P232 Assessment Consultation Responses

Consultation Issued on

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	SAIC Ltd. (for and on behalf of ScottishPower)	**P232_AR_01**	**7**	**0**
2.	RWE Trading	**P232_AR_02**	**10**	**0**
3.	Scottish and Southern Energy	**P232_AR_03**	**6**	**0**
4.	Uskmouth Power	**P232_AR_04**	**1**	**0**
5.	International Power	**P232_AR_05**	**5**	**0**
6.	National Grid	**P232_AR_06**	**1**	**0**
7.	British Energy	**P232_AR_07**	**4**	**0**
8.	EDF ENERGY	**P232_AR_08**	**9**	**0**
9.	E.ON UK	**P232_AR_09**	**7**	**0**

Question 1: Do you believe Proposed Modification P232 would better facilitate the achievement of the Applicable BSC Objectives?

Please give rationale and state objective(s)

Summary

Yes	No	Neutral/Other
~~8~~ 9	~~1~~ 0	0

Responses

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	ScottishPower agree that the Proposed Modification better facilitates the BSC Objectives. Objective b) We agree that having a process already in place prior to any event happening will allow for the swifter and more efficient transition back to normal market operations. Objective d) Having a process in place will reduce confusion and improve efficiency in the operation of the BSC.

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Respondent	Response	Rationale
RWE Trading	Yes	We believe that the modification provides greater clarity with regard to the single imbalance price and the claims process in a black start period or fuel security event. To this extent it better meets objective C and objective d.
Scottish and Southern Energy	No ELEXON: Yes	The need for P232 (and the associated P231) arose from the industry discussions and involvement with (a) Exercise Phoenix and (b) the revision of the Fuel Security Code during 2006 and 2007 respectively. This in turn lead to the raising of Issues 32 and 33 in 2008 which has lead to P232 (and P231) being raised in. SSE has played an active role, from the earliest days with Exercise Phoenix, in all these developments and we therefore welcome P232. However, the original P232 proposal, as developed by the Modification Group, includes for an "Application to Extend Allocated time-frame for claims submission" process. We do not believe this element of the proposed solution is efficient or effective: we agree with the views noted in section 2.2 of the consultation document that the (up to) 60 additional days would be expected to slow down the claims determination process. For this reason we not believe that P232 Original would better facilitate the achievement of the Applicable BSC Objectives. ELEXON: Confirmed with Industry member, preference is for a 'Yes' when given the option of the Proposed over no change, but prefers the Alternative over the Proposed due to the shorter time-frame. Have updated the vote count.
Uskmouth Power	Yes	It is more efficient (objective b and d) to have in place a mechanism for both setting prices and compensating generators in the unlikely event that a black start of fuel security event arise.
International Power	Yes	**Better facilitates objective (d)** Proposed changes, in providing clarity to BSC parties as to compensation arrangements and claims application processes and setting clear guidance for the Panel, would promote efficiency in the implementation and administration of the balancing & settlement arrangements.
National Grid	Yes	P232 will clarify Transmission Company's post-event obligations and will help individual participants to have a better understanding of Black Start and FSC procedures. This will facilitate efficient and economic operation of the Transmission System (objective (b). P232 will provide more detail on the Black Start and Fuel Security processes, including clarification of obligations on individual parties. This will bring about efficiencies in the administration and implementation of the BSC arrangements (objective (d)).
British Energy	Yes	A transparent claim process should better facilitate BSC objectives: (b) efficient, economic and co-ordinated operation of the transmission system, because parties will have better knowledge of how their reasonable costs may be recovered, thus reducing potential disincentives to assist the System Operator; (c) effective competition, because it will

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Respondent	Response	Rationale
		assist the process by which parties are able to recover costs incurred beyond their control, which their competitors may not have incurred or may even have benefited from; (d) efficiency in the administration of BSC arrangements, in the event of a Black Start or Fuel Security event.
EDF ENERGY	Yes	EDF Energy believes that the proposed modification will better facilitate the Applicable BSC objectives. In relation to Objective (b), the provision of a clear and transparent process ensures affected parties understand their roles and obligations under a Black Start/FSC event as well associated procedures which will assist in the efficient and economic operation of the GB transmission system. In regards to Objective (d) for the 3 key reasons identified around the improved efficiency in the administration of the balancing and settlement arrangements, guidance to the panel and clear procedures being in place to provide assurance that the commercial interests of BSC parties are considered.
E.ON UK	Yes	Notwithstanding the Transmission Company's commitments under the Fuel Security Code and Grid Code, P232 supports BSC objectives b and d. Clarifying the SIP Parties can expect and the compensation process under the BSC in the event of a Black Start or Fuel Security Code period should help achieve efficient, economic and co-ordinated operation of the GB Transmission System and efficiency in the implementation and administration of the balancing and settlement arrangements.

Question 2: Do you believe Alternative Modification P232 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline?

Please give rationale and state objective(s)

Summary

Yes	No	Neutral/Other
9	0	0

Responses

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	ScottishPower agree that the Alternative Modification better facilitates the BSC Objectives. Objective c) We agree that having a process already in place prior to any event happening will allow for the swifter and more efficient transition back to normal market operations. Objective e) Having a process in place will reduce confusion and improve efficiency in the operation of the BSC.

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Respondent	Response	Rationale
RWE Trading	Yes	We believe that the alternative modification provides greater clarity with regard to the single imbalance price and the claims process in a black start period or fuel security event. To this extent it better meets objective C and objective d.
Scottish and Southern Energy	Yes	The need for P232 (and the associated P231) arose from the industry discussions and involvement with (a) Exercise Phoenix and (b) the revision of the Fuel Security Code during 2006 and 2007 respectively. This in turn lead to the raising of Issues 32 and 33 in 2008 which has lead to P232 (and P231) being raised in . SSE has played an active role, from the earliest days with Exercise Phoenix, in all these developments and we therefore welcome P232. We have been mindful of the differences, as outlined in section 2.2 of the consultation document, between P232 Original and Alternative. We believe that the proposed timings outlines for the Alternative conform with the latest version of the Fuel Security Code (and associated Guidance Note). For this reason we believe P232 Alternative would better facilitate the achievement of the Applicable BSC Objectives by clarifying what would happen with respect to the method/approach for BSC Parties to claim for costs arising from a black start and/or Fuel Security Code incident and for the handling of the validation of those claims through a predefined claims assessment process in a timely manner. By clarifying this in advance of such an event occurring (we hope it will never occur, but we must plan for it nevertheless) our industry has been able to have the luxury of time to consider all the issues involved and the how we might best address them. If P232 (and P231) were not to be implemented then the issues surround the claims process (post event) would have to be addressed 'on the hoof' at the same time as market participants and key stakeholders are trying to address the incident itself (which must, at that time, be the first priority). To do a P232 change at that time of system (as well as personal) stress would, in our view, lead to a less than optimal solution being arrived at, which could also give rise to (potentially huge) unintentional consequences at the time. Furthermore, in bringing forward P232 Alternative (and P231) at this time we have been able to utilise the information and understanding built up, across the industry, over the past three years in the most appropriate way to come to a sensible, pragmatic and workable solution which better meets the applicable objectives.
Uskmouth Power	Yes	We need something in place that is robust and better understood by the industry players. However, we would note that it would be helpful if the BSC Panel also set out the issues it would expect to consider in setting prices if they did not use the previous 30 days. This does not have to tie their hands, but at least if they consulted on an "issues list" now they would already have a view from the industry on the sorts of factors that they need to consider. ELEXON: discussed with Industry member, this has been discussed by the Modification Group, with the Group deciding to remove all Guidance. Industry member disagrees and wants to ensure the Panel will give due

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Respondent	Response	Rationale
		consideration to all abnormal market events within the historic data collection period. Also the price needs to be sufficiently high enough to ensure generators have motivation to generate.
International Power	Yes	As for Q1
National Grid	Yes	For the same reasons as those given in response to Q1.
British Energy	Yes	Yes, for the same reasons as given for question 1.
EDF ENERGY	Yes	In terms of facilitating an overall more transparent claims process.
E.ON UK	Yes	As above, P232A also supports BSC objectives b and d. Clarifying the SIP Parties can expect and the compensation process under the BSC in the event of a Black Start or Fuel Security Code period should help achieve efficient, economic and co-ordinated operation of the GB Transmission System and efficiency in the implementation and administration of the balancing and settlement arrangements..

Question 3: Do you believe Alternative Modification P232 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification?

Summary

Yes	No	Neutral/Other
8	1	0

Responses

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	We believe that the Alternative modification, by allowing for a Party to request the length of time that they require to complete investigations and collect evidence, will better facilitate the BSC Objectives over the Proposed. This Alternative will ensure that individual claims are processed as expeditiously as possible.
RWE Trading	Yes	The alternative recognises the role of the Panel in efficiently administering the claims process following a black start event or fuel security period and consequently better meets the BSC objectives c and d when compared with the original.
Scottish and Southern Energy	Yes	See our answer above.
Uskmouth	Yes	We prefer the alternative as, although the claim amount is submitted in the

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Respondent	Response	Rationale
Power		initial period, for smaller players more time to gather information may be helpful. Were resources are thin, the extra time would simply ease the administrative burden on the smaller players in the market.
International Power	Yes	**Better facilitates Objective (d)** The alternative, in establishing clearer timescales for claims submissions, would best promote efficiency in the BSC arrangements.
National Grid	Yes	The Alternative Modification removes the need to have an additional 60 day period for submission of claims evidence thereby improving the efficiency of the claims process. This will better facilitate the applicable objective (d) when compared to the Proposed Modification.
British Energy	No ELEXON: Yes	60 days should be sufficient for parties to provide claims of costs, with evidence, but allowing extra time to be requested would allow for unforeseen resource issues in the rare and exceptional circumstances under consideration. ELEXON: 60 days should be sufficient; therefore the alternative is the preferred solution as it takes away the 60 days from Parties. However happy to go with the majority viewpoint as does not believe it to be a critical concern.
EDF ENERGY	No	We believe the proposed solution provides clear and defined time frames with which you can submit your claim. We believe it is very reasonable to estimate, with confidence, what your financials will be within the initial claims period. However, if under exceptional circumstances the initial period is not sufficient time enough to submit a claim to which there is 100% confidence there should be a provision to allow for a claim to be submitted which has, for example an 80% confidence, and then the provision to apply for the additional 60 day evidence period in order to submit further clarity and supporting evidence for the initial claim amount only.
E.ON UK	Yes	Allowing an extra 60 days to submit further evidence but not adjust the claim according to any new evidence as the Proposed suggests seems inefficient. Better as in the Alternative for Parties who may require more time to collate evidence to be able to apply and be granted an extension to submit a well-researched claim than to guesstimate an appropriate claim amount which the Panel might then have to take more time weighing up.

Question 4: Do you agree with an *implementation date of 4 months after an Authority decision* (this will allow for the new BSCP to be drafted) for both the Proposed and Alternative?

Summary

Yes	No	Neutral/Other
9	0	0

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Responses

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	The implementation timescales are appropriate. These processes should be implemented as soon as reasonably possible.
RWE Trading	Yes	-
Scottish and Southern Energy	Yes	It seems a pragmatic approach given the additional tasks involved post approval but prior to implementation.
Uskmouth Power	Yes	If Elexon believes that the relevant documents could be achieved in that time frame.
International Power	Yes	This sounds reasonable
National Grid	Yes	-
British Energy	Yes	Yes, this is plenty of time to change internal contingency procedures.
EDF ENERGY	Yes	Appears a reasonable time frame to allow for changes both internally and to the BSCP.
E.ON UK	Yes	Implementation should be as soon as possible so 4 months would be acceptable if this is how long the new BSCP will take.

Question 5: Black Start claims only:

Do you believe introducing a 'zero floor' for the amount (£) of any Black Start compensation (i.e. BSC Parties who submit claims would not have to pay anything if the calculation resulted in there being a negative value: see section 4 on page 25 of the Assessment Consultation document for more information) is fair and reasonable?

Summary

Yes	No	Neutral/Other
8	1	0

Responses

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	Yes	The compensation arrangements are there to provide relief to Parties who have incurred costs as a direct result of instructions received by National Grid during either a Black Start or Fuel Security Event. Parties should not be penalised for following those instructions.

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Respondent	Response	Rationale
RWE Trading	Yes	It appears sensible that the claims process should not result in determinations that have a negative value.
Scottish and Southern Energy	Yes	It is our belief that in the event of a Black Start incident arising that BSC Parties should be compensated for costs that they have legitimately incurred (through no fault of their own). In the very unlikely situation that this gives rise to a theoretical 'saving' to the BSC Party we do not believe it is appropriate for them to have to make an actual payment as well. In coming to this view we have been especially mindful that the definition of "Avoidable Costs", as set out under the BSC, does not cover all the legitimate costs incurred by the BSC Party due to a black start occurring. It seems to us to be wholly iniquitous that a BSC Party who has, in totality, incurred a cost of £'X', for which then can only claim a lesser amount (BSC of "Avoidable Costs) £'Y', is then required to pay an amount (£'Z') if no zero floor were to apply. Indeed it could be the case that such an approach might render the approach unreasonable, and thus legally challengeable
Uskmouth Power	Yes	We do not believe that it was the intent of the BSC to allow for the Panel to effectively charge people for making a claim. While we are mindful that parties may make very small claims, administering claims will have cost and a party's actions could have resulted in additional costs, we believe a zero floor is more appropriate than a negative value for payment.
International Power	Yes	We believe it unlikely that application of the 'zero floor' would be necessary, however the inclusion of this recommendation would ensure Parties enjoyed additional confidence in claims submission and were not deterred by the possibility of negative compensation
National Grid	No	National Grid considers that any 'over payments' to some BSC Parties would ultimately be borne by other BSC Parties which, in principle does not seem right. National Grid recognises that a 'zero floor' could somewhat simplify the claims process but considers that it would be fairer not to have a 'zero floor'.
British Energy	Yes	Yes. Otherwise a party which raised a claim in good faith would be disadvantaged compared with a party which did not raise a claim.
EDF ENERGY	Yes	£500 as per TDC and existing *de minimis* dispute claims limit. ELEXON: £500 limit is meant for Claim submission, rather than a floor for the amount determined by the Claims Group. Respondent is happy with the zero floor for Claims assessment.
E.ON UK	Yes	Parties should not have to pay for actions undertaken during a Black Start.

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Question 6: Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered?

Summary

Yes	No	Neutral/Other
2	7	0

Responses

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	No	
RWE Trading	No	
Scottish and Southern Energy	No	None come to mind that have not been explored already over the past three years and excluded for well known and understood reasons.
Uskmouth Power	No	-
International Power	No	-
National Grid	No	-
British Energy	No	None at this time.
EDF ENERGY	Yes	An additional solution could be a combination of the proposed and the alternative. The submission period for claims would be a total maximum of 120 days and the only extension on top of this is if the panel requests additional evidence to be provided by a party. This would be preferred option. ELEXON: Respondent has highlighted (and attempted to resolve) an issue in either solution: the Proposed could result in the majority of Parties over-estimating the amount they are claiming for, and the Alternative could result in a lengthy claims process if the Panel provide lengthy extensions for time. Currently – BSC G3.3 '... within the period of 20 Business Days (or such longer period as the Panel may approve in that case)', also FSC Part 5 5.03 '... within 60 days (or such longer period as the Panel may approve in any case)'. If need be, the BSC could be changed under this modification but the FSC is out of scope. Suggest strong Guidance for the Panel regarding length of time allowed for claims to be submitted.
E.ON UK	Yes	The Mod group/Panel should perhaps also consider using the MID (Market Index Data) average price instead of the SSP/SBP mean price to comprise the Single Imbalance Price?

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Respondent	Response	Rationale
		ELEXON: Believes the MIP has been considered by the Group.

Question 7: Does P232 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure?

Summary

Yes	No	Neutral/Other
2	7	0

Responses

Respondent	Response	Rationale
SAIC Ltd. (for and on behalf of ScottishPower)	No	
RWE Trading	No	
Scottish and Southern Energy	No	None at this time.
Uskmouth Power	No	Uskmouth would want to note that the claims process must be as swift as possible to ensure that smaller players do not suffer commercially as a result of instructions under the extreme circumstances that may surround a Fuel Security event. ELEXON: Note comment to P232 Group
International Power	No	-
National Grid	No	-
British Energy	Yes	• The requirement for SAA to process single price data (page 12 of assessment) already exists and there should not be additional costs associated with delivering this requirement. ELEXON: Correct, it was mainly highlighted to get an impact assessment from Logica and they have come back with no changes required at no cost. • In relation to 'anticipation of receiving a Fuel Security Code Direction' (page 24 of assessment), our understanding of the Fuel Security Code is that claims can be made in relation to costs incurred between the receipt of a Fuel Security direction and the commencement date of a Fuel Security Period, which may be later, contained in that notice. ELEXON: Yes that is our understanding too, is the documentation ok for this point? Re-write the documentation for the Assessment Report. • Consultation page 24: "For the avoidance of doubt all claims must be

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Respondent	Response	Rationale
		for costs (£) actually incurred to date". If fuel is used, the cost of that fuel could be what was paid for it at some previous time, or the cost of replacing it at the time it is used, or the cost of replacing it economically with similar notice as it was originally bought plus the possible intervening lost opportunity if stocks are low. Similarly, the value of saved fuel could be what it cost or what it could be sold for. We note different interpretations and consequent materialities are possible. ELEXON: I think this is ok though, it is up to the Claimant to prove the costs incurred were due to the FSC direction. I don't think the intention is for generators to make a profit however, but to be reasonably re-inbursed with costs. Disputes Committee – Q8 appeals. People can claim costs from the start. Guidance for people putting claims in i.e. different • For legal text G2.1.1, it is not absolutely clear what the reference level is against which "changes in Exports and/or Imports" would be measured in a Black Start or Fuel Security situation. ELEXON: See Legal Text • There appear to be minor typographical differences in legal text between the proposal and alternative in areas other than those described in the consultation document. We note that detail of the difference between the proposal and the alternative is mainly in the Code Subsidiary Documents rather than the legal text. ELEXON: See Legal Text
EDF ENERGY	No	
E.ON UK	Yes	Particularly with an increasing amount of wind generation expected in the coming years, as well as periods subject to an FSC or Black Start instruction being excluded from the Single Imbalance Price, any periods with zero or subzero prices must also be excluded to ensure Parties are not paying to generate. ELEXON: Believes if this is considered 'standard market fluctuations' they should be included, even if prices appear extreme.

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