

Responses from P219 Second Assessment Report Consultation

Consultation Issued on 24 January 2008

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	Centrica	P219_AR_01	9	0
2.	RWE Trading	P219_AR_02	10	0
3.	National Grid	P219_AR_03	1	0
4.	Energywatch	P219_AR_04	0	1
5.	E.ON UK Plc	P219_AR_05	5	0
6.	EDF Energy	P219_AR_06	9	0
7.	Scottish and Southern (*)	P219_AR_07	8	0
8.	Scottish Power	P219_AR_08	7	0

(*) Late Response

P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or 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:	<i>Laura Jeffs</i>
Company Name:	<i>Centrica</i>
No. of BSC Parties Represented	<i>9</i>
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)	<i>0</i>
Non Parties represented	
Role of Respondent	<i>(Supplier/Generator/Trader)</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale
1.	Do you feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	Yes	Centrica feels that it is important to enhance the frequency and consistency of the current demand data available on the BMRS.

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale
2.	<p>Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives?</p> <p>Please give rationale and state objective(s)</p>	Yes	<p>Centrica believes that introducing consistency between forecast and outturn demand data will better facilitate BSC objectives (b) and (c) as P219 will seek to reduce the time taken by National Grid and Elexon to formulate responses to industry queries relating to such data. P219 will also add improved usability of BMRS data which will help parties to forecast and therefore balance more effectively.</p> <p>Centrica believes that BSC objective (d) is not better facilitated as a result of the high implementation costs, mainly attributable to National Grid.</p>
3.	<p>Do you support the implementation approach described in the Consultation document?</p> <p>Please give rationale</p>	Yes	<p>Centrica agrees that P219 should be implemented as soon as possible although is concerned that the November 2008 deadline is very ambitious owing to the tight approval timescales for Ofgem.</p> <p>Centrica is not happy with the implementation costs presented by National Grid and views them as hugely excessive. We do not see this as a major change to IS systems, and are seriously concerned that such high cost estimates could obstruct perfectly valid and desirable modifications.</p>
4.	<p>Do you use the forecast out-turn and Demand data items on the BMRS?</p> <p>If yes, what for?</p>	Yes	<p>The current BMRS demand data feeds into Centrica's models and provides an early feedback loop for demand data and hence forecasting accuracy.</p>

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale
5.	<p>In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this?</p> <p>Please give rationale and please explain how you may change your individual behaviour to achieve this target?</p>	Yes	<p>Centrica has reason to believe that it will achieve costs savings in excess of 0.07% as a result of the improved demand data availability through P219.</p> <p>Notwithstanding the perceived cost benefits to Centrica, and predictably the industry, Centrica advocates a review of National Grid's IS change process in an attempt to drive down costs. National Grid's systems should be flexible and open to timely and complex amendments given the very nature of the electricity industry and the contractual framework in which the industry operates.</p>
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	Yes	Centrica uses third parties but does not wish to disclose the exact parties or costs.
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	No	The implementation of P219 will not reduce Centrica's dependency on third parties.
8.	<p>If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on:</p> <p>a) you as a party</p> <p>b) on the industry as a whole</p> <p>Do you feel that the benefits of P219 outweigh the implementation costs?</p>	N/a	<p>a) Party: The third party information that Centrica receives is not specific to demand data.</p> <p>b) Industry: Centrica does not wish to speculate on this point – different parties will use the data in different ways.</p>

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale
9.	Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale	Yes	To reiterate the main points above, Centrica believes that the cost savings associated with P219 will outweigh the implementation costs but would like to see National Grid's costs brought in line with the implementation costs for Elexon as a point of principle.
10.	Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS: a) to you as a Party; and b) to the industry?	Yes	<p>a) Party: Improved and timely provision of data will reduce reliance on day-ahead forecasts.</p> <p>b) Industry: There are potential time-saving benefits to both National Grid and Elexon as enhanced clarity in the provision of demand data will reduce the administration and resource burden that is placed on these parties as a result of queries relating to the inconsistencies in the current demand data As mentioned above, we also consider that it is likely that overall balancing costs will be reduced due to the improved demand forecast accuracy enabled by P219.</p>
11.	Are there any further comments on P219 that you wish to make?	Yes	The level of National Grid's costs has proved that there has been a need for this modification proposal to be discussed by a Working Group. Unless National Grid's costs can be substantially reduced, Centrica recommends that any further modification where National Grid has a cost implication should be debated by a Working Group.

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Assessment Procedure. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

Please send your responses by **17:00 on DAY 1 February 2008** to modification.consultations@elexon.co.uk and please entitle your email 'P219 **Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group.

Any queries on the content of the consultation pro-forma should be addressed to Sherwin Cotta on 020 7380 4361, email address Sherwin.Cotta@elexon.co.uk.

P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or 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:	Name: Bill Reed
Company Name:	RWE Trading
No. of BSC Parties Represented	10
Parties Represented	<i>Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).</i> RWE 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
No. of Non BSC Parties Represented (e.g. Agents)	None
Non Parties represented	Please list all non Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state): Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1.	Do you feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	Yes	P219 addresses a known defect in the publication of demand information and consistent and reliable information should be published. However, in this case we believe that since no benefits have been identified we do not believe that the proposed costs to implement the change can be justified.

Q	Question	Response	Rationale
2.	Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	While the proposal would ensure consistency in demand forecast information published on the BMRA and reduce the number of queries to Elexon about the nature of the demand forecast the costs to implement are significant. Therefore we do not believe that the modification better facilitates Objective D
3.	Do you support the implementation approach described in the Consultation document? Please give rationale	Yes	
4.	Do you use the forecast out-turn and Demand data items on the BMRS? If yes, what for?	Yes / No	
5.	In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this? Please give rationale and please explain how you may change your individual behaviour to achieve this target?	Yes/No	We do not believe that implementation of P219 would have any material impact on our imbalance volumes.
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	Yes	We receive information on the state of the market from a variety of sources.
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	No	

Q	Question	Response	Rationale
8.	<p>If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on:</p> <p>a) you as a party</p> <p>b) on the industry as a whole</p> <p>Do you feel that the benefits of P219 outweigh the implementation costs?</p>	Yes / No	<p>a) Party:</p> <p>b) Industry</p>
9.	Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale	No	It is difficult to quantify any specific benefit from the implementation of P219 though we believe that the publication of consistent and robust demand information should ensure efficient market outcomes.
10.	<p>Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS:</p> <p>a) to you as a Party; and</p> <p>b) to the industry?</p>	No	<p>a) Party:</p> <p>b) Industry</p>
11.	Are there any further comments on P219 that you wish to make?	Yes	We believe that the decision in favour of P219 is finely balanced. We do not support implementation because there are significant implementation costs and no specific benefits.

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P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or 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:	<i>Shafqat Ali</i>
Company Name:	<i>National Grid</i>
No. of BSC Parties Represented	<i>1</i>
Parties Represented	<i>-</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>-</i>
Non Parties represented	<i>-</i>
Role of Respondent	<i>Transporter</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	Yes	Given the obvious nature of the defect that makes it difficult to compare the forecast and outturn demand data, National Grid believes that there should be no delay in addressing this defect.
2.	Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	Provision of more consistent and transparent information should improve self-balancing by the market participants which should, in turn, improve the efficient, economic and co-ordinated operation of the GB transmission system (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

Q	Question	Response	Rationale
			Objective (c)). Improvements to the definitions of demand terms could remove ambiguity in the BSC thereby reducing the number of queries to Elexon and promoting efficiency in the implementation and administration of the balancing and settlement arrangements (Applicable BSC Objective (d)).
3.	Do you support the implementation approach described in the Consultation document? Please give rationale	Yes	We have provided cost estimates for National Grid's IT changes needed to implement P219, in the case that this is implemented with P220 as well as a stand alone modification. Should P220 be recommended by the BSC panel, we commend the parallel implementation of P219 with P220 due to the cost savings that we can deliver to the industry and our customers through this approach.
4.	Do you use the forecast out-turn and Demand data items on the BMRS? If yes, what for?	No	National Grid already has this data.
5.	In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this? Please give rationale and please explain how you may change your individual behaviour to achieve this target?	Yes	National Grid considers that, over a five year period, the average annual savings of £110k (discounted at 5%) will more than offset the P219 costs of £480k and are achievable given that these savings form a very small proportion (0.07%) of the annual imbalance costs of £158m, as stated by Elexon. In an attempt to quantify the potential benefits of

Q	Question	Response	Rationale
			<p>P219, National Grid has carried out a simplified assessment¹ of the price premium paid by the industry on imbalance volumes which could benefit from improved information consistency and self-balancing under P219. Using the absolute NIV values and appropriate price differentials between relevant System Prices and market-based prices for the period 1/1/07-31/12/07, National Grid observes that the average imbalance price premium paid by the industry ($\sum abs(NIV) = 5031 GWh$ and imbalance costs = £93m) equates to around £19/MWh. National Grid considers that even a small reduction in this premium as a result of improved information consistency and self-balancing under P219 could be sufficient to justify implementation costs of P219. For P219 to produce a net positive benefit in one year, a saving of £480k (equivalent to p219 implementation costs) equates to a reduction in price premium of around 10p/MWh; if the savings are spread over a five year period, the equivalent figure is around 2p/MWh. Notwithstanding the approximate nature of this analysis, National Grid concludes that an imbalance cost saving of 10p/MWh (or 2p/MWh per annum over a 5 year period), compared with an average</p>

¹ Assumptions

- a) The industry imbalance costs can be determined using Net Imbalance Volume (NIV) rather than imbalance volumes of individual BSC Parties; this conservative assumption is unlikely to overestimate industry's imbalance costs because of the 'netting off' effect and hence the potential benefits resulting from any reduction in imbalance costs are unlikely to be over estimated.
- b) The imbalance costs can be determined using the difference between the relevant System Price (at which the imbalance volume is cashed out) and a 'market price' (at which the imbalance volume could have been traded out). This is a more realistic assumption than applying the relevant System Price or a 'market price' to the imbalance volume.
- c) No other cashflows (e.g. Residual Cashflow Allocations) are considered in the analysis.

Q	Question	Response	Rationale
			<p>imbalance price premium of £19/MWh is not unreasonable.</p> <p>Another way of analysing the imbalance costs is to consider percentage improvement in NIV as a result of better self-balancing by the market because of availability of better demand-related information. Using data for the period 1/1/07-31/12/07 and assuming that NIV improves by 1% in each Settlement Period (i.e. assuming that NIV is 1% less long or 1% less short), the industry imbalance exposure of £93m could improve by £931k, which would be more than sufficient to offset implementation costs of P219 (£480k) over a one year period.</p> <p>We also note Ofgem's Impact Assessment² on UNC006 "publication of near real time data at UK sub terminals", that estimated the net benefits of this information in the range £82.87m - £122.46m (taking into account IT costs of £1.4m). This assessment was for the market benefits of introducing more transparency to information on gas terminal flows.</p>
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	No	National Grid does subscribe to any third parties such as the energy consultancies.
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	No	If a third party currently uses National Grid's demand forecast data, improved forecasts would

² <http://www.nationalgrid.com/uk/Electricity/Data/electricitymarketinfo/information/conclusionrep.htm>

Q	Question	Response	Rationale
			allow the third party to better mitigate risks against forecasting errors.
8.	<p>If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on:</p> <p>a) you as a party</p> <p>b) on the industry as a whole</p> <p>Do you feel that the benefits of P219 outweigh the implementation costs?</p>	Yes	<p>National Grid already has access to the demand data.</p> <p>As stated in response to Q5, National Grid believes that, even in the short term, the benefits (savings) of P219 outweigh the implementation costs.</p>
9.	<p>Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale</p>	Yes	<p>There would some favourable impact on National Grid because improved demand forecasts could reduce the number of queries directed to National Grid. However, National Grid considers that this favourable impact is unlikely to be significant and we would reapply this effort to meeting other issues relevant for consumers in the area of demand forecasting.</p>
10.	<p>Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS:</p> <p>a) to you as a Party; and</p> <p>b) to the industry?</p>	Yes	<p>National Grid considers that P219 will provide a range of qualitative benefits to the industry, including the following:</p> <ul style="list-style-type: none"> ➤ Information consistency will improve self-balancing and overall market efficiency; ➤ Information transparency for all parties will promote competition; ➤ There will be less demand-related queries to Elexon and National Grid.
11.	<p>Are there any further comments on P219 that you wish to make?</p>	Yes	<p>Given the focus on implementation costs, National Grid believes that P219 should be implemented at minimum cost. National Grid therefore considers that it would be preferable to implement P219 in</p>

Q	Question	Response	Rationale
			conjunction with P220 so that the synergy savings of £200k from simultaneous implementation of P219 and P220 could be realised.

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P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

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Respondent:	<i>Carole Pitkeathley</i>
Company Name:	<i>energywatch</i>
No. of BSC Parties Represented	<i>n/a</i>
Parties Represented	<i>Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>1</i>
Non Parties represented	<i>Electricity consumers</i>
Role of Respondent	<i>Statutory consumer watchdog</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	Yes	As indicated in our response to the first P219 assessment consultation, we believe that lack of information transparency, information asymmetry and inconsistency can create additional costs not just for individual market participants but for the market overall. P219 is seeking to address these defects and so we believe that P219 should be approved.

Q	Question	Response	Rationale
2.	Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	See our response to the first consultation. Greater transparency, consistency and accessibility of market data will ensure that more players will be encouraged to enter the electricity market and take part in the trading arrangements, facilitating competition in generation and supply (objective c). Data which is published in a consistent form and in accordance with definitions which are the same across other industry codes improves efficiency within the trading arrangements (objective d). We also agree with the majority of the mod group that there may be consequential benefits to National Grid as system operator in improving the efficient and economic operation of the transmission system (objective b). These benefits should flow to consumers, as the ultimate bearers of costs of the trading arrangements, as efficiency savings in due course.
3.	Do you support the implementation approach described in the Consultation document? Please give rationale	Yes	Early implementation is critical not just in keeping costs lower but also to ensure that the benefits associated with improving market information transparency are realised as early as possible, in time for winter 2008/09. We would support early implementation – for November 2008 – and look to the Authority to provide an early decision in favour of P219.
4.	Do you use the forecast out-turn and Demand data items on the BMRS? If yes, what for?	No	We are not direct participants in the electricity market. However, large consumers of electricity who may be bulk purchasing electricity for their commercial operations would find use for this data in making commercial decisions.

Q	Question	Response	Rationale
5.	<p>In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this?</p> <p>Please give rationale and please explain how you may change your individual behaviour to achieve this target?</p>	Yes	The reduction in balancing costs indicated ought to be achievable. The transparent and accessible publication of consistent data on demand forecast and outturn allows all market participants to work from the same starting point in terms of their approach to hedging imbalance risk. Small players and new entrants who are more prone to the effects of forecast errors, adding to their own and market costs as a result, would no longer be disadvantaged to the same extent. There is the further potential benefit of stimulating liquidity in electricity trading which would also reduce costs to market participants.
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	No	However, the analysis in the consultation document highlights that there is a variety of third party data sources available which could be inconsistent or leave gaps in knowledge. This adds time and costs on market participants in analysing the data and making sense of what is relevant to them and what is not. This is a clear barrier for small players, large consumers and new entrants who are resource constrained and may only need access to small amounts of key data but need to jump through many expensive, time consuming hoops to obtain that information.
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	Yes	The availability of accessible demand forecast and outturn data ought to reduce the reliance by small players on third parties which may be quite costly.

Q	Question	Response	Rationale
8.	<p>If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on:</p> <p>a) you as a party</p> <p>b) on the industry as a whole</p> <p>Do you feel that the benefits of P219 outweigh the implementation costs?</p>	Yes / No	<p>a) Party:</p> <p>b) Industry</p>
9.	Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale	Yes / No	
10.	<p>Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS:</p> <p>a) to you as a Party; and</p> <p>b) to the industry?</p>	Yes / No	<p>a) Party:</p> <p>b) Industry</p>
11.	Are there any further comments on P219 that you wish to make?	No	

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P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

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Respondent:	Ben Sheehy
Company Name:	E.ON UK Plc
No. of BSC Parties Represented	5
Parties Represented	E.ON UK Plc, Citigen London Ltd., Economy Power Ltd., Enfield Energy Centre Ltd., Powergen Retail Ltd.
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	
Role of Respondent	Supplier, Generator, Trader, Consolidator, Exemptable Generator
Does this response contain confidential information?	No.

Q	Question	Response	Rationale
1.	Do you feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	Yes	<p>It is in the interest of the market to improve the quality of the BMRS where there is an acknowledged ambiguity. It is therefore right that the anomaly is corrected if it can be done for a reasonable cost, which will necessarily be a matter of judgement.</p> <p>Currently in the BSC there seems to be pressure to assess proposals principally in terms of quantified cost benefit arguments for individual parties. Such analysis should generally prove useful; but for P219 it seems to lead us into forming somewhat contrived arguments when the matter is simply one of judging a 'reasonable' IT cost for the industry to pay for a universal tool to be fixed.</p>

Q	Question	Response	Rationale
2.	Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	In principle, ensuring that information on the BMRS is unambiguous will benefit objective (c). It must be recognised that this benefit is likely to be intangible.
3.	Do you support the implementation approach described in the Consultation document? Please give rationale	Yes	
4.	Do you use the forecast out-turn and Demand data items on the BMRS? If yes, what for?	Yes	The BMRS is a reference tool that gives an overview of the electricity market. Information on it indirectly influences operational decisions made within our wholesale business.
5.	In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this? Please give rationale and please explain how you may change your individual behaviour to achieve this target?	No	We do not believe that P219 will directly improve our ability to balance – but remain open to consider any explanations other parties may have as to how their operational processes will benefit.

Q	Question	Response	Rationale
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	Yes	<p>We buy information from third parties but think it would be a distraction to list the providers and their fees here, as we procure services tailored to our business. Instead, we would emphasise that there is a well-established market for information in place in the UK. We are very sceptical of the notion that a company, whatever its size, cannot procure services tailored to its business and at a price proportional to the scale of its business.</p> <p>It should also be noted that if any individual company decides to invest relatively heavily in third party services it should be expected that it will gain a benefit. The argument that the existence of a separate information industry somehow hinders competition is completely misleading.</p>
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	No	
8.	<p>If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on:</p> <p>a) you as a party</p> <p>b) on the industry as a whole</p> <p>Do you feel that the benefits of P219 outweigh the implementation costs?</p>	Yes / No	<p>a) Party: Our large share of the implementation costs would not outweigh the benefit to us of having a BMRS of slightly improved quality.</p> <p>b) Industry: As mentioned above, the market should benefit overall from the removal of ambiguity. Our judgement is that the cost of amending the SO's systems does look expensive but we acknowledge that the BSC modification process does not allow for those costs to be examined. We also acknowledge National Grid's explanation that their systems are build for robustness over flexibility. We judge that the BSC Agent's costs are appropriate for the work required.</p>

Q	Question	Response	Rationale
9.	Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale	No	
10.	Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS: a) to you as a Party; and b) to the industry?	No	a) Party: b) Industry
11.	Are there any further comments on P219 that you wish to make?	No	

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Assessment Procedure. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

Please send your responses by **17:00 on DAY 1 February 2008** to modification.consultations@elexon.co.uk and please entitle your email 'P219 **Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group.

Any queries on the content of the consultation pro-forma should be addressed to Sherwin Cotta on 020 7380 4361, email address Sherwin.Cotta@elexon.co.uk.

P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or 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:	Stephen Carter
Company Name:	EDF Energy
No. of BSC Parties Represented	9
Parties Represented	
No. of Non BSC Parties Represented (e.g. Agents)	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
Non Parties represented	
Role of Respondent	Vertically Integrated
Does this response contain confidential information?	

Q	Question	Response	Rationale
1.	Do you feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	Yes	The defect identified should be addressed. Having the two separate 'streams' of demand information will be useful and should at least alleviate any confusion regarding the manner in which demand data is provided on the BMRS. The second (new) stream of demand data may also prove to be useful to new entrants and incumbents alike, as it increases the portfolio of information on national demand (and allows information on station loads, pumped storage and interconnector flows to be inferred).

Q	Question	Response	Rationale
2.	Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	The modification should better facilitate competition and (probably more significantly) improve efficiency, thereby satisfying BSC Objective (c). The improved and clearer information should help agents form more accurate expectations and reduce error in decision making. This should in turn facilitate the efficient operation of the GB Transmission System.
3.	Do you support the implementation approach described in the Consultation document? Please give rationale	Yes	
4.	Do you use the forecast out-turn and Demand data items on the BMRS? If yes, what for?	Yes	National Grid national demand forecast and out-turn data is used to benchmark our own demand forecasting and is also used to help form expectations of market behaviour.
5.	In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this? Please give rationale and please explain how you may change your individual behaviour to achieve this target?	Yes	EDF Energy believes this is an achievable reduction in balancing costs, especially for smaller participants. It may be possible to achieve this on the basis of having the extra demand information stream alone.
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	No	

Q	Question	Response	Rationale
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	No	It is likely that P219 alone does not provide enough specialist information that would crowd out third parties. It may benefit the third parties or maybe free resources so that third parties can report other information.
8.	<p>If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on:</p> <p>a) you as a party</p> <p>b) on the industry as a whole</p> <p>Do you feel that the benefits of P219 outweigh the implementation costs?</p>	No	<p>a) Party: EDF Energy will probably not benefit directly from implementation of P219. However, we strongly support the facilitation of a competitive market and removing information barriers are an important aspect for this.</p> <p>b) Industry: The industry can clearly benefit from this change. The issue is identifying the benefits and weighing them against costs of implementation. We believe that, although finely balanced, their may well be enough general benefits from additional information and clearer information that could deliver the small (in percentage terms) improvement in market efficiency that would be required to justify the expenditure.</p>
9.	Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale	No	
10.	<p>Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS:</p> <p>a) to you as a Party; and</p> <p>b) to the industry?</p>	Yes / No	<p>a) Party:</p> <p>b) Industry</p>

Q	Question	Response	Rationale
11.	Are there any further comments on P219 that you wish to make?	Yes / No	

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P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or 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:	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 feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	Yes	
2.	Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	

Q	Question	Response	Rationale
3.	Do you support the implementation approach described in the Consultation document? Please give rationale	Yes	Notwithstanding the discussions surrounding P111 ("Procedure to allow the BSC Panel to refuse to accept Contingent Modification Proposals) in view of the cost savings identified in the consultation document, a 'joint' P219/P220 implementation would seem to be the pragmatic way forward. However, before coming to a definitive view on this we will need to have seen the cost figure for the joint implementation of P219 and P220. We hope that the appropriate information will be forthcoming in time from Elexon.
4.	Do you use the forecast out-turn and Demand data items on the BMRS? If yes, what for?	Yes	This information assists us with demand management and forecasting. By demand management, we mean, in broad terms, both our balancing of production and consumption accounts as well as for triad warnings (both for our own internal use and for those we provide to our HH customers).
5.	In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this? Please give rationale and please explain how you may change your individual behaviour to achieve this target?	Yes	Intrinsically improvements to forecasting associated with P219 are felt to exceed the 0.07% threshold.
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	Yes	Commensurate with our needs.

Q	Question	Response	Rationale
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	No	
8.	If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on: a) you as a party b) on the industry as a whole Do you feel that the benefits of P219 outweigh the implementation costs?	N/A	a) Party: b) Industry
9.	Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale	No	
10.	Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS: a) to you as a Party; and b) to the industry?	Yes	a) Party: improved demand forecasting, reduced imbalance position. b) Industry: improved demand forecasting, reduced imbalance position.
11.	Are there any further comments on P219 that you wish to make?	Yes / No	Nothing further at this time.

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P219 SECOND ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or 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:	Gary Henderson
Company Name:	
No. of BSC Parties Represented	7
Parties Represented	Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant). 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	Please list all non Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state ¹) Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor
Does this response contain confidential information?	

Q	Question	Response	Rationale
1.	Do you feel that the defect described in the Proposed Modification P219 should be addressed? Please give rationale	No	I do not believe that addressing this 'defect' would be material to everyone's outcomes.
2.	Do you believe Proposed Modification P219 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	Improved transparency and more accurate information will help to achieve this.
3.	Do you support the implementation approach described in the Consultation document? Please give rationale	No	The costs seem excessive, the range too large and benefits too small/unproven.

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

Q	Question	Response	Rationale
4.	Do you use the forecast out-turn and Demand data items on the BMRS? If yes, what for?		
5.	In order for improved balancing to payback the cost of implementing the Proposed Modification P219 alone, there would need to be at least a reduction in balancing costs of about 0.07% (as explained in section 3 of the Consultation document). Do you believe the implementation of P219 could achieve this? Please give rationale and please explain how you may change your individual behaviour to achieve this target?	No	Implementation of P219 may or may not provide benefits and ScottishPower believe that this is certainly not proven. Stating it is a big number and so a tiny saving would pay for the project is not a clear rationale for cost-effective change.
6.	Do you subscribe to any third parties (e.g. energy consultancies) in order for the provision of clear and transparent information to base your Forecasts on and what is the approximate amount spent?	Yes	No comment
7.	Would you see the implementation of P219 as reducing any third party (e.g. energy consultancies) costs?	No	
8.	If you receive such third party (e.g. energy consultancies) Demand information what value do you place on the information provided by P219 on: a) you as a party b) on the industry as a whole Do you feel that the benefits of P219 outweigh the implementation costs?		
9.	Would you save on costs to your business, if P219 were to be implemented? If yes, please give amounts and rationale	No	Not obvious at the moment if any saving could be made.

Q	Question	Response	Rationale
10.	Do you believe there are any other benefits, quantitative or qualitative (including cost savings in UK pounds) of publishing the revised forecast out-turn and demand data items on the BMRS: a) to you as a Party; and b) to the industry?		
11.	Are there any further comments on P219 that you wish to make?	Yes	It is important that the industry does not go backwards reducing the data available. Improved transparency and more accurate and timely information will help and support further increases in competition within the electricity industry. As an aside gas and electricity markets are different (Gas has storage, daily settlement with retro-trading) so moving to a gas model is a red herring. The costs of this project appear to be excessive though relatively small. The potential cost range is too large and benefits too small/unproven/negligible.

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