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value for all customers*

Direct Dial: 020 7901 7491

FAO Potential BSC Participant

04 October 2004

Our Ref: ECVN GB

Dear Potential BSC Participant,

Energy Volume Notifications under the Balancing and Settlement Code (BSC)

This letter is being sent to new and potential signatories to the BSC at the time it makes the transition to a GB wide scope. This letter alerts new participants to the potential for significant financial exposures from erroneous notifications.

Shortly after the start of the New Electricity Trading Arrangements (NETA) in England and Wales a small number of participants made Energy Contract Volume Notifications (ECVNs) and Metered Volume Reallocation Notifications (MVRNs) which contained values which were errors. Some of these were simply the incorrect sign, although the correct absolute value. As a result of these errors, the imbalance recorded against these parties' energy accounts was not only considerable and unexpected, but also incurred significant cost to the parties concerned.

As a result of these errors a number of modifications¹ were made to the BSC the most significant of which led to the establishment of a Committee² to review claims for errors made during the first months of operation. Only a limited number of claims were upheld.³ During the review process, independent assessors produced a report which, amongst other things, identified appropriate safeguards that notifying parties might have employed to mitigate risk of erroneous notification, proportionate to the size of the organisation.⁴ This may be of interest.

¹ [P9](#), [P17](#), [P19](#), [P35](#), [P37](#), [P61](#), [P66](#), [P83](#), [P84](#), [P92](#), [P117](#), [P160](#), [P163](#)

² P37 introduced paragraphs P6.4 and P6.5, which contained provisions enabling the BSC Panel to establish the Past Notification Error (PNE) Committee.

³ See ['Summary of Past Notification Errors Determination Paper'](#)

⁴ [Special Advisor's Report to the Past Notification Errors Committee \(PNEC\) on the approach to implementing the New Electricity Trading Arrangements \(NETA\).](#)

However, Parties should note that the BSC now has no provision in it to allow any similar review of notification errors and that Parties are now fully responsible for the consequences of their ECVNs and MVRNs.

As a result, if you are intending to make notifications to central systems, I would ask that you review your risk mitigation strategies to assure yourselves that these risks, are as far as possible, eliminated. I would particularly draw your attention to the hazards of notifying energy on interconnectors, noting the orientation of the 'to' and 'from' accounts.

If you have any questions concerning the above, I suggest you speak directly to ELEXON who will help with any explanations of the mechanics of the arrangements and can provide a test environment. If you have a question on the regulatory framework I would be glad to help.

Regards,

A handwritten signature in black ink, appearing to read 'N. Simpson', written over a horizontal line.

Nick Simpson
Director, Modifications