

CPC0045 Impact Assessment for P226

Consultation Issued on 03 October 2008

Representations were received from the following parties

| No | Company | Capacity in which Organisation operates in |
|----|--|--|
| 1. | RWE Supply and Trading GmbH, RWE Npower plc, Great Yarmouth Power Ltd, Npower Cogen Trading Ltd, Npower Direct Ltd, Npower Ltd, Npower Northern Ltd, Npower Northern Supply Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd | Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent |
| 2. | Uskmouth Power Limited | Generator |
| 3. | International Power Mitsui | Generator |
| 4. | ScottishPower | |
| 5. | Centrica Energy | Supplier/Trader/Generator |
| 6. | Drax Power Limited | Generator |
| 7. | InterGen UK Ltd. | Generator |
| 8. | British Energy Trading and Sales Limited; British Energy Generation Limited; British Energy Direct Limited; Eggborough Power Limited | Generator; Supplier; Trader; CVA MOA |
| 9. | E.ON UK | Supplier, Generator, Trader, Consolidator, Exemptable Generator |

Question 1: Would Proposed Modification P226, as outlined in the attached Requirements Specification, impact your Organisation?

| Respondent | Response |
|-------------------------------|---|
| RWE npower | Yes |
| Uskmouth Power Limited | Yes |
| International Power Mitsui | Yes, IPM is the owner and operator of Rugeley Power Station, which is a LCP as defined in the Large Combustion Plant Directive. |
| ScottishPower | Yes |
| Centrica Energy | No |

| Respondent | Response |
|-----------------------|--|
| Drax Power Limited | Yes |
| InterGen UK Ltd. | There would be no direct impact on our organisation. |
| British Energy | Yes |
| E.ON UK | Yes |

Question 2: If impacted by the Proposed Modification, please provide a description of the impact, associated costs and required implementation timescales (from the point of Authority approval) for your organisation.

| Respondent | Response |
|-------------------------------|--|
| RWE npower | There would be new data flows required both in terms of data submission and receipt of published data. It is possible that new systems and procedures will be required to create and submit the data required. Potential costs may be in the order of £10,000 to establish the relevant flows. |
| Uskmouth Power Limited | We would have to provide the data required by the modification to the BSC. |
| International Power Mitsui | The Modification will require new management systems – in particular to provide robust cover for absences in order to meet the one business day deadline regarding derogations. Extra redundancy would need to be built into the current management system and this would have a cost (at the very least in terms of training). |
| | IT costs would be minimal if the information is simply to be submitted in a spreadsheet. However, an uncertain number of man hours would have to be devoted to establishing the new processes and monitoring any process to ensure that it is sufficiently robust. |
| ScottishPower | There would be a one-off exercise to provide the mapping of BMUs to LCPD plants and the their status; however, this should be of minimal effort. The proposed reporting timescales for the ELV data items (operating hours) would be in line with those currently in place with SEPA, so there would be minimal extra effort required. However, it is worth noting that SEPA are considering a move to quarterly reporting of operating hours, which would obviously increase the effort required to report into the BMRS over SEPA. The effort required to publish derogation details is, again, minimal, as it is expected to occur very infrequently. |
| | For the revision to emissions limits, these vary only because of a NERP trade. The current process is that trades are notified (individually by both Parties) to the EA register within five days of the trade being agreed. We would assume (although it is not clear from the requirements spec) that the notification to the BMRS is within 1 day of that EA notification, with publication taking place only after both TON 1 forms are received by the BMRA. If this assumption is correct then there will be no |

| Respondent | Response |
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| | impact on our current process. |
| | Implementation will require 1 month from Authority decision to allow for documentation and process changes to be fully made. Implementation and ongoing operational costs will be minimal. |
| Centrica Energy | N/a |
| Drax Power Limited | It is understood that the Proposed Modification could potentially require Drax to submit LCPD related data on a more regular basis than the current baseline (for example, monthly allowance data submissions). Provided that a cost effective data submission tool is developed (i.e. a simple form or spreadsheet via email, as opposed to a more elaborate computerised data submission system), the impact to our organisation is expected to be minimal. The implementation timescales should allow at least five working days to allow participants to implement / update LCPD data submission procedures. |
| InterGen UK Ltd. | There would be no direct impact on our organisation. |
| British Energy | We would need to comply with the additional reporting requirements. This would result in additional time spent providing information to BSCCo. We would require 3 months prior notice before implementation. |
| E.ON UK | Initially confirming which BM Units comprise our LCP and whether they are 'Opt-Outs' or 'Opted-In' under ELV or NERP during the implementation phase is straightforward. Subsequently sending monthly submissions of operational hours for 'Opted-Out' plant to BSCCo should also be straightforward and quick to implement by email as this is already submitted to meet PPC regulatory requirements. BSCCo could receive a copy of this mail to the Regulator or the hours extracted from this submission. We have no plant operating under Article 5(1); if FGD breakdown occurred at an 'Opted-In' plant necessitating seeking a derogation under Article 7(1), notifying the derogation application and subsequent amended ELV limits from the granting of such to BSCCo should also be simple enough by email. Very little lead time should be required to ensure these requirements are communicated to relevant colleagues. |

Question 3: Would Alterative Modification P226, as outlined in the attached Requirements Specification, impact on your organisation?

| Respondent | Response |
|-------------------------------|--------------------------------|
| RWE npower | Yes |
| Uskmouth Power Limited | Yes |
| International Power Mitsui | Yes- see answer to Question 1. |

| Respondent | Response |
|-----------------------|--|
| ScottishPower | Yes |
| Centrica Energy | No |
| Drax Power Limited | Yes |
| InterGen UK Ltd. | There would be no direct impact on our organisation. |
| British Energy | Yes |
| E.ON UK | Potentially Yes. |

Question 4: If impacted by the Alternative Modification, please provide a description of the impact, associated costs and required implementation timescales (from the point of Authority approval) for your organisation.

| Respondent | Response |
|-------------------------------|---|
| RWE npower | There would be new data flows required both in terms of data submission and receipt of published data. It is possible that new systems and procedures will be required to create and submit the data required. Potential costs may be in the order of £10,000 to establish the relevant flows. |
| Uskmouth Power Limited | Again we would have to provide the data. |
| International Power Mitsui | See answer to Question 2. |
| ScottishPower | The anticipated impact, timescales and costs will be virtually the same as those for the Proposed. |
| Centrica Energy | N/a |
| Drax Power Limited | The Alternative Modification would impact Drax to a lesser degree than the Proposed Modification, as the Alternative Modification requires less data to be submitted. As detailed in our answer to Question 2, provided that a cost effective data submission tool is developed (i.e. a simple form or spreadsheet via email, as opposed to a more elaborate computerised data submission system), then the impact to our organisation is expected to be minimal. The implementation timescales should allow at least five working days to allow organisations to implement / update LCPD data submission procedures. |
| InterGen UK Ltd. | There would be no direct impact on our organisation. |
| British Energy | In the unlikely event of an application for derogation we would need to provide this information to BSCCo. |

| Respondent | Response |
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| E.ON UK | P226 Alternative should only affect us if FGD breakdown at a plant necessitated seeking a derogation under Article 7(1), in which case the derogation application and subsequently amended ELV limits resulting from the granting of such would have to be notified to BSCCo. By email this should be straightforward with no particular associated costs or leadtime. |

Question 5: P226 calls for the submission of data relating to the LCPD. Do you believe that the LCPD data that is being requested, in terms of the Proposed and Alternative Modifications, includes all potential 'Market Critical Data'?

| Respondent | Response |
|-------------------------------|---|
| RWE npower | The submission of data relating to the LCPD is in most cases already required through the EA and SEPA and published in the EA website. |
| Uskmouth Power Limited | No |
| International Power Mitsui | The Proposed Modification includes more data than is necessary, i.e. data which is not 'Market Critical'; in particular, items 5 and 8 – given the nature of the trading arrangements for these products there is nothing to be gained from reporting them in a different fashion from that currently used by the EA. |
| | Further, the modification does not include the actual cumulative annual emissions of SO2 which is the only way of putting item 8 into context. |
| | Items 5 and 8 create a burden without a benefit. |
| ScottishPower | ScottishPower do not believe that LCPD data is "market critical" as it is data reported ex post and can only be used as a very basic guide to plant operation. |
| Centrica Energy | Yes. It appears comprehensive. |
| Drax Power Limited | With regards to 'Market Critical Data', Drax believes that the Proposed Modification and the Alternative Modification would be an improvement from the current baseline. Drax believes that the main piece of 'Market Critical Data' is derogation data; a piece of data that is not currently released to all market participants at the same time. Derogations legally allow and restrict an installation's participation in the market where it would otherwise not be able to participate. It is our belief that the Proposed Modification has the added burden of submitting traded allowance data, which we do not believe addresses the main issue (i.e. the timely release of derogation details). Therefore, even though the Alternative Modification would release less data, it contains a better balance of data submission and data release. |
| InterGen UK Ltd. | InterGen agrees that the modifications include all 'Market Critical Data' that would enhance the visibility of data relating to LCPD plant. |
| British Energy | - |

| Respondent | Response |
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| E.ON UK | No. Publishing operating hours for all GB generating LCP that is either Opted-out or Opted-In but operating under derogation will redress the current imbalance where operating hours for such plant are published for English and Welsh coal and oil-fired but not any Scottish generators, giving the latter information on competitors' positions not easily available to English and Welsh operators. This would be a welcome step forward in creating a level playing field for all GB generation plant. However, more comprehensive disclosure of (SO2 and NOx) emissions is desirable, as there other gaps in critical data available to the market: • There is a mismatch in reporting between Scotland and the rest of GB not only for Opted-out and derogated plant, but also other Opted-in sites, no more than annual data 18 months after the year in question being published for Scottish plant other than NERP sites (e.g. Longannet and Peterhead). • Similarly actual emissions are not published at the same timescales for Opted-Inplant, varying by the compliance route chosen. For NERP LCP throughout GB, publication is only on a quarterly basis, whereas actual emissions are published monthly for the 17 largest coal and oil-fired plant in England and Wales: these include some Opted-Out but also various plant Opted-In under Emission Limit Values(Ratcliffe, Cottam, West Burton, Rugeley, Aberthaw, Ferrybridge C Units 3&4,Fiddlers Ferry, Uskmouth). To rectify these assymmetries of information on Opted-In LCP, emissions from all GB Opted-In LCP both ELV and NERP (which plants already submit monthly for segulators compliance). |
| | for regulatory compliance), should also be published monthly. |

Question 6: Are the proposed reporting time scales reasonable and above all are they achievable?

| Respondent | Response |
|-------------------------------|--|
| RWE npower | The timescales appear reasonable |
| Uskmouth Power Limited | Yes |
| International Power Mitsui | The reporting timescales are reasonable and achievable; however, they will require some changes to management systems in order to meet the deadlines imposed (particularly the one business day deadline for derogation application/ acceptances). |
| ScottishPower | By keeping close to the existing EA and SEPA reporting schedules, the Modification's reporting timescales are reasonable and achievable. |
| Centrica Energy | Centrica would prefer earlier provision and publication of the data. |
| Drax Power Limited | The reporting timescales of traded allowance data in the Proposed Modification requires parties to submit data on a different basis to what they would under the terms set out by the relevant environment agency. Whilst we consider this to be reasonable, it does add a further reporting burden on participants. The reporting timescales under the Alternative Modification appear reasonable. |
| InterGen UK | InterGen agrees that the proposed reporting time scales are reasonable and should |

| Respondent | Response |
|----------------|--|
| Ltd. | be achievable. |
| British Energy | We would prefer 3 working days following confirmation from the EA that the transfer has been acknowledged to notify BSCCo. This would provide resilience against staff and system issues in what would be a semi-manual process, at least initially. |
| E.ON UK | Yes |

Question 7: Are there any required data items, under the Proposed or Alternative, that are not currently reported by you?

| Respondent | Response |
|-------------------------------|--|
| RWE npower | No |
| Uskmouth Power Limited | No |
| International Power Mitsui | Yes: |
| | Items 1 and 2: this is not reported but is already publicly available. |
| | Items 6 and 7: applications for derogations and derogations granted are not reported by IPM. Derogations which are granted are published by the EA already. The visibility of this information, which presents implications about future availability, is no more opaque than that for other plant, e.g. recent (October 10th) announcement on nuclear availability. |
| ScottishPower | Details of granted derogations currently go from Agency to Party, not from the Party |
| Centrica Energy | n/a |
| Drax Power Limited | Other than item 1 of the Proposed Modification, all of the data items applicable to Drax Power Station are currently reported to the Environment Agency. However, the reporting timescales do not necessarily match those of the Environment Agency. |
| InterGen UK Ltd. | No. |
| British Energy | No |
| E.ON UK | No |

Question 8: P226 places an obligation on parties to submit data to BSCCo, do you currently report LCPD data to another organisation e.g. Environment Agency, Scottish Environment Protection Agency (SEPA) etc? If so what information do you submit and in what time scales do you submit your data?

| Respondent | Response | | |
|-------------------------------|---|--|--|
| RWE npower | We already submit information to the Environment Agency following the timescales required by the relevant legislation. | | |
| Uskmouth Power Limited | EA - All data associated with LCPD, which in our case is emissions. All is reported monthly. We do not report running hours as it is not relevant to our reporting. | | |
| International Power Mitsui | We report data to the Environment Agency. Information is reported on SO2 emissions and operational hours (if applicable, i.e. when the LCP is operating under a derogation). | | |
| ScottisPower | ScottishPower currently submits data to both the Environment Agency and SEPA in line with the reporting timescales of those Agencies. This data is on emissions and operating hours from our NERP and opted out ELV plant, as well as details of NERP trades. These are broadly in line with the timescales for the Proposed and Alternative Modifications. | | |
| Centrica Energy | n/a | | |
| Drax Power Limited | Drax does currently submit data to the Environment Agency. Details on the monthly volumes of SOx, NOx and dust emitted, along with generation volumes, are submitted on a quarterly basis. Details of allowance transfers are submitted as and when the transfers occur. | | |
| InterGen UK Ltd. | No. | | |
| British Energy | We currently provide reporting to the Environment Agency in line with the LCPD NERP requirements. | | |
| E.ON UK | LCP Emissions are submitted to the Environment Agency on a monthly basis. (Plant that does not fall under the scope of the directive (e.g. CCGTs) report quarterly only). | | |

Question 9: P226 proposes to have certain LCPD data published on the BMRS. Is there any particular format that you believe would provide the most benefit for your organisation? i.e. simple spreadsheet, full TIBCO messaging etc

| Respondent | Response | |
|----------------|---|--|
| RWE npower | Our preference if for full TIBCO messaging. | |
| Uskmouth Power | Both spreadsheet and via TIBCO messaging | |

| Respondent | Response |
|-------------------------------|--|
| Limited | |
| International Power Mitsui | If the data to be published is truly 'Market Critical' then a robust system is required. This would imply full TIBCO messaging. |
| ScottishPower | As ScottishPower do not place a high value on making this information available on the BMRS, we would look for the most cost effective implementation strategy – a combination of links to the appropriate Agency website and spreadsheets on the BMRS would seem to be suitable. |
| Centrica Energy | A simple spreadsheet would suffice. |
| Drax Power Limited | Drax believes that a simple spreadsheet or web page that contains all the required data would suffice. This is especially true of the Alternative Modification, as the volume of data will be less. |
| InterGen UK Ltd. | InterGen believes that making the proposed data available via the BMRS is the most attractive option. For purposes of analysis, a simple downloadable spreadsheet would be beneficial. InterGen also supports full TIBCO messaging though acknowledge that this would require a change in our and other parties internal IT systems. |
| British Energy | Our preference would be for TIBCO messaging (subject to cost) and/or CSV/spreadsheet. |
| E.ON UK | Downloadable spreadsheets/csv data should be sufficient though for notification of derogations applied for or granted an alert via the BMRS warning screen would be useful. |

Question 10: The P226 Modification Group established the following characteristics to define the scope of the Modifications:

'BSC Parties that are responsible for registering BM units associated with LCPs (under the terms of the LCPD) to report the relevant data items to BSCCo. Neither P226 nor the Alternative would apply to demand BM Units, or to generators whose power stations fall outside the scope of the Directive (e.g. gas turbines licensed before 27 November 2002).

The P226 Group ('the Group') further clarified the scope by determining that P226 would only apply to BM units that have the following characteristics:

- Comprises all or part of an LCPD plant;
- Is a Production BM Unit;
- Is registered in CVA; and
- Is connected to the Transmission System.'

Do you believe that this definition of scope includes all relevant parties?

| Respondent | Response |
|-------------------------------|---|
| RWE npower | This definition appears to capture all relevant plant in terms of the BSC. |
| Uskmouth Power Limited | Yes |
| International Power Mitsui | The scope seems suitable. |
| ScottishPower | Yes |
| Centrica Energy | Yes |
| Drax Power Limited | Drax believes that the criteria appear reasonable. However, it may be appropriate for the P226 Modification Group to perform some analysis to ensure the BM Units captured by this definition appear to be sensible. |
| InterGen UK Ltd. | InterGen agrees that this definition of scope includes all relevant parties. |
| British Energy | The proposed scope represents a pragmatic set of BM Units to be included. |
| E.ON UK | No. The first three points make sense but embedded plant should not be excluded. Over 4 GW of capacity is not connected to the Transmission system which includes LCP of over 100 MW (e.g. Fawley Co-gen). This may have a significant impact on capacity availability and market expectations thereof. It would be potentially discriminatory and give a competitive advantage to operators of any large generating LCP excluded from the scope: for greater transparency to best inform the market such plant should be included. |

Question 11: The Scope of P226 refers to 'BM Units associated with LCPs (in terms of the directive)'. With this in mind, how many BM units are associated with your LCP and can you indicate which ones?

| Respondent | Response |
|-------------------------------|---|
| RWE npower | Our LCP plants relevant to the emissions limits are identified on the EA website. |
| Uskmouth Power Limited | 3 – USKM-13, USKM-14, USKM-15 |
| International Power Mitsui | 2 BMUs units are associated with the LCP: T_RUGPS-6, T_RUGPS-7 |

| Respondent | Response | | | |
|-----------------------|---|----------------------|----------------------|--------------------------|
| ScottishPower | Longannet Power Station has 4 BMUs. Units 1, 2, 3 and 4 all feed into one common windshield stack, the four BMUs are therefore associated with one LCP. | | | |
| | Cockenzie Power Station has 4 BMUs. Units 1 and 2 feed one stack / LCP. Units 3 and 4 feed a separate stack / LCP. Cockenzie therefore has 4 BMUs and two LCPs. | | | |
| Centrica Energy | n/a | | | |
| Drax Power Limited | There is only one chimney at Drax Power Station, therefore only one LCP. The applicable BM | | | |
| | Units associa DRAXX-5,DRA | | .CP are: DRAXX-1,DR | AXX-2, DRAXX-3, DRAXX-4 |
| InterGen UK Ltd. | None | | | |
| British Energy | The following four BMUs are associated with our one LCP at Eggborough Power Station; T_EGGPS-1, T_EGGPS-2, T_EGGPS-3, T_EGGPS-4 | | | |
| E.ON UK | associated wi | | • | 226 is approved, 12 BMUs |
| | LCP | BM Unit ID | BMU Name | |
| | Caria | T_GRAI-1 | T_GRAI-1 | |
| | Grain | T_GRAI-4 | T_GRAI-4 | |
| | Ironbridge | T_IRNPS-1 | Ironbridge Unit 01 | |
| | Ironbridge | T_IRNPS-2 | Ironbridge Unit 02 | |
| | | T_KINO-1 | T_KINO-1 | |
| | Kingsnorth | T_KINO-2 | T_KINO-2 | |
| | | T_KINO-3 | T_KINO-3 | |
| | | T_KINO-4 | T_KINO-4 | |
| | | T_RATS-1 | T_RATS-1 | |
| | Ratcliffe | T_RATS-2 T_RATS-3 | T_RATS-2 T_RATS-3 | |
| | | T_RATS-4 | T_RATS-4 | |

Question 12: Any further comments on P226?

| Respondent | Response |
|------------|----------|
| RWE npower | No |

| Respondent | Response |
|-------------------------------|--|
| Uskmouth Power Limited | No |
| International Power Mitsui | Applications for derogations are not the same thing as acceptances - only when the generator's local environment agency inspector signifies acceptance of the generator's request does the information concerned become a reality. There is a danger that the fact that an application is made leads to a faulty assumption about the acceptance of that application. Further, the requirement to publish an application incentivises market participants to delay making an application until the latest possible date – this seems to be an unintended consequence of the modification. |
| | See answer 5 for a comment on the usefulness of SO2 emission data. |
| | The timescales proposed will offer little/no improvement on the current publication times used by the EA. |
| | Most of the data that is requested in this modification is already available from public sources (except data on Scottish plant and applications for derogations). In recent periods it is information about the plant operating under derogated hours (section 5.1) that has been important. It is expected that by the time this modification is approved then there will be no LCPs operating under a 5.1. derogation. It has to be questioned as to whether this modification will bring any benefits beyond simply offering another website to obtain the information. This doesn't seem sufficient to justify the costs it would create. The operational hours issue for opted-out plant will only have a potential impact on the market when the relevant units are approaching the 20,000 hours limit. The current method employed by the EA is robust enough to indicate when this is the case. |
| ScottishPower | We have concerns that there is no mention of validating the data received from Parties prior to publication. We understand our obligation to provide accurate data, however mistakes can and do occur. We would not like to see a situation where the data is submitted to both the BMRA and the Agency / SEPA, published first by the BMRA and subsequently rejected by the Agency / SEPA. Although this would be rectified and corrections published soon after, for that initial period potentially misleading data would be published on the industry website. Parties who are looking to use this information to improve their own trading strategy could be misled into taking financially unwise decisions. Additionally, Parties may not fully trust the un-validated data, undermining any benefit of the Modification |
| Centrica Energy | Unless there is justification as to why it is unachievable, we believe that this information should be provided and published in prompter timescales. 28 days after the end of the month is a substantial delay and reduces the value of the information. If Parties are able to provide the information sooner, then it should be required and published accordingly. This would ensure greatest benefit is attained from P227. |
| Drax Power Limited | In terms of impact at this stage of development, and whilst understanding the reasoning behind the requested data in the Proposed Modification, it is our belief that the Alternative Modification provides a more appropriate solution to the defect, due to the more pragmatic balance of (a) data submission and (b) market critical data release. |

| Respondent | Response | | |
|------------------|---|--|--|
| InterGen UK Ltd. | InterGen fully supports the proposed modification P226 and its alternative. We believe that publication of information will lead to increased transparency in the market and will enhance visibility of the impact of the LCPD scheme to all interested parties across the industry. | | |
| British Energy | The process for reporting under 3.8 must be clear and easy to follow. We would request that BSCCo issues a guidance note on the ELEXON website that describes the format and required destination for notifications. | | |
| E.ON UK | It is unfortunate that more comprehensive information on LCP availability has not been accessible to all market participants since 01/01/08, as the impact of the LCPD on increasing GB power prices and volatility has been widely documented. Derogations being granted/extended has had particular impact (e.g. as reported by Bloomberg 26/09/08, CERA 03/10/08). Publishing such applications and grants thereof should thus be progressed as quickly as possible to capture any possible extensions under Article 5 (1) as well as covering | | |
| | those resulting from possible future FGD breakdowns. | | |
| | Rectifying the current data asymmetries regarding actual hours/emissions so that all LCP have a similar understanding of others' availability and none have the privilege/potential advantage of less frequent disclosure is also highly desirable for efficient competition. Such clarification of market fundamentals should also be welcomed as likely to be of particular help to smaller players. | | |
| | Even where the information covered by P226/P226 Alternative is already in the public domain, more prompt publication in one clear source on the BMRS would be a notable improvement on current partial and disjointed coverage given by the present reporting via Environment Agency/SEPA websites (especially the latter merely referring to the former; | | |
| | partial disclosure for certain LCP only as referenced in answer to Question 5). | | |
| | Ensuring that actual operating hours/emissions and any applicable derogation | | |
| | applications/granting's are published promptly and regularly for all LCP may have to be revisited in the next few years before 2016, particularly with regard to gas plant which may be included in any revision of EU regulation. | | |