

ANNEX 1 – REPRESENTATIONS

Representations were received from the following parties:

1.	TXU Europe Energy Trading Ltd	P2_MR_001
2.	Powergen	P2_MR_002
3.	London Electricity	P2_MR_003
4.	SEEBOARD	P2_MR_004
5.	British Energy plc	P2_MR_005
6.	Innogy	P2_MR_006
7.	Scottish & Southern Energy	P2_MR_007
8.	Scottish Power UK plc	P2_MR_008
9.	British Gas Trading	P2_MR_009

P2_MR_001 – 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

P2_MR_002 – Powergen

Powergen UK plc ('Powergen') welcomes the opportunity to comment on MODIFICATION PROPOSAL NO: P2 Revision of the Methodology for Assessing Credit Indebtedness

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.

Powergen supports this modification and looks forward to it being implemented in a timely manner. However, Powergen still has reservations regarding the long delay until implementation and is disappointed that the Alternative Modification Proposal was rejected. These points are elaborated below.

It is Powergen's view that the current arrangements for calculating credit cover are not satisfactory in estimating the credit cover position of a BSC Party. As a result the current arrangements provide little assurance that a defaulting Party could not result in significant costs being incurred by the industry at large.

Powergen welcomes the Panels decision to recommend that this proposal be accepted, and hence the implied recognition by the Panel of the risks and uncertainties that result from the current credit checking methodology. **Powergen is disappointed that the Alternative Modification Proposal was not accepted** but concedes that the proposal accepted should substantially reduce the uncertainties and risks resulting from the current methodology.

Powergen is concerned by the long delay until implementation (1 June 2002) – surprising since the Panel recognises the limitations and implied risks of the current methodology. Powergen would like to highlight that the considerable period until implementation involves two seasonal changes. These seasonal changeover periods are the times when demand is most difficult to predict and hence when BSC Parties are most likely to suffer credit default from poor forecasting. New and relatively inexperienced entrants to the market could compound these risks. BSC Parties will be exposed to these risks until the new methodology is implemented.

Powergen would like clarification of why such a long delay is necessary and why implementation cannot be brought forward. If implementation must be delayed, then Powergen believes that the Panel should investigate an interim fix that will reduce BSC Parties exposure to a defaulting BSC Party whilst the inadequate current methodology is still in existence.

C A Price
Strategy & Regulation
Energy Trading
Powergen

P2_MR_003 – London Electricity

London Electricity is happy with this modification.

Liz Anderson

(London Electricity, South Western Electricity, Jade Power and Sutton Bridge Power)

P2_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.

With regard to the reference in Annex 2 relating to mapping of Settlement periods, how will participants be informed of any such changes to these rules? Will they be via a new modification report or a new modification proposal?

Sue Fraser
for DAVE MORTON
0190 328 3465

P2_MR_005 – British Energy plc

British Energy believe that the revised methodology for credit assessment recommended by the Panel would bring improvements and therefore support this modification in principle.

However, BE note that (a) CVA meter readings at the time of the Interim Information Run and Initial Settlement Run may contain missing or erroneous data, and (b) SVA meter data at an early stage of the settlement process have a high inherent level of inaccuracy.

Therefore, we believe that a mechanism should be in place such that a party experiencing problems with meter data which affect its credit position can, with approval of the panel, seek to have appropriate rapid adjustments made to its credit position.

This could comprise a fast track manually input "adjuster" to the metered volumes in the credit calculation. Corrected aggregated meter data would not normally be corrected until subsequent runs of the settlement system.

Regards
Rachel Ace
For
British Energy Power and Energy Trading
British Energy Generation
Eggborough Power Ltd

P2_MR_006 – 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.

The last of the key points in section 8 states that '.....However those Trading Parties who elect to replicate the indebtedness calculations performed by ECVAAmay need to update their systems to reflect the changes to ECVAA functionality.'

Awareness of ones credit position is critical, therefore parties are likely to replicate the ECVAA calculations. Introduction of this modification should therefore consider the cost of system changes on market participants.

Regards,
Terry Ballard
01905-340507
07989-493038

P2_MR_007 – 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 the Modification as submitted is approved, rather than the Alternative Modification Proposal. We look forward to an early implementation date. We have no further comments on the Draft Report.

Regards
Robert

P2_MR_008 – Scottish Power UK plc

Modification Proposal P2 – Revision of the Methodology for Assessing Credit Indebtedness

Having reviewed the Draft Modification Report for P2, we support the Modification Group's recommendation that the Proposed Modification, as set out in Section 7, be implemented as soon as possible.

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 Sincerely,

James Nixon

On behalf of:

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

P2_MR_009 – British Gas Trading

Modification Proposal 2: Revision of the Methodology for Assessing Credit
Indebtedness

Thank you for the opportunity of responding to this modification proposal.

As proposer, British Gas Trading (BGT) fully support the implementation of this modification. We the implementation of Mod P2 would further Applicable BSC Objectives c) and d).

Yours faithfully
Danielle Lane
Transportation Analyst