



**Redlined BSC Procedure 14 text for P369 ‘National Grid Legal Separation changes to BSC’**

This Modification proposes changes to section 4.14. We have redlined these changes against Version 7.0.

We have also included an additional Housekeeping change to sections 3.2.

**There is no impact on any other part of this document for this Modification.**

Amend section 3.2 as follows:

### 3.2 Manifest Error Claims raised by the Transmission Company

REF.	WHEN	ACTION	FROM	TO	INFORMATION REQUIRED	METHOD
3.2.1	As soon as is reasonably practicable after becoming aware of the error, but in any event within 4 hours of the relevant Bid-Offer Acceptance time	Make a claim for a Manifest Error <sup>1, 2</sup>	Transmission Company	DS, : BSC (Lead) Party for BM Unit under claim: <u>BSCCo</u>	Completed Transmission Company Manifest Error Claim Form (F14/02)  In the event of a BOA number not being generated (e.g. when a BOA is issued via telephone during an outage), the Transmission Company should provide details of the relevant BOA as required under Manifest Error Claim Form (F14/02).	Email/fax
3.2.2	Within 15 minutes of 3.2.1	Place Transmission Company Manifest Error claim information on BMRS <sup>3</sup>	Transmission Company	BMRA	Identity of BM Unit, relevant Settlement Period(s) and the Bid Price(s) or Offer Price(s) to which the claim relates	Electronic
3.2.3	The same timescales as 3.2.2	Confirm receipt	BSC (Lead) Party	Transmission Company, Cc: DS	Transmission Company Manifest Error Claim Form (F14/02) signed by the Lead Party	Email/fax

<sup>1</sup> The DS will invalidate all Manifest Error Claims raised to it by the Transmission Company which are outside the timescales defined in 3.2.1. For the avoidance of doubt the Manifest Error Raising Fee will still be payable by the Transmission Company.

<sup>2</sup> The Manifest Error claim relates to a particular Bid-Offer Acceptance.

<sup>3</sup> In the event of the BMRS being down, where a claim for Manifest Error is made within office hours, the Transmission Company shall request that ELEXON send out a circular notifying participants of such claim. Where a Manifest Error claim is made outside of office hours, the Transmission Company will not be deemed to be in breach of 3.2.2.

*Amend section 4.14 as follows:*

#### **4.14 Determining Replacement Prices for Utilisation in the Correction of Manifest Errors**

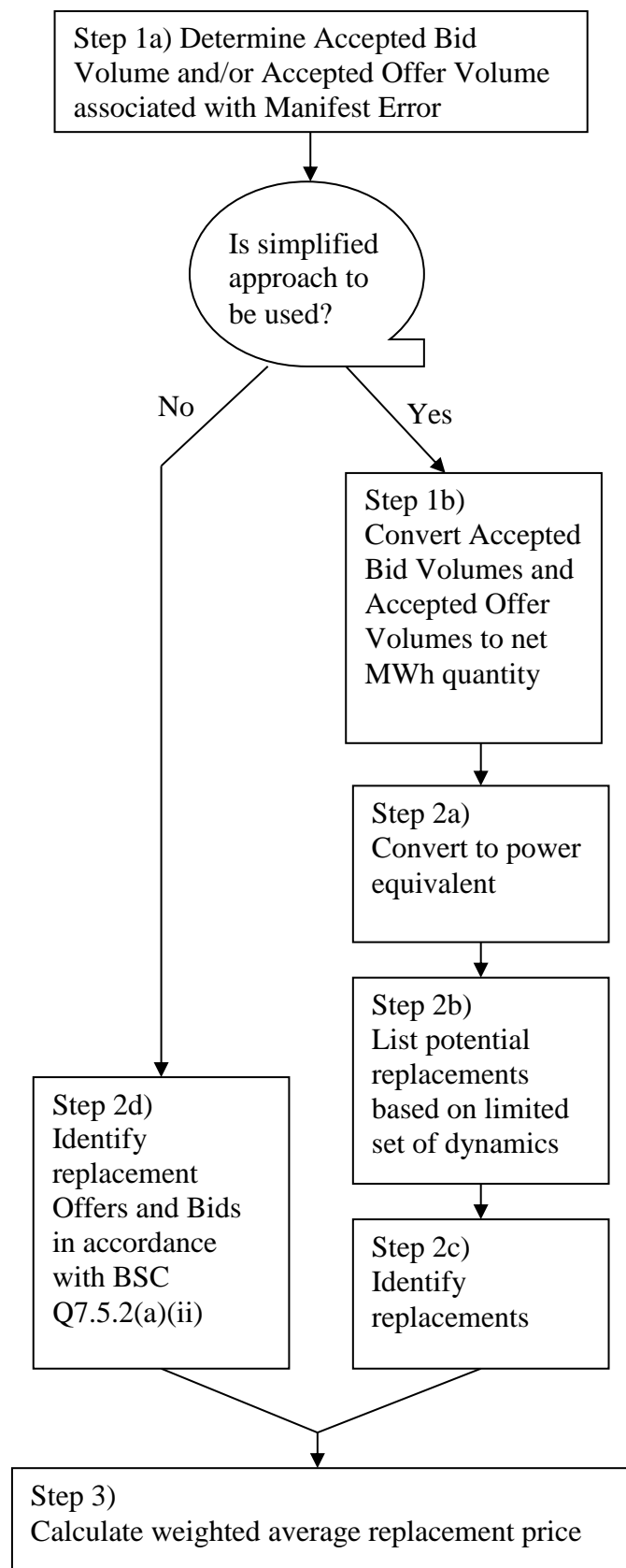
In determining the replacement prices to be used in the processing of a Manifest Error, a number of steps need to be followed:

Step 1: Identify the acceptance quantities for which replacement Offers and/or Bids need to be determined.

Step 2: Identify the replacement Offers and Bids to use.

Step 3: Determine the weighted average replacement price.

The approach to be followed differs depending upon the circumstances of the Manifest Error. If, for example, the Acceptance associated with the Manifest Error was necessarily issued to a BM Unit with particular dynamic characteristics (for example because energy was needed in short timescales to control system frequency) then the detailed dynamics of possible replacement Offers and Bids should be given more consideration in the identification of possible replacement Offers and Bids. In other cases, a more approximate simplified approach should be adopted which it is intended will reduce the administrative burden of processing the Manifest Error. The flow diagram overleaf identifies the main steps involved.



## Step 1: Identifying Acceptance Quantities for Replacement

Under the BSC, a particular Acceptance may result in the acceptance of one or more Bids and/or Offers. Furthermore, depending upon the nature of any Manifest Error, one or more of the Bids and/or Offers accepted as a result of an Acceptance relating to the Manifest Error may form part of an Error Bid/Offer Pair.

### *Step 1a – Identification of Accepted Bid Volume and/or Accepted Offer Volume*

In order to determine the appropriate replacement price for a particular Error Bid/Offer Pair, the quantity of accepted Offers and/or Bids that need to be “replaced” should first be determined. This quantity is initially determined as a power profile of the relevant Accepted Offer Volume and/or Accepted Bid Volume associated with each Error Bid/Offer Pair.

For more straightforward<sup>4</sup> Manifest Errors, the erroneous Accepted Offer Volume and/or Accepted Bid Volume associated with the Error Bid/Offer Pair may be determined simply as being equal to the Accepted Bid Volume and/or Accepted Offer Volume for each Error Bid/Offer Pair associated with the relevant Acceptance. There are, however, a number of more complex situations that may arise in which the determination of these quantities is less straightforward. The more complex scenarios considered in this procedure are as follows:

- 1) Two Acceptances, each resulting in the acceptance of a particular Bid-Offer Pair. One Acceptance being entirely erroneous, the other entirely correct;
- 2) Two Acceptances each resulting in the acceptance of a particular Bid-Offer Pair, both Acceptances being erroneous;
- 3) A single Acceptance accepting both one Bid-Offer Pair correctly and a different Bid-Offer Pair in the same Settlement Period erroneously;
- 4) A single Acceptance accepting the same part (i.e. Offer part or Bid Part) of a single Bid-Offer Pair, partly correctly and partly erroneously.
- 5) A single Acceptance accepting part of the Offer of a Bid-Offer Pair correctly, and part of the Bid incorrectly.

The approach to be adopted in each of these cases is discussed in turn below:

- 1) In the first case, Section Q7.5.2(a)(ii) of the BSC implies that the “correct” acceptance should be disregarded for the purposes of the determination of the replacement quantities. This is because Q7.5.2(a)(ii) refers effectively only to the identification of other Bid/Offer Pairs which would have been accepted by the Transmission Company if it had not accepted (by the relevant Acceptance). Hence, for example, if Acceptance k erroneously accepts 5 units of Bid-Offer Pair n, and Acceptance m correctly accepts 6 units of Bid-Offer Pair n, the quantity of replacement Offers or Bids is 5 units.
- 2) In the case where two Manifest Errors affect a single Bid-Offer Pair, the application of the rules in the BSC would appear to be ambiguous. It is not clear whether based on a strict reading of the BSC, the replacement price to be used should be based on the first or second Manifest Error.

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<sup>4</sup> i.e. where only a single acceptance affects the Error Bid/Offer Pair and all associated accepted quantities are erroneous.

- 3) In case 3, those quantities of other Bid-Offer Pairs correctly accepted by an Acceptance, which has also erroneously accepted part of a different Bid-Offer Pair, may be disregarded for the purposes of processing the Manifest Error claim. Q7.5.2(a)(ii) includes the words: "...if it had not accepted (by the relevant Acceptance) the Error Bid/Offer Pair". This only requires consideration of the acceptance insofar as it relates to of the Error Bid Offer Pair(s), and not to other Bid-Offer Pairs.
- 4) In case, 4, it is assumed that a single Acceptance has both correctly accepted part of a particular Offer (or Bid) and erroneously accepted part of the same Offer (or Bid). For example this may arise if the ~~System Operator~~Transmission Company wished to accept an Offer for 10 minutes, but in practice did so for 20. In this case, because the entire Bid-Offer Pair is an Error Bid-Offer Pair, then again from Q7.5.2(a)(ii), it would be appropriate to determine a replacement price taking into account the entire quantity of accepted Offer (or Bid) from that Bid-Offer Pair (i.e. including that part of the Offer (or Bid) that was correctly accepted).
- 5) In case 5, it is assumed that a single Acceptance results in the erroneous Acceptance of an Offer from a particular Bid-Offer Pair, and partly in the correct Acceptance of a Bid from the same Bid-Offer Pair. Given that both the Bid and the Offer form part of the Bid-Offer Pair, this case is very similar to case 4 and based upon the an interpretation of the existing BSC rules, the correctly accepted Bid (or Offer) quantity would be taken into account in determining the replacement price.

Whilst some consideration has been given to ensuring the above list covers the set of possible scenarios, it is possible that there may be other scenarios that may arise that have not been identified. To the extent that this is the case, then it would be necessary to determine the replacement quantities based upon consideration of the detailed circumstances of each particular case.

*Step 1b – Conversion of Accepted Bid Volume and/or Accepted Offer Volume into MWh replacement quantity*

The approach used in determining the replacement price should, by default, **but not in all cases**, adopt a simplified approach in order to assist in the determination of the alternative Bids and Offers that were "available" to the TC. Under the simplified approach the Accepted Bid Volumes and Accepted Offer Volumes associated with a particular Error Bid/Offer Pair would be integrated over the Settlement Period in order to determine a single MWh new error quantity.

This simplified approach should not be adopted where spot MW values that adequately represent the system requirements at the time of the erroneous Bid-Offer Acceptance could not have been met by the BM Unit(s) indicated by the simplified approach.