

Responses from P198/P200/P203 Third Assessment Data Correction Consultation

Consultation Issued 1 August 2006

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	Centrica	TL_DCC_001	9	0
2.	E.ON UK Energy services Limited	TL_DCC_002	0	1
3.	Gaz de France ESS	TL_DCC_003	1	0
4.	EDF Energy	TL_DCC_004	9	0
5.	RWEnpower plc	TL_DCC_005	11	0
6.	National Grid Electricity Transmission plc	TL_DCC_006	1	0
7.	BizzEnergy Limited	TL_DCC_007	1	0
8.	SAIC Ltd. (for and on behalf of ScottishPower)	TL_DCC_008	7	0
9.	British Energy	TL_DCC_009	5	0
10.	Alcan Smelting and Power UK	TL_DCC_010	0	1
11.	Scottish and Southern (*)	TL_DCC_011	5	0

(*) This responses were received too late to be considered by the BSC Panel at its meeting on 10 August 2006

P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views on the matters contained within this document. Parties are requested to supply the rationale for their responses.

Respondent:	<i>Dave Wilkerson</i>
Company Name:	<i>Centrica</i>
No. of BSC Parties Represented	<i>9</i>
Parties Represented	Accord Energy Ltd; British Gas Trading Ltd; Centrica Barry Ltd; Centrica Brigg Ltd; Centrica KL Ltd; Centrica KPS Ltd; Centrica PB Ltd; Centrica RPS Ltd; Centrica SHB Ltd
No. of Non BSC Parties Represented (e.g. Agents)	–
Non Parties represented	–
Role of Respondent	<i>(Supplier/Generator/ Trader)</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	We still do not support P198.
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	We still do not support P200.
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	We still do not support P203.

Please send your responses by **5pm on Tuesday 8 August 2006** to modification.consultations@elexon.co.uk and please entitle your email '**Transmission Losses Data Correction Consultation**'. Please note that it may not be possible for the Panel to consider late responses. Any queries on the content of the consultation pro-forma should be addressed to Kathryn Coffin on 020 7380 4030, email address kathryn.coffin@elexon.co.uk.

P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

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Respondent:	<i>Alastair Barnsley</i>
Company Name:	<i>E.ON UK Energy services Limited</i>
No. of BSC Parties Represented	<i>0</i>
Parties Represented	
No. of Non BSC Parties Represented (e.g. Agents)	<i>1</i>
Non Parties represented	<i>E.ON UK Energy services Limited</i>
Role of Respondent	<i>Party Agent</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	

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P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

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Respondent:	<i>Name</i>
Company Name:	<i>Gaz de France ESS</i>
No. of BSC Parties Represented	<i>1</i>
Parties Represented	<i>Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>0</i>
Non Parties represented	<i>Please list all non Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>Supplier/Generator</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	We do not support the proposed change as we believe it is not an improvement to the current BSC objectives
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	We do not support the proposed change as we believe it is not an improvement to the current BSC objectives
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	We do not support the proposed change as we believe it is not an improvement to the current BSC objectives

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P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

BSC Parties (“Parties”) and other interested parties are invited to respond to this consultation expressing their views on the matters contained within this document. Parties are requested to supply the rationale for their responses.

Respondent:	Name
Company Name:	EDF Energy
No. of BSC Parties Represented	9
Parties Represented	EDF Energy Networks (EPN) plc; EDF Energy Networks (LPN) plc; EDF Energy Networks (SPN) plc; EDF Energy (Sutton Bridge Power); EDF Energy (Cottam Power) Ltd; EDF Energy (West Burton Power) Ltd; EDF Energy plc; London Energy plc; Seeboard Energy Limited
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	0
Role of Respondent	Supplier/Generator/ Trader / Distributor
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	No - the correct to the cost benefit analysis does not change our view: We consider that the data provided by OXERA is merely indicative and that the results of its central despatch model may well prove to be inaccurate. Although unsatisfactory, we do not believe the amended figures will significantly alter parties' views.
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	As above
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	As above

P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

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Respondent:	<i>Terry Ballard</i>
Company Name:	<i>RWE npower plc</i>
No. of BSC Parties Represented	<i>11</i>
Parties Represented	<i>Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant). RWE Trading GmbH, RWE Npower plc, Great Yarmouth Power Ltd, Npower Cogen Trading Ltd, Npower Commercial Gas Ltd, Npower Direct Ltd, Npower Ltd, Npower Northern Ltd, Npower Northern Supply Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd</i>
No. of Non BSC Parties Represented (e.g. Agents)	
Non Parties represented	<i>Please list all non Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state ¹)</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	

¹ Delete as appropriate – please do not use strikeout, this is to make it easier to analyse the responses

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P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

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Respondent:	<i>Andrew Truswell</i>
Company Name:	<i>National Grid</i>
No. of BSC Parties Represented	<i>1</i>
Parties Represented	<i>National Grid Electricity Transmission plc</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>None</i>
Non Parties represented	<i>N/A</i>
Role of Respondent	<i>Transmission Company</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	

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P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

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Respondent:	<i>Faye Hankin</i>
Company Name:	<i>BizzEnergy Limited</i>
No. of BSC Parties Represented	<i>1</i>
Parties Represented	<i>BizzEnergy Limited</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>0</i>
Non Parties represented	
Role of Respondent	<i>Supplier</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	

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P198, P200 AND P203 COST-BENEFIT ANALYSIS DATA CORRECTION CONSULTATION QUESTIONS

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Respondent:	Gary Henderson
Company Name:	SAIC Ltd. (for and on behalf of ScottishPower)
No. of BSC Parties Represented	7
Parties Represented	Scottish Power UK plc, ScottishPower Energy Management Ltd, ScottishPower Generation Ltd, ScottishPower Energy Retail Ltd, SP Transmission Ltd, SP Manweb plc, SP Distribution Ltd
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	N/A
Role of Respondent	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Distributor
Does this response contain confidential information?	No

Q	Question	Response	Rationale
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Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	Yes / No	<p>ScottishPower do not believe that a zonal transmission losses scheme as proposed in P198 would better facilitate the achievement of the Applicable BSC Objectives, compared with the current baseline. We believe such modification will create a windfall of gains and losses, which discriminates against certain parties and benefits others. This in turn creates an investment risk which is a barrier for new entrants.</p> <p>The CBA highlighted a transfer of values between north and south giving windfall gains and losses with ambiguous and questionable signals and benefits. The amended data does not change this view or the fundamental issues against this modification. In fact the variance reinforced our concern on the quality and validity of the CBA conclusion and the potential uncertain impact on parties from any change in assumptions and reality. We further note that some statement in the report could be misleading, particularly on the generic statements on impact to parties located in Wales which are opposite for North and South Wales.</p>
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	Yes / No	Given ScottishPower's view on P198 above, the need for a hedging scheme becomes even more important. ScottishPower believe that this would give certainty to the market and the right message to future investment.
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	Yes / No	Same reason as P198 in Question 1 above.

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Respondent:	<i>Martin Mate</i>
Company Name:	<i>British Energy</i>
No. of BSC Parties Represented	<i>5</i>
Parties Represented	<i>British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, British Energy Direct Ltd, Eggborough Power Ltd , British Energy Generation (UK) Ltd</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>-</i>
Non Parties represented	<i>-</i>
Role of Respondent	<i>Supplier/Generator/Trader/Consolidator/Exemptable Generator/Party Agent</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	The amendments reinforce our view that the uncertain net benefits of the proposed schemes would be likely to be insignificant compared to the gross transfers between locations and the uncertainty which would be created. These transfers would create winners and losers amongst existing parties with limited opportunity to hedge either the step change for existing investments or the ongoing uncertainty for all parties. BSC Objective (c) relating to competition would not be better met.
2.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.	No	The amendments reinforce our view that the uncertain net benefits of the proposed schemes would be likely to be insignificant compared to the gross transfers between locations and the uncertainty which would be created. These transfers would create winners and losers amongst existing parties, with limited opportunity to hedge either the step change for very long term existing investments or the ongoing uncertainty for all parties.

Q	Question	Response	Rationale
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	The amendments reinforce our view that the uncertain net benefits of the proposed schemes would be likely to be insignificant compared to the gross transfers between locations and the uncertainty which would be created. These transfers would create winners and losers amongst existing parties with limited opportunity to hedge either the step change for existing investments or the ongoing uncertainty for all parties. BSC Objective (c) relating to competition would not be better met.

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BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views on the matters contained within this document. Parties are requested to supply the rationale for their responses.

Respondent:	<i>Bob Nicholson</i>
Company Name:	Alcan Smelting and Power UK
No. of BSC Parties Represented	<i>0</i>
Parties Represented	<i>N/A</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>1</i>
Non Parties represented	Alcan Smelting and Power UK
Role of Respondent	<i>Exemptable Generator</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
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Q	Question	Response	Rationale
1.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.	No	<p>Oxera has failed to address a further error in its report, in relation to 132kv generators and its omission of distributed generation altogether. Section 3.3.5 states that there is no difference in the signals faced by a 132kV generator compared to one connected at a higher voltage. This is untrue. As licence-exempt distributed generation presently earn embedded benefits, including the avoided transmission losses of its supplier, the signal imposed by zonal charging can be much greater. For example Alcan's Lynemouth generator is licence exempt and connected at 132kV. It presently offsets suppliers losses with a TLM of around 1.009, but under zonal charging this would become a disbenefit to Lynemouth, as the supplier TLM would become 0.992 under the central scenario – a change of around 1.7% of wholesale income. In contrast a transmission connected generator in the same zone would see its TLM increase from around 0.994 at present to 0.986 in the central scenario, a change in income of around 0.8%. This conclusion applies not only to Alcan, but to all licence-exempt renewable and embedded generators in zones where supplier TLMs may be less than zero.</p> <p>Alcan operates its own power stations purely to provide the high level of security of supply that its smelters require (and which cannot be provided from the public system). The operation of Alcan's power stations will be unaffected by the introduction of zonal losses, as our priority will continue to be security of supply. Therefore the introduction of zonal charging for losses is not a signal Alcan can respond to, and there will be no benefit from imposing this cost on Alcan. This option will also create great uncertainty and make expansion of our UK smelting facilities difficult, in particular where further generation is required and less security is evident.</p> <p>We do not believe that P198 represents an improvement over the present BSC.</p>

Q	Question	Response	Rationale
2.	<p>Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.</p>	No	<p>Oxera has failed to address a further error in its report, in relation to 132kv generators and its omission of distributed generation altogether. Section 3.3.5 states that there is no difference in the signals faced by a 132kV generator compared to one connected at a higher voltage. This is untrue. As licence-exempt distributed generation presently earn embedded benefits, including the avoided transmission losses of its supplier, the signal imposed by zonal charging can be much greater. For example Alcan's Lynemouth generator is licence exempt and connected at 132kV. It presently offsets suppliers losses with a TLM of around 1.009, but under zonal charging this would become a disbenefit to Lynemouth, as the supplier TLM would become 0.992 under the central scenario – a change of around 1.7% of wholesale income. In contrast a transmission connected generator in the same zone would see its TLM increase from around 0.994 at present to 0.986 in the central scenario, a change in income of around 0.8%. This conclusion applies not only to Alcan, but to all licence-exempt renewable and embedded generators in zones where supplier TLMs may be less than zero.</p> <p>Alcan operates its own power stations purely to provide the high level of security of supply that its smelters require (and which cannot be provided from the public system). The operation of Alcan's power stations will be unaffected by the introduction of zonal losses, as our priority will continue to be security of supply. Therefore the introduction of zonal charging for losses is not a signal Alcan can respond to, and there will be no benefit from imposing this cost on Alcan. This option will also create great uncertainty and make expansion of our UK smelting facilities difficult, in particular where further generation is required and less security is evident.</p> <p>We do not believe that P200 represents an improvement over the present BSC.</p>

Q	Question	Response	Rationale
3.	Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.	No	<p>Oxera has failed to address a further error in its report, in relation to 132kv generators and its omission of distributed generation altogether. Section 3.3.5 states that there is no difference in the signals faced by a 132kV generator compared to one connected at a higher voltage. This is untrue. As licence-exempt distributed generation presently earn embedded benefits, including the avoided transmission losses of its supplier, the signal imposed by zonal charging can be much greater. For example Alcan's Lynemouth generator is licence exempt and connected at 132kV. It presently offsets suppliers losses with a TLM of around 1.009, but under zonal charging this would become a disbenefit to Lynemouth, as the supplier TLM would become 0.992 under the central scenario – a change of around 1.7% of wholesale income. In contrast a transmission connected generator in the same zone would see its TLM increase from around 0.994 at present to 0.986 in the central scenario, a change in income of around 0.8%. This conclusion applies not only to Alcan, but to all licence-exempt renewable and embedded generators in zones where supplier TLMs may be less than zero.</p> <p>Alcan operates its own power stations purely to provide the high level of security of supply that its smelters require (and which cannot be provided from the public system). The operation of Alcan's power stations will be unaffected by the introduction of zonal losses, as our priority will continue to be security of supply. Therefore the introduction of zonal charging for losses is not a signal Alcan can respond to, and there will be no benefit from imposing this cost on Alcan. This option will also create great uncertainty and make expansion of our UK smelting facilities difficult, in particular where further generation is required and less security is evident.</p> <p>We do not believe that P203 represents an improvement over the present BSC.</p>

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Dear Sirs,

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

In relation to the three questions contained within your note of 1st August 2006, and the associated Data Correction Consultation regarding P198/P200/P203, we have the following comments to make.

Q1 Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P198? If yes, please provide rationale.

The amending by Oxera of the data it provided in their June 2006 report (upon which we based our consultation response) is disappointing; however, hardly surprising given the significant variations we have already seen in the Oxera analysis compared to the more comprehensive work by PTI.

This is explored in more detail in our responses to the P198/P200/P203 zonal losses consultations, and in particular our statement: -

"Whilst PTI has examined 623 half-hourly periods in a year (3.5% of the total), Oxera's analysis relies upon just 12 periods (or 0.068% of the total). As a result, as shown in Figure 2.3 (pg 9) of the Oxera report, comparison of the adjusted seasonal zonal TLFs with those of the PTI shows significant variations, which in some cases are diametrically opposite. For example, in northern Scotland, the "Summer" graph shows PTI indicating a 'positive' TLF whilst Oxera indicates a large 'negative' TLF. Equally, in "Spring", whilst both PTI and Oxera show a 'negative' TLF, the Oxera figure is circa one third larger. Similarly, in "Autumn", there is a significant difference between the PTI and Oxera data. We can, therefore, only conclude that there is a major difference between the modelling results of PTI and Oxera (particularly in the Scottish Zones) and that this applies across all four seasons of the year.

Such significant differences, coupled with the extremely small sample used by Oxera, leads us to conclude that the Oxera report is flawed and that the supposed benefit is unlikely to be as large as £3M-£9M per annum.

We also note that both the PTI and Oxera modelling were based on 2005-06 data (see section 2.2.2 (pg 7) of the Oxera report and section 5.2 (pg 10) of the PTI report). Given the well-documented shortage in the gas market etc., which led to higher gas prices in 2005-06 and a noticeable decrease in gas-fired generation output and a corresponding increase in other generation output, such as coal, we believe both models will result in a distorted outcome when compared to the 'actual' TLMs likely to be applied from 1st April 2008 (if P198 is implemented). No detailed consideration of this appears to have been taken into account in the PTI and Oxera work.

At the very least, implementation of P198 should be delayed until these inconsistencies have been fully explained."

In addition to the above, we note that there appears to be an inaccuracy in the discussion of the "Distributional Impacts" outlined in section 9 of the Oxera report with respect to consumers and generation in the Merseyside and North Wales and East Midlands areas, where their contributions have been used to distort the overall distributional impacts reported by Oxera. This effect is particularly acute with respect to consumers and generation in northern Wales who are presented with a misleading impression on the distributional impact on them. These inaccuracies/distortions/misleading impressions appear to have been reflected in Tables 8-11 of the P198 Assessment Report.

Q2 Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P200? If yes, please provide rationale.

The amending by Oxera of the data it provided in their June 2006 report (upon which we based our consultation response) is disappointing; however, hardly surprising given the significant variations we have already seen in the Oxera analysis compared to the more comprehensive work by PTI.

This is explored in more detail in our responses to the P198/P200/P203 zonal losses consultations, and in particular our statement: -

"Whilst PTI has examined 623 half-hourly periods in a year (3.5% of the total), Oxera's analysis relies upon just 12 periods (or 0.068% of the total). As a result, as shown in Figure 2.3 (pg 9) of the Oxera report, comparison of the adjusted seasonal zonal TLFs with those of the PTI shows significant variations, which in some cases are diametrically opposite. For example, in northern Scotland, the "Summer" graph shows PTI indicating a 'positive' TLF whilst Oxera indicates a large 'negative' TLF. Equally, in "Spring", whilst both PTI and Oxera show a 'negative' TLF, the Oxera figure is circa one third larger. Similarly, in "Autumn", there is a significant difference between the PTI and Oxera data. We can, therefore, only conclude that there is a major difference between the modelling results of PTI and Oxera (particularly in the Scottish Zones) and that this applies across all four seasons of the year.

Such significant differences, coupled with the extremely small sample used by Oxera, leads us to conclude that the Oxera report is flawed and that the supposed benefit is unlikely to be as large as £3M-£9M per annum.

We also note that both the PTI and Oxera modelling were based on 2005-06 data (see section 2.2.2 (pg 7) of the Oxera report and section 5.2 (pg 10) of the PTI report). Given the well-documented shortage in the gas market etc., which led to higher gas prices in 2005-06 and a noticeable decrease in gas-fired generation output and a corresponding increase in other generation output, such as coal, we believe both models will result in a distorted outcome when compared to the 'actual' TLMs likely to be applied from 1st April 2008 (if P198 is implemented). No detailed consideration of this appears to have been taken into account in the PTI and Oxera work.

At the very least, implementation of P198 should be delayed until these inconsistencies have been fully explained."

In addition to the above, we note that there appears to be an inaccuracy in the discussion of the "Distributional Impacts" outlined in section 9 of the Oxera report with respect to consumers and generation in the Merseyside and North Wales and East Midlands areas, where their contributions have been used to distort the overall distributional impacts reported by Oxera. This effect is particularly acute with respect to consumers and generation in northern Wales who are presented with a misleading impression on the distributional impact on them. These inaccuracies/distortions/misleading impressions appear to have been reflected in the Assessment Report.

Q3 Does the amended data in the OXERA cost-benefit analysis report alter your views regarding P203? If yes, please provide rationale.

The amending by Oxera of the data it provided in their June 2006 report (upon which we based our consultation response) is disappointing; however, hardly surprising given the significant variations we have already seen in the Oxera analysis compared to the more comprehensive work by PTI.

This is explored in more detail in our responses to the P198/P200/P203 zonal losses consultations, and in particular our statement: -

"Whilst PTI has examined 623 half-hourly periods in a year (3.5% of the total), Oxera's analysis relies upon just 12 periods (or 0.068% of the total). As a result, as shown in Figure 2.3 (pg 9) of the Oxera report, comparison of the adjusted seasonal zonal TLFs with those of the PTI shows significant variations, which in some cases are diametrically opposite. For example, in northern Scotland, the "Summer" graph shows PTI indicating a 'positive' TLF whilst Oxera indicates a large 'negative' TLF. Equally, in "Spring", whilst both PTI and Oxera show a 'negative' TLF, the Oxera figure is circa one third larger. Similarly, in "Autumn", there is a significant difference between the PTI and

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Regards

Garth Graham
Scottish and Southern Energy plc