

ANNEX 1 – COPIES OF REPRESENTATIONS

The following submissions were received in response to the consultation on the draft Modification Report.

No	Company	File Number
1.	Dynegy	P8_MR_001
2.	TXU Europe Energy Trading Ltd (on behalf of all TXU Europe companies)	P8_MR_002
3.	Powergen UK plc (on behalf of itself and Powergen Energy plc, Diamond Power Generation Limited, Cottam Development Centre Limited)	P8_MR_003
4.	SEEBOARD	P8_MR_004
5.	Innogy plc, npower Ltd, npower (Yorkshire) Ltd, npower direct Ltd, Yorkshire Electricity Group, Innogy Cogeneration Trading Ltd	P8_MR_005
6.	Scottish & Southern Energy (on behalf of Southern Electric, Scottish and Southern Energy, Keadby Generation Ltd, SSE Energy Supply Ltd)	P8_MR_006
7.	Scottish Power UK plc (on behalf of Scottish Power UK plc, Manweb Plc and Manweb Services Ltd)	P8_MR_007
8.	British Gas Trading	P8_MR_008
9.	British Energy plc (for British Energy Power and Energy Trading Ltd, British Energy Generation Ltd and Eggborough Power Ltd)	P8_MR_009

P8_MR_001 – Dynegy

Dynegy would like to make the following comment concerning the draft modification report of P008: Introduction of a price adjuster to reflect option fees for balancing services contracts in setting SBP and SSP.

Dynegy support the BSC Panel's recommendation to approve modification proposal P008. Dynegy approve of the modification's objective to incorporate the price adjuster functionality within the BSC system. We believe it is extremely important to ensure that the BSC system is amended to reflect BSC changes.

Please do not hesitate to contact me if you have any additional questions or queries on 020 8334 7267.

Rekha Patel.

P8_MR_002 – TXU Europe Energy Trading Ltd

Thank you for the opportunity to comment on the above modification proposal.

TXU Europe Energy Trading Ltd (responding on behalf of all TXU Europe companies) support the recommendation that this modification proposal should be implemented.

Regards

Nicola Lea
Market Development Analyst

P8_MR_003 – Powergen UK plc

Proposed Variation to BSC – Modification Proposal No: 8 – Introduction Of A Price Adjuster To Reflect Option Fees For Balancing Services Contracts In Setting System Buy Price And System Sell Price.

Powergen UK plc ('Powergen') welcomes the opportunity to comment on the modification report issued for P8 on the 30th July. Powergen provides this response on behalf of itself and the following BSC Parties: Powergen Energy plc, Diamond Power Generation Limited, and Cottam Development Centre Limited.

In response to the modification report Powergen would raise the following points :-

- Powergen endorse the recommendation to implement the proposed modification but are surprised that these changes to software systems were not included in the decision under modification P3.
- Powergen would seek to clarify the method of implementation of the modification, ie under the proposal there would be a price adjuster added to the existing system buy price & sell price that are reported through sub flows of SAA-I014. Powergen would like to clarify whether the variables will be added to the existing flows or if new sub flows will be required under SAA-I014, and whether there will be a change to BMRA data.
- In the case of new flows Powergen would estimate that a lead time of 3 months software development time along with a further 2 months testing & implementation timescale would be appropriate. If the changes were implemented within the existing flows this timescale would be substantially reduced.

Yours Sincerely
James Hawkins
Strategy & Regulation
Energy Trading
Powergen
02476 42 4737.

P8_MR_004 – SEEBOARD

We agree with the recommendation from the modification report. However, given we do not have an actual implementation date, we assume that Elexon will keep all participants informed via its change procedures.

Sue Fraser
for DAVE MORTON
0190 328 3465

P8_MR_005 – Innogy

Below are the comments on behalf of Innogy plc, npower Ltd, npower (Yorkshire) Ltd, npower direct ltd, Yorkshire Electricity Group, Innogy Cogeneration Trading Ltd.

We support the principle of a price adjuster however the important aspect of how the price adjuster is intended to work has not been addressed. We believe that NGC should be consulting on this issue in parallel with consideration of this modification.

Regards,
Terry Ballard
01905-340507
07989-493038

P8_MR_006 – Scottish & Southern Energy

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

We support the recommendation of the Panel that this Modification is approved and implemented. We look forward to clarification of the implementation date, in view of the recent problems with the workaround, an early implementation would be desirable. We have no further comments on the Draft Modification Report.

Regards
Robert

P8_MR_007 – Scottish Power UK plc

Modification Proposal P8 – Introduction of a Price Adjuster to Reflect Option Fees for Balancing Services Contracts in Setting SBP and SSP

Having reviewed the Draft Modification Report for P8, we support the Panel's recommendation that the Modification Proposal, as set out in Section 7 of the report, be implemented. However, as indicated in our Detailed Level Impact Assessment, the impact that this implementation will have on our systems is such that early notification of timescales is essential.

I hope that you find these comments to be helpful. If I may be of any further assistance, please do not hesitate to contact me.

Yours faithfully,
James Nixon
On behalf of:

Scottish Power UK plc, Manweb Plc and Manweb Services Ltd.

P8_MR_008 – British Gas Trading

Modification Proposal 8: Introduction of a Price Adjuster to Reflect Option Fees for Balancing Services Contracts in Setting SBP and SSP

Thank you for the opportunity of responding to this modification. British Gas Trading (BGT) support this modification although note that it would be preferable to remove option fees from the calculation of System Buy and Sell Prices altogether. In light of Ofgem's earlier decision on Modification Proposal 3 we believe that Modification 8 provides a pragmatic solution.

The effect of Mod 8 will be to automate an existing process, Workaround 24, thus reducing the risk of human error. This will further the Applicable BSC objective to promote efficiency in the implementation and administration of balancing and settlement arrangements.

We support the proposal that the modification becomes effective from Settlement Day 5 April 2001.

Yours faithfully
Danielle Lane
Transportation Analyst

P8_MR_009 – British Energy plc

BSC Modification Proposal P008 - Introduction of a Price Adjuster to Reflect Option Fees for Balancing Services Contracts in Setting SBP and SSP

British Energy have a number of observations regarding the proposed modification:

- Modification Proposal P8 has been raised to try to rationalise the treatment of adjustments to BSC imbalance prices arising from particular NGC balancing actions. The treatment was directed by the Authority in response to Modification Proposal P3. This was not the preferred treatment of the majority of the P3 Modification Group which considered the original proposal, and does not necessarily have wide industry support. Our comments on proposal P8 are made on the basis that the direction by the Authority in respect of P3 remains in force for the foreseeable future, regardless of other views, but we cannot exclude the possibility of further or alternative changes being made in this area, as discussed below.
- Incorporation of the modified price adjustment arising from P3 into the BSC is sensible for improved visibility of the price calculation components. However, we have some concerns that the interaction between the BSC and imbalance prices and NGC's balancing related activities and BSUoS has not been properly understood yet, and other changes may be required in future to clarify or amend this.

- The cost of software system modifications is likely to be considerable and implementation is likely to take considerable time. We have concerns that proceeding immediately with systems implementation could be premature given that other changes to the pricing and imbalance mechanism could arise as a result of other proposals and reviews, and operational experience.
- We believe that alternative "workarounds" should be considered, possibly using a third party service provider, to allow BM Prices to be published more quickly and reliably. This could be part of a wider review of market information reporting under NETA, which we consider to be wanting in some areas, including price reporting.

Martin Mate

For:

British Energy Power & Energy Trading Ltd

British Energy Generation Ltd

Eggborough Power Ltd