





BSC Modification Proposal Form		At what stage is this document in the process?
Mod Title: Re-insert correct definition of Settlement Error		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
Purpose of Modification: Update Section W clause 1.3.1 to re-insert wording to include 'the data and/or processes used for the purposes of Settlement', which was incorrectly and inadvertently removed by P420 'Retail Code Consolidation Significant Code Review'.		
Does this Modification impact any of the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
	<p>The Proposer recommends that this Modification should: be treated as urgent and progressed under a timetable agreed by the Authority</p> <ul style="list-style-type: none"> be treated as urgent and progressed under a timetable agreed by the Authority be sent directly into the Report Phase <p>This Modification will be presented by the Proposer's representative to the BSC Panel on 16 September 2021. The Panel will consider whether to raise the Modification in accordance with BSC Section F 2.1.1(d)(iv) and determine how best to progress the Modification, including whether to request that it be treated as Urgent by the Authority.</p>	
	<p>High Impact:</p> <ul style="list-style-type: none"> Elexon All Trading Parties 	

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Timetable		 andrew.grace@elexon.co.uk bsc.change@elexon.co.uk  020 7380 4304																				
<p>The Proposer recommends this Modification be treated as urgent so it can be effective in the shortest time period available using the following progression timetable:</p> <p>The Proposer recommends the following timetable:</p> <table><tr><td>Panel considers Modification Proposal</td><td>16 September 2021</td></tr><tr><td>Report Phase Consultation</td><td>17 September 2021 - 24 September 2021</td></tr><tr><td>Draft Modification Report presented to Panel</td><td>Week commencing 27 September 2021</td></tr><tr><td>Final Modification Report submitted to Authority</td><td>Panel considers Draft Modification Report +1 Working Day</td></tr><tr><td>Implementation Date</td><td>+1 Working Day after Authority Decision</td></tr></table> <p>If this Modification is not granted urgency, the Proposer recommends the following Straight to Report Phase (non-urgent) timetable:</p> <table><tr><td>Panel considers Modification Proposal</td><td>16 September 2021</td></tr><tr><td>Report Phase Consultation</td><td>20 September 2021 – 1 October 2021</td></tr><tr><td>Draft Modification Report presented to Panel</td><td>14 October 2021</td></tr><tr><td>Final Modification Report submitted to Authority</td><td>15 October 2021</td></tr><tr><td>Implementation Date</td><td>+1 Working Day after Authority Decision</td></tr></table>		Panel considers Modification Proposal	16 September 2021	Report Phase Consultation	17 September 2021 - 24 September 2021	Draft Modification Report presented to Panel	Week commencing 27 September 2021	Final Modification Report submitted to Authority	Panel considers Draft Modification Report +1 Working Day	Implementation Date	+1 Working Day after Authority Decision	Panel considers Modification Proposal	16 September 2021	Report Phase Consultation	20 September 2021 – 1 October 2021	Draft Modification Report presented to Panel	14 October 2021	Final Modification Report submitted to Authority	15 October 2021	Implementation Date	+1 Working Day after Authority Decision	<p>Proposer: <i>BSC Panel</i></p> <p>Proposer's representative: <i>Ben Mitchell</i></p>  ben.mitchell@elexon.co.uk  020 7380 4321
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1 Why Change?

What is the issue?

[P420 'Retail Code Consolidation Significant Code Review'](#) made changes to [BSC Section W 'Trading Disputes'](#) including removing text in Clause 1.3.1 that following subsequent legal review needs to be re-inserted to ensure no commercial impact on any raised Trading Disputes to Elexon and other BSC Parties.

The text was removed in response to Industry feedback suggesting the proposed wording was not clear. However, the deleted text, means that Parties will be unable to raise Disputes that arise from data and/or processes used for the purposes of Settlement.

The amendment to Section W 1.3.1 was intended to make clear that data produced under the Retail Energy Code, which affects Settlement, is also eligible for consideration under a BSC Trading Dispute. This was correctly included in Section W, but incorrectly removed the existing provisions of Section W that enabled errors in BSC data and/or process, used for the purposes of Settlement, to be considered as Trading Disputes.

As it stands, the definition of Settlement Error is wrong and will exclude Disputes that should otherwise be considered. For context, of the potential commercial impact to Parties there are currently 27 open Trading Disputes with Elexon. In the 12 month period since 1 October 2020, 61 Trading Disputes have been closed with a Materiality of Correctable Error of over £17.3m.

Desired outcomes

To re-insert wording made as part of P420 to Section W and ensure future Trading Disputes can be raised where an error has been identified as being linked to the data and/or process used for the purposes of Settlement.

2 Solution

Proposed Solution

Update Section W clause 1.3.1 to re-insert wording to include the data and/or processes used for the purposes of Settlement. To ensure that Trading Disputes can be considered for errors in the data and/or processes used for the purposes of Settlement

The original P420 proposed amendment to Section W 1.3.1 was:

- the data and/or processes used for the purposes of Settlement (including data required under the Retail Energy Code which has or potentially has an impact on Settlement);

Following the P420 consultation, it was amended to the following, which was implemented on 1 September 2021:

- the data and/or processes required under the Retail Energy Code which has or potentially has an impact on Settlement;

Section W 1.3.1 should be amended to:

- the data and/or processes **used for the purposes of Settlement (including data required** under the Retail Energy Code which has, or potentially has, an impact on Settlement);

The Modification is requested to be **implemented retrospectively** on the basis that this would be a correction of the rules back to the previous definition and should have been in place throughout the period since P420 was implemented. Importantly, this would mean that the rules would reflect what Parties would have expected (mindful that the definition of Settlement Error that was wrongly amended had been in place since the inception of the BSC).

Benefits

To ensure errors in Settlement, that meet the Disputes criteria, can be corrected. This will ensure the allocation and/or determination of Trading Charges is more accurate.

3 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(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	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive
(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]	Neutral
(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	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

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

The current definition of Settlement Error in Section W 1.3.1 limits the ability for Trading Parties and Elexon to correct errors in Settlement, resulting in the incorrect allocation of Trading Charges. Reverting this definition to its original intent will better facilitate the efficient implementation and operation of the Trading Disputes process.

4 Potential Impacts

Impacts on Core Industry Documents

Impacted Core Industry Documents			
<input type="checkbox"/> Ancillary Services Document	<input type="checkbox"/> Connection and Use of System Code	<input type="checkbox"/> Data Transfer Services Agreement	<input type="checkbox"/> Use of Interconnector Agreement
<input type="checkbox"/> Retail Energy Code	<input type="checkbox"/> Transmission License	<input type="checkbox"/> System Operator Transmission Owner Code	<input type="checkbox"/> Supplemental Agreements
<input type="checkbox"/> Distribution Code	<input type="checkbox"/> Grid Code	<input type="checkbox"/> Other (please specify)	

No changes to other Codes have been identified.

Impacts on BSC Systems

Impacted Systems				
<input type="checkbox"/> CRA	<input type="checkbox"/> CDCA	<input type="checkbox"/> PARMS	<input type="checkbox"/> SAA	<input type="checkbox"/> BMRS
<input type="checkbox"/> EAC/AA	<input type="checkbox"/> FAA	<input type="checkbox"/> TAAMT	<input type="checkbox"/> NHHDA	<input type="checkbox"/> SVAA
<input type="checkbox"/> ECVA	<input type="checkbox"/> ECVA Web Service	<input type="checkbox"/> Elexon Portal	<input type="checkbox"/> Other (Please specify)	

No BSC systems are expected to be impacted.

Impacts on BSC Parties

Impacted Parties			
<input checked="" type="checkbox"/> Supplier	<input checked="" type="checkbox"/> Interconnector User	<input checked="" type="checkbox"/> Non Physical Trader	<input checked="" type="checkbox"/> Generator
<input checked="" type="checkbox"/> Licensed Distribution System Operator	<input checked="" type="checkbox"/> National Electricity Transmission System Operator	<input checked="" type="checkbox"/> Virtual Lead Party	<input type="checkbox"/> Other (Please specify)

This Modification will impact any BSC Parties who wish to raise a Trading Dispute in the future.

Impacts on consumers and the environment

Impact of the Modification on consumer benefit areas:	
Consumer benefit area	Identified impact
Improved safety and reliability	Neutral
Lower bills than would otherwise be the case	Neutral
Reduced environmental damage	Neutral
Improved quality of service	Neutral
Benefits for society as a whole	Neutral

It is not believed this Modification will have an impact on consumers or the environment.

Legal Text Changes

To implement the solution to this Modification, BSC Section W 1.3 requires amendment. The draft legal text to be added can be viewed as attachment A to this Modification Proposal Form.

5 Governance

Self-Governance

<input type="checkbox"/> Not Self-Governance – A Modification that, if implemented:	
<input checked="" type="checkbox"/> materially impacts the Code's governance or modification procedures	<input type="checkbox"/> materially impacts sustainable development, safety or security of supply, or management of market or network emergencies
<input checked="" type="checkbox"/> materially impacts competition	<input type="checkbox"/> materially impacts existing or future electricity consumers
<input type="checkbox"/> materially impacts the operation of national electricity Transmission System	<input type="checkbox"/> is likely to discriminate between different classes of Parties
<input type="checkbox"/> involves any amendments to the EBGL Article 18 Terms and Conditions related to Balancing; except to the extent required to correct an error or as a result of a factual change	
<input type="checkbox"/> Self-Governance – A Modification that, if implemented:	
Does not materially impact on any of the Self-Governance criteria provided above	

We do not believe this Modification Proposal should be progressed under Self-Governance arrangements as it could materially impact Self-Governance criterion:

- The Trading Dispute process is a critical BSC governance framework. Amending the definition of Settlement Error materially impacts on the Code's governance procedures; and
- Amending the definition of Settlement Error, could have a material impact on Trading Parties Trading Charges. Depending on the nature and magnitude of the Dispute, this could unfairly affect the Parties ability to compete.

Progression route

<input type="checkbox"/> Submit to assessment by a Workgroup – A Modification Proposal which:	
does not meet any criteria to progress via any other route.	
<input checked="" type="checkbox"/> Direct to Report Phase – A Modification Proposal whose solution is typically:	
<input type="checkbox"/> of a minor or inconsequential nature	<input checked="" type="checkbox"/> deemed self-evident
<input type="checkbox"/> Fast Track Self-Governance – A Modification Proposal which meets the Self-Governance Criteria and:	
is required to correct an error in the Code as a result of a factual change including but not limited to:	
<input type="checkbox"/> updating names or addresses listed in the Code	<input type="checkbox"/> correcting minor typographical errors
<input type="checkbox"/> correcting formatting and consistency errors, such as paragraph numbering	<input type="checkbox"/> updating out of date references to other documents or paragraphs
<input checked="" type="checkbox"/> Urgent – A Modification Proposal which is linked to an imminent issue or current issue that if not urgently addressed may cause:	
<input checked="" type="checkbox"/> a significant commercial impact on Parties, Consumers or stakeholder(s)	<input type="checkbox"/> a Party to be in breach of any relevant legal requirements.

☐ a significant impact on the safety and security of the electricity and/or gas systems

This Modification seeks to be treated as an Urgent Modification as we believe the changes made by P420 have been updated in genuine error and by restoring the wording to its original intent will ensure there is no significant commercial impact on Parties. There is a risk that a Trading Dispute that should be treated as valid would be rejected. The exact impact on Parties would be subject to the specifics of that Dispute, but some Disputes can have a significant commercial impact on Parties. The longer this error remains in the definition of Settlement Error the greater the risk that a potential Trading Dispute is affected by this issue. We believe this solution should be applied retrospectively from 1 September 2021, when the Settlement Error definition was amended.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This modification does not directly impact an SCR, but is as a result of P420 which was raised due to the Retail Code Consolidation SCR.

Does this Modification impact any of the EBGL Article 18 Terms and Conditions held within the BSC?

EBGL Article 18 Terms and Conditions held within the BSC are not impacted by this Modification Proposal.

Implementation approach

We propose this Modification be implemented 1 Working Day following Authority decision as part of a special BSC Release. This will ensure a limit to any Trading Disputes that are raised being affected by the current Section W wording.