

Responses from P99 Draft Report Consultation

Consultation issued 20 December 2002

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented
1.	LE Group	P99_DR_001	7
2.	Aquila Networks	P99_DR_002	1
3.	Powergen	P99_DR_003	1
4.	Scottish Power	P99_DR_004	6
5.	Npower	P99_DR_005	1
6.	British Gas Trading	P99_DR_006	1
7.	Scottish and Southern	P99_DR_007	4
8.	IMServ	P99_DR_008	1

P99_DR_001 – LE Group

Dear Modifications

LE Group has supported the aims of Phase 1 of the PAF Review. We are therefore happy to support the Modifications to the BSC as set out in P99.

This reply is sent on behalf of: LE Group Plc, London Electricity Plc, Jade Power Generation Ltd, Sutton Bridge Power Ltd, West Burton Power, London Power Network Plc, and Eastern Power Network Distribution Ltd, ECS.

With kind regards, Paul Chesterman
for Liz Anderson
General Manager, Energy Strategy & Regulation

P99_DR_002 – Aquila Networks

Please find that Aquila Networks Plc response to P99 Consultation is 'Accept' subject to the following comments:

'As a member of the SCS consortium, Aquila Networks Plc feel that our current PARMS reporting adequately satisfies P99's requirements, without the need for further unnecessary works and expense on the majority of SMRS providers. Aquila estimate the effort required to implement the changes as 20-30 man days, this is dependent upon the clarification of SP07, St Clements Services are currently progressing this on our behalf.'

regards

Rachael Gardener

Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS

P99_DR_003 – Powergen

Powergen have no comments to make on the Modification Report.

Regards,

Afroze Miah
Powergen Retail Ltd.

P99_DR_004 – Scottish Power

P99 Draft Modification Report Comments

For and on behalf of: - *Scottish Power UK plc; ScottishPower Energy Trading Ltd.; Scottish Power Generation plc; ScottishPower Energy Retail Ltd.; SP Transmission plc; SP Manweb plc*

With reference to the above, we are disappointed with the Panel's proposed recommendation on P99: "Changes to Accreditation and the PARMS Serials and Standards, resulting from the Performance Assurance Framework (PAF) Review (Phase 1)" without due consideration of our detailed comments from previous assessments.

In this Consultation, we would reiterate the issues and concerns, which we have previously expressed in rejecting the details of P99. We believe that P99 can only better facilitate BSC Objectives (c) and (d) if the PARMS Serials detailed in our attached detailed comments (Attachment 1) are addressed and/or removed from the set in P99. In fact, our last set of detailed comments we sent as part of Additional DLIA via MC00027 (Attachment 1) do not seem to have been considered or addressed.

The Assessment Report prepared by the VASMG in advance of December's Panel Decision suggested that "The VASMG reviewed and discussed all the comments raised and agreed several revisions to the serials in order to address them, mostly by way of clarifying the requirements to avoid any potential ambiguity". We have not seen any of these revisions which makes it difficult to comment on this current Draft Modification Report.

Also, on the P99 papers submitted to the last Panel meeting, I attached our response (Attachment 2) on specific points contained in these Panel papers, which we have issues with.

The Draft Modification Report estimates the costs of the PARMS work to be £1m-£3m versus benefits of £2m-£5m. We have not seen any details behind these calculations, which again make it difficult for us to comment on the validity of the assumptions being made to get to the £2m-£5m figure. We would also like to see proper justification particularly on the costs of the PARMS Serials we detailed in our previous detailed comments (Attachment 1).

It is our view that P99 in its current form, does not better facilitate the Applicable Objective (c) and (d), particularly where NHH exceptions, for example, are either inherited from an errant supplier (potential barrier to entry for new suppliers - an issue referred to by other respondents) or arise through SMRS or NHHDA software problems (increased inefficiencies through unnecessary analysis). We therefore would urge the Panel to reconsider the recommendation and refer the modification back for further assessment so that the issues which industry participants have raised can be properly addressed. Should this course of action not be possible within the modification procedure specified in Section F of the BSC then we believe the correct course of action would be for the Panel to recommend that the modification should not be made. A fresh modification proposal could then be raised to allow the outstanding issues associated with P99 to be given proper consideration.

I trust that you will find these comments helpful. Nonetheless, should you require further clarification of any of the above, please do not hesitate to contact me.

Yours sincerely,

Man Kwong Liu

Calanais Ltd.

For and on behalf of: - *Scottish Power UK plc; ScottishPower Energy Trading Ltd.; Scottish Power Generation plc; ScottishPower Energy Retail Ltd.; SP Transmission plc; SP Manweb plc*

Encl.: - Attachment 1: MC00027 - Detailed Comments

Attachment 2: P99 - Panel 1202 Response

P99 – Comments on Panel Paper December 02

The paper states that

“Aim is to encourage higher levels of performance and reduce unnecessary workloads on participants without reducing the overall level of assurance provided to the industry”

But it will only reduce the supplier’s hand-key workload and put extra onus on agents.

In relation to the changes to PARMS, the proposer believes that encouraging participants to operate to higher performance standards would improve the operational efficiency of the Trading Arrangements and so would better facilitate Applicable BSC Objectives

However it is potentially wasting two other resources if both the supplier and agent being reported on have to run reports to monitor the serials submitted against them. Also SVAA have submitted an uncertain response.

“The VASMG recognised that, should the participant costs prove to be excessive, then the ability of P99 to better facilitate the BSC may be compromised... But after further consultation VASMG agreed with P99. The group believed that the development costs that would be incurred by the industry would prove to be reasonable and worthwhile in the long term as the Mod would help to protect the integrity of settlement, reduce existing barriers to entry and help identify and resolve market issues.

The rudimentary costs-benefits analysis undertaken by the VASMG based on these responses indicated that in the long term....”

But it was very basic analysis based on very rough estimated costs and MPAN numbers. It is at too early a stage to make an assessment on cost-benefits as not enough information has been provided so far.

“The Panel believes that the assessment procedure should focus as far as possible on the PAF review rather than the recommendations themselves as they have already undergone extensive industry consultation.”

However, these consultations offered very little chance to comment effectively. Even now the descriptions are too vague to offer constructive comments. Elexon

are not responding fully to comments / queries issued already. The PAF review is very supplier focused with little comment sought from agents.

VASMG agreed that the current process whereby DAs forward and D0235s, D0095s & D0023s (DC only) exceptions to Elexon should be retained. This will help to keep the workloads of DAs to a minimum.

How? Elexon are not connected to the DTN so all files either have to be printed off and faxed or copied onto a suitable format and emailed. This will also create extensive problems for Elexon, as the individual files will have to be loaded onto the database.

Why are the weekly iPARMS format not utilised more? This is sent at a DA level just now but could be altered to be sent by suppliers.

There is a chance that consideration should be given to allocating the various development costs associated with PARMS onto the suppliers.

But Elexon will not take potential contract timescales into consideration.

The impact on Suppliers and SMRAs in isolation is relatively small, around £2k-£15k. There is a larger figure (up to £300k) that represents the estimated costs of a supplier agent currently operating as a MO, DC & DA in both HH & NHH markets.

While each supplier may incur an operational cost from each of its supplier agents, the initial start-up costs for a particular agent could be shared across the suppliers according to the number of agent appointments for each. This could help to reduce costs incurred by each supplier?

How? If the costs for the new set-up were spread out this would increase costs for suppliers, as at the moment there is an unofficial arrangement that no agent will charge for provision of PARMS reporting. Also the costs have not taken into account providing the serials in the correct format. Are St Clements still the chosen provider? Have they been asked to provide initial costs?

VASMG will not take contract timescales into account.

The VASMG estimated that the benefit to industry could amount to a saving of £2m-£5m per year including the value of avoiding Audit qualification on the assumption that the improvements delivered by P99 prove to be useful for at least 2 years.

However all of the savings are against changes to accreditation and Entry Process. There are no savings in the PARMS changes even for suppliers, though improvements to Peer Comparison would be welcome.

General Comments

New NHH & HH Performance targets – Targets for R1-R2 (NHH) and SF (HH) have increased. These increases were not included in the last papers and we have not had an opportunity to comment on them fully. We need to consider the changes carefully as NHHR3 and HHSF have supplier charges attached.

Supplier Charges – liable for Agent's late submission. Could set up contracts with Agent for them to pay but these take time.

Other Supplier & Agent Comments we agree with

Aquila – “We would want to continue submitting the reports that would be used to measure us. However, the same report could be produced by another party if required for a comparison exercise”

Npower – “in relation to the overall strategy and Commercial issues, we feel it is highly desirable to resolve as many as possible of the issues before committing to implementation.

- 1. There may be significant contractual issues between suppliers and their agents relating to liability for any inaccuracies in PARMS information submitted to Elexon by Agents directly.*
- 2. We believe that the impact of non-compliance's by previous suppliers and or their agents on performance should be considered.”*

Seeboard – “It might be useful to provide a full picture if such reporting was also made at GSP level”

Powergen – “We are not yet convinced that this modification meets the relevant objectives”

PARMS Serials: Response to Elexon's response to earlier comments

DA02

Our major concern with this Serial is that it is shifting ownership to the HHDA to find the applicable LLFs from the website when the SMRS has not sent the value. This should not be the case and if the responsibility was to shift in this way then the costs of HHDA's will significantly rise and the costs of distributors will fall without any compensatory reduction in DUOS charges. We therefore believe that this Serial should be removed.

The VASMG note that, although LLFs are now available on the web-site (following Modification P30), there is no obligation for HHDA's to download and apply them if they are not provided as required by SMRS. This serial is intended as a high-level check to see the extent by which default LLFs are being used, so that ELEXON can investigate further to see who is at fault. Although the subject of the serial is the

HHDA, it is not intended to target them unfairly without proper consideration of the issues.

We are not aware of any evidence or suggestion that HHDA's do not apply LLFs. It is not appropriate to subject HHDA's to extra costs and policing duties when it is recognised that previous problems in this area are not caused by them.

A simpler and less costly way for Elexon to check on this is to add themselves to the recipient list of LLFS in the D0265 flows.

The costs to implement and operate DA02 would be high and cannot be justified. We therefore still consider that this serial should be removed from the set.

HC01

We consider the target of 100% for this Serial to be unrealistic. It is recognised in the industry that there will always be exceptions resulting in a read not being achieved, this should be reflected in the standard.

The PAF Review did not feel it was valid not to have a 100% standard just because there will always be failures. There are other standards of 100% contained in the set of serials. The VASMG concurs with this view.

We have even greater concerns about how the information to report on this Serial could be obtained. The report is on RF and cannot be produced by the HHDC, as the settlements process is an HHDA concept. The D0022 flow does not contain the information required and cannot be sent to the HHDA. Even if the flow was modified, major changes to HHDA would be required in order to handle D0022 flows and produce this report; this would involve substantial costs.

The D0022 flow advises the Supplier that an estimate has been used. Where the HHDC cannot see the reconciliation runs, reporting for the RF run should be submitted by around 292 working days after the Settlement Date. Therefore the HHDC should be able to state whether or not an MSID has gone through Final Reconciliation using data based on estimating technique C or below.

It is wrong to suggest that HHDC can have any valid view of RF data submitted by HHDA's. HHDCs and HHDA's are independent. Further there have now been proposals agreed (CP696) for implementation in February where HHDA's will entirely independently create default estimates – so HHDCs will never know. Timing is an issue as the HHDC has no view of when HHDA runs settlement runs. There are frequent mismatches of HHDC and HHDA appointments.

Again the costs to implement this serial would be high without equivalent benefits. We still believe this should be removed.

SH01

There is a lack of detail on what is expected in this report. How should 'analysed and acted upon by supplier' be interpreted?

Start and End events modified.

The modified version seems to indicate that we must now include every D0235 in this report. The volumes are very significant indeed. The daily volumes are high. This data would have to be stored for the month end, assembled and formatted. This is a high cost prospect.

It should also be recognised that it would be a significant task to separate out the Scottish MPANs to ensure only the E&W ones are sent to Elexon.

This appears to be an improper use and extension of PARMS, a way collecting mass dataflows and building huge files of these to be sent to Elexon each month.

SH03/NC01

Our comments on SH01 also apply to NC01 in relation to D0023's and SH03 in relation to D0095's.

Would it not be less costly for Elexon to extend the current iPARMS reports to include supplier and count at each exception code? The suggested PARMS reports must have serious cost implications for Elexon as each individual flow would have to be loaded into the PARMS system. In the last four weeks MANW NHHDA generated 7,700 D0023s. We do not believe Elexon has fully considered how it will cope with this. Also, has consideration been given as to what will happen to iPARMS once the new reports are in place?

SP08/SH02

We would like clarification that when 'MSID' is referred to in the title of these Serials, 'MPAN' should in fact be used. We are aware that in the vast majority of areas one MSID has one MPAN. However, in some distribution areas e.g. Manweb area, there are instances of multiple MSIDs (meters) per MPAN. All other reporting is at an MPAN level, so we believe the naming of these Serials is just a terminology issue but should be amended to avoid confusion. We would not be able to provide the data under these Serials on an MSID basis.

We have already received a response from Elexon after our previous SVG comments, which accepted this point and said that the references to MSID would be changed to MPAN. This has not been reflected in Appendix B.

This point was raised during the PAF Review, and Review's response was that all the serials should use MSID as that is the Code-defined term. The serial is monitoring the percentage of metering systems and associated energy that have been settled using actuals. Therefore it is not appropriate to measure on a 'per MPAN' basis if there may be more than one metering system per MPAN. In today's SVA world, MSID and MPAN should be synonymous and the serial reflects this.

It remains the case that ScottishPower will only be able to report on an MPAN basis and MSIDs will not be considered.

NM04/HM05

We do not agree that in all instances the old MO has an obligation to pass the METDs to the new MO. Particularly in the Half Hourly environment, such information exchange only happens when the MO's share a valid commercial contract. It is therefore not appropriate to have a Serial in this area. The 'immediate transfer of data' in the PSL relates to site technical

details (D0215) and not to meter technical details.

BSCP 502 Section 3.2.5.2 states that the old MOA must pass METDs to the NEW MOA. The obligation is on the Supplier to ensure this happens as part of the Hub management.

We still hold the same view and this would unfairly be reflected in serial performance.

NM01/HM01

Our systems do not have the capability to identify which particular D0002 was sent finally resolving an issue from a particular D0001. We do not believe that even substantial change to our systems would allow us to do this. It is likely that changes to the structure or method of populating the D0001 and/or D0002 would be required before this would be possible. We have already received a response from Elexon that suggests a CR could be raised with MRASCo to change the D0002 to amend the way it is populated. This is not referred to in Appendix B.

These serials are being retained from the present set. ELEXON believe it is practicably possible to link each D0002 to the original D0001 by matching the dates and reasons fields.

There is a risk that relying on the D0002 on its own may result in D0001s going missing and creating audit trail problems.

The PARMS reports are being modified because they do not work at the moment. Participants are not reporting as they should, often because it is impossible to source the data being requested. It is not sufficient to say that because the serial is in the existing set, then it must be appropriate. To report on this serial accurately would be a significant manually intensive process. The benefits of doing this would not justify the costs.

General comment on revised set of PARMs document:

HC02 - the obligation is on the old DC to send the history. Therefore either the source needs to change to Old DC or the start and end events need to be modified to: Start - Sending of D0170. End - Receipt of D0036

NM03 - the use of the word 'accurate' in the end event is inappropriate, as this cannot be determined by these measures. The end event should say 'sending' instead of 'delivery'

NM04 - end event should say 'sending' instead of 'delivery'

HM01 - start event should say 'sent' instead of 'received and end event should say 'receipt by DC' instead of 'sending by MO'. Alternatively, the source should change to HHMO

HM05 - end event should say 'sending' instead of 'delivery'

General - Supplier charges:

There is no information as to the level of financial penalties for some of the proposed serials. This makes it difficult for parties to agree to what is in effect a blank cheque. More specifically on D0095s, suppliers with good processes could 'inherit' D0095s and Supplier Charges on gaining customers from errant suppliers. In addition compliance may not be possible where issues are caused by SMRS, NHHDA. Common practice across all NHHDCs could result in D0095s that would attract Supplier Charges. Elexon should assess such areas fully for industry-wide action before implementing Supplier Charges for D0095s.

P99_DR_005 – Npower

We have no further comments to make.

Regards

Ros Parsons

npower

NETA & BSC Issues

P99_DR_006 – British Gas Trading

Modification Proposal P99: Changes to Accreditation and the PARMS Serials and Standards, resulting from the Performance Assurance Framework (PAF) Review (Phase 1)

Thank you for the opportunity to respond to the consultation on modification proposal P99. British Gas Trading Limited supports the VASMG view that the proposal does better facilitate Applicable BSC Objective's c) and d).

British Gas Trading agrees that P99 simplifies the requirements for the Certification Agent in relation to the Accreditation and Certification process and prevents unnecessary work currently carried out, thus promoting competition.

Under PARMS we believe that the monitoring of all performance aspects within the PARMS standards is extremely important allowing Party members early indications of problems arising within the industry and the ability to rectify issues promptly. The changes in reporting lines from the Supplier to the Agent to facilitate the reporting of PARMS we believe fits better as the Agents have better control of the data than Suppliers. However, there is clearly a need for the Supplier to receive reports directly from its Agents to ensure timescales are met. Mod 99 did not address this requirement, which could be achieved by contractual agreement between Suppliers and Agents.

British Gas Trading supports a 2 month grace period to allow the market place to adopt and weigh up the full impacts of the changes to the PARMS reporting.

We would however, like to draw your attention to one area within the Performance standards set in relation to SF, R1, R2, R3 and RF respectively. At one of the VASMG meetings it was highlighted that the changes in performance levels have significantly increased at R1 and R2 (as can be seen in Table 1 below) and it was recommended that the performance should be monitored closely over the following 12 months. We welcome this suggestion and propose that either SVG or PAB monitor and undertake a full review after a 12 month period to ensure that the targets are achievable by all parties.

Table 1.

Volume Allocation Run	Old Performance Level	New Performance Level
Initial Volume Allocation Run	3%	n/a
First Reconciliation Volume Allocation Run	17%	30%
Second Reconciliation Volume Allocation Run	43%	60%
Third Reconciliation Volume Allocation Run	78%	80%
Final Reconciliation Volume Allocation Run	97%	97%

If you would like to discuss this matter further please do not hesitate to contact me directly.

Yours faithfully,

Andrew Latham
Senior Account Manager (BSC & SAS)

P99_DR_009 – Scottish and Southern

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

Further to your note of 20th December 2002, and the associated Draft Modification Report for P99, as with our previous comments on this Modification Proposal, whilst we supported the review of PARMS Serials in principal we do not believe that the suggested benefits outweighing the cost of implementation.

If the Modification Proposal P99 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in Section 1.1 of the Draft Modification Report.

Regards

Garth Graham
Scottish & Southern Energy plc

P99_DR_008 – IMServ

Following review of the draft Modification report and draft legal test in respect of P99 and a discussion with the Elexon analyst Steven Francis IMServ has no adverse comments on the proposed changes. The performance levels in section 2.2 gave rise to some concern as they have increased significantly from the old values but as the LDs have stayed the same then we can see that this will add 'general encouragement' rather than penalise agents.

Thank you for your help in understanding the requirements.

regards, Carmen

Carmen Page
INVEST Commercial Manager
IMServ Europe Limited