

## Responses from P122 Draft Report Consultation

Consultation issued 18 July 2003

Representations were received from the following parties:

<b>No</b>	<b>Company</b>	<b>File Number</b>	<b>No. BSC Parties Represented</b>	<b>No. Non-Parties Represented</b>
<b>1.</b>	BizzEnergy	P122_DR_001	1	0
<b>2.</b>	NGT	P122_DR_002	1	0
<b>3.</b>	Innogy	P122_DR_003	9	0
<b>4.</b>	Powergen	P122_DR_004	14	0
<b>5.</b>	Scottish and Southern	P122_DR_005	4	0
<b>6.</b>	British Gas Trading	P122_DR_006	1	0

**P122\_DR\_001 – BizzEnergy**

<b>Respondent:</b>	<i>Name</i> Keith Munday
<b>No. of BSC Parties Represented</b>	1
<b>BSC Parties Represented</b>	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant).</i>  BizzEnergy
<b>No. of Non BSC Parties Represented</b>	0
<b>Non BSC Parties represented</b>	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i>
<b>Role of Respondent</b>	<i>Supplier</i>

	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P122 and the provisional recommendation to the Authority contained in the draft Modification Report that P122 should be made? Please give rationale.	Yes	The proposal allows a better reflection of the credit exposure of the community imposed by an individual supplier such that the affected party does not have to post excessive credit cover. Competition is facilitated by reducing supplier costs and risks.  The material doubt part of the proposal will allow BSCCo to work more efficiently rather than imposing new requirements.
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	We have concerns on the rigidity of the dates used for coverage of the holiday period but are happy that if holiday consumption patterns are observed to change in the future then this can be reviewed and addressed at relatively low cost because no systems changes are involved.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P122? Please give rationale.	Yes	This proposal needs to be in place by Christmas to maximise benefit to both suppliers and to BSCCo

	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
4.	Are there any further comments on P122 that you wish to make?	Yes	We look to the material doubt guidelines to provide an efficient methodology for putting the intent of the proposals into effect because experience shows that the problems that the Proposal seeks to address typically occur around midnight, even though a more rational view of the problem data involved can be made during the office hours before that, when the data comes available. It is our view that sufficient work can be done beforehand to allow a determination of material doubt (due to holiday effects) being made in minutes.

**P122\_DR\_002 – NGT**

<b>Respondent:</b>	<i>Name</i> <b>National Grid Transco</b>
<b>No. of BSC Parties Represented</b>	<b>One</b>
<b>BSC Parties Represented</b>	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant).</i> <b>National Grid</b>
<b>No. of Non BSC Parties Represented</b>	<b>None</b>
<b>Non BSC Parties represented</b>	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i> <b>N/A</b>
<b>Role of Respondent</b>	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state)</i> <b>BSC Party</b>

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P122 and the provisional recommendation to the Authority contained in the draft Modification Report that P122 should be made? Please give rationale.	Yes	We believe that P122 better facilitates applicable BSC objective (c) namely "promoting effective competition in the generation and supply of electricity" by removing a barrier to certain Industrial and Commercial Suppliers.
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	We agree with the Panel that the draft legal text will give effect to the solution identified in the Modification Report.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P122? Please give rationale.	Yes	We agree with the recommended Implementation Date, which is sufficient to allow establishment of HOL-CALF values before Christmas - New Year 2003/04.
4.	Are there any further comments on P122 that you wish to make?	No	

**P122\_DR\_003 – Innogy**

<b>Respondent:</b>	Ben Willis
<b>No. of BSC Parties Represented</b>	9
<b>BSC Parties Represented</b>	Innogy plc, Innogy Cogen Ltd, NP Cogen Trading Ltd, Npower Ltd, Npower Direct Ltd, Npower Northern Ltd, Npower Northern Supply Ltd, Npower Yorkshire Ltd and Npower Yorkshire Supply Ltd.
<b>No. of Non BSC Parties Represented</b>	
<b>Non BSC Parties represented</b>	
<b>Role of Respondent</b>	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P122 and the provisional recommendation to the Authority contained in the draft Modification Report that P122 should be made? Please give rationale.	Yes	
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P122? Please give rationale.	Yes	
4.	Are there any further comments on P122 that you wish to make?	No	

**P122\_DR\_004 - Powergen**

<b>Respondent:</b>	Powergen UK plc
<b>No. of BSC Parties Represented</b>	14
<b>BSC Parties Represented</b>	Powergen UK plc, Powergen Retail Limited, Cottam Development Centre Limited, TXU Europe Drakelow Limited, TXU Europe Ironbridge Limited, TXU Europe High Marnham Limited, Midlands Gas Limited, Western Gas Limited, TXU Europe (AHG) Limited, TXU Europe (AH Online) Limited, Citigen (London) Limited, Severn Trent Energy Limited (known as TXU Europe (AHST) Limited), TXU Europe (AHGD) Limited and Ownlabel Energy Limited
<b>No. of Non BSC Parties Represented</b>	-
<b>Non BSC Parties represented</b>	-
<b>Role of Respondent</b>	Supplier, Generator, Trader, Exemptable Generator

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P122 and the provisional recommendation to the Authority contained in the draft Modification Report that P122 should be made? Please give rationale.	Yes	This proposal provides a pragmatic, low cost solution to the defect which ensures that the protection provided by the credit cover arrangements is not compromised. Providing the ability to apply for "holiday CALFs", with changes to the guidelines for calling Material Doubt, should provide sufficient comfort to Parties that they will not go into credit default purely due to an overstating of indebtedness during a holiday period.
2.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P122? Please give rationale.	Yes	It is appropriate to aim to introduce P122 in time for the next "holiday period" of Christmas 2003.
4.	Are there any further comments on P122 that you wish to make?	No	

## **P122\_DR\_005 – Scottish and Southern**

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

In relation to the four questions listed in the Consultation Paper, contained within your note of 18th July 2003 concerning Modification Proposal P122, we have the following comments to make:-

### **Q1 Do you agree with the Panel's views on P122 and the provisional recommendation to the Authority contained in the draft Modification Report that P122 should be made? Please give rationale.**

No. We do not believe that Modification Proposal P122 better facilitates the achievement of the Applicable BSC Objectives.

Please note our response to any of the following questions should not be construed to lend support whatsoever to this Modification.

### **Q2 Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.**

No. We do not see how the proposed wording in 1.5A (a) addresses the defect or issue identified in the Modification Proposal. A better definition would be to say that the "Annual Holiday Periods" shall be from "00:01 on Good Friday to 23:59 on East Monday". Timings should also be added into the table in (b) to indicate, for example, that the commencement day of "preceding Saturday" is "00:01 on the preceding Saturday" whilst the conclusion day is either "23:59 on that day" or "23:59 on the following Monday".

### **Q3 Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P122? Please give rationale.**

If the Modification Proposal P122 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in Section 1.1 of the Modification Report.

### **Q4 Are there any further comments on P122 that you wish to make?**

Nothing further at this time.

Regards

Garth Graham  
Scottish and Southern plc

**P122\_DR\_006 – BGT**

**Re: Modification Proposal P122 – Assessment of Credit Cover during a Holiday Period**

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P122. British Gas Trading (BGT) agrees the Modification Proposal will better facilitate Applicable BSC Objective (c). P122 will address a defect in the credit cover calculations that can force parties to lodge excessive amounts of credit cover over the holiday periods of Christmas and Easter.

In view of the difficulties suffered by some BSC Parties over the Christmas and Easter periods in 2002 the proposed implementation dates appear prudent. BGT believe if possible the initial implementation date of 19 September 2003 should be the target date so the solution can be used by BSC Parties for Christmas 2003.

Yours faithfully

Mark Manley  
Contract Manager