5k in ELEXON effort for managing the implementation.

## P309 impacts

| Impact on BSC Parties and Party Agents | |
|---|---|
| Party/Party Agent | Impact |
| BSC Parties | It is anticipated that there will not be a direct impact on BSC Parties to implement this Modification.<br>Under the proposed and alternative solutions, BSC Parties will have to select a notification type on any new Authorisations they set up. However, if they choose to select 'both' (additional and replacement notifications), they will avoid being impacted as this will be the same as the current arrangements. |
| ECVNAs | Under the proposed and alternative solutions, there will be a direct impact on ECVNAs because of changes to the ECVAA system. |

| Impact on Transmission Company |
|---|
| None anticipated. |

| Impact on BSCCo | |
|---|---|
| Area of ELEXON | Impact |
| Reporting | Under the proposed and alternative solutions, BSCCo will need to manage any changes to the current Authorisation process. |
| Change Implementation | Under the proposed and alternative solutions, BSCCo will implement document and system changes. |


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| Impact on BSC Systems and process | |
|---|---|
| BSC System/Process | Impact |
| ECVAA | Both the proposed and alternative solutions will introduce system changes for ECVNs. |

| Impact on Code | |
|---|---|
| Code Section | Impact |
| Section P | Under the proposed and alternative solutions, changes are required to implement the solution. |
| Section X-1 | Under the proposed and alternative solutions, changes are required to implement the solution. |

| Impact on Code Subsidiary Documents | |
|---|---|
| CSD | Impact |
| BSCP71 | Under the proposed and alternative solutions, changes are required to implement the solution. |
| NETA Interface Definition and Design (IDD) Part 1 | Under the proposed and alternative solutions, changes are required to implement the solution. |

| Impact on other Configurable Items | |
|---|---|
| Configurable Item | Impact |
| ECVAA Service Description (SD) | Under the proposed and alternative solutions, changes are required to implement the solution. |
| ECVAA User Requirements Specification (URS) | Under the proposed and alternative solutions, changes are required to implement the solution. |

| **Assessment Consultation Question** |
|---|
| Please indicate the impacts of the Proposed and Alternative solutions for P309 on your organisation, in particular any perceived lead time and costs.<br>*Please provide your rationale.* |
| The Workgroup invites you to give your views using the response form in Attachment C |


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# 6 Implementation

## Recommended Implementation Date

The Workgroup recommends an Implementation Date for both the P309 Proposed and Alternative solutions of:

- **25 June 2015** as part of the June 2015 BSC Systems Release if an Authority decision is received on or before 30 January 2015; or
- **5 November 2015** as part of the November 2015 BSC Systems Release if an Authority decision is received after 30 January 2015 but on or before 3 July 2015.

### Implementation approach for retrospective aspect of Proposed solution

Although the new arrangements would apply from the proposed P309 Implementation Date of 25 June 2015 for the proposed solution, they would also apply with effect in specific circumstances from an Effective Date of **not before 21 May 2013** (which is the Settlement Day that had its RF Run on 10 July 2014, the date the Modification was presented to the BSC Panel), i.e. retrospectively.

From the Implementation Date of P309, Parties will have five Working Days in which they will be able to submit Authorisation amendments to apply to historical Authorisations. This will be a one-off opportunity to enable Parties to make retrospective amendments to authorisations to cause historic notifications to be retrospectively accepted or rejected. However, following the closure of this window, only the prospective arrangements will be available.

Further details of the Workgroup's discussions on the recommended Implementation Date are outlined in section 7.

| Assessment Consultation Question |
| --- |
| Do you agree with the Workgroup's recommended Implementation Date?<br>*Please provide your rationale.* |
| The Workgroup invites you to give your views using the response form in Attachment C. |


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# 7 Workgroup's Discussions

The following section provides details on the P309 Workgroup discussions that led to the proposed and alternative solutions.

**For information:**

Previous Ofgem decisions on Modifications that had a retrospective element:
P19 – Rejected August 2001
P37 – Accepted May 2002

## Retrospection

The Workgroup discussed the retrospective element of the P309 proposed solution by considering Ofgem's criteria on retrospection and how it applies to this Modification. Under P210 'Revisions to the Text in Section P related to Single Notifications of Energy Contract Volumes and Metered Volume Reallocations', Ofgem advised that the following particular circumstances could give rise to the need for a retrospective rule change (in any event the loss sustained, or consequences of the problem, would need to be material):

- a situation where the fault or error occasioning the loss was directly attributable to central arrangements;
- combinations of circumstances that could not have been reasonably foreseen; or
- where the possibility of a retrospective action had been clearly flagged to the participants in advance, allowing the detail and process of the change to be finalised with retrospective effect.

It should be noted that the above criteria are considered guidance, and not definitive or binding.

Whilst the Workgroup did not support retrospection for P309, they noted the Proposer's argument that P309 would qualify under the circumstance of *'where the possibility of a retrospective action had been clearly flagged to the participants in advance, allowing the detail and process of the change to be finalised with retrospective effect'*, because the retrospection was tied to the date P309 was first presented to the BSC Panel, 10 July 2014. The Proposer contends that this constitutes the possibility of retrospective action being flagged in advance. Under the P309 proposed solution, Parties will be able to make amendments with effect in specific circumstances from an Effective Date of not before 21 May 2013 (which is the Settlement Day that had its RF Run on 10 July 2014).

The Workgroup agreed that P309 would constitute a material loss for the Party affected by the inadvertent error, and that the effects of this also filter through to the counter Parties affected. Members of the Workgroup also commented that P309 was 'indirectly' rather than directly attributable to central arrangements due to ambiguity in the BSC.

## Implementation Date

### Workgroup's consideration of the Implementation Date

The Workgroup unanimously agreed that the proposed changes should only apply from the P309 Implementation Date i.e. prospectively, which lead to its development of the P309 Alternative solution.

However, in relation to the P309 Proposed solution, the Proposer believed that the arrangements could apply to all contract notifications for Settlement periods where Gate Closure had already occurred at the Effective Date but where the RF Run had not yet been completed. They suggested that the earliest Effective Date that BSC Parties could submit would be the date that the Modification was submitted for consideration by the BSC Panel.


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The Proposer therefore noted that the P309 proposed solution would also apply with effect in specific circumstances from an Effective Date of not before 21 May 2013 (which is the Settlement Day that had its RF Run on 10 July 2014, the date the Modification was presented to the BSC Panel), i.e. retrospectively.

If the Authority approves the P309 proposed solution, the Workgroup agreed that ELEXON should send a circular to inform industry that P309 had been approved and to inform them that they should prepare if they wished to make use of the limited retrospective ability to amend Authorisations retrospectively.

From the Implementation Date of P309 Parties would have five Working Days in which they will be able to submit Authorisation amendments to apply to historical Authorisations. This will be a one-off opportunity to enable Parties to make these amendments, and following the closure of this window only the prospective arrangements will be available. The Workgroup considered that under P309 Proposed solution, industry participants should be notified soon after approval is received in order that Parties that wish to take up the opportunity to make retrospective changes can prepare. These Parties will therefore know which Authorisation amendments they wish to submit within the 5WD window. The Workgroup overall agreed that this approach would be the fairest and most straightforward and enabling Parties to prepare beforehand minimises the length of the retrospective amendment window required.

The Proposer and Workgroup developed the Proposed solution and its implementation approach based on the expectation that usage of the retrospective facility would be relatively low. The Workgroup therefore agreed to include a question in the consultation to determine to what extent Parties would envisage making use of the retrospective facility, if P309 Proposed is approved. The Workgroup would like to know whether Parties would anticipate making use of the retrospective facility and, if so, would appreciate an estimate of how many historic amendments Parties would expect to make and how far back they anticipate their earliest amendment might be (please refer to the question on page 7).

Taking into account the four month lead time required to implement the changes, the Workgroup therefore recommended an Implementation Date for both the P309 Proposed and Alternative solutions of:

- **25 June 2015** as part of the June 2015 BSC Systems Release if an Authority decision is received on or before 30 January 2015; or
- **5 November 2015** as part of the November 2015 BSC Systems Release if an Authority decision is received after 30 January 2015 but on or before 3 July 2015.

## Extra-Settlement Determinations

If P309 Proposed solution was to be approved in time to be implemented as part of the June 2015 Release then the Party to which the P309 proposal relates, that was affected by an inadvertent error and which is so far the only Party that the Workgroup knows would utilise the retrospective facility to change historic Authorisations, would be able to make its amendments such that the effect of the changes would be captured by normal Settlement (by the RF run at the latest).

The Workgroup emphasised that if an Authority decision is not made in time for P309 to be implemented as part of the June 2015 Release, there would be an impact in order to capture the effect of retrospective changes where the effects would not be picked up in normal settlement. If a Party chooses to make use of the service to amend historical


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Authorisations, there may be circumstances where Authorisations have already passed RF and would therefore have become crystallised in Settlement. Though this could occur with implementation in the June 2015 Release (i.e. if a Party unexpectedly uses the retrospective facility for an Authorisation that impacts a sufficiently early date), it would certainly occur under November 2015 implementation because the affected Party would need to amend Authorisations relating to dates that would not be captured by normal Settlement. The Workgroup considered that this could potentially affect a large number of Parties because of residual cash flow if a decision is not made in time for a June 2015 Implementation Date.

The Workgroup therefore noted that those Authorisations which would have passed RF would require either a Post-Final Settlement (DF) Run or Extra-Settlement Determination (ESD) would need to be run. An ESD could be carried out straight away by ELEXON in comparison to a DF run which would not be carried out until 28 months after the relevant date. The Workgroup also noted that an advantage of an ESD is that it can pick up different dates in one run. Therefore if a number of Parties choose to make use of this available service and have a number of Authorisations that have passed RF, then they can be picked up altogether in one ESD.

BSC Section U 'Provisions relating to Settlement' 2.2 states that the Trading Disputes Committee (TDC) may determine an ESD to be performed. The Workgroup agreed that it would be appropriate for an ESD to be carried out for this specific circumstance. As detailed in BSC Section W 'Trading Disputes' 4.2.1, if the TDC determines that a DF Run or ESD should be performed, the TDC will need to make a recommendation to the Panel. The Proposer noted that ideally, the error would not be construed as a 'Trading Dispute' and could be self-contained in the Modification.

The Workgroup noted that if an ESD is required there would be a cost associated with running it, and this should be taken into account.

## Changes to BSC and CSDs

The Workgroup agreed that the ECVN process as set out in BSC Section P is currently ambiguous and unclear. They therefore suggested that rather than making minimal changes to the text, as much clarity as possible should be included to make the intention of the process clear. The Workgroup advised that the ECVN process should be made as explicit as possible so Parties, particularly new entrants understand the full process clearly so the risk of inadvertent errors occurring again in the future are minimal.

As part of providing additional clarity, the Workgroup recommended that definitions of "replacement notifications" and "additional notifications" should be included in BSC Section X-1.

The clarification changes have been included in the draft legal text for both the Proposed and Alternative solutions. These can be found in Attachments A and B respectively.

### "First" notifications

As part of its discussions to provide further clarification to the definitions of replacement and additional notifications, the Workgroup identified a potential issue in relation to BSC Section P2.3.5 of how the "first" notification is treated. The Workgroup discussed the situation where a new Authorisation type is selected to 'replacement' and queried what would happen to the "first" notification if in effect, nothing is being replaced. They were concerned that if there is no unique ID number then the notification would be rejected.


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The Workgroup confirmed with the Service Provider that the system will not reject the first notification associated with an Authorisation if 'replacement' is selected as the mode of operation for that ECVNA. The Workgroup agreed that this clarification should also be reflected in the legal text for the Proposed and Alternative solutions to confirm that the first time the replacement notification is received, it will always be accepted (unless it meets criteria to be rejected for a reason not related to the notification type).

## Metered Volume Reallocation Notifications

Metered Volume Reallocation Notifications (MVRNs) notify the ECVAA that the energy flowing to or from a particular BM Unit is to be allocated to one or more different Party's Energy Accounts for the purposes of Energy Imbalance calculations. Similarly to ECVNs, MVRNs are submitted in accordance with BSCP71.

A member of the Workgroup queried whether MVRNs had been considered in the scope of P309. ELEXON advised that Parties have to elect to carry out an MVRN and that they are fixed by definition so there is less of a risk when these are submitted. The Proposer noted that the inadvertent error in discussion was a particular issue to do with ECVNs and therefore was not included in the scope of P309. The Workgroup noted that if a workable solution was found for ECVNs, then a Party could raise a Modification to make the same changes in relation to MRVNs.


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## Workgroup's views against the Applicable BSC Objectives

The Workgroup provided its initial views on both the P309 proposed and alternative solutions against the Applicable BSC Objectives.

The majority of the Workgroup agreed that the P309 alternative solution would overall better facilitate the Applicable BSC Objectives compared with both the existing baseline and the proposed solution. The Proposer considered that the alternative solution is better than the current baseline but believed that the P309 proposed solution is better than the alternative solution.

With the exception of the Proposer, the Workgroup unanimously believed that the Proposed solution would not facilitate the Applicable BSC Objectives compared with the existing baseline because of its retrospective element.

The following table contains the Workgroup's views against each of the Applicable BSC Objectives for both the proposed and alternative solutions:

| Does P309 better facilitate the Applicable BSC Objectives? | | |
|---|---|---|
| Obj | Proposed Solution | Potential Alternative Solution |
| **(a)** | • **Neutral** – no impact | • **Neutral** – no impact |
| **(b)** | • **Neutral** – no impact | • **Neutral** – no impact |
| **(c)** | • **Yes** (Proposer):<br>– Would remove the risk for BSC Parties of an inadvertent switch between replacement contract notifications and additional contract notifications.<br>• **No** (majority)<br>– Though there are benefits associated with the prospective element (see benefits against the alternative) these are outweighed by the drawbacks.<br>– Retrospective element would cause uncertainty in the arrangements.<br>– Changing the arrangements for one Party would be detrimental to competition (other Parties have suffered with similar issues, sometimes with higher costs, but have not raised a Modification to try to correct the mistake). | • **Yes** (unanimous):<br>– Benefit in helping to improve the Settlement systems to remove the scope for errors in the future.<br>– Benefit in improving the BSC and CSDs to reduce ambiguity and risk of errors.<br>– Should help both current participants and new entrants.<br>– Clearer arrangements would be a benefit to new entrants to the market.<br>– Improved risk management and control, particularly for large Parties that may need to make changes to, or replace, complex and long-established systems, and which could therefore risk incurring large costs if errors occur.<br>– Mitigates the risk of errors by Suppliers (the costs of which might be passed to customers, ultimately). |
| **(d)** | • **Neutral** (majority) - no impact.<br>• **Yes** (minority):<br>– Prospective element would reduce current ambiguity and risk. | • **Neutral** (Proposer) – no impact.<br>• **Yes** (minority):<br>– Reduce current ambiguity and risk.<br>• **Neutral** (majority)**:** |

**What are the Applicable BSC Objectives?**

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

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

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation


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| Does P309 better facilitate the Applicable BSC Objectives? | | |
|---|---|---|
| Obj | Proposed Solution | Potential Alternative Solution |
| | | – Benefits in amending current process (reduced ambiguity and risk) but increased complexity (need to manually choose notification type and may need to switch between notification types depending on how an Authorisation is used). |
| **(e)** | • **Neutral** – no impact | • **Neutral** – no impact |
| **(f)** | • **Neutral** – no impact | • **Neutral** – no impact |

The majority of the Workgroup therefore initially recommends that the P309 alternative Modification is **approved**.

| **Assessment Consultation Question** |
|---|
| Do you agree with the Workgroup's initial majority view that the P309 Proposed solution **does not** better facilitate the Applicable BSC Objectives compared with the current baseline?<br>*Please provide your rationale with reference to the Applicable BSC Objectives.* |
| The Workgroup invites you to give your views using the response form in Attachment C. |

| **Assessment Consultation Question** |
|---|
| Do you agree with the Workgroup's initial unanimous view that the P309 Alternative solution **does** better facilitate the Applicable BSC Objectives compared with the current baseline?<br>*Please provide your rationale with reference to the Applicable BSC Objectives.* |
| The Workgroup invites you to give your views using the response form in Attachment C. |

| **Assessment Consultation Question** |
|---|
| Do you agree with the Workgroup's initial majority view that the P309 Alternative solution **does** better facilitate the Applicable BSC Objectives compared with the P309 Proposed solution?<br>*Please provide your rationale with reference to the Applicable BSC Objectives.* |
| The Workgroup invites you to give your views using the response form in Attachment C. |


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# Appendix 1: Workgroup Details

## Workgroup's Terms of Reference

| Specific areas set by the BSC Panel in the P309 Terms of Reference |
|---|
| What changes are needed to BSC documents, systems and processes to support P309 and what are the related costs and lead times? |
| Consider the appropriate implementation approach for the proposed changes |
| What are the impacts on Settlement? |
| What is the materiality of the risk identified by P309? |
| Discuss the current ECVNA Authorisation process<br>• Should there be both additional and replacement contract notifications? |
| Are there any Alternative Modifications? |
| Does P309 better facilitate the Applicable BSC Objectives than the current baseline? |

## Assessment Procedure timetable

| P309 Assessment Timetable | |
|---|---|
| Event | Date |
| Panel submits P309 to Assessment Procedure | 10 Jul 14 |
| Workgroup Meeting 1 | 23 Jul 14 |
| Workgroup Meeting 2 | 8 Sep 14 |
| Assessment Procedure Consultation | 19 Sep 14 – 10 Oct 14 |
| Workgroup Meeting 3 | W/C 13 Oct 14 |
| Panel considers Workgroup's Assessment Report | 13 Nov 14 |

## Workgroup membership and attendance

| P309 Workgroup Attendance | | | |
|---|---|---|---|
| Name | Organisation | 23 Jul 14 | 8 Sep 14 |
| Members | | | |
| Dean Riddell | ELEXON *(Chair)* | ✓ | ✓ |
| Claire Anthony | ELEXON *(Lead Analyst)* | ✓ | ✓ |
| Bill Reed | RWE *(Proposer)* | ✓ | ✓ |
| Esther Sutton | E.ON | ✓ | ✓ |
| Gary Henderson | IBM on behalf of ScottishPower | ✓ | ✓ |
| Mark Edwards | GDF Suez | ☎ | ✓ |
| Andrew Colley | SSE | ✓ | ✓ |
| Phil Russell | Independent Consultant | ✗ | ✓ |
| Attendees | | | |


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| P309 Workgroup Attendance | | | |
|---|---|---|---|
| Name | Organisation | 23 Jul 14 | 8 Sep 14 |
| Jonathan Priestley | ELEXON *(Design Authority)* | ✓ | ✓ |
| Nicholas Rubin | ELEXON *(Design Authority)* | ✗ | ✓ |
| Tim Kerr | ELEXON *(Lead Lawyer)* | ✓ | ✓ |
| James Earl | Ofgem | ✓ | ✓ |
| Vijay Selvaraj | Cognizant | ✓ | ✓ |
| Andy Howden | CGI | ✓ | ✗ |


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# Appendix 2: Glossary & References

## Acronyms

Acronyms used in this document are listed in the table below.

| Glossary of Defined Terms | |
|---|---|
| Acronym | Definition |
| BSC | Balancing and Settlement Code |
| BSCP | Balancing and Settlement Code Procedure |
| DF | Post-Final Settlement Run |
| ECVAA | Energy Contract Volume Aggregation Agent |
| ECVN | Energy Contract Volume Notifications |
| ECVNA | Energy Contract Volume Notification Agents |
| ESD | Extra-Settlement Determinations |
| FTP | file transfer protocol |
| GB | Great Britain |
| IDD | Interface Definition and Design |
| IWA | Initial Written Assessment |
| RF | Final Reconciliation Run |
| SD | Service Description |
| TDC | Trading Disputes Committee |
| URS | User Requirements Specification |
| WD | Working Day |

## External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

| External Links | | |
|---|---|---|
| Page(s) | Description | URL |
| 5 | BSCP71 webpage on ELEXON website | http://www.elexon.co.uk/wp-content/uploads/2011/10/bscp71_v11.0.pdf |
| 13 | P210 page on the ELEXON website | http://www.elexon.co.uk/mod-proposal/p210-revisions-to-the-text-in-section-p-related-to-single-notifications-of-energy-contract-volumes-and-metered-volume-reallocations/ |
| 13 | P19 Ofgem decision letter | http://www.elexon.co.uk/wp-content/uploads/2012/02/p19_ofgem_dec.pdf |


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| External Links | | |
|---|---|---|
| Page(s) | Description | URL |
| 13 | P37 webpage on ELEXON website | http://www.elexon.co.uk/mod-proposal/p037-to-provide-for-the-remedy-of-past-errors-in-energy-contract-volume-notifications-and-in-metered-volume-reallocation-notifications/ |


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