

ANNEX B – P62 CONSULTATION RESPONSES

Responses from P62 Assessment Consultation

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	TXU	P62_ASS_001	21
2.	McNicholas Construction Services Limited	P62_ASS_002	N/a
3.	SEEBOARD Energy Limited	P62_ASS_003	1
4.	Scottish and Southern Energy plc	P62_ASS_004	4
5.	British Energy	P62_ASS_005	3
6.	Western Power Distribution	P62_ASS_006	2
7.	SEEBOARD Power Networks	P62_ASS_007	1
8.	Innogy	P62_ASS_008	9
9.	Scottish Power	P62_ASS_009	6
10.	Powergen	P62_ASS_010	4
11.	IMServ Europe	P62_ASS_011	N/a
12.	NEDL/YEDL	P62_ASS_012	2
13.	British Gas Trading	P62_ASS_013	1
14.	Aquila Networks	P62_ASS_014	1
15.	East Midlands Electricity Distribution plc	P62_ASS_015	1
16.	ABB	P62_ASS_016	1
17.	LE-Group	P62_ASS_017	4

The following questions were asked:

- Q1 Based on the information contained in the Requirements Specification, do you believe that there are any elements of the Modification Proposal that are prohibitive or infeasible? If your answer is yes, please provide some explanation.
- Q2 If your answer above is no, do you believe that the balance of overall cost and overall benefit of the Modification Proposal is such that Applicable BSC Objectives are better achieved? Please provide reasoning and quantification (where possible) for your conclusion.
- Q3 Do you believe that there are other approaches to modifying the BSC that could accommodate the provisions of the Act that would better achieve Applicable BSC Objectives to a greater extent than the Modification Proposal? If your answer is yes, please describe the approach and quantify, to the extent possible, how the cost/benefit is improved.
- Q4 The VAMG recognised there was a potential problem that if a new Distribution System did attempt to directly connect to the Transmission System then the existing BSC definitions would force the creation of a new GSP Group. The VAMG believe this is against the spirit of Option 7 “one distribution business equals one SMRS , without the creation of new GSP Groups”. The VAMG believe that to avoid consideration of the implications of creating a new GSP Group, it would be advisable to extend the definition of a GSP Group to allow more than one Distribution System to directly connect to the Transmission System within each GSP Group.

Do you agree the VAMG proposal to modify the BSC GSP Group definition is pragmatic and by avoiding the unnecessary creation of additional GSP Groups would better achieve the Applicable BSC Objectives.

P62_ASS_001 – TXU

Respondent:	Terry Marquand, TXU	
Representing:	Twenty one TXU BSC Parties	
Q1	No	
Q2	Yes	It appears to be the most cost-effective way of modifying the BSC to satisfy Utilities Act requirements and Licence obligations
Q3	No	The approach has been developed through intensive discussions by a representative cross-section of industry experts at the New Distribution Business Focus Group and its Registration and Settlement Group.
Q4	Yes	Pragmatic, non-constraining and eminently sensible.
As sponsors of P62, we congratulate Trading Development for a Requirements Spec that accurately and comprehensively reflects and explains the solution developed by the DBFG and R&SG.		

P62_ASS_002 – McNicholas Construction Services Limited

Respondent:	Nigel Lilley	
Representing:	McNicholas Construction Services Limited (Non Party)	
Q1	Yes	Our principle objection revolves around P70 boundary metering. The provision of P70 metering is an unnecessary complication and expense, providing limited benefit. As it will no doubt prove on new entrant networks feeding I&C sites, HH metering will be applicable and therefore quality data will be available. Furthermore, the quality of data available from any new entrant network without HH metering is in fact no worse than the current situation where that same network becomes part of the PDSO. The provision of boundary metering does not affect settlement and seems to be an unnecessary luxury. Also, from a practical point of view, capital cost and ongoing maintenance will be an unnecessary expense for someone, which no doubt be passed onto suppliers and their customers. Given the other issues associated with becoming a new entrant into the distribution market, we are keen to avoid any issue which brings with it unnecessary complication, duplication and expense. We would suggest such issues, if not challenged, could build to the point where a new entrant could be disadvantaged by the extra requirements he and/or his client have fulfil in order. Clearly, we are keen to avoid such issues.
Q2		
Q3	No	
Q4	Yes	
At this point in time, we recognise our relatively limited "in depth" knowledge of all the points raised in P62, somewhat restricts our viewpoint. However, we generally consider the P62 proposals seem a logical and pragmatic way forward, building upon what is already in place rather than inventing new. In general terms, whilst process modifications are inevitable to allow the introduction of new entrants into the distribution market, those modifications must be fair, fully justified and be structured to avoid any direct or indirect disadvantage to new entrants		

P62_ASS_003 – SEEBOARD Energy Limited

Respondent:		Dave Morton
Representing:		SEEBOARD Energy Limited
Q1	Yes	Costs of this change are prohibitively high for what we consider to be hardly any benefit. We cannot see that this change would ever provide a clear financial business case for a Supplier as it requires significant system changes will no real benefit.
Q2	Yes/No	
Q3	Yes	A number of options were previously suggested for this scenario. At this stage it is difficult to determine if these could provide an approach that would better meet BSC objectives, particularly with respect to cost benefit case of this change. From our point of view we feel that any option is likely to lead to significant changes, and associated costs, without better meeting BSC objectives.
Q4	Yes	
With respect to proposed legal text changes. Section S paragraph 8.2.13 still makes reference to Public Distribution System Operator (PDSO) and needs to be amended. Within Annex X-1 definition of Distribution Systems Operator needs to be amended with respect to PDSO details and this is not included in changes.		

P62_ASS_004 – Scottish and Southern Energy plc

Respondent:		Garth Graham
Representing:		Scottish and Southern Energy, Southern Electric Power Distribution Plc, Keadby Generation Ltd. and SSE Energy Supply Ltd
Q1	No	There is insufficient detail in the Requirements Specification to determine whether the Modification Proposal is prohibitive or infeasible. On the face of it it appears to be workable - but at a (considerable) cost.
Q2	Yes	
Q3	No	
Q4	Yes	
(For Addition Queries See Impact Assessment)		

P62_ASS_005 – British Energy

Comments sent on 28 February 2002

British Energy has nothing further to add from the comments it sent on 28th February:

This modification proposal raises significant issues concerning the competitive supply arrangements, and highlights some of the design weaknesses of the software systems and processes currently in place. The consultation appears to suggest that significant change to some of these systems and processes may be necessary, both within and outside the scope of the BSC.

Experience suggests that even relatively simple fixes to existing systems can be expensive and take a long time, even more so when the costs of participants changes are considered. Significant changes to the arrangements should only be undertaken following a wider review of how future developments in commercial arrangements and software systems can promote efficiency and effective competition. The cost of modifications should be taken into account and weighed against the competitive benefits achievable for customers within "private" networks. The potential demand for such services should be considered.

Any quick fix to facilitate supply competition in new licensed distribution networks should be undertaken at minimum cost. The cost of installing and operating half-hourly meters at

all affected entry and exit points (to overcome problems associated with NHH meters) and the cost of registering entry and exit points in CVA or with an alternatively procured central registration agent, should be considered as an alternative to expensive changes to existing systems.

Rachel Ace
 On behalf of
 British Energy Generation
 British Energy Power and Energy Trading
 Eggborough Power Ltd

P62_ASS_006 – Western Power Distribution

Respondent:		Graham Smith
Representing:		Western Power Distribution (South West) Western Power Distribution (South Wales)
Q1	No	
Q2	Not Sure	Of the various options, this proposal seems to result in the least amount of change whilst providing a robust solution. However, it does require existing distributors to incur costs changing SMRS systems and, probably, introducing new data flows. It is not clear how these additional costs are to be recovered and how their imposition will help better achieve the BSC objectives.
Q3	No	
Q4	Possibly, however see note	<p>Currently the PDSO is responsible for validating readings from GSPs within its GSP group. Presumably, in future, it will not be responsible for validating data from GSPs within its group that are not part of its own Distribution Network.</p> <p>The PDSO is also responsible for setting aggregation rules for its GSP Group. To do this the PDSO will need to know the aggregation rules for any other Distributors' directly connected systems that are allocated to its GSP group. It will also need to receive the meter readings from the directly connected GSP to be able to verify that the aggregation rules are being correctly applied.</p> <p>Any BSC changes necessary to facilitate the above should be made within P62 if the proposal not to have new GSP groups is pursued.</p>
<p>The revised legal drafting for section K paragraph 1.7 replaces the Public Distribution System Operators responsibility for setting Line Loss Factors for ALL metering systems within its GSP group, with a requirement for LLFs to be set for Boundary systems only, by Licensed Distributors. This appears to remove any requirement for LLFs to be set for metering systems at Exit Points. A clause should be added that each Licensed Distributor is responsible for setting LLFs at all exit points on its network</p>		

P62_ASS_007 – Seeboard Power Networks

Respondent:	SEEBOARD Power Networks	
Representing:	SEEBOARD Power Networks (SBPN)	
Conditional Support		
SEEBOARD Power Networks' support for Modification P62 is conditional on the approval and implementation of Modification P70 in a common time frame.		
We believe that the best solution, both within BSC and for the electricity industry in general, for implementation of the provisions of the Utilities Act 2000 relating to the introduction of new licensed distributors is by the combination of Modification P62 plus Modification P70 .		
In the event that Modification P70 is rejected SEEBOARD Power Networks' would be unable to support Modification P62.		
Q1	No	
Q2	Yes	
Q3	Yes	This modification results from a change in primary legislation (the Utilities Act 2000) rather than from any BSC specific issues. In these circumstances we believe it is appropriate for the Modification Group and the Panel to consider wider aspects of the change in relation to the Electricity Industry as a whole rather than to the BSC in particular. We believe that the provisions of the Act are best implemented within the Electricity Industry by the combination of Modification P62 plus Modification P70 .
Q4	Yes	

P62_ASS_008 – Innogy

Respondent:	Richard Harrison	
Representing:	Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited	
Q1	Yes	Changes to the base architecture to accommodate new identifiers could prove extremely costly. Redesigning this architecture is not acceptable, given the current level of investment in systems and processes. The timescales are too short to find a viable solution – option 7 does not support transfer of ownership of networks. Existing methods of transferring MPANs from one distributor to another are tortuous and will bring excessive risk to all parties including customers if applied in bulk.
Q2	Yes/No	N/A
Q3	Yes	Currently all participants are identified using a Market Participant Id and its various aliases with the exception of the distribution business, which has two separate identifiers. The Distributor Business ID, which is a 2-integer field and is used in an MPAN, is also known as the market participant ID, which is a 4-character field. For most purposes the distributor is identified from the market participant ID. It is the SMRS service, which is currently locked to the network that is shown in the distributor business ID in the MPAN. By realigning the identifier in the MPAN to denote the network and making more

		<p>use of the market participant ID, it would be possible to accommodate both an increase in the number of distribution businesses and separated increase in the number of networks. Changing this identifier to include all characters would significantly increase the number of supportable networks from 100 at present to 1296 if only uppercase characters were included.</p> <p>With this solution there would be no change to the way the market currently operates. The requirement for any party wanting to operate more than one network would be to provide or procure an SMRS service (MPAS) which would cater for more than one range of mpans, i.e. one for each of the networks supported, or a combined facility. This would be transparent to other participants.</p> <p>The link between networks and their operator could be included in MDD. These changes would allow all parties to be uniquely identified through their participant id. Managing flows to and from these parties is then simply a routing exercise. This change would need to be available by the time the first distributor wanted to operate a second network, and any transfer of network between distributors would have to be synchronised with releases of MDD.</p> <p>The overall requirements of a solution are :-</p> <ol style="list-style-type: none"> 1 Provide a robust, simple and consistent way for suppliers and their agents to identify the geographic location of MPANs, the relevant distribution business and SMRS and process flows to and from both. 2 Duos billing from the new distribution business and for new networks should conform to current practice, i.e. no new processes to cater for new participants or networks. Existing process should suffice. 3 Settlements can be supported. 4 Normal commercial activities such as the sale of networks can be accommodated without disruption to customers. <p>This solution meets those requirements and the costs of implementing are likely to be no greater than those for option 7, which can only be interim in that it does not meet the last requirement. Most of the changes from a settlement point of view, with the exception of MDD, are likely to be similar if not common across the two solutions</p> <p>The majority of the other issues associated with introducing new distribution businesses would be unchanged</p>
Q4	Yes / No	<p>The settlement group (GSP Group) used to achieve the settlement for a host distribution network and the embedded network and should be the subject of unrelated deliberations. For the time being, it appears reasonable to settle all embedded networks with the associated host.</p> <p>We believe that it is reasonable to change the definition of GSP group to accommodate embedded networks but the definition should not preclude the option for such embedded networks to be settled in a different way at some point in the future</p>

P62_ASS_009 – Scottish Power

Respondent:		Man Kwong Liu
Representing:		ScottishPower UK Plc.; SP Manweb Plc.; ScottishPower Energy Trading Ltd.; ScottishPower Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.
Q1	No	No – P62 will meet the obligations of the Electricity Act (to allow new Distribution businesses) with a minimum of impact on existing systems and processes.
Q2	Yes	P62 is essentially the least cost and minimum change approach to incorporate the obligations of the Electricity Act.
Q3	No	No – Please see previous consultation response in which support for option 7 was preferred to the other solutions provided.
Q4	Yes	Agree. Creating new GSP groups would increase the scope of P62 and lead to additional costs. Although we agree that the BSC Panel should have the power to determine what GSP Group a new Distribution Network resides in, it should be confirmed that there will be no changes to the GSP Groups boundaries as they stand presently due to the GSP Group definition change. The Panel should only consider new networks.
<ul style="list-style-type: none"> Page 32 - Determination of GSP Group – It is suggested that the GSP group is not required by HHDCs for settlement purposes. It is indicated that determining estimated reads will not be a concern as BSCP502 states that the data is limited to the past performance of the meter and global coefficients. This is true if the party is only operating in England and Wales. However, any HHDC operating in Scotland and England and Wales is required to follow different estimation processes under the SAS and the BSC and therefore needs to know which market a particular market an MPAN resides in. Practically, this is achieved by deriving the GSP (or BSP) Group from the first two digits of the MPAN. This solution will no longer be available following the introduction of P62 and alternative mechanisms will have to be found. This may necessitate changes to DTC flows, or a change to the SAS to bring Scottish Requirements into line with those in England and Wales. We agree that there is a requirement for a clearer definition of the obligations of the new LDSO in respect of unmetered supplies. ScottishPower believes there is a requirement to consider the provision of a radio tele-switch service within the new distribution network. P62 has the potential to introduce ambiguity in the requirements on PDSOs for the submission of GSP Group Aggregation Rules. If the new distribution network is either directly connected, or contains an inter GSP Group connection or embedded CVA metering, it is not clear how the PDSO will be aware of the metering details in order to submit GSP Group Aggregation Rules. As part of any agreement for a new LDSO to connect to ScottishPower's distribution network, we would wish to see metering established at the relevant connection point(s), and for that metering to be registered in CMRS. We feel strongly that P70 is required in order for the P62 proposed arrangements to be workable. 		

P62_ASS_010 – Powergen

Respondent:		Afroze Miah
Representing:		Powergen UK plc, Powergen Retail Limited, Diamond Power Generation Limited and Cottam Development Centre Limited
Q1	No	It achieves the objectives but a full impact assessment on BSC parties' systems would be required.
Q2	Yes	It maintains the integrity of the GSP Group concept.
Q3	No	

Q4	Yes	<p>It maintains the integrity of the GSP Group concept and minimises the impact on settlement processes and systems.</p> <p>We believe it would be a good idea for the definition of GSP Group to incorporate other directly connected distribution networks, as long as the drafting holds together (i.e. it does not cause further problems elsewhere). There should be rules about how it would be decided which GSPG a new directly connected system is allocated. This could be a Code requirement or could be a guidance note for the Panel to follow when deciding.</p>
<p>There are concerns over the overall impact on existing suppliers' customer facing systems, which have yet to be quantified.</p>		

P62_ASS_011 – IMServ Europe

Respondent:		Mark Constable
Representing:		IMServ Europe Ltd (as Party Agent)
Q1	No	
Q2	Yes	
Q3	No	The changes proposed by P62 are not great compared with the fact they will allow new distributors, the third set of participants to be 'de-franchised' i.e. Another key milestone for the industry. It's difficult to see a simpler solution.
Q4	Yes	For many industry participants the introduction of P62 will lead to a significant impact, although not directly as a result of P62 requirements. New GSP groups as well as new MPAN/geography relationships would add additional impact and create more risk, where significant risk already exists.
<p>Without going into too much detail, there are a great many processes and systems within our organisation (and most likely many others) that have an implicit assumption that a set of MPANs (two digits) can be mapped to a GSP Group. As this mapping will no be broken, very significant impact is expected, with high levels of associated risk. It is likely to take at least a year and more likely 18 months to identify, change and re-deploy all affected products.</p>		

P62_ASS_012 – NEDL/YEDL

Respondent:		Sue Calvert
Representing:		NEDL YEDL
Q1	No	YEDL and YEDL believe that p62 and p70 need to be treated as one. Our acceptance of P62 as a feasible solution is conditional on acceptance of p70. YEDL and NEDL reserve the right to review their position if p70 is not accepted.
Q2	Yes	Although not perfect we believe that together P62 and P70 offer a pragmatic solution to accommodate embedded distribution networks. We believe that any needs to be able to uniquely identify the 'distribution business owner owner' of a metering point to all market participants. We also believe that the liabilities for distributed units and system losses need to be clearly identified, from a regulatory point of view and from a performance point of view. It is for this reason that we believe P70 is an integral part of the solution.
Q3	No	
Q4	Yes	we agree with the rationale given above.

P62_ASS_013 – British Gas Trading

Respondent:		Rob Cullender
Representing:		British Gas Trading
Q1	No	
Q2	Yes / No	This is difficult to answer. We do not know what the value of either the costs or benefits are. However, as this modification is required for Distribution Business Licence reasons, it could be reasoned that competition in supply is benefited as a result of more choice of distribution businesses.
Q3	No	
Q4	Yes	The concept of a GSP Group is so deeply set into existing systems that to contemplate adding further groups, certainly within the timescales required for this modification carries too great a risk. However, any decisions made within the remit of this modification must not be set in stone and we believe that additional GSP Groups cannot be ruled out indefinitely
It is clear that modification P70 is closely associated this modification. It is our view that P70 metering is required for the purposes of accurately assessing losses and attributing DUoS charges and losses to suppliers.		

P62_ASS_014 – Aquila Networks

Respondent:		Sue Pritchard
Representing:		Aquila Networks plc (formerly GPU Power Networks (UK) plc
Q1	No	<p>Our answer assumes that Modification Proposal P70 will be accepted. Our support of P62 is conditional and dependent on the acceptance of P70. Should P70 not be accepted, elements of P62 will prove to be prohibitive, specifically the cost of having to implement boundary metering and a data collection infrastructure when it would be easier to utilise the existing infrastructure (CMRS registration and CDCA data collection).</p> <p>The Settlements process includes the use of Loss Adjustment Factors, which are calculated by Distributors. Distributors need accurate data in respect of losses in order to perform these calculations.</p> <p>In addition to License and BSC obligations, Distributors are required to produce a 'week 24 return' (seven year statement). This requires access to accurate meter readings. We would not wish to be estimating data for any of these obligations and need to have fully auditable and accurate figures.</p> <p>Also, requirement 5.6.1 states that reports to Distributors must show ONLY metering systems on the network of the licensed Distributor. These three points make P70 essential in order to determine our Group Take (including losses) accurately.</p>
Q2	No	We do not believe that the BSC objectives are better achieved by p62 on its own, as indicated above. We could only answer Yes to this question if p70 is accepted alongside p62
Q3	Yes / No	<p>We did not originally support the recommendation that the <i>only</i> option is to incorporate new Distribution Networks within the relevant GSP. Our preferred option was for new GSP groups to be created.</p> <p>We still have reservations and believe, as previously stated that this solution will ultimately create customer confusion. Considering that a proportion of customers are not even aware of the identity of their current electricity Supplier, it's less likely that they would be aware of the identity of their Distributor in the event of, for example power loss. This problem will be further compounded by the fact</p>

		that the customer's metering point details could potentially be lodged on an SMRS database in an entirely different ex-PES geographic area. However, provided that P70 is accepted we think that this solution is workable.
Q4	Yes	This is dependent on acceptance of P70. If P70 is not accepted it's likely that, indirectly the cost to certain parties of implementing P62 will rise (due to the need for establishing a new data collection process in respect of boundary metering, rather than utilising the existing CMRS registration and CDCA data collection process).
In our opinion, P62 and P70 are inexorably linked. That being the case, we believe it would be sensible to merge the two, thus creating one Modification Proposal.		

P62_ASS_015 – East Midlands Electricity Distribution plc

Respondent:		Geoff Huckerby
Representing:		East Midlands Electricity Distribution plc
Q1	No	
Q2	Yes	We believe that this modification does meet this objective – additionally it provides the least amount of disruption to the interoperability of the existing market. The outcome should better facilitate competition across both Distribution and Supply but should still maintain the integrity of the Settlements process
Q3	Yes	We believe that the modification raised by P70 regarding boundary metering should be an integral part of a holistic approach. We believe that boundary metering will provide further rigour to the Settlements process and also make the market interoperability more robust.
Q4	Yes	At this stage of the process we agree that this is the most pragmatic approach, however, Elexon should also consider the possibilities of Directly Connected Distributors who may only have a small number of non half hourly customers.
EME support P62		

P62_ASS_016 – ABB Treasury & Energy Services

Respondent:		John Spiller
Representing:		ABB Treasury & Energy Services
Q1	No	
Q2	Yes, but	We believe that the BSC Objectives need to be updated to reflect the introduction of competition in Distribution as provided by the Utilities Act. This would then allow a more realistic judgement to be made as to whether the proposed modifications support the BSC Objectives. This comment also relates to P70.
Q3	No	
Q4	Yes	We understand that the proposal will allow the direct connection of a new distribution network to the transmission system

P62_ASS_017 – LE-Group

Respondent:		LE-Group
Representing:		London Electricity plc, SWEB Ltd, Jade Power Generation Ltd and Sutton Bridge Power Ltd , London Power Networks plc, EPN Distribution Limited
Q1	No	We believe the proposal is workable.
Q2	Yes	At this stage we think that judgements on the cost benefit are secondary, given that the Utilities Act 2000 indirectly requires a solution to be found. We believe that it can be argued that P62 promotes effective competition in supply, by facilitating competition on these new networks in a manner consistent with the BSC's treatment of existing networks. We trust that Authority will make appropriate provision for the costs associated with P62 to be recovered.
Q3	No	
Q4	Yes	