

Responses P77 Assessment Consultation

Consultation issued 13 May 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	TXU	P77_ASS_001	21
2.	Dynegy	P77_ASS_002	1
3.	Energy-Koch Trading Ltd	P77_ASS_003	1
4.	Edison Mission Energy	P77_ASS_004	4
5.	EdF Energy	P77_ASS_005	2
6.	SEEBOARD Energy	P77_ASS_006	1
7.	Innogy	P77_ASS_007	6
8.	British Gas Trading	P77_ASS_008	2
9.	London Electricity	P77_ASS_009	5
10.	Scottish and Southern Energy	P77_ASS_010	4
11.	Scottish Power	P77_ASS_011	5
12.	National Grid	P77_ASS_012	1
13.	British Energy	P77_ASS_013	3
14.	Aquila Networks	P77_ASS_014	1

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	Philip Russell
Responding on Behalf of	21 TXU BSC Parties
Role of Respondent	Party

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	Yes
Rationale:		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	Yes
Rationale:		
Q3	The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC). Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?	Yes
Rationale:		
Q4	The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse. Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?	No

Rationale:		
Q5	Do you have any further comments on Modification Proposal P77 that you wish to make?	No
Please state your comments		

P77_ASS_002 – Dynegy

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	Dynegy
Responding on Behalf of	
Role of Respondent	BSC Party

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	Yes
<p>Rationale: Allowing multiple BM unit pairs allows for a greater degree of competition in the supply of balancing services by allowing multiple dynamics and plant economics to be represented by interconnector users. The more accurate representation of interconnector dynamics should enable NGC to be more efficient in balancing the system.</p>		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	No

Rationale: An interconnector may be able to provide electricity from more than three types of plant, each with different dynamics. Dynegy suggests that four or five pairs of BMUs would adequately represent the different dynamics typically available.

Q3	<p>The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC).</p> <p>Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?</p>	Yes
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Rationale:

Q4	<p>The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse.</p> <p>Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?</p>	No
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Rationale:

Q5	<p>Do you have any further comments on Modification Proposal P77 that you wish to make?</p>	No
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P77_ASS_003 - Entergy-Koch Trading Ltd

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	<i>Chris Leeds</i>
Responding on Behalf of	<i>Entergy-Koch Trading Ltd</i>
Role of Respondent	<i>(BSC Party/IU)</i>

	Question	Response Yes/No
Q1	<p>Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?</p>	Yes
<p>Rationale: It gives the IU the ability to offer a more realistic view of the dynamic capabilities of the types of plant available. This should provide the System Operator with a better choice when accepting bids and offers.</p>		
Q2	<p>Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented?</p> <p>If not, what is your suggested level and why?</p>	Yes
<p>Rationale: Any more would lead to a lack of efficiency as the arrangements become unnecessarily complex</p>		
Q3	<p>The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC).</p> <p>Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?</p>	Yes
<p>Rationale: Because it would lead to discrimination</p>		
Q4	<p>The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse.</p> <p>Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?</p>	No
<p>Rationale:</p> <p>The SO requires steady and sensible plant dynamics and are not concerned about the plant that actually delivers the energy as long as it is delivered in accordance to the Bid Offer Acceptance issues.</p>		
Q5	<p>Do you have any further comments on Modification Proposal P77 that you wish to make?</p>	No
<p>Please state your comments</p>		

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	<i>Libby Glazebrook, Edison Mission Energy</i>
Responding on Behalf of	<i>First Hydro Company, Edison First Power, Lakeland Power</i>
Role of Respondent	<i>BSC Party</i>

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	No
Rationale: Interconnector Users (IUs) should be required to register one BMU pair for each Production and Consumption meter as per E&W to provide full reflection of the true dynamics of different of plant behind the interconnector as specified in the Modification.		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	No
Rationale: See answer to Q1.		
Q3	The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC). Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?	Yes
Rationale:		
Q4	The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse. Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?	Yes

Rationale: Allowing IUs more than one BM Unit provides an unfair competitive advantage compared to BMUs within E&W. IU BMUs will have more than one BMU to reflect the dynamics of an asset (the interconnector) whereas E&W assets only have one BMU to reflect their dynamics. IUs are able to use this advantage to restrict the choice of BMUs available in the Balancing Mechanism. For example, an IU could reduce MEL to zero on one BM Unit and increase it from zero on another BM Unit whilst still retaining availability in the BM, using the same energy source. This would restrict the SO's choice to a higher priced BM Unit. Were a multiple BM Unit generating station in E&W to adopt this approach, it would sterilise the output from a BM Unit once its MEL was set to zero.

Allowing IUs more than one BM Unit means that any plant failure which reduces export capability can be allocated to a lower priced BM Unit within gate closure timescales. Although the exposure to imbalance charges remains the same, IUs have the ability to benefit from a higher level of income by retaining availability on the higher priced BM Unit. Failure of a BM Unit in E&W prevents participation in the BM, regardless of price.

Q5	Do you have any further comments on Modification Proposal P77 that you wish to make?	Yes
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Please state your comments: Not requiring interconnected Parties to have a BM Unit for each Production and Consumption meter gives an unfair advantage since it allows substitution of generation behind the interconnector in the event of a problem with a BM Unit in gate closure timescales. This facility is not available to England and Wales BM Units as substitution would breach the Grid Code. This could be considered contrary to the BSC principle of 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.

To be consistent with the treatment of BM Units in E&W there should be an obligation on IUs to reflect the true dynamics of plant being made available in the BM. This can be achieved by requiring IUs to register a BM Unit that reflects the different dynamics for each Production and Consumption meter.

P77_ASS_005 – EdF Energy

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	<i>Name Steve Drummond</i>
Responding on Behalf of	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> <i>EdF Trading Ltd and EdF (Generation)</i>
Role of Respondent	<i>(BSC Party/IU/IA/IEA/SO/Other)</i> BSC Parties and Interconnector Users

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	Yes
Rationale: The Interconnector User can better represent the bids and offers that he can put into the Balancing Mechanism, since the IU will not just have (at least not necessarily) one plant that can be regulated. By having three he can provide a range of bids and offers that will be indicative of his portfolio of plant, this will assist NGC as SO and will benefit the market increasing liquidity and depth.		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	Yes, but
Rationale: More may have been better, but there is a degree of pragmatism here and the change is the minimum to achieve the objective.		
Q3	The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC). Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?	Yes - No distinction
Rationale: The principles for operating with Interconnectors should be the same no matter what the type or size, unless it can be clearly shown that to do otherwise would unduly discriminate. In this case, no such claim can be made. IUs on the French link will not be able benefit from this Mod if approved, but that is because they can not operate in the BM due to the interfacing problems NETA has with other systems. However this may not always be the case and the rationale for its use by IUs would be the same as for the Proposer, despite the fact that the interconnector is DC - it makes no difference.		
Q4	The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse. Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal? NO	
Rationale: The proposal provides benefits to the system overall, it does not provide opportunities for abuse, any more than having one BMU does.		
Q5	Do you have any further comments on Modification Proposal P77 that you wish to make?	Yes
Please state your comments There has been consideration about the costs of change and who should bear them. As the market will benefit overall then such costs should be borne in the same way as other Mods. However, there will be a need for additional costs by the Interconnector Administrators and they do not benefit from such a change; it therefore seems proper that their costs be seen as central costs.		

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	Dave Morton
Responding on Behalf of	SEEBOARD Energy Limited
Role of Respondent	BSC Party

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	YES
<p>Rationale: The current limitation does appear to make it impossible for a participant to make bids and offers available to the System Operator that match each type of plant that might be available. Removing this limitation would potentially increase choice for the System Operator and therefore better facilitate the applicable BSC objectives.</p>		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	Do not know
<p>Rationale: Seeboard Energy does not operate a range of plant and therefore is not in the best position to comment on this question. We would suggest that the modification group considers the possibility of no limit on the number of pairs. If no significant down side exists then the removal of a limit could be the best solution.</p>		
Q3	The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC). Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?	Do not know
<p>Rationale: Seeboard Energy has no relevant experience and is therefore not in the best position to comment on this question.</p>		
Q4	The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse. Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this	No

	Modification Proposal?	
Rationale:		
Q5	Do you have any further comments on Modification Proposal P77 that you wish to make?	No
Please state your comments		

P77_ASS_007 – Innogy

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	<i>Name:</i> Bill Reed
Responding on Behalf of	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> This response is on behalf of Innogy plc, npower Limited, Innogy Cogen Trading Limited, npower Direct Limited, npower Northern Limited, npower Yorkshire Limited
Role of Respondent	<i>(BSC Party/IU/IA/IEA/SO/Other)</i> BSC Parties

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	No
Rationale: Additional BM Unit pairs on the Interconnectors may increase competition in the provision of bids and offers in the balancing mechanism in accordance with Objective 1.2.1 (b) (iii) of the Balancing and Settlement Code. However, the efficiency of implementation should be considered in the light of the BETTA proposals published by Ofgem on 20 th May, which envisage the incorporation of the Interconnector assets into a GB transmission system. As a result, when taking this into account, implementation of the Modification may be inconsistent with Objective 1.2.1 (d) of the BSC with regard to ensuring that the Code is given effect as economically and efficiently as reasonably practicable.		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily	Yes

	<p>represented?</p> <p>If not, what is your suggested level and why?</p>	
<p>Rationale:</p> <p>As a minimum an additional two pairs of Interconnector BMUs may be required in order to allow plant dynamics to be more easily represented.</p> <p>The precise “efficient” number of Interconnector BMUs is difficult to determine at this time. Operational experience may indicate the need for a greater number of Interconnector BMUs and flexibility in setting the number may be required (subject of course to not incurring significant additional costs).</p>		
Q3	<p>The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC).</p> <p>Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?</p>	Yes
<p>Rationale:</p> <p>Any distinction between Interconnector types is potentially discriminatory.</p>		
Q4	<p>The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse.</p> <p>Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?</p>	No
<p>Rationale:</p> <p>Additional Interconnector BMUs do not, in themselves, raise issues regarding market abuse.</p>		
Q5	<p>Do you have any further comments on Modification Proposal P77 that you wish to make?</p>	Yes
<p>Please state your comments</p> <p>The relative merits of the proposal must be considered in the wider context of the potential costs for implementing, including Elexon development costs. At this time there is no information on these costs. However, if the costs prove to be substantial then it may be prudent to reject the modification in the light of the BETTA proposals, which (as noted above) envisage the incorporation of the Interconnector assets into a GB transmission system.</p>		

P77_ASS_008 – British Gas Trading

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	Danielle Lane
Responding on Behalf of	<i>BGT, Accord</i>
Role of Respondent	<i>BSC Party and Interconnector User</i>

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	No
Rationale: <p>The reason why additional BM Unit pairs are required is not clear. Although it has been stated that this would help the SO in providing a more realistic view of the dynamic capabilities of the plant available in the BM it would have been helpful for this to be explained further. On the information that has been provided in the consultation it is not possible to fully assess this modification against the applicable objectives.</p>		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	
Rationale:		
Q3	The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC). Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?	Yes
Rationale: <p>We agree with the findings of the group that it would be discriminatory to distinguish between different interconnector types.</p>		
Q4	The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse. Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?	

Rationale: We are not aware of any issues related to potential market abuse as a result of this modification at this time.

Q5	Do you have any further comments on Modification Proposal P77 that you wish to make?
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Please state your comments

This modification seems to be aimed at trying to resolve an issue that affects a limited number of parties who use the England – Scotland interconnector. This may be appropriate under the current arrangements but we would note that the proposals for BETTA would remove the current arrangements for interconnector use by merging the interconnector into the transmission businesses of the licensees that own the assets. Whilst we recognise that these arrangements are still in development, and will not be implemented until 2004, we have some concern that the modification will be instigating significant change for a problem that will only be transient.

Further, we also believe that the implications for capacity allocation on the England – France Interconnector should be investigated. Although we appreciate that this is outside the vires of the BSC we believe it is important to note when making any decision on the commercial impacts that this modification may have.

P77_ASS_009 – London Electricity

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	<i>Name</i> Liz Anderson
Responding on Behalf of	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> London Electricity, South Western Electricity, Jade Power, Sutton Bridge Power and West Burton Ltd
Role of Respondent	<i>(BSC Party/IU/IA/IEA/SO/Other)</i> BSC Party

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	Yes

<p>Rationale:</p> <p>At present Interconnector Users have to anticipate the System Operator's dynamic requirements for a particular settlement period, and only offer plant of that type, thus leading to a sub-optimal provision of bid-offers.</p> <p>Where Interconnector Users own more than one power station the Modification Proposal would allow them to reflect the individual plant dynamics of power stations, or different plant types, behind the Interconnector to the System Operator. Thus more BM Units will be able to effectively compete in the Balancing Market allowing the System Operator to carry out more efficient BM actions. This would better achieve the applicable BSC objectives;</p> <ul style="list-style-type: none"> • 3(b) "The efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System." • 3(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." 		
Q2	<p>Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented?</p> <p>If not, what is your suggested level and why?</p>	Yes
<p>Rationale:</p> <p>Three BM Unit pairs would appear to be the minimum number of units required, as stated by the Modification's proposer at the Interconnector Modification Group's first meeting.</p>		
Q3	<p>The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC).</p> <p>Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?</p>	Yes
<p>Rationale:</p> <p>We do not believe that there are any grounds for discrimination in the BSC on the basis of particular interconnector technology.</p>		
Q4	<p>The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse.</p> <p>Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?</p>	No
<p>Rationale:</p> <p>We agree with the Interconnector Modification Group's conclusions that the introduction of additional Interconnector BMUs would not increase the potential for market abuse.</p>		
Q5	<p>Do you have any further comments on Modification Proposal P77 that you wish to make?</p>	Yes

Please state your comments

We believe that the modification proposal benefits the market as a whole because, as stated in our response to Qu.1, it better achieves the applicable BSC objectives 3(b) and 3(c). This implies that any costs should be allocated in the usual manner.

P77_ASS_010 – Scottish and Southern Energy

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 Assessment Consultation on Modification Proposal P77, contained in your note of 13th May 2002 and the five questions posed, our comments on the questions are as follows:-

Question 1 Yes. Under the BSC at present only one set of dynamics can be presented to NGC as SO at any one time for each BMU, including Interconnector BMUs. This prevents the different dynamics of plant behind the Interconnector from being presented to NGC simultaneously. This means that the Interconnector User has to in effect second-guess NGC's requirements for BM plant, before making that plant available through the BM for Bids and Offers. This means that not all plant behind the Interconnector is being made fully available to NGC, and so results in inefficiency of operation of the BM. Additional BMUs will allow the different plant dynamics to be made fully available to NGC simultaneously and continuously, so removing the element of second-guessing by the IU. This will improve the efficiency of operation of the BM, increase competition in the BM and so better fulfill the relevant BSC objectives, in particular the promotion of competition in the generation and supply and sale and purchase of electricity.

Question 2 An additional two BMU pairs would be the minimum required to fully represent the dynamics of e.g. conventional thermal, hydro and pump storage plant. However, due to the introduction of Fast Reserve contracts and the proposed PGB contracts, which both require facilitation through the BM and rely on the set of dynamics posted therein, there is justification for allowing for the IU to apply for up to a further two pairs of additional BMUs. This would take the overall total that can be applied for up to five (four additional), three for operation in the BM, and two for operation under contracts.

Question 3 There is no need to distinguish between Interconnector types. To do so would add complication to the BSC, could raise issues of discrimination and is not necessary. There is no need to distinguish between the two types as all the BSC needs to be is permissive, allowing additional BMUs to be applied for. If the external system cannot accommodate use of these BSC rules, or if there is no desire by participants to use them, then this can be taken care of in the Interconnector Agreements/external rules governing that Interconnector.

Question 4 There are no issues raised by the modification that may not

already be present and available to portfolio players and those with multiple supplier BMUs. If anything the scrutiny of the operation of the Interconnector rules makes an IU's behaviour highly visible, and any potential inappropriate behaviour more unlikely than that by other non-IU participants. Ultimately, should this modification not be approved, an IU could use 'shell' or Group companies to achieve a similar result as the modification. In this case however, the lower level of transparency of operation and lack of control over the number of 'shell' BMUs would increase the potential for inappropriate behaviour.

Question 5 We have no further comments.

Regards

Garth Graham
Scottish & Southern Energy plc

P77_ASS_011 – Scottish Power

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	Man Kwong Liu
Responding on Behalf of	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> <i>Scottish Power UK Plc; Scottish Power Energy Trading Ltd.; Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.</i>
Role of Respondent	<i>(BSC Party/IU/IA/IEA/SO/Other)</i> BSC Party/IU/IA/IEA

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	Yes.

Rationale: Interconnector Users may have the capability to provide a number of different services across the Interconnector. The current arrangement whereby only one BM Unit, with one set of associated dynamic parameters, is available in each direction is unduly restrictive and prevents the full range of possible services from being offered. Allowing registration of two additional BM Unit pairs would remove this restriction and would better promote competition in the generation and supply of electricity.

Q2	<p>Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented?</p> <p>If not, what is your suggested level and why?</p>	No.
<p>Rationale: This question might better be framed as “Do you believe that two additional Interconnector BMUs would be sufficient to enable IUs to participate satisfactorily in the separate short term physical markets.” Interconnector Users could have the generating plant capability to compete simultaneously in the base load, load following, fast response, standing reserve and PGB contract markets if sufficient BMUs were available within their Interconnector capacity entitlement. ScottishPower believes that up to four additional BM Unit pairs would better promote competition in the generation and supply of electricity.</p>		
Q3	<p>The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (e.g. AC and DC).</p> <p>Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?</p>	Yes.
<p>Rationale: ScottishPower believes that no distinction should be made between different types of Interconnector. The purpose of the BSC is to set out the arrangements by which the energy flows across an Interconnector are accommodated within the England and Wales balancing and settlement arrangements. The vehicle by which those energy flows are transported is not relevant to these arrangements.</p>		
Q4	<p>The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse.</p> <p>Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?</p>	No.
<p>Rationale: ScottishPower does not believe that any issues relating to market abuse are raised by this Modification Proposal.</p>		
Q5	<p>Do you have any further comments on Modification Proposal P77 that you wish to make?</p>	Yes.

Please state your comments

The Interconnector arrangements under NETA were drawn up at a late stage in the development of the new market and were based on the arrangements in the Pool Rules. However, the capability to use multiple BMUs afforded by the Pool Rules was not carried into the new market because of the perceived complexity of the issue and the late stage in the development programme. Experience has demonstrated that the market is the poorer for this. Modification Proposal P77 is an attempt to recover lost ground and, with the extension to four additional pairs of BM Units, should be accepted on the grounds that it will better promote competition in the generation and supply of electricity

P77_ASS_012 – National Grid

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	Nigel Brooks
Responding on Behalf of	National Grid
Role of Respondent	Transmission Company

	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	See Below
Rationale: We believe that there is a potential benefit from this proposal providing that the additional BM Units are used in a responsible manner that allow the Transmission Company to carry out its duties efficiently.		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	Yes

Rationale:		
The additional BM Units should not be seen as representing specific plant but different types of characteristics. Hence two additional pairs of BM Units per Interconnector User should be adequate.		
Q3	The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC). Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?	See Below
Rationale:		
The BSC does not currently differentiate between AC and DC Interconnectors and many of the rules for Interconnector Users (capacity entitlement, Interconnector Administrator, etc.) are outside the scope of the BSC. The distinction between AC and DC Interconnectors can be treated in the same way providing that Additional BM Units can only be used subject to the relevant Interconnection Agreements.		
Q4	The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse. Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?	See Q1.
Rationale:		
Q5	Do you have any further comments on Modification Proposal P77 that you wish to make?	See Below
Please state your comments		
The more pairs of BM Units allowed the greater the potential impacts on Transmission Company systems and process. These impacts will be assessed further during the Modification process.		

P77_ASS_013 – British Energy

P77 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties, Interconnector Users (IU), Interconnector Administrators (IA), Interconnector Error Administrators (IEA) and System Operator (SO) are invited to provide their response on the questions below.

Respondent:	<i>Rachel Ace</i>
Responding on Behalf of	<i>British Energy Generation Ltd., British Energy Power & Energy Trading Ltd., Eggborough Power Ltd.</i>
Role of	<i>BSC Party</i>

Respondent	
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	Question	Response Yes/No
Q1	Do you agree that allowing an Interconnector User to register 2 additional BM Unit pairs better facilitates the applicable BSC objectives?	No
Rationale:		
Q2	Do you believe that an additional two pairs of Interconnector BMUs is sufficient to enable the plant dynamics of IUs to be more easily represented? If not, what is your suggested level and why?	Not Applicable
Rationale: <i>See answer to question 1</i>		
Q3	The Interconnector Modification Group (IMG) believe that it is not necessary to distinguish between different Interconnector types (eg. AC and DC). Do you believe that no distinction should be made between different Interconnector types in the Balancing and Settlement Code?	Yes (no distinction)
Rationale:		
Q4	The IMG believe that no issues exist within the Balancing and Settlement Code related to Market Abuse. Do you believe that any issues related to potential Market Abuse under the Balancing and Settlement Code are raised as a result of this Modification Proposal?	No
Rationale: Not an issue relating to Market Abuse per se, but there may be issues relating to preferential treatment of IU's and costs incurred by the remainder of the industry. Refer to comments in Q5 below.		
Q5	Do you have any further comments on Modification Proposal P77 that you wish to make?	Yes

Please state your comments:

We do not agree the proposed modification better facilitates the applicable BSC objectives. Allowing a particular category of BSC party to register multiple BM units could be viewed as discriminatory. The prime driver for this modification proposal is to allow Interconnector Users to provide additional services to the system operator, particularly in the post PGB era. This can still be achieved by the IU's via setting up separate legal entities allowing necessary additional BM units to be acquired via this route. Whilst this may not be the most elegant solution, it nevertheless ensures:

- 1. Costs associated with securing the additional BM units rest solely with the Parties causing the costs to be incurred and are not therefore incurred by all other parties to whom the 'benefits' of multiple BM units are not available.***
- 2. No specific additional central system costs are incurred other than the normal incremental costs derived from any newly registered BSC Party***

It is unclear why the IMG have been directed to exclude the onset of BETTA from consideration in this Mod. It should be noted that the Scotland-England Interconnector will cease to exist as an entity when BETTA is implemented in 2-3 years time which will negate the need for this facility

It should also be noted that IU's have the benefit of consolidation to minimise imbalance.

P77_ASS_014 – Aquila Networks

Hello,

Please find that Aquila Networks response to P77 Assessment Consultation is 'No Comment'.

regards

Rachael Gardener

Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS