

Responses from P220 Report Phase Consultation

Consultation Issued on 19 February 2008

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	National Grid	P220_dMR_01	1	0
2.	Centrica	P220_dMR_02	9	0
3.	SAIC (for and on behalf of Scottish Power)	P220_dMR_03	7	0
4.	EDF Energy	P220_dMR_04	9	0
5.	energywatch	P220_dMR_05	0	1
6.	Scottish and Southern Energy plc	P220_dMR_06	8	0
7.	Uskmouth Power Limited	P220_dMR_07	1	0

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BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views, or to provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	Shafqat Ali
Company Name:	National Grid
No. of BSC Parties Represented	1
Parties Represented	National Grid
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	0
Role of Respondent	Transmission Company
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P220 should not be made? ¹ Please give rationale.	Yes	National Grid agrees with the Panel's provisional recommendation contained in the draft Modification Report that Proposed Modification P220 should not be made. National Grid believes that the Proposed Modification does not better facilitate the Applicable BSC objectives (b) and (c), compared with the Alternative Modification as it does not include the additional data (tramline data on energy volumes and frequency) to be provided under the Alternative Modification.

¹ Please note that, whilst the Panel believes that both the Proposed and Alternative Modifications would better facilitate the achievement of the Applicable BSC Objectives when compared with the existing arrangements, it believes that the Alternative Modification would better facilitate the achievement of the Applicable BSC Objectives when compared with the Proposed Modification. The Panel's provisional recommendation is therefore that the Alternative Modification should be made (approved) and that the Proposed Modification should not be made.

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Q	Question	Response	Rationale
2	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P220 should be made? Please give rationale.	Yes	As the proposer, National Grid fully supports P220 and the Panel's provisional recommendation contained in the draft Modification Report that Alternative Modification P220 should be made. National Grid believes that: ➤ Provision of more consistent and transparent information should improve self-balancing and allow market participants to manage electricity related costs and risks; this should, in turn, improve the efficient and economic operation of the market (Applicable BSC Objective (b)). ➤ Increase in information transparency and availability of improved market information to all participants should promote effective competition in the generation and supply of electricity (Applicable BSC Objective (c)).
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P220? Please give rationale.	Yes	National Grid agrees with the Panel's provisional recommendation of an Implementation Date as described in the draft Modification Report i.e.: <u>For Proposed Modification P220:</u> ➤ 6 November 2008 if an Authority decision is received on or before 3 April 2008, or ➤ 25 June 2009 if the Authority decision is received after 3 April 2008 but on or before 23 October 2008. <u>For Alternative Modification P220:</u> ➤ 6 November 2008 if an Authority decision is received on or before 3 April 2008, or ➤ 25 June 2009 if the Authority decision is received after 3 April 2008 but on or before 23 October 2008.
4	Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group? Please give rationale.	Yes	-
5	Are there any further comments on P220 that you wish to make?	Yes	It would be preferable to take advantage of cost savings from simultaneous implementation of P219 and P220. National Grid therefore believes that,

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Q	Question	Response	Rationale
			subject to the Authority decision, P219 and P220 should be implemented simultaneously.

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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.

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Respondent:	Laura Jeffs
Company Name:	Centrica
No. of BSC Parties Represented	9
Parties Represented	<i>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</i>
No. of Non BSC Parties Represented (e.g. Agents)	-
Non Parties represented	-
Role of Respondent	(Supplier/Generator/ Trader)
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P220 should not be made? ¹ Please give rationale.	Yes	We do not believe that the Proposed solution (220P) is better than the current baseline (which is slightly different to the Panels' rationale, believing that 220P & 220A are both better, but that 220A is best). The key argument for 220P and 200A is whether the (very large) costs of implementation are outweighed by the benefits of improved balancing that could result from the modification. It has been asserted that the improved data provision would provide benefits in excess of costs; however Centrica is of the belief that the majority of the market already sources the information being offered here via other means, and so the improvements in balancing suggested by the Panel

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Q	Question	Response	Rationale
			<p>and some consultation respondents have been overstated. The additional data items that are not currently being sourced elsewhere are of little benefit to the market.</p> <p>There has also been little (if any) argument from smaller participants in this process suggesting that they might use the data on offer. If it is not the case that smaller participants can demonstrate that they would use it and larger participants are already sourcing the data from elsewhere, we cannot be supportive of the modification.</p>
2	<p>Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P220 should be made?</p> <p>Please give rationale.</p>	No	<p>While we believe that 220A is slightly better than the proposed modification, we believe that the arguments in our response to Q1 above also apply to this Q2. We do not believe that the benefits would outweigh the costs, and so we cannot support the Alternative.</p>
3	<p>Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P220?</p> <p>Please give rationale.</p>	Yes	
4	<p>Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group?</p> <p>Please give rationale.</p>	Yes	
5	<p>Are there any further comments on P220 that you wish to make?</p>	No	

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Respondent:	Gary Henderson
Company Name:	
No. of BSC Parties Represented	7
Parties Represented	ScottishPower Energy Management Ltd, ScottishPower Generation Ltd, ScottishPower Energy Retail Ltd, SP Transmission Ltd, SP Manweb plc, SP Distribution Ltd, CRE Energy Limited
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	
Role of Respondent	Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P220 should not be made? ¹ Please give rationale.	Yes	ScottishPower agree that the Proposed Modification P220 should not be made. Although the Proposed is better than the baseline, the Alternative is better than the Proposed. As stated in our P220 Consultation response, we believe that the will be a neutral effect on Objective (a), a small positive effect on Objectives (b) and (c), and a negative effect on Objective (d).

¹ Please note that, whilst the Panel believes that both the Proposed and Alternative Modifications would better facilitate the achievement of the Applicable BSC Objectives when compared with the existing arrangements, it believes that the Alternative Modification would better facilitate the achievement of the Applicable BSC Objectives when compared with the Proposed Modification. The Panel's provisional recommendation is therefore that the Alternative Modification should be made (approved) and that the Proposed Modification should not be made.

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Q	Question	Response	Rationale
2	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P220 should be made? Please give rationale.	No	Although ScottishPower agree that there will be a small net benefit for Objectives (b) and (c), the extremely high implementation costs make this solution unjustifiable.
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P220? Please give rationale.	Yes	If approved by the Authority, this Modification should be implemented in as timely a manner as possible to limit the damage of the high implementation costs.
4	Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group? Please give rationale.	Yes	The legal text reflects the intentions of the Modification.
5	Are there any further comments on P220 that you wish to make?	Yes	<p>ScottishPower agree that the principle of clear and transparent information is important to market stimulation and competition; however we feel that no cost benefit has been proven for this Modification. The majority of this data is already available through other sources and this change, we feel, falls into the "nice to have at a reasonable cost" category. We do not believe that having this information freely available will influence a new entrants decision to enter the market or not, and we do not feel that the (mainly non-BSC Party) responses from the DSWG members have demonstrated HOW their projected savings are going to be made. Some very large sums have been expressed by these respondents without any apparent justification.</p> <p>The costs of this Modification are vastly out of proportion to the scale of change, and although we understand the criticality of (and therefore cost of change to) the source National Grid systems for these data items, it makes changes of this nature very hard to justify.</p>

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Q	Question	Response	Rationale
			We believe that the positive discrimination shown by the Panel in favour of smaller Parties and new entrants is only justified in cases where there will be a demonstrable benefit to these Parties and the market as a whole. We do not believe that to be the case here.

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P220 Report Phase Consultation Questions

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Respondent:	Stephen Carter
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; EDF Energy Customers Plc; Seeboard Energy Limited
No. of Non BSC Parties Represented (e.g. Agents)	
Non Parties represented	Please list all non Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	Supplier/Generator/ DNO
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P220 should not be made? ¹ Please give rationale.	Yes	Yes, we are happy that the Alternative is superior to the Original Modification.

¹ Please note that, whilst the Panel believes that both the Proposed and Alternative Modifications would better facilitate the achievement of the Applicable BSC Objectives when compared with the existing arrangements, it believes that the Alternative Modification would better facilitate the achievement of the Applicable BSC Objectives when compared with the Proposed Modification. The Panel's provisional recommendation is therefore that the Alternative Modification should be made (approved) and that the Proposed Modification should not be made.

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Q	Question	Response	Rationale
2	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P220 should be made? Please give rationale.	Yes	We see potential benefit in the additional information (and the publication of information in a single location) for all players in the electricity market. While most of the benefit will fall on smaller players and new entrants, there should still be some benefits for established parties. In particular we expect information on National Grid's forecasts of wind generation output to become increasingly useful as the profile of UK generation evolves in the coming decades. We also hope that the publication of non-BM STOR information will aid demand forecasting.
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P220? Please give rationale.	Yes	Yes, we would like to see the Modification implemented as soon as technically possible.
4	Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group? Please give rationale.	Yes	
5	Are there any further comments on P220 that you wish to make?	No	

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Respondent:	Carole Pitkeathley
Company Name:	energywatch
No. of BSC Parties Represented	0
Parties Represented	N/A
No. of Non BSC Parties Represented (e.g. Agents)	1
Non Parties represented	-
Role of Respondent	Statutory consumer watchdog
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P220 should not be made? ¹ Please give rationale.	Yes	We believe that the additional data item and the clarification of existing data which would be published under the alternative will increase information transparency further, better meeting the relevant BSC Applicable objectives. If the Panel chose not to approve the alternative, we believe that the original is still better than the current baseline for the same reasons.

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Q	Question	Response	Rationale
2	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P220 should be made? Please give rationale.	Yes	See our Assessment consultation response. We believe that there are real benefits to all market participants of providing access to the proposed data items. These benefits outweigh the potential costs of implementation. Publication would increase information transparency in an efficient way and would facilitate the promotion of competition as new entrants and existing players (particularly small players and large consumers) would not face the barrier to entry of having to pay a disproportionate amount to access this data from third parties, placing all on a level playing field. We would expect consumers to become long-term beneficiaries of the savings which participants would derive from implementing P220 alternative.
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P220? Please give rationale.	Yes	We would like to see early implementation of P220 alternative, in parallel with P219, as there is a further reduction in implementation costs as a result. We would urge the Authority to make an early decision to realise these further benefits.
4	Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group? Please give rationale.	Yes	
5	Are there any further comments on P220 that you wish to make?	No	

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Respondent:	Garth Graham
Company Name:	Scottish and Southern Energy plc
No. of BSC Parties Represented	8
Parties Represented	SSE Energy Supply Ltd., SSE Generation Ltd., Keadby Generation Ltd., Medway Power Ltd., SSE (Ireland) Ltd., Slough Energy Supplies Ltd., Southern Electric Power Distribution plc., Scottish Hydro-Electric Power Distribution Ltd.
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	N/A
Role of Respondent	Supplier/Generator/Trader/Distributors
Does this response contain confidential information?	

Q	Question	Response	Rationale
1	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P220 should not be made? ¹ Please give rationale.	Yes	We agree with the provisional Panel view that the P220 Original Modification should not be made.

¹ Please note that, whilst the Panel believes that both the Proposed and Alternative Modifications would better facilitate the achievement of the Applicable BSC Objectives when compared with the existing arrangements, it believes that the Alternative Modification would better facilitate the achievement of the Applicable BSC Objectives when compared with the Proposed Modification. The Panel's provisional recommendation is therefore that the Alternative Modification should be made (approved) and that the Proposed Modification should not be made.

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Q	Question	Response	Rationale
2	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P220 should be made? Please give rationale.	Yes	Whilst we have reservations about the cost of implementation (see below) we agree that P220 Alternative Modification should be approved.
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P220? Please give rationale.	Yes	Given the clear cost/benefit information provided, we would urge that P219 and P220, if both approved by the Authority, are implemented together to minimise the costs on BSC Parties and thus consumers.
4	Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group? Please give rationale.	Yes	It appears to.
5	Are there any further comments on P220 that you wish to make?	No	Not at this time.

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Respondent:	Rebecca Williams
Company Name:	Uskmouth Power Limited
No. of BSC Parties Represented	1
Parties Represented	Uskmouth Power
No. of Non BSC Parties Represented (e.g. Agents)	None
Non Parties represented	
Role of Respondent	Generator
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P220 should not be made? ¹ Please give rationale.	Yes	The Alternative Modification would better facilitate the achievement of the Applicable BSC Objectives when compared with the Proposed Modification. The Alternative Modification proposal provides enhanced clarity and increased provision of information when compared with the original proposal

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Q	Question	Response	Rationale
2	Do you agree with the Panel's provisional recommendation to the Authority contained in the draft Modification Report that Alternative Modification P220 should be made? Please give rationale.	Yes	The Alternative Modification would better facilitate the achievement of Applicable BSC Objectives (b) and (c) when compared to the current baseline. Applicable BSC Objective (b): It would improve the economic efficiency of the market to increase the data provision informing the decisions of market players. It would also improve the efficiency of the SO's role as with more information the market players will be better able to respond to the market fundamentals reducing the role of the SO. Applicable BSC Objective (c): Increase in information transparency and availability of improved market information to all participants should promote effective competition in the generation and supply of electricity.
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P220? Please give rationale.	Yes	It is beneficial from a cost perspective to have P219 and P220 simultaneously implemented.
4	Do you agree with the Panel's view that the legal text provided in the draft Modification Report delivers the solution agreed by the Modification Group? Please give rationale.	Yes	We are satisfied that the Modification Group and the Panel have reviewed the draft text to ensure it reflects the intension of the Modification Proposal.
5	Are there any further comments on P220 that you wish to make?	No	

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