

## P260 Consultation Responses

Consultation issued on 14 September 2010

We received responses from the following Parties

| Company   | No BSC Parties / Non-Parties Represented | Role of Parties/non-Parties represented   |
|---|--|---|
| E.ON  | <b>6/0</b>                               | Supplier, Generator, Trader, Consolidator, Exemptable Generator                   |
| SmartestEnergy  | <b>1/0</b>                               | Supplier/consolidator   |
| TMA Data Management Ltd   | <b>0/1</b>                               | HHDC, HHDA, NHHDC and NHHDA   |
| Accenture Services Limited (for and on behalf of ScottishPower) | <b>7/0</b>                               | Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor |
| National Grid   | <b>1/0</b>                               | Transmission Company  |
| EDF Energy  | <b>10/0</b>                              | Supplier/Generator/Trader/Consolidator/Exemptable Generator/Party Agent           |

What stage is this document in the process?

**01** Initial Written Assessment

**02** Definition Procedure

**03** Assessment Procedure

**04** Report Phase

## Question 1: Do you agree that the Panel's recommended legal text delivers the solutions agreed by the Modification Group?

### Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 4   | 1  | 1             |

### Responses

| Respondent  | Response | Rationale  |
|---|----------|--|
| E.ON  | Yes      | It appears to deliver the solutions.   |
| SmartestEnergy  | -        | -  |
| TMA Data Management Ltd   | Yes      | -  |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes      | -  |
| National Grid   | Yes      | National Grid believes the proposed legal text delivers the solution agreed by the Modification Group in an effective manner.  |
| EDF Energy  | No       | Legal text refers to "half hourly and non half hourly Import data and Export data by Settlement Period and/or Settlement Day in respect of each Supplier BM Unit" (proposal and alternative) and "half hourly and non half hourly Import data and Export data by Settlement Period and/or Settlement Day aggregated by GSP Group" (alternative), but these are ambiguous descriptions of the data to be reported. Section K describes Import and Export as flow at a boundary point, whereas the flow to be reported here is at the transmission boundary. The required data is most equivalent to "BM Unit Metered Volume", so "... Import data and Export data components of BM Unit Metered Volume..." or "... Import data and Export data as at the Transmission System Boundary..." (as in R1.2) would be a less ambiguous description than just "Import data and Export data". |

Question 2: The Panel has initially recommended an implementation approach for the Proposed and Alternative solutions (if either is approved) of:

- 31 March 2011 if an Authority decision is made by 19 November 2010; or
- the Next Available Release, allowing for a minimum 4 month implementation period, if an Authority decision is made after 19 November 2010.

Do you agree with the Panel's recommended Implementation Dates?

### Summary

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

### Responses

| Respondent  | Response | Rationale  |
|---|----------|--|
| E.ON  | Yes      | As long as the implementation period is realistic and does not unnecessarily delay the proposal.   |
| SmartestEnergy  | No       | The issue should be put on hold until the outcome of the DECC/Ofgem Review of Transmission issues  |
| TMA Data Management Ltd   | Yes      | -  |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes      | -  |
| National Grid   | Yes      | <p>The role of the proposed (or alternative) modification in facilitating National Grid's ongoing licence obligation to deliver an enduring solution to the 'small generator discount' would require implementation by 31 March 2011. National Grid agrees with the panel's recommendation of a fall back date, which will serve to ensure no nugatory work is undertaken by waiting for a decision by the Authority before instigating implementation.</p> <p>The regular provision of additional data will be used by National Grid to help corroborate demand</p> |

| Respondent | Response | Rationale  |
|------------|----------|--|
|            |          | forecasts, which are provided by network users net of embedded generation output. As a result of this, the earlier the modification is implemented the earlier that the benefits of more accurate collection of transmission revenue and the better achievement of Applicable BSC Objective (a) can be realised.                                       |
| EDF Energy | Yes      | Earlier implementation would be preferable, to better inform forecasts of potential future transmission charging, but implementation on 31 March 11, just in advance of the next transmission charging year, seems a pragmatic compromise. Later implementation with 4 months notice would delay the benefits, but again seems a pragmatic compromise. |

Question 3: Do you agree with the Panel's initial majority recommendation that:

- P260 Proposed will not better facilitate the achievement of the Applicable BSC Objectives, when compared with the existing arrangements; and

P260 Proposed should therefore be rejected?

### Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 3   | 3  | 0             |

### Responses

| Respondent     | Response       | Rationale   |
|----------------|----------------|---|
| E.ON           | On balance, no | We did not initially agree there was a benefit with implementing the proposal purely to support a charging change which has now been put on hold. However, there is a small benefit that National Grid has indicated as the original proposal allows it to better verify user forecasts of demand which are submitted as part of the TNUoS billing process. |
| SmartestEnergy | Yes            | The issue should be put on hold until the outcome of the DECC/Ofgem Review of Transmission issues   |

| Respondent  | Response | Rationale   |
|---|----------|---|
| TMA Data Management Ltd   | Yes      | -   |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes      | In our original response we did not support the original P260 proposal and therefore we agree with the Panel's initial majority recommendation.   |
| National Grid   | No       | <p>National Grid understands, from the Draft Modification Report consultation document, that the panel believe the proposed modification is not better than the current baseline due to the outcome of the wider Charging Review (Project TransmiT) being unknown. However, National Grid does not believe that this reasoning represents an assessment against the Applicable BSC Objectives.</p> <p>At the time the proposal was initially presented to the panel on 10 June 2010, it was made clear that one of the main benefits of raising the modification proposal was to allow the Authority to consider P260 in parallel with any charging modification proposals, despite the fact that the outcome of these charging modification proposals was uncertain. This was to allow the Transmission Company to efficiently discharge its licence obligations, consistent with Applicable BSC Objective (a). It is National Grid's view that this has not materially changed as a result of Project TransmiT. Indeed, a best endeavours obligation remains in place within the Company's Transmission Licence and it is National Grid's view that proceeding with the modifications outlined in P260 are necessary to meet these best endeavours in an efficient manner.</p> <p>In addition to the above, based on the outline of Panel discussions in Section 9 of the consultation, National Grid believes that the panel may not have sufficiently taken into account the additional benefits to demand forecasting and accurate transmission owner revenue recovery as a result of the availability of the additional metered data provided for under P260. Despite being highlighted in the Working Group report, this benefit does not appear in the Panel discussions outlined in Section 9.</p> <p>Therefore National Grid continues to believe that modification proposal P260 better facilitates both Applicable BSC Objective (a) and (c).</p> |

| Respondent | Response | Rationale  |
|------------|----------|--|
| EDF Energy | No       | <p>A benefit exists for better achievement of NG licence objectives (BSC Objective (a)), specifically those leading to a requirement for investigation and potential consequential change to transmission charging. The consequences of any change to transmission charging on efficient system operation or competition are outside the direct remit of the BSC.</p> <p>The proposal would not directly affect operation of the transmission system (BSC Objective (b)), unless the Transmission Company considered that such data would better inform its balancing activities.</p> <p>The proposal would not directly affect trading charges associated with the competitive purchase and sale of energy (BSC Objective (c)).</p> <p>The proposal would incur an implementation cost for which the only reduction in ongoing BSCCo or BSC party operating costs would be avoidance of ad-hoc requests for data by the Transmission Company (BSC Objective (d)). We think future requests for this data by the Transmission Company are inevitable, and in time the cost of meeting ad-hoc requests will exceed the cost of automating the process via this proposal. As an indication, the draft Modification Report (page 18) suggests a cost of £55k + £11k/year for a "manual" solution including the Transmission Company's own costs, which is similar to the £77k cost of the proposal, which would automate the process.</p> |

Question 4: Do you agree with the Panel's initial majority recommendation that:

- P260 Alternative will not better facilitate the achievement of the Applicable BSC Objectives, when compared with the existing arrangements; and

P260 Alternative should therefore be rejected?

### Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 3   | 3  | 0             |

## Responses

| Respondent  | Response | Rationale  |
|---|----------|--|
| E.ON  | No       | This information is necessary so that market participants can understand future trends in underlying demand and generation output on the distribution system, as more embedded generation is connected. This will have benefits for generators, traders and suppliers alike.   |
| SmartestEnergy  | Yes      | This modification introduces costs but we see no benefit in the information. Industry participants have not previously requested this information and are only now wishing to receive it if it is made available to NGT. It clearly, therefore, is not of significant use to them.   |
| TMA Data Management Ltd   | Yes      | -  |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes      | In our original response we supported the P260 Alternative Modification on the basis that the publication of the data in the TUoS Report, albeit, at an aggregated level would provide a greater level of transparency and thereby improving understanding within the market. However we also stated that there should be no expenditure on implementation of this change until the future arrangements for embedded generation are finally known. Given that Ofgem have now instigated a Transmission review, we now believe that this proposal should be put on hold until such time as the review is complete and as such support the Panel's initial majority recommendation that P260 Alternative should be rejected. |
| National Grid   | No       | National Grid disagrees with the Panel's recommendation on the Alternative for the same reasons highlighted in response to the Panel's recommendation on the Proposed change in Question 3. In addition to these reasons it is National Grid's view that the provision of additional data to all industry parties, forming part of the Alternative, provides benefits to competition (i.e. BSC objective (c)) over and above that provided by the Proposed change.   |
| EDF Energy  | No       | In addition to the benefits for the proposal, described in response to question 3, making the data in the TUoS Report more widely available would:<br><br>Better meet BSC Objective (c) concerning competition by enhancing visibility of underlying generation and demand for electricity, so facilitating more efficient forecasting, planning and trading by competing electricity companies  |

| Respondent | Response | Rationale   |
|------------|----------|---|
|            |          | <p>Be expected to have a knock-on effect on BSC Objective (b) because improved forecasting by participants should allow more efficient system operation.</p> <p>Allow aggregate data to be made available to all parties, not just MRA parties via the DTC D0276 flow, and avoid the need for suppliers receiving the D0276 flow to develop software to aggregate and report the data.</p> <p>Note that raw export and import data at GSP Group level in the Master Registration Agreement (MRA) Data Transfer Catalogue (DTC) D0276 flow may not be readily available to non-MRA/non-supplier parties.</p> |

Question 5: The Panel currently believes that the benefits of making the Allocated Import and Export Volumes available to Parties at GSP Group level, via a new Report under the P260 Alternative Modification, do not outweigh the costs to implement.

Do you agree?

(Please provide details of any specific benefits to your organisation in your answer, and as appropriate how these benefits relate to the Applicable BSC Objectives).

### Summary

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

### Responses

| Respondent     | Response | Rationale  |
|----------------|----------|--|
| E.ON           | No       | <p>The cost of providing this is a minimal increase over the cost of the original proposal. However, even if the full cost is taken into account, when spread across more than 50 trading parties or trading party groups does not add up to a significant cost per benefitting participant.</p> <p>The alternative approach of using the D0276 flow appears to be complex to achieve and would seem to only be open to suppliers operating in the GSP Groups concerned, as other parties would not receive the flow and suppliers would not receive it for the GSP Groups within which they are not active.</p> |
| SmartestEnergy | Yes      | This modification introduces costs but we see no   |



| Respondent  | Response | Rationale   |
|---|----------|---|
|   |          | benefit in the information. Industry participants have not previously requested this information and are only now wishing to receive it because it is being suggested that it could be made available to NGT. It clearly, therefore, is not of significant use to them.   |
| TMA Data Management Ltd   | Yes      | There is no specific benefit for TMA.   |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes      | While we believe that making the information available will provide a greater level of transparency and thereby improve understanding within the market, we would reiterate our view above that given the Ofgem initiative this modification should be rejected until such time as a clearer picture has emerged.   |
| National Grid   | Yes      | National Grid agrees with the Panel's belief that the benefits of making additional metered data available to Parties at GSP Group level do not outweigh the costs to implement. These benefits, which would materialise in the form of enhanced competition better meeting Applicable BSC Objective (c), are difficult to quantify.  |
| EDF Energy  | No       | <p>1. There can be no doubt that more transparency of embedded generation will be required in future, as the volume increases and has increasing impact on transmission and distribution system operation as well as market operation. We think the relatively modest cost of the alternative proposal, when spread across the industry, is justified by the market benefits described in response to question 4 above.</p> <p>2. Some participants already have access to this data in the DTC D0276 flow, but the cost to those that don't of acquiring it by this route could be high.</p> <p>3. DTC data flows such as the D0276 may be included in customised/automated supplier systems focussed on efficient supplier operations rather than wider market analysis and forecasting. The cost of extracting and processing the data internally specifically for these wider purposes may be significant compared with use of a centrally provided simple downloadable file.</p> |

Question 6: As part of this consultation, we have provided additional details of the risks and costs associated with a manual workaround. Taking this into account, do you agree that P260's automated solution is a more appropriate way to provide data to the Transmission Company than a manual option?

### Summary

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

### Responses

| Respondent  | Response        | Rationale   |
|---|-----------------|---|
| E.ON  | Yes, on balance | There appears to be little difference in the cost between the two options and if the automated solution reduces the possibility of errors this should be adopted.   |
| SmartestEnergy  | No              | We object to the leading nature of this question. It was inappropriate that Elexon were contemplating providing this information to NGT in the first place without the knowledge of BSC Parties, but at their expense.  |
| TMA Data Management Ltd   | Yes             | Manual workarounds are best avoided, as they do not offer a robust enough solution.   |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes             | We believe that any agreement should include an automated solution.   |
| National Grid   | Yes             | National Grid believe that the scale of the potential impact of the risks posed to accurately collecting transmission revenue as a result of a manual solution outweigh any benefits in terms of a minor reduction in the costs of implementation when compared to an automated solution.   |
| EDF Energy  | Yes             | The cost of £55k + £11k/year for a "manual" solution, including the Transmission Company's own costs, is similar to the £77k cost of the proposal for an automated solution. Even if a review of charging arrangements does not lead to a requirement for the data to be sent, we think it is inevitable that the Transmission Company will require this data in future |

| Respondent | Response | Rationale  |
|------------|----------|--|
|            |          | as the level of embedded generation, which ultimately affects transmission flows, grows. |

## Question 7: Do you have any further comments on P260?

### Summary

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

### Responses

| Respondent  | Response   |
|---|--|
| E.ON  | No   |
| SmartestEnergy  | The fact that generators in Scotland are liable for TNUoS is not something which the BSC should concern itself with; it is a problem of the definition of transmission in Scotland. NGC should be able to address these issues elsewhere. NGC are desirous of further changes to the way in which embedded benefits are paid in England and Wales but these are proposals which have not yet been accepted. It is, therefore, inappropriate for BSC Parties to incur costs for proposals which have not been fully consulted upon. We believe it is disingenuous to suggest that resolution of the Transmission Company's licence obligation (Standard Licence Condition C13) to develop and implement enduring arrangements prior to the expiry date of the Scottish 132kV connected discount arrangements is related to their wider desire to change the embedded arrangements in England & Wales. |
| TMA Data Management Ltd   | No   |
| Accenture Services Limited (for and on behalf of ScottishPower) | No   |
| National Grid   | No   |
| EDF Energy  | Yes - We note that where a generator is not required to be separately metered at a site, there is no explicit measure of the underlying generation and demand which gives rise to export or import for that site. Measured export and import are necessarily   |

| Respondent | Response  |
|------------|---|
|            | <p>only an indicator of net levels of underlying generation and demand.</p> <p>We note that reporting of import and export values adjusted for distribution loss and (for NHH) GSP Group Correction to the Transmission System Boundary as proposed is not the same as reporting of volumes at the site distribution boundary points.</p> |