

Responses from P79 Definition Consultation

Consultation issued 13 June 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	Entergy-Koch Trading Ltd	P79_DEF_001	1
2.	LEG	P79_DEF_002	4
3.	Intergen (UK) Ltd	P79_DEF_003	4
4.	NGC	P79_DEF_004	1
5.	SEEBOARD Energy	P79_DEF_005	1
6.	Aquila Networks	P79_DEF_006	1
7.	Innogy	P79_DEF_007	6
8.	TXU	P79_DEF_008	21
9.	British Gas Trading	P79_DEF_009	1
10.	British Energy	P79_DEF_010	4
11.	Scottish Power	P79_DEF_011	5

P79_DEF_001 – Entergy-Koch Trading Ltd

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	Entergy-Koch Trading Ltd
Responding on Behalf of	Please list all Parties responding on behalf of (including the respondent company if relevant). Entergy-Koch Trading Ltd

	Question	Response Yes/No
Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	Yes
<p>Rationale: The current default rules are open to manipulation and were not designed to be used to the extent that they are currently. A change to the default rules will also allow a rational review of the BRL mechanism in that by setting BRL to zero the bid /offer spread will not be set to zero.</p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ol style="list-style-type: none"> 1. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 2. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). • A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ol style="list-style-type: none"> 1. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and 	Yes

	2. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document). Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?	
Rationale: It resolves most of the issues related to the current default rules without being overly complex		
Q3	Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?	No
Rationale:		
Q4	Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?	No
Please state what the issues are:		
Q5	Do you have any further comments on Modification Proposal P79?	No
Please state your comments		

P79_DEF_002 – LEG

Consultation

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions.

Respondent:	Liz Anderson
Responding on Behalf of :	LEG plc (representing London Electricity plc, Sweb Ltd, Jade Power Generation Ltd, Sutton Bridge Power Ltd).

	Question	Response Yes/No
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Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	Yes
<p>Rationale: This modification better meets objective C (promoting competition); Objective D promoting efficiency in the implementation of the BSC. See text of mod proposal.</p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ol style="list-style-type: none"> 1) An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ol style="list-style-type: none"> a) The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and b) The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). 2) A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ol style="list-style-type: none"> a) The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and b) The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document). <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	<p>We agree that these methods are desirable in that they represent a simple and generally accurate way to identify if the bid or offer has any applicable volume during the half-hour.</p> <p>YES - see above</p>
Q3	<p>Can you envisage any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?</p>	No
Q4	<p>Does the Modification Proposal raise any issues that you believe have not been identified or have been overlooked and that should be progressed as part of any Assessment Procedure for this Modification?</p>	No
Q5	<p>Do you have any further comments on Modification Proposal P79?</p>	No

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	
Responding on Behalf of	Please list all Parties responding on behalf of (including the respondent company if relevant).

	Question	Response Yes/No
Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	Yes
<p>Rationale: The system prices should, as far as possible, reflect the true costs of balancing the system and reallocate those costs equitably to parties in imbalances. It is therefore appropriate that the Price Adjustment element be included and inappropriate that bid or offers that are not truly available should set default prices.</p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ol style="list-style-type: none"> 3. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 4. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). • A Bid will be regarded as having available volume (and hence potentially 	Yes

	<p>eligible to set the default SSP value) if:</p> <p>3. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and</p> <p>4. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document).</p> <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	
<p>Rationale: Default prices should only be set by bids or offers that are truly available but have not been accepted. The above definition appears to be a correct interpretation of this intention.</p>		
Q3	<p>Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?</p>	No
<p>Rationale:</p>		
Q4	<p>Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?</p>	No
<p>Please state what the issues are:</p>		
Q5	<p>Do you have any further comments on Modification Proposal P79?</p>	No
<p>Please state your comments</p>		

P79_DEF_004 – NGC

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	Richard Lavender
Responding on Behalf of	Please list all Parties responding on behalf of (including the respondent company if relevant). National Grid

	Question	Response Yes/No
Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	Yes
<p>Rationale: The proposal will make default energy prices more meaningful and cost-reflective and therefore meets BSC Objective (c) "promoting effective competition in the generation and supply of electricity..."</p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ul style="list-style-type: none"> 5. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 6. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). • A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ul style="list-style-type: none"> 5. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and 6. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document). <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	Yes

Rationale:		
Q3	Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?	No
Rationale: However, the BSC Panel should have due regard to the interaction with P74/P78.		
Q4	Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?	No
Please state what the issues are:		
Q5	Do you have any further comments on Modification Proposal P79?	No
Please state your comments		

P79_DEF_005 – SEEBOARD Energy

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	Dave Morton
Responding on Behalf of	SEEBOARD Energy Limited

	Question	Response Yes/No
Q1	Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that: <ul style="list-style-type: none"> A Bid or Offer won't set the default price unless it has some available 	Please see Q5.

	<p>volume; and</p> <ul style="list-style-type: none"> • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	
Rationale:		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ol style="list-style-type: none"> 7. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 8. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). • A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ol style="list-style-type: none"> 7. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and 8. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document). <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	
Rationale:		
Q3	<p>Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?</p>	
Rationale:		
Q4	<p>Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?</p>	

Please state what the issues are:

Q5 Do you have any further comments on Modification Proposal P79?

Please state your comments

We have no opinions on this modification and if it would better facilitate Applicable BSC Objectives.

P79_DEF_006 – Aquila Networks

Dear Kathryn,

Please find that the response from Aquila Networks plc to P79: Revised Rules for Default Energy Imbalance Pricing is 'No comment'.

Regards,
Jennifer Kelly

On behalf of Rachael Gardener
Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS

P79_DEF_007 – Innogy

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	Bill Reed
Responding on Behalf of	Please list all Parties responding on behalf of (including the respondent company if relevant). This response is on behalf of Innogy plc, npower Limited, Innogy Cogen Trading Limited, npower Direct Limited, npower Northern Limited, npower Yorkshire Limited

	Question	Response Yes/No
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Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	Yes
<p>Rationale:</p> <p>The current defaulting rules are inadequate in terms of providing robust and meaningful prices.</p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ul style="list-style-type: none"> 9. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 10. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). • A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ul style="list-style-type: none"> 9. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and 10. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document). <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	Yes
<p>Rationale:</p> <p>The approach represents a pragmatic means of deriving an acceptable test for "feasibility" of bids and offers.</p>		
Q3	<p>Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?</p>	Yes

Rationale:

While recognising the complexity of using greater than n=1 (or n=-1) offers (or bids), it may be appropriate to consider this issue in further detail. For example, by ruling out all bids and offers with acceptances may rule out n=2 (or n=-2) offers (or bids) when there is a greater likelihood that they would be taken when compared with other n=1 (or n=-1) offers (or bids) could result in less "reasonable" prices for the default price. The process of deriving a default price could be based on ranking all "feasible" offers (and bids) to identify the most likely offer (or bid) to be selected (irrespective of n number). This could result in more reasonable "feasible" prices (subject of course to not requiring significant development costs to deliver).

Q4	Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?	No
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Please state what the issues are:

Q5	Do you have any further comments on Modification Proposal P79?	No
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Please state your comments

P79_DEF_008 – TXU

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

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

	Question	Response Yes/No
Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services 	

	Adjustment Data (BSAD), in the same way as non-default prices. In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?	Yes
Rationale: it seems reasonable that the prices would be more appropriate if the volume was actually capable of being delivered.		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ul style="list-style-type: none"> 11. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 12. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ul style="list-style-type: none"> 11. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and 12. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document). <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	Yes
Rationale: Seems the most pragmatic (and hopefully reasonably priced) way of doing it.		
Q3	Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?	Not at present
Rationale:		
Q4	Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?	No

Please state what the issues are:

Q5	Do you have any further comments on Modification Proposal P79?	No
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Please state your comments

P79_DEF_009 – British Gas Trading

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	Danielle Lane
Responding on Behalf of	British Gas Trading Ltd

	Question	Response Yes/No
Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	Yes
<p>Rationale:</p> <p>It is not appropriate that default rules are being used to set cashout prices in 23% of cases.</p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially 	No

	<p>eligible to set the default SBP value) if:</p> <p>13. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and</p> <p>14. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document).</p> <ul style="list-style-type: none"> • A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <p>13. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and</p> <p>14. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document).</p> <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	
<p>Rationale:</p> <p>We are unhappy that the approach of using integrated (MWh) values over the Settlement Period causes default prices to be set by bids and offers for volumes that cannot be delivered. This means that default prices are still liable to be unreflective of actual energy balancing costs and not robust against manipulation (either deliberate or accidental).</p>		
Q3	<p>Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?</p>	Yes
<p>Rationale:</p> <p>It may be possible to use either an average of SBP or SSP for the same Settlement Period using the most recent [3] settlement periods for which SSP or SBP are available and non-defaulting or an average of the periods either side if they are non-defaulting and on the same day.</p>		
Q4	<p>Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?</p>	Yes
<p>Please state what the issues are:</p> <p>How is it possible that bids/offers can be posted that cannot be accepted by the SO without some actions being taken against parties?</p>		
Q5	<p>Do you have any further comments on Modification Proposal P79?</p>	No
<p>Please state your comments</p>		

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	Rachel Ace
Responding on Behalf of	British Energy Generation, Eggborough Power Ltd, British Energy Power and Energy Trading

	Question	Response Yes/No
Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	Yes
<p>Rationale: Default prices should be based on the same principles as non default prices</p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ul style="list-style-type: none"> 15. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 16. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). • A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ul style="list-style-type: none"> 15. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and 16. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this 	No comments

	document). Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?	
Rationale: No comments		
Q3	Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure, should the Panel decide to submit the Modification to the Assessment Procedure?	No comments
Rationale: No Comments		
Q4	Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?	No Comments
Please state what the issues are: No Comments		
Q5	Do you have any further comments on Modification Proposal P79?	No Comments
Please state your comments No Comments		

P79_DEF_011 – Scottish Power

P79 CONSULTATION

Parties and other interested parties are invited to respond to this consultation expressing their views with respect to the matters contained within this document. In particular views are sought in respect of the following questions. Respondents are invited to supply the rationale for their responses

Respondent:	<i>John W Russell</i>
Responding on Behalf of	Please list all Parties responding on behalf of (including the respondent company if relevant). <i>Scottish Power UK Plc.; Scottish Power Energy Trading Ltd.; Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.</i>

	Question	Response Yes/No
Q1	<p>Modification Proposal P79 seeks to amend the rules for calculating default prices to ensure that:</p> <ul style="list-style-type: none"> • A Bid or Offer won't set the default price unless it has some available volume; and • Default prices include the Price Adjustment element of Balancing Services Adjustment Data (BSAD), in the same way as non-default prices. <p>In principle (and to the extent that you're able to express a view in the absence of any assessment of implementation costs), do you agree that this change would better facilitate the Applicable BSC Objectives?</p>	YES
<p>Rationale:</p> <p><i>This change better facilitates efficiency in the implementation of the balancing and settlement arrangements as energy imbalance prices would better reflect the underlying energy imbalancing costs. Effective competition would also be better served as any possible 'rigging' element of default prices would be removed.</i></p>		
Q2	<p>The PIMG has investigated how to determine whether a Bid or Offer should be regarded as having available volume for the purposes of Modification Proposal P79, and is proposing that:</p> <ul style="list-style-type: none"> • An Offer will be regarded as having available volume (and hence potentially eligible to set the default SBP value) if: <ul style="list-style-type: none"> 17. The MWh value of FPN (plus the total MWh volume of any Offers with lower positive Bid-Offer Pair Numbers) is less than the MWh volume of MEL (as explained in section 5.1 of this document); and 18. The accepted volume QAO_{ij}^n is zero (as explained in section 5.2 of this document). • A Bid will be regarded as having available volume (and hence potentially eligible to set the default SSP value) if: <ul style="list-style-type: none"> 17. The MWh value of FPN (plus the total MWh volume of any Bids with higher negative Bid-Offer Pair Numbers) is more than the MWh volume of MIL (as explained in section 5.1 of this document); and 18. The accepted volume QAB_{ij}^n is zero (as explained in section 5.2 of this document). <p>Do you agree that this is the most appropriate interpretation of Modification Proposal P79? If not, what interpretation would you prefer, and why?</p>	YES
<p>Rationale:</p> <p><i>This is the most appropriate interpretation of the modification, especially as it prohibits offers and bids with not substantiated volume to set the default price. It also provides a fairer representation of market conditions if this element of default pricing is removed.</i></p>		
Q3	<p>Do you believe that there are any alternative Modifications that the Modification Group should consider during the Assessment Procedure,</p>	NO

	should the Panel decide to submit the Modification to the Assessment Procedure?	
Rationale: <i>No Comment.</i>		
Q4	Does the Modification Proposal raise any issues that you believe have not been identified so far and that should be progressed as part of any Assessment Procedure for this Modification?	NO
Please state what the issues are: <i>No Comment</i>		
Q5	Do you have any further comments on Modification Proposal P79?	NO
Please state your comments <i>No Comment</i>		