

P253 Consultation Responses

Consultation issued on 6 August 2010

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

We received responses from the following Parties

| Company | No BSC Parties / Non-Parties Represented | Role of Parties/non-Parties represented |
|--|--|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | 7/0 | Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor |
| TMA Data Management Ltd | 0/1 | HHDC, HHDA, NHHDA and NHHDC |
| Centrica | 10/0 | Supplier / Generator / Trader |
| npower ltd | 8/0 | Supplier/Party Agent |
| GDF Suez Energy UK | 1/0 | Supplier |
| EDF Energy | 13/0 | Supplier/Generator/Trader/Consolidator/Exemptible Generator/Party Agent/Distributor |
| IMServ ¹ | 0/1 | |

Question 1: Would P253 Proposed Modification better achieve the Applicable BSC Objectives when compared to the current arrangements? (see Section 8 for the Group's views against Applicable BSC Objectives)

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 4 | 2 | 0 |

Responses

| Respondent | Response | Rationale |
|----------------|----------|-----------|
| Accenture (UK) | Yes | |

P253
Assessment Consultation
Responses

20 August 2010

Version 1.0

Page 1 of 18

© ELEXON Limited 2010

¹ Comments provided in last question only.

| Respondent | Response | Rationale |
|---|--------------------------|--|
| Ltd. (for and on behalf of ScottishPower) | | <p>The Proposed Modification better achieves BSC Objectives (c) and (d) compared to the current Baseline.</p> <p>The more accurate credit calculation will allow Parties who currently over-secure their credit position as a matter of course to reduce that position to a more suitable level, leading to a consequential reduction in the cost of credit cover (Objective c). Conversely any under-securitisation is a risk to the entire market that ultimately carries the cost of any un-secured default. Securing this sum is a benefit on both Objectives c and d, as Party risk is lowered and ELEXON should spend less effort recovering "bad" debt.</p> <p>A more accurate calculation will also alleviate the cover spikes experienced when estimating either based on, or for bank holidays; and when there is a high level of embedded generation within a GSP Group. These spikes lead to a number of manual interventions and investigations by ELEXON which should almost disappear (Objective d).</p> |
| TMA Data Management Ltd | Yes | Proposed modification P253 would better achieve Applicable BSC objective C as it would reduce the extraneous credit cover required for Suppliers therefore supporting market entry of new small suppliers. |
| Centrica | No – Case not yet proven | <p>Whilst Centrica supports a move toward using more accurate data in the credit calculation, we do not feel that a clear case of benefits exceeding costs has been established in this instance.</p> <p>It is clear that the Proposed Modification would provide a more accurate view of credit exposure which avoids Parties under collateralising their risks in the event of a default and the industry will therefore minimise its unsecured loss. The more accurate calculation would also allow for reductions in the amount of credit lodged where this has been overestimated. We acknowledge that the amount of embedded and intermittent generation will increase over time, so the improved accuracy to this element of the Proposed Modification would be likely to prove to be increasingly beneficial. It is also evident that the Proposed Modification would address the specific defects with regard to bank holidays and where GSP Group Take approaches zero. These would have benefits under objective (c) and (d). However, it is not clear that the costs (and therefore potential detrimental impacts on objective (d)) of the proposal exceed the suggested benefits.</p> <p>Centrica appreciates that there has been a quantification of potential benefits, but the lack of costs means that a definitive cost benefit comparison is not yet possible. Centrica also believes the presentation of</p> |

| Respondent | Response | Rationale |
|------------|----------|--|
| | | <p>the benefits analysis could mean that these are perceived as being larger than what would actually accrue. It would not make sense for a straight summation of the benefits as identified and Centrica therefore believes caution should be taken when interpreting them.</p> <p>We have the following concerns with the presentation and potential interpretation of the analysis:</p> <ul style="list-style-type: none"> • For a meaningful comparison to costs, the quantified benefits need to be actual benefit realised as opposed to potential benefit that would occur in an (average of) worst case scenario(s). Hence the potential benefit described in Parts 2 and 3 of the analysis should be scaled down by a factor that represents the likelihood of such a scenario occurring in any year. That is: <ul style="list-style-type: none"> • Part 2 of the benefits analysis assumes that a Party goes into administration at the point of maximum underestimation of credit cover. Therefore, for this to be an actual realised benefit (such that it can be compared to cost of implementation), some element of likelihood of going into administration at this point needs to be applied. This is likely to significantly reduce this benefit from £234,481 to a fraction of it. • Similarly with part 3 of the benefits analysis, there should be an associated risk factor of a Party going into administration applied to the benefit. The chance of a Party going into administration at any point has historically been proven to be low, (although it has occurred) but the likelihood of them going into administration at the point of maximum underestimation is potentially lower again. This is likely to significantly reduce the actual realised benefit from £2,990,091 to a fraction of it. • There needs to be some estimate of the costs for implementation from Data Collectors and Data Aggregators. As Centrica does not perform these roles, we are concerned that the costs to provide the information in the required timescales could be high and the modification should therefore not be approved whilst Parties are blind to these costs. There is the potential that service contracts between Parties and Party Agents would have to be renegotiated to reflect higher service level requirements. Without these costs being clearly identified prior to implementation, this creates a risk |

| Respondent | Response | Rationale |
|--------------------|----------|--|
| | | <p>that significant costs would actually be incurred that would ultimately be borne by the consumer.</p> <ul style="list-style-type: none"> There is no detail or quantification of what benefits would accrue in relation to a reduction of material doubt cases. How many material doubt claims have there been and how many Parties have ever raised these? (We note that this consultation seeks further information on these elements). <p>Therefore, it is Centrica’s view that, whilst there would be some benefit from the Proposed Modification, we feel that these are modest, and there is a significant risk that unidentified costs could be high. The cost benefit analysis is therefore inconclusive. Implementing this modification without a clear identification of potentially high costs would be detrimental to the efficient implementation and administration of the BSC arrangements (objective (d)). Where these costs are passed on, this ultimately places the risk of excessively high costs (in relation to benefits) on to the consumer. Centrica believes that until the case has been proven by some identification, estimation or analysis of the costs, and it is shown clearly that aggregated benefits exceed aggregated costs, the Proposed Modification should be rejected.</p> |
| npower ltd | No | <p>Npower Ltd believes that the Proposed methodology would be an inefficient use of funds and resource. This would go against BSC Objective (d) as there would be significant costs incurred by Party Agents in excess of the benefit obtained through the more accurate credit cover calculation.</p> <p>It is Npower Ltd’s belief that the Proposed Modification would not result in Parties significantly altering the amount of credit cover that they lodge. Therefore there is no argument to follow that the introduction of the changes with this Modification would better promote competition (BSC Objective (c)) as indicated in the consultation. Given the implementation of SMART metering over the coming years Npower Ltd does not support the initial and ongoing costs of the Modification.</p> |
| GDF Suez Energy UK | Yes | <p>Agree with the groups conclusions that the proposed modification would better facilitate BSC Objectives C and D. Objective C would be achieved by a more accurate view of credit exposure and calculation of energy indebtedness. This would reduce costs for Parties. Objective D would be achieved by the increased accuracy of the credit calculation process. However we do acknowledge the expensive cost to implement for BSC Party agents.</p> |
| EDF Energy | Yes | <p>Benefits:</p> <ul style="list-style-type: none"> expected improved accuracy of the level of credit required to be provided by parties to protect other |

| Respondent | Response | Rationale |
|------------|----------|--|
| | | <p>parties from the possibility of default,</p> <ul style="list-style-type: none"> • expected administrative benefit of reduction in claims for manifest error, • eliminate difficulties in credit calculations associated with GSP Groups where embedded generation causes GSP Group take to be very small, zero or negative. <p>Disbenefits:</p> <ul style="list-style-type: none"> • central costs of implementing the proposal (£110k initial + £4k/year) • unknown costs for Supplier Data Aggregators to perform additional aggregation runs before the II settlement run, although we expect these to be relatively low • uncertainty in completeness and accuracy of data provided by Data Collectors in advance of the proposed new data aggregation run, which creates uncertainty as to how accurate the credit calculation would be. <p>On the basis of those implementation costs which are known, and the analysis performed on the potential impact on credit accuracy, on balance we support the proposal, believing that on balance the benefits probably outweigh the disbenefits.</p> <p>We do not think there would be significant impact on BSC Objectives (a) concerning Transmission Licence conditions (other than in relation to BSC objectives) or (b) concerning efficient system operation.</p> <p>We think benefit would be achieved under BSC Objective (c) concerning competition, because individual parties would be subject to credit requirements closer to their true indebtedness, and not be required to provide inefficient excess credit, or present a risk to other parties by having insufficient credit.</p> <p>Because of central costs in implementing the proposal, with only limited saving in ongoing BSC administration costs expected in relation to claims for manifest error, it is not obvious that BSC Objective (d) would be better met.</p> |

Question 2: Would P253 Alternative Modification better achieve the Applicable BSC Objectives compared to the current arrangements? (see Section 8 for the Group's views against Applicable BSC Objectives)

| Yes | No | Neutral/Other |
|--------|----|---------------|
| 5 (+1) | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|--|--|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | Yes | The Alternative Modification is better than the current Baseline on Objective (d). The removal of bank holiday-related credit spikes and an infinite requirement when the GSPNT tends to zero will reduce the number of manual investigations carried out by ELEXON throughout the year. We do not believe that the normalisation of the credit requirements on bank holidays will actually result in a meaningful change in the level of Parties credit cover. |
| TMA Data Management Ltd | Yes | As for Proposed Modification P253, the alternative Modification would better facilitate BSC Objective C. |
| Centrica | Qualified benefit required – potential yes | <p>The Alternative Modification addresses the bank holiday and GSP Group Take defects.</p> <p>The GSP Group Take approaching zero defect is one that can cause potentially significant errors in the credit cover calculation in certain circumstances which is not acceptable in the BSC. This requires swift rectification. The Alternative provides this solution for a known and fixed cost. It therefore results in a solution that would ultimately bear less risk for the consumer.</p> <p>However, whilst the costs have been determined, there has not been any quantified benefit identified to be able to categorically support the Alternative from a cost benefit perspective.</p> <p>Centrica believes that, subject to a positive cost benefit analysis, it can be shown that the Alternative would improve the accuracy of the credit calculation which would have the same conceptual benefits under objectives (c) and (d) mentioned in our response to Q1 above.</p> |
| npower ltd | Yes | Npower ltd believes that the Alternative Modification solves the key issues highlighted in the consultation namely Bank Holidays and where GSPGT approaches zero. The Alternative Modification better facilitates Applicable BSC Objective (c) as by counteracting the current issues with the Bank Holidays it will assist in reducing the number of material doubt claims and thus create a level playing field for suppliers with differing portfolio as it is B2B only suppliers who are generally more affected by the Bank Holiday calculation. The Alternative Modification also better facilitates BSC Objective (d) as it resolves an issue which will only get bigger as more embedded generation connects, where the GSPGT approaches zero. By resolving this issue now it will give the industry the benefits now and in the future as further embedded generation connects to the system. |

| Respondent | Response | Rationale |
|--------------------|----------|---|
| GDF Suez Energy UK | Yes | Again agree with the groups conclusions that the alternative would better facilitate BSC Objectives C and D. |
| EDF Energy | Yes | <p>Some significant improvement in credit calculation accuracy would be expected. Difficulties or errors associated with small or negative GSP Group Take would be reduced. These improvements in accuracy should help better meet BSC Objective (c) for the reasons given previously for the proposal.</p> <p>The central implementation costs (£126k) are significant, but there are no ongoing central operational costs and there would be no additional costs for supplier agents. The number of manifest error claims would probably be less than present. However, overall the increase in net central administration costs would not better meet BSC objective (d).</p> <p>We think the benefits of improved accuracy (better meeting BSC objective (c)) and slightly reduced ongoing administration costs outweigh the disbenefit of the implementation cost, and that the Alternative Modification would also better meet the BSC Objectives.</p> |

Question 3: Would P253 Alternative Modification better achieve the Applicable BSC Objectives compared to the Proposed Modification? (see Section 8 for the Group's views against Applicable BSC Objectives)

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 2 | 4 | 0 |

Responses

| Respondent | Response | Rationale |
|--|----------|--|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | No | The Proposed Modification provides the greatest benefit. Not only is it more cost effective, it also provides a more robust solution. The Alternative, while solving the bank holiday spike issue, only partly solves the GSPNT issue, which is projected to become a much larger issue over time. |
| TMA Data Management Ltd | No | It does not address the GSPGT close to 0 issue caused by Embedded Generation. |
| Centrica | Yes | Based on the previously mentioned inconclusive cost and benefit information, Centrica's current qualitative view is that the Alternative would be the more |

| Respondent | Response | Rationale |
|--------------------|----------|---|
| | | <p>pragmatic and cost effective solution to the existing and most pressing of the defects (GSP Group Take approaching zero). The Proposed Modification could be a target to move toward in due course when it is clear that the benefits would exceed the costs.</p> <p>The Alternative does not require Party Agent implementation (and associated unidentified costs) and therefore would be superior to the Proposed under BSC Objective (d).</p> |
| npower ltd | Yes | <p>The expense to implement by Party Agents is a large disbenefit of the Proposed Modification when compared to the Alternative Modification along with the ongoing cost. Npower ltd believes that the Alternative Modification would be more efficient and cost effective solution to the issues currently identified and thus better facilitates BSC Objective (d) than the Proposed Modification.</p> |
| GDF Suez Energy UK | No | <p>Although we do acknowledge the potentially expensive cost to BSC Party agents that the proposed Mod would create. We do feel that the benefits of the proposed Mod better facilitate the BSC objectives, particularly objective D in improving the accuracy of the credit calculation, especially with regards to identifying unpredicted increase or decrease of consumption at a site and seasonal shutdowns.</p> |
| EDF Energy | No | <p>Elexon have been asked to perform more analysis to aid comparison of the potential accuracy improvements of the proposal and the alternative. Subject to the results of this, and any information on supplier agent costs or accuracy, we think the proposal carries more benefits than the alternative.</p> <p>We think the improvement in accuracy for the Alternative proposal is likely to be significantly less than for the proposed modification, despite there being uncertainty about the accuracy and completeness of data which would be provided by data collectors under the proposed modification.</p> <p>The alternative would give improved accuracy on bank holidays and on the days following them, but the proposal would also give improved accuracy on and after changes of supplier's portfolio as true market share shifts, and also according to the different behaviour of different portfolios at different times of year.</p> <p>The alternative, in using absolute values rather than net values of GSP Group Take when calculating supplier percentage shares, would not fully address errors arising in the current methodology from small or negative GSP Group Take. Significant inaccuracies could arise in some circumstances.</p> <p>Because the main benefits arise through increased accuracy, the net benefit of the alternative under BSC Objective (c) is therefore lower.</p> |

| Respondent | Response | Rationale |
|------------|----------|---|
| | | <p>Although there is uncertainty about the party agent costs to implement the proposal, the central costs of the proposal are similar to those of the alternative. The alternative would reduce the number of manifest error claims, but probably not as much as the proposal, and does not fully address the management of potential difficulties or errors arising from small or negative GSP Group Take. Overall, we think it would not better meet BSC objective (d) compared with the proposal.</p> <p>Overall, on the basis of available information, the alternative would not better meet BSC objectives (c) or (d) compared with the proposal.</p> |

Question 4: Do you support the implementation option preferred by the Modification Group for the Proposed Modification?

Please let us know if your implementation timescales differ from the proposed Implementation Dates

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 5 | 1 | 0 |

Responses

| Respondent | Response | Rationale |
|--|----------|--|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | Yes | - |
| TMA Data Management Ltd | Yes | P253 would have a large impact on the Industry and would require extensive development and testing from all impacted parties. P253 could not be reasonably implemented sooner than the proposed Implementation dates. |
| Centrica | Yes | - |
| npower ltd | No | As Npower ltd does not support the Proposed Modification we see no benefit in supporting the corresponding timescale for implementation. |
| GDF Suez Energy UK | Yes | - |
| EDF Energy | Yes | The implementation timescales would allow approximately 1 year for supplier agents to modify their processes to accommodate the proposal. Although this seems a long time, from impact assessment responses it appears necessary for achievement by all parties. |

Question 5: Do you support the implementation option preferred by the Modification Group for the Alternative Modification?

Please let us know if your implementation timescales differ from the proposed Implementation Dates

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 5 | 1 | 0 |

Responses

| Respondent | Response | Rationale |
|--|----------|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | Yes | - |
| TMA Data Management Ltd | Yes | - |
| Centrica | Yes | - |
| npower ltd | Yes | Npower ltd believes that the Alternative approach is the appropriate solution to address the key issues identified and thus supports the implementation option. |
| GDF Suez Energy UK | Yes | - |
| EDF Energy | No | Although we are comfortable with the suggested implementation timescale, using the same implementation period of approximately 1 year for the alternative proposal seems unnecessary long. An implementation consistent with the time needed to change central systems, with at least 3 months notice for parties to change any internal credit monitoring or forecasting processes, could be used. |

Question 6: What are the impacts and costs of the Proposed Modification on your organisation?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 4 | 0 | 2 |

Responses

| Respondent | Response | Rationale |
|--|----------|--|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | Yes | We estimate IT costs of approx £150k attached to this change, with an implementation time of 8 months. |
| TMA Data Management Ltd | Yes | The Proposed Modification has software and procedure impact. We estimate, using the information currently available, the cost to be between £100K and £150K |
| Centrica | Yes | Centrica would be faced with the costs that Party Agents pass on from having to implement the solution and renegotiate service levels. |
| npower ltd | Yes | The Proposed Modification will require significant changes to Elexon, Party and Party Agent processes to accommodate the storage, usage and communication of new data and there are associated costs to contract amendments. |
| GDF Suez Energy UK | - | The main impact would be the benefits of improved accuracy of the credit calculation and the reduced likelihood of the need to submit a material doubt claim. |
| EDF Energy | - | Changes would be required to our Supplier Agent systems (as a Supplier Agent) and to our Supplier Agent's systems (as a Supplier) to accommodate the required processes. We do not have figures to quantify these impacts, but believe they are relatively minor. At least 3 months notice would be preferable for our own systems. Note that NHH DA data for the II run would probably mostly be based on EACs rather than AAs, but we would hope this would be more accurate than the current historic market share method. Some changes to BSC credit management processes would be required. |

Question 7: What are the impacts and costs of the Alternative Modification on your organisation?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 1 | 3 | 2 |

Responses

| Respondent | Response | Rationale |
|--|----------|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | No | The Alternative should have no impact on us as an organisation. |
| TMA Data Management Ltd | No | No impact. |
| Centrica | No | No impact. |
| npower ltd | Yes | Impacts limited to Elexon shared systems and |

| Respondent | Response | Rationale |
|--------------------|----------|--|
| | | processes with a minimum of costs of implementation being shared amongst industry parties. No supplier impacts or costs. |
| GDF Suez Energy UK | - | Again improved accuracy of the credit calculation and reduced likelihood of the need to submit a material doubt claim. However this would not be reduced to the same extent as for the proposed modification. The majority of our material doubt claims are submitted due site shutdowns in August and December not being picked up by the current credit calculation process. We do not believe that the Alternate Modification would resolve this issue. |
| EDF Energy | - | Minimal changes would be required, to BSC credit management processes. |

Question 8: Are there alternative solutions that the Modification Group has not identified, that they should consider?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 0 | 6 | 0 |

Responses

| Respondent | Response | Rationale |
|--|--------------------|-----------|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | No | - |
| TMA Data Management Ltd | No | - |
| Centrica | No | |
| npower ltd | No | - |
| GDF Suez Energy UK | No | |
| EDF Energy | None at this time. | |

Question 9: What are the costs to your organisation in progressing a material doubt claim?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| | | |

Responses

| Respondent | Response | Rationale |
|--|----------|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | N/a | - |
| TMA Data Management Ltd | n/a | Supplier only question |
| Centrica | None | |
| npower ltd | n/a | - |
| GDF Suez Energy UK | - | We have not yet been able to calculate total costs. However the end to end process of progressing a material doubt claim can be resource intensive. |
| EDF Energy | - | - |

Question 10: What do you believe are the potential benefits of the Proposed Modification? (see Section 7 for the Cost-Benefit Analysis)

Responses

| Respondent | Response |
|--|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | The potential benefits of the Proposed Modification are clear. There is a potential industry saving of £150k in credit costs per annum, coupled with an avoided cost of approx £235k per future defaulting Party, providing more certainty to the market. |
| TMA Data Management Ltd | The potential benefits of P253 Proposed Modification as listed in Attachment B would have to be balanced against the cost to the Industry to implement the Proposed Modification to truly ascertain its financial benefits. |
| Centrica | Please see response to question 1. |
| npower ltd | The benefits of the Proposed Modification are similar to those of the Proposed Alternative but come at a much greater cost. |
| GDF Suez Energy UK | The Proposed Modification would increase accuracy of the credit calculation forecast. This would reduce the need for parties to lodge as large an amount of credit as the case currently and reduce the need for parties to submit material doubt claims. Reducing operational costs for BSC Parties. |
| EDF Energy | See answers to question 1. |

Question 11: What do you believe are the potential benefits of the Alternative Modification?

| Respondent | Response |
|--|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | The potential benefits of the Alternative Modification are not as clear as for the Proposed. The bank holiday issue is resolved, but the GSPNT issue is only partially solved. The general credit inaccuracies would still be present. |
| TMA Data Management Ltd | The potential benefit of the Alternative Modification is the more accurate calculation of Credit cover for most Parties. The fact that the Alternative Modification does not address the issue caused by Embedded Generation makes it less advantageous than the Proposed Modification. |
| Centrica | These need to be quantified. However, there is a clear benefit with regard to being able to address the defect of GSP Group Take approaching zero, which could cause potentially significant inaccuracy in credit cover requirements that is not acceptable. The fact that the Alternative can do this for a fixed and known cost also provides a clear benefit in the implementation and administration of the arrangements. |
| npower ltd | Yes - The Alternative Modification improves the accuracy of the Credit Cover calculation. Given the introduction of the Bank Holiday calculation this is likely to reduce the number of material doubt claims for suppliers who have a B2B focussed portfolio. The Alternative Modification will also reduce claims of material doubt where GSPGT tends to zero. This is more likely going forward with more embedded generation connecting to the system thus this Modification will act as a preventative step to increased material doubt claims. This low cost alternative seems the most appropriate solution to resolve the issues highlighted with the credit cover calculation. |
| GDF Suez Energy UK | The alternate modification would also increase the accuracy of the Credit Calculation. Creating similar benefits to those indicated in our answer to question 10. However as the accuracy would not be as great compared to the Proposed Modification, neither would the benefits. |
| EDF Energy | See answers to question 2. |

Question 12: Do you agree with the Modification Group's conclusion to exclude changes to the way Scottish Bank Holidays from the Alternative Modification Bank Holiday solution (for more details see Attachment A, pages 12 to 17 and Attachment B, pages 15 to 38).

Responses

| Respondent | Response | Rationale |
|--|----------|---|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | Yes | The analysis shows that including the Scottish bank holidays in the Alternative Modification solution would have a detrimental effect on the credit calculation compared with not including them. |
| TMA Data Management Ltd | | St Andrew's Day is not a Scottish Bank Holiday; the use of the 2 nd of January might have been more significant in checking the impact of a Scottish Bank Holiday. |

| Respondent | Response | Rationale |
|--------------------|----------|--|
| Centrica | Yes | The analysis shows that this is the most accurate approach. |
| npower ltd | Yes | It is demonstrated in the analysis that although by changing the methodology for Bank Holidays in England and Wales a more accurate credit cover calculation ensues that this benefit is not seen with the Scottish Bank Holidays. Based on this Npower Ltd would support that in the Alternative Modification that Scottish Bank Holidays are excluded from the analysis. |
| GDF Suez Energy UK | - | No opinion |
| EDF Energy | Yes | <p>Better accuracy would be obtained by using different bank holidays for Supplier BM Units in different GSP Groups, specifically in England & Wales and in Scotland. However, this would be more expensive to implement. The analysis indicates that the single set of bank holidays which gives best overall accuracy is that of England & Wales, as proposed for the alternative. Although improvements in accuracy in Scotland are slightly less with this set, the use of Scottish Bank holidays in the larger E&W market would give more significant anomalies.</p> <p>Note that in section 4 on page 11 of the consultation document "Requirement 2 - Where the Bank Holiday is Settlement Day d, the SVAA shall use the first Sunday on which an Initial Settlement (SF) Run has taken place", we assume this should say ".... the SVAA shall use the most recent Sunday for which an Initial Settlement (SF) Run...".</p> |

Question 13: Do you have any further comments on P253?

Responses

| Respondent | Response |
|--|--|
| Accenture (UK) Ltd. (for and on behalf of ScottishPower) | No |
| TMA Data Management Ltd | The group's conclusion that the additional information should not be sent to Suppliers but only to SVAA would further complicate the changes the Proposed Modification brings. It would make more sense for Suppliers to receive the D0040/D0041, they can then choose to ignore the II runs instead of having one aggregation run type sent to SVAA only and the rest of the aggregation run types sent to both SVAA and Suppliers. |
| Centrica | No |
| npower ltd | <p>Npower Ltd believes that the initial and ongoing costs of the Proposed Modification outweigh the benefits indicated in the assessment consultation.</p> <p>Npower Ltd would like to offer its support to the Alternative Modification.</p> |

| Respondent | Response |
|-----------------------|--|
| GDF Suez Energy UK | No |
| EDF Energy | None at this time. |
| IMserve | <p><u>Assumptions:</u></p> <p>Data Collectors and Data Aggregators have provided their opinion on the performance levels that they believe they can achieve for the proposed settlement run and have also confirmed whether or not they could perform estimations on “missing sites” within these same timescales. The quality of the data is a crucial factor in the proposed change as, if this is not of a certain level, the change cannot be justified. We note that the Working Group has been presented with and also considered much information regarding data completeness, performance regarding receipt of appropriate MTDs and very specifically, volume of generation in both the HH and NHH Market. It is this latter subject (and its associated unpredictability) which factors significantly in the rationale for the change and whilst we acknowledge this point, we believe that the analysis to date has omitted a key factor, i.e. performance levels for generation sites. It is reported that the majority of these sites are within specific GSPs however there is no supporting information regarding data completeness in these specific regions and nor have any specific questions been asked of the industry regarding performance on export sites. More importantly there is no reference to, and therefore we believe no consideration of, the BSC requirement which will result in <u>HHDCs submitting zero estimations for all export sites in the absence of actual data which reduces perceived benefits</u>. In order to enable a decision regarding the value of the proposed change, further analysis must be performed in this area in order to determine the actual benefit of the proposed change and subsequently a re-evaluation of the Alternative Proposal.</p> <p><u>Costs:</u></p> <p>HH</p> <ul style="list-style-type: none"> • We are presuming that there would need to be some changes to the HHDA software to accommodate the adding of an additional settlement run and to recognise the new settlement code type. The costs would be internal for each HHDA agent and could not be passed on. Actual costs for such changes are difficult at this stage due to the complexity of systems and limitations on resource to estimate for potential change. We estimate that we would need at least 10 days solely for analysis of the proposal with development and testing on top of this. Settlement reporting and its associated accuracy is of major significance and therefore such a project would require a full project team with administrative, IT and operational people involved. We estimate that this would entail a minimum of 150 man-days effort. • Additional Data storage costs for an additional Aggregation run means more data stored on the HHDA database and there is a cost associated with data storage which would be |

| Respondent | Response |
|------------|---|
| | <p>incurred by the agent and passed on to the supplier.</p> <ul style="list-style-type: none"> • Increase in data transfer charges as more data would be being sent over the DTN – we would need to pass on these costs to the supplier • Additional settlement runs reporting to be created for all suppliers for the new run code. All reporting currently only runs for the existing 6 settlement run types (SF, R1, R2, R3, RF and DF) to add an additional run would mean more work and change to reporting scripts / procedures. Again extra time and effort for agents. We believe that there could easily be at least 10-25 man days spent solely assessing the impacts and changes that would be required and then the ongoing maintenance and run costs. <p>NHH</p> <ul style="list-style-type: none"> • We are presuming that there would need to be some changes to the NHHDA software to accommodate the adding of an additional settlement run and to recognise the new settlement code type. The costs of this would need to come from Elexon / Cognisant but they need to be taken into account. • Usually to implement a new version of the NHHDA software incurs internal costs for all NHHDA agents in the market and needs project team set up to test and implement. Usually these projects take anywhere between 20 and 100 man days effort of skilled implementation resource depending upon the complexity and design changes made. This would be replicated across all NHHDA agents and the cost will differ depending on each participants testing and implementation policy. • Additional Data storage costs for an additional Aggregation run means more data stored on the NHHDA database and there is a cost associated with data storage which would be incurred by the agent and passed on to the supplier. • Increase in data transfer charges as more data would be being sent over the DTN – we would need to pass on these costs to the supplier • Additional settlement run reporting to be created for all suppliers for the new run code. All reporting currently only runs for the existing 6 settlement run types (SF, R1, R2, R3, RF and DF) to add an additional run would mean more work and change to reporting scripts / procedures. Again extra time and effort for agents. We believe that there could easily be at least 10-25 man days spent assessing the impacts and changes that would be required and then the ongoing maintenance and run costs <p>All of these costs would be incurred for no additional benefit to the NHH market as the group has already recognised that all the data passed from DA to SVAA would be EACs (estimates) so the quality of data would be no better off i.e. no additional benefit but increased costs.</p> <p>We appreciate that you would have preferred more specific costs however this has not been possible within the timescales. Whilst not exactly the same but not too dissimilar and perhaps worthy of mention as a comparison of what can be viewed as a straightforward change at Industry level, but turns into a major project for an Agent is that the recent project (changes regarding collection, estimation and reporting of reactive data) required 270 man-days effort. Not an</p> |

| Respondent | Response |
|------------|---|
| | <p>insignificant amount!</p> <p>Concern for both Markets – although we note that there is no requirement to send this data to Suppliers, as soon as a new settlement run is introduced Suppliers will want visibility of the data and this will change the way suppliers contract with Agents and bring associated increases in costs. In addition we would also reiterate all of the points made in our original response.</p> |