Responses from P218 Assessment Report Consultation

Consultation Issued on 11 February 2008

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	Good Energy	P218_AR_01	1	0
2.	Western Power Distribution	P218_AR_02	2	0
3.	Electricity North West Ltd	P218_AR_03	1	0
4.	SAIC on behalf of ScottishPower	P218_AR_04	6	0
5.	RWE Npower	P218_AR_05	10	0
6.	Siemens Energy Services	P218_AR_06	0	6
7.	AccuRead Ltd	P218_AR_07	0	4
8.	British Energy	P218_AR_08	5	0
9.	EDF Energy	P218_AR_09	9	0
10.	Centrica	P218_AR_10	9	0
11.	E.ON UK	P218_AR_11	5	0
12.	Scottish and Southern Energy	P218_AR_12	6	1
13.	TMA	P218_AR_13	0	4

P218 Assessment Procedure Consultation Questions

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:	Chris Welby
Company Name:	Good Energy
No. of BSC Parties Represented	1
Parties Represented	
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	
Role of Respondent	Supplier
Does this response contain confidential information?	NO

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	This will remove from Group Correction factor exported energy and allocate it against more realistically against the correct Supplier
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	Yes	As above
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC	Yes	More cost effective and less complex

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Q	Question	Response	Rationale
	Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)		
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes	
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	Yes	Now worthwhile from a cost perspective
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	Possibly	These site would need to be assessed on a site by site basis
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 2	Most cost effective.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	No	
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant		

[1] For the purposes of P218, microgeneration refers to Export from a Small Scale Third Party Generating Plant as defined in the BSC.

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Q	Question	Response	Rationale
	amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		
10	Are there any further comments on P218 that you wish to make?	Yes/No	

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Please send your responses by **Thursday 21 February 2008** to modification.consultations@elexon.co.uk and please entitle your email '**P218 Assessment Procedure 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 Dina Solanki on 020 7380 4114, email address Dina.Solanki@elexon.co.uk.

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P218 Assessment Procedure Consultation Questions

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Respondent:	Graham Smith
Company Name:	Western Power Distribution
No. of BSC Parties Represented	2
Parties Represented	Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).
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	Distributors
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	Applicable objectives A and B are not affected by this proposal. The modification fails to meet applicable objective C as there is little or no evidence that allowing the use of un-metered export in settlements will increase the take up of micro-generation or increase competition in this area. The modification also fails to meet applicable objective D as it would introduce a highly complex and expensive new process in to the settlement arrangements without offering much in the way of benefits. The increased costs alone are enough for the modification to fail the test against objective D. There can also be little confidence that accurate export values could be deemed using this process; therefore there would be increased uncertainty about the accuracy of the settlement process.

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Q	Question	Response	Rationale
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	Although marginally more efficient than the proposed modification, the alternative modification fails for the same reasons as above.
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	As above, the alternate modification is preferred to the original as it is the more efficient of the two options.
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes	The timescales and approach appear reasonable based on the impact assessments.
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	N/A	
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	N/A	
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 1 Option 2 Option 3	The potential for settlement error to be introduced by both the proposed and alternative modifications is very high and is probably our main area of concern. As these options are not mutually exclusive we would prefer to see all of them applied. Where specific risks are clearly evident, for example the possibility of customers/suppliers claiming credit for micro-generation that does not actually exist, clear requirements on how to reduce this risk should be

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Q	Question	Response	Rationale
			specified in the BSC. Suppliers choosing to settle using P218 should be required to declare that the information which they have passed to the MEO is, to the best of their knowledge, accurate. Additionally, PAB should monitor the levels of micro-generation settled under P218 and conduct further checks at its discretion.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	No	The lack of sufficient data relating to export from micro-generation means that it is difficult to support any proposed solution or identify any other potential solution.
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		The basic problem is that nobody knows what impact micro-generation is having on Settlements. There is also great uncertainty about what the impact would be if the numbers of customers installing micro-generation increased dramatically. Unless the industry undertakes research in this are it is likely we will continue to struggle to understand how we can better facilitate settlement of micro-generation. For small amounts of export, probably <500KWH per year, the current arrangements whereby customers spill to the network, often receiving small value payments from a Supplier, is possibly the most efficient way of dealing with micro-generation. The benefits of this spill are effectively shared among Suppliers based on their total NHH consumption in the GSP Group so provided all Suppliers have a roughly even share of customers with installed micro-generation we don't see there is a problem. Where the values of export justify it, arrangements already exist to allow it to be settled. We do not accept that the cost of settlement is prohibitive and many of the costs could be reduced through changes to Supplier's commercial agreements with agents, rather than through changes to the BSC.

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P218 Assessment Consultation Form

Q	Question	Response	Rationale
10	Are there any further comments on P218 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.

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P218 Assessment Procedure Consultation Questions

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:	Name
Company Name:	Electricity North West Ltd
No. of BSC Parties Represented	one
Parties Represented	Electricity North West Ltd
No. of Non BSC Parties Represented (e.g. Agents)	none
Non Parties represented	none
Role of Respondent	Distributor
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We believe that the proposed modification **would not** better facilitate BSC Objectives (c) and (d)
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	We also believe that the alternate modification **would not** better facilitate BSC Objectives (c) and (d) This alternate proposal would result in an even greater administrative burden

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P218 Assessment Consultation Form

Q	Question	Response	Rationale
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	No	We feel that both the proposals **would not** better facilitate BSC Objectives (c) and (d)
4	Do you support the implementation approach described in the consultation document? Please give rationale	No	The timescales proposed are unreasonable for such a major change to our systems and processes. Also to the industry regarding DTC, new dataflows and creation of new Market Participant Role, these all need to be agreed by all parties prior to any proposed implementation.
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	No	We currently have no mechanism for capturing this data and processing it through settlements. We are dependent on Customers notifying us of microgeneration and currently this information is just held on a spreadsheet.
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	No	Our view is that it lies outside current trading arrangements (The microgeneration sites do not currently have an MPAN for the export or a Supplier appointed.)
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 1	We prefer option 1 as it would ensure that processes were more transparent, accurate and robust.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	Yes	We feel that the only way we can ensure that accurate data is entering settlements would be for it to be recorded by a certifiable export meter. The cost of installing meters in the long run would probably be more cost effective than the cumbersome arrangements set out in both of the P218 proposals

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Q	Question	Response	Rationale
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		We are unable to comment on this without more information on the volumes which are expected to be settled in this way. The current settlements process should be adopted for microgeneration and the relevant metering installed to ensure accurate data processing for microgeneration. The current spill is unknown, this will only increase in the future as more Customers opt for microgeneration.
10	Are there any further comments on P218 that you wish to make?	Yes	We do not support either of the proposals. We feel that neither addresses the major concerns we have; • We are not convinced that method for calculating EACs is sufficiently robust. • Micro generation by its very nature is vulnerable to changes in weather, we are not convinced how an accurate EAC can be calculated • We do not feel that the major costs we would incur by implementing the current proposals are justified or of any benefit. • There is already robust settlements process in place which micro generation could be incorporated into. • Although installing a meter and following the current process is viewed as a barrier to entry, this seems to the most logical and cost effective approach to adopt. As the data would be more accurate. • Any unaccounted export "spill" is viewed as a negative loss. This will impact grid correction factor calculations as per the regulatory formula.

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P218 Assessment Procedure Consultation Questions

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Respondent:	Bryan Donnelly
Company Name:	SAIC on behalf of ScottishPower
No. of BSC Parties Represented	6
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 Manweb plc. SP Transmission Ltd. SP Distribution Ltd
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 / Exemptible Generator / BSC Agent / Party Agent / Distributors / other – please state) Supplier / BSC Agent / Party Agent / Distributors
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	**No**	We agree with the modification group that the proposed modification would **not** meet the BSC objectives. BSC Objective c would not be achieved as the BSC is not the main obstacle to greater take up of micro generation and no case has yet been made to

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Q	Question	Response	Rationale
			suggest otherwise. The modification is also costly and brings little benefit BSC Objective d would not be achieved as the modification will ultimately introduce error into Settlement despite the best endeavours of industry to minimise these. We should not be supporting changes to the BSC which will result in further error in the Settlement process.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	**No**	Overall we agree with the modification group for the same reasons as given against the proposed modification that the alternative modification would not produce better facilitation than currently exists within the BSC. Though the alternative modification would be preferable to the proposed modification due to its increased simplicity and avoidance of impacting NHHDA systems, we believe at its core it is still flawed. In essence the data is still estimated and not based on accurate data, thus allowing error into Settlements. We should not be agreeing to any move which will introduce estimates into Settlement. We believe that the cost of introducing this solution would still be prohibitive for what would be a temporary fix until metering advances overtook the solution.
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	**No**	Please refer to our answer for Q2
4	Do you support the implementation approach described in the consultation document? Please give rationale	**Yes**	The implementation approach seems to be a sensible way forward. We would agree with the timelines described and the acceptance that the implementation should be contained within a standard industry release

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Q	Question	Response	Rationale
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	**No**	It is our belief that P218 would enter error into Settlements. We would therefore not use P218 to record NHH export in Settlement.
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	**No**	We do not currently settle any sites under P81. However, if we did our answer to Q5 would apply.
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	**Option 3**	Where there is already an industry framework in place this should be utilised as a tried and tested method of assurance. However, we have identified some issues with the audit trail. There seems to be a reliance on Customers providing evidence of downtime of apparatus. This seems to be rather optimistic of the industry to expect all Customers to supply this information. Though site inspections will help to reduce Customer inaction, the timeframe for site inspections may not be rigorous enough to prevent this happening. The costs of such a system of inspection may also end up costing more than metering a site thus negating any advantage from not metering which had the aim of cutting costs. Has the process for Suppliers and the maintenance of such sites been fully costed? We would support the inclusion of the MEO within the annual BSC audit
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	**No**	

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Q	Question	Response	Rationale
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		Currently we have no way of ascertaining how much energy is being spilled onto the network; therefore we have no way of determining whether there is currently any materiality. Consumer adoption of microgerenation still numbers no more than a few thousand in the UK which would indicate that the problem is small. However until the industry as a whole undertake a sample of significant size there is no sure way of determining the size of any perceived problem.
10	Are there any further comments on P218 that you wish to make?	**Yes**	P218 in our opinion is a flawed idea. It will ultimately be an expensive temporary fix for an issue which has presented no evidence of materiality. As use of P218 is not compulsory we could ultimately create a process at great cost which would not be used by some or all of the large Suppliers. Thus, we would be at the same stage as now but would have made, as an industry, a substantial investment of time and money for no benefit to the Customer or the industry. Particular note should be given to the fact that there are less than 30 sites traded under P81 arrangements at present. Taking an industry perspective the roll-out of smart meters throughout the UK will resolve the issue once and for all as all smart meters will be capable of recording import and export. Though the roll out is unlikely to occur within 10 years, it will resolve the issue. Until that time the market already has the P81 framework which can be applied to microgenerators who are spilling significant amounts of energy onto the network. The proposed and alternative Modification do not fully answer the issue of institutionalised error being passed to Settlement. The generation and consumption within a site is non-predictable despite the best efforts of the Modification to show otherwise and this will ultimately be an unwelcome addition to the Settlements process. The costs on the MEO and the Supplier, not to mention DNOs, to implement and use such a system will negate any benefit derived from not metering sites and therefore we can reach no other conclusion other than it would

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Q	Question	Response	Rationale
			ultimately replace one cost issue with another. We believe that the drivers and obstacles to the adoption of microgeneration in greater numbers will not be influenced by changes to the BSC. The main obstacles may lie out with the control of the BSC. That is, greater government incentives to the market may be more appropriate as a means to encourage uptake. Though modification of the BSC may be necessary it will not be the main issue which will encourage adoption, it will be more a part of a wider solution. For any such proposal to be considered further by the industry, a large scale investigation into the amount of gross generation and actual spill onto the network needs to be undertaken for at least, one year to give any reliable and statistically valid data to work on. This would allow the industry to assess such a proposal with a statistically valid set of data. Until then we can only reach the conclusion that the system of non-metering export is unworkable and undesirable.

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Respondent:	Louisa Stuart-Smith
Company Name:	RWE Npower
No. of BSC Parties Represented	10
Parties Represented	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	
Role of Respondent	Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent
Does this response contain confidential information?	

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We believe that the solution developed to support the Proposed Modification P218 is necessarily complicated, however we feel that the introduction of an additional solution to register microgeneration Export into Settlements in parallel with the existing P081 solution and the option to spill would create additional complication within the market which would fail to bring benefits to either Settlement or customers. We fundamentally oppose the concept of treating microgeneration Export in a similar way to NHH Unmetered Supply. Unlike Unmetered Supply microgeneration is an unpredictable load and we feel the use of Export EACs generated using limited data is an unsuitable method of producing data to pass into Settlement.

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Q	Question	Response	Rationale
			We do not believe that the data used in the Proposed solution is a representative sample of the microgeneration sites in the GB market. The variance within the small sample demonstrates that generation and export from microgeneration is not predictable and requires further analysis on a larger sample before it would be robust enough to use. We accept that the analysis suggests one export factor for all technology types was the most appropriate methodology based on the limited data available but if more data became available at a future date our preference would be for different export factors for each technology type. We believe that the Proposed solution would be difficult to carry out manually and an automated process would be cost prohibitive for us to implement. We also believe that through the use of estimates the Proposal risks inaccurate data entering Settlement and is against growing customer expectation for their Export to be metered. The addition of another solution for Export microgeneration creates additional complexity in the Registration and CoS processes for Export sites. The P218 Scenario Analysis carried out by the Group underlines the various new processes that would have to be implemented by Parties if the Proposal is implemented. We are concerned that even though we do not intend to implement P218, if it was approved there would be an increase to the cost of implementing the existing P081 solution to enable us to process sites that were either being gained or lost to a Supplier using the P218 solution. We believe that the use of Portfolio MPANs is not failsafe and feel there is still a possibility that an Export site could be accounted for in Settlement under P218 with one Supplier and still be receiving Export payments from another Supplier outside of Settlement at the same time. We do not believe that the Proposed solution meets Applicable BSC Objective C as it is not a cost effective mechanism to encourage microgeneration Export to be entered into Settlement and would not in itself encourage an increase in the uptake of microgeneration. We also believe that the Impact Assessment responses from other market participants do not indicate that the Proposal would be used if it was

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Q	Question	Response	Rationale
			approved and implemented. We do not believe that the Proposed solution meets Applicable BSC Objective D as it would be inefficient, overcomplicated and over-engineered and would be likely to increase the level of error introduced into Settlement. Crucially we feel that the expense involved in implementing P218 means that it is not the interim solution it is claimed to be.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	We acknowledge that Alternative Modification P218 removes the need for Portfolio MPANs and therefore reduces some of the complexity. However, we feel that as it still proposes to use Export EACs generated using limited data it is still an unsuitable method of producing data to pass into Settlement. As the Alternative Modification P218 is mostly similar to the Proposed Modification P218 the majority of our reasons for opposing the Proposed also apply to the Alternative.
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	We acknowledge that as the Alternative Modification P218 removes the need for Portfolio MPANs there is a reduction in the complexity surrounding the registration of microgeneration Export sites which makes the Alternative P218 less expensive to implement and marginally more palatable than the Proposed solution.
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes	If the Proposed Modification P218 was approved we do not intend to implement it. However we feel the complexity and requirements that need to be put in place in order for others to implement the solution correctly means that a lengthy implementation period would hopefully ensure that the risks to Settlement of Parties failing to implement the solution properly would be limited.

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Q	Question	Response	Rationale
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	No	Please see response to Question 4.
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	N/a	We do not currently settle microgeneration using the P081 solution but our intention is to start using it if and when it becomes cost effective to do so.
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 1	We believe that an appropriate level of assurance is required to ensure that errors are not introduced into Settlement through defects in the process. We feel that the development of a solution that uses an estimate of Export should be rigorously checked to ensure that the data entering Settlement remains as accurate as possible. However we understand that the cost to implement the level of assurance we would feel most comfortable with would outweigh any of the limited benefit that a Supplier could gain if they were to enter the Export through Settlement. We do not feel that Option 2 would provide the required level of assurance. Our preference would be for Option 1 as we feel that an annual check on processes would provide an adequate level of assurance. Option 3 would also satisfy to a limited extent our expectations for an assurance process.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	No	
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant		

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Q	Question	Response	Rationale
	amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		
10	Are there any further comments on P218 that you wish to make?	No	

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Respondent:	Lisa Smith
Company Name:	Siemens Energy Services
No. of BSC Parties Represented	0
Parties Represented	N/a
No. of Non BSC Parties Represented (e.g. Agents)	6
Non Parties represented	NHHDA, NHHDC, NHHMO, HHDC, HHDA, HHMO
Role of Respondent	Party Agent
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We do not see how P218 would better facilitate the Applicable BSC objectives c and d, for the following reasons: There does not appear to be any indication that this would encourage a greater uptake of microgeneration. If this proposal is implemented then it could in fact lead to increased inaccurate data entering into Settlement, since the readings will be based on estimates for variable loads. This also seems to be a more complex solution. If P218 is offered as an additional option, being run in parallel with P81, then this could lead to confusion, rather than help to simplify the process or improve efficiency. High timescales and costs are anticipated for implementing this solution (throughout the industry) and it is doubtful that these costs can be justified, especially if this is viewed as an interim solution until SMART metering is

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Q	Question	Response	Rationale
			implemented.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	As Q1 above.
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	This is a less complex solution to P218, requiring fewer system and process changes (across the industry), and as such would have reduced implementation costs.
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes/No	
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	Yes/No	N/A
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	Yes/No	N/A
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 1 Option 2 Option 3	

[1] For the purposes of P218, microgeneration refers to Export from a Small Scale Third Party Generating Plant as defined in the BSC.

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Q	Question	Response	Rationale
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	No	
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		
10	Are there any further comments on P218 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 **Thursday 21 February 2008** to modification.consultations@elexon.co.uk and please entitle your email '**P218 Assessment Procedure 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 Dina Solanki on 020 7380 4114, email address Dina.Solanki@elexon.co.uk.

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P218 Assessment Procedure Consultation Questions

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:	Name David Rowley
Company Name:	AccuRead Ltd
No. of BSC Parties Represented	0
Parties Represented	Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).
No. of Non BSC Parties Represented (e.g. Agents)	4
Non Parties represented	Please list all non Parties responding on behalf of (including the respondent company if relevant). ACCU NHHDC, NHHDA, NHHMO, SWAENHHDA
Role of Respondent	(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state) Party Agent
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We do not feel that the modification necessarily provides anymore accuracy to settlements but making a modification would incur a cost to the industry & individual organisations.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	We do not feel that the modification necessarily provides anymore accuracy to settlements but making a modification would incur a cost to the industry & individual organisations.

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Q	Question	Response	Rationale
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	The Alternative modification seems to provide a more efficient solution.
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes	
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	N/A	AccuRead Ltd is not a Supplier
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	N/A	AccuRead Ltd is not a Supplier
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 3	We believe option 3 gives adequate assurance
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	No	
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of		We believe that there needs to be more quantified data on the amount of export energy being produced before any conclusive cost benefit analysis

[1] For the purposes of P218, microgeneration refers to Export from a Small Scale Third Party Generating Plant as defined in the BSC.

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Q	Question	Response	Rationale
	microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		can be carried out. This would probably have to be carried out through a metering trial.
10	Are there any further comments on P218 that you wish to make?	No	

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P218 Assessment Procedure Consultation Questions

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:	Deborah Bird / Martin Mate
Company Name:	British Energy
No. of BSC Parties Represented	5
Parties Represented	British Energy Direct Ltd, British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, Eggborough Power Ltd, British Energy Generation (UK) Ltd
No. of Non BSC Parties Represented (e.g. Agents)	-
Non Parties represented	-
Role of Respondent	Supplier/Generator/ Trader / Consolidator / Exemptable Generator/ Party Agent
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	The proposed P218 process would not better promote BSC objective (c) relating to competition, compared to the existing baseline, and is not in the best interests of individual customers. Smearing microgeneration volume estimates between registrants of microgeneration sites would represent a retrograde step in data quality. Effective competition can only be achieved if volumes can be accurately attributed to individual suppliers. As well as not accurately attributing volumes to suppliers, the approach would lead to potentially significant cross-subsidies between customers with different usage levels or patterns. Customers with lower use of installed capacity would benefit from the higher usage of others. This would not send the right signals for efficient use of generation facilities. P218 would not better facilitate the achievement of BSC objective (d)

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Q	Question	Response	Rationale
			relating to BSC administrative efficiency. It is a costly and unworkable solution. We believe the difficulty and cost of providing and using suitable metering under the existing baseline (as set by P081) have been exaggerated and we have not seen any evidence to suggest otherwise.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	The same objections as given above in response to Q1 for the proposal apply to the alternative proposal. In addition, the Alternative Modification P218 would, by the removal of any requirement for MPANs or "pseudo" agents and by creating new processes instead of using existing standardised processes: • reduce transparency and increase complexity for industry as a whole, • increase the complexity of performance assurance and auditing of BSC processes, • increase the requirement for special central and party processes to handle microgeneration, and consequently increase the risk of registration/transfer and data errors. We do not consider this would better facilitate BSC objectives (c) or (d).
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	No	The Alternative Modification P218 may be a simpler and cheaper process to implement initially, but as per our response to Question 2, there would be a lack of visibility, and longer term costs.
4	Do you support the implementation approach described in the consultation document? Please give rationale	No	P218 would have a significant impact on our current processes and would require major system changes as a result of the changes suggested (dependent on the approach chosen). Costs would be high and the implementation period would be at least 18 months from a decision to implement. We attribute this to the following: a) Completing a full investigation into the impact of the proposed change(s) to our existing business processes and customers b) Significant changes to our database structure (and business rules) of multiple systems involving Non Half Hourly pricing, registration and billing c) Planning resource requirements for development, testing and

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Q	Question	Response	Rationale
			implementation phases i.e. Aligning this proposed change with other significant project commitments d) Managing the development, testing and implementation of changes to internal and external systems e) Redesign of our existing business processes f) Training users in affected business areas in new business process
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	No	British Energy would use the existing baseline approach (as set by P081). We would expect microgeneration sites to be prime candidates for the use of smarter meters by customers with keen interest in their energy usage.
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	Yes/No	N/A
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 3	Although we disagree with P218 and P218 alternative, assurance option 3 is the only acceptable choice, consistent with recently approved modification P207. Option 1 would contradict the principles of P207, while option 2 is unnecessary as all Parties are already obliged to ensure the accuracy of data entering Settlement (indeed P218 itself contradicts this obligation).
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	Yes	A preferable solution would be to continue the existing process (set by P081) but improve the 'compliance' of participants. An obligation on suppliers to provide export metering at customer request (perhaps under the general BSC requirement for accuracy of metering data, where it is aware that an export capability exists) would clearly promote the metering of exports. However, such a requirement might sit better under licence obligation. Provision of **competitive** metering services and **competitive** purchase of energy generated, by suppliers or others, would allow efficient decisions by customers as to whether any additional metering costs were justified. We believe the cost and difficulty of providing and administering export

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Q	Question	Response	Rationale
			metering under current arrangements should be relatively modest, and that costs may have been exaggerated because there is little benefit for suppliers in facilitating sale of what are currently very small volumes of export. The Modification Group should investigate in detail the costs and obstacles associated with facilitating microgeneration under the existing baseline. The Modification Group should also consider the future impact of smart metering, which we believe could easily provide the required metering at minimal incremental cost.
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		Without gross metering of microgeneration sources, it will not be possible to accurately gauge the extent or benefit of such generation, nor of individual types of microgeneration. Approval of P162 by the Authority implicitly accepted this situation. Those providing microgeneration who wish to receive a benefit for it must accept that the cost of measuring the volume must be weighed against the overall value. Although some suppliers/customers for it may be willing to pay for such generation on the basis of estimation, it is unlikely that most suppliers/customers would be, and it would be wrong to use the BSC to force this situation. If such a situation were to be forced on participants and customers, we think it would be better achieved by direct and transparent subsidy, possibly in the form of payments to such estjmated generation from funds collected through climate change initiatives. Alternatively (and preferably from the point of view of maintaining data accuracy and visibility), such central funds could be used to subsidise the provision of export meters, the costs of which are very small in comparison with the cost of most if not all microgeneration installations.
10	Are there any further comments on P218 that you wish to make?	Yes	As stated in our Impact Assessment response, treating microgeneration in a similar way to NHH UMS is inappropriate. UMS is a pragmatic way of dealing with historic electrical system arrangements, originating before supply competition existed. It should not be held as an example for future developments where better arrangements are possible at modest cost. Also, UMS is for a specific customer whereas P218 would be for numerous

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Q	Question	Response	Rationale
			different customers per GSP. Using an estimated aggregate reading for many customers would not promote accurate reading and billing for individual customers. This would not improve Settlement accuracy or provide the right signals for efficient microgeneration. MPANs are currently unique to a particular meter register/ boundary point/ site/ customer (depending on precise circumstances). P218 would fundamentally change the way MPANs are used with potential to undermine the integrity of Settlements. No case has been made as to why the existing arrangements should not continue. We have not seen any firm evidence of there being a defect with the code. A dual process solution is inefficient and would over-complicate microgeneration causing greater risk to Settlement. The current arrangements to register export MPANs in settlement where necessary should be made compulsory (as far as is possible under the BSC) and work should be carried out towards accurate compliance of all participants with this process. This would be a more cost effective approach.

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P218 Assessment Procedure Consultation Questions

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:	Rosie McGlynn
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)	0
Non Parties represented	N/A
Role of Respondent	Supplier/Generator/Trader/Distributor
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	With respect to BSC objective d this modification makes processes more complex with three possible options for dealing with Microgeneration. This will lead to inefficiencies in processes and increased chances of errors. Even if processing was carried out correctly data that enters settlements will in most cases be likely to be of poor quality. It is unlikely that this modification will have a positive impact on BSC objective c either. There is nothing in this modification that is likely to increase competition, in fact with the introduction of a third possible method of dealing with Microgeneration it could have an opposite effect and lead to less competitive offerings for Microgeneration.

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Q	Question	Response	Rationale
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	Alternative is a slightly simpler and less costly way forward but it does not address problems that are inherent within main proposal.
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	No	It could be argued that this is a simpler way forward and as such would better facilitate BSC objective d than main proposal would. However, that improvement is so slight in terms of problems that this modification would introduce that overall we do not feel that there is any real difference between these two solutions.
4	Do you support the implementation approach described in the consultation document? Please give rationale	No	We would not support any implementation of this modification, even if it is an optional process. Even if we do not wish to use this modification we would be forced to make changes to support gains of export sites for anyone who does use this modification.
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	No	Data entering into settlements under this process is prone to possible significant errors due to methods of calculation. There is no real incentive to settle under this process as it is difficult to determine if this would have a positive impact on our costs given the very small portfolio of these sites. One of our main problems with this modification though is that we would be forced to make changes even if we did not want to utilise this process.
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	Yes/No	Not applicable.
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)?	Option 3	We re-iterate that we do not support P218, but option 3 provides a solution that is similar to existing processes and as such would probably be best way forward. Options 1 and 2 seem to provide little in terms of ensuring full end to end process is functioning.

[1] For the purposes of P218, microgeneration refers to Export from a Small Scale Third Party Generating Plant as defined in the BSC.

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Q	Question	Response	Rationale
	Please give rationale.		
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	No	
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		Problems are more in terms of market penetration of Microgeneration sites. Benefits will only be seen when amount of energy related to such sites is significant enough to impact on energy spill and this is not at this time seen as being significant. At this stage we can see that focussing on providing import actual meter readings gives a better return in terms of settlement costs than attempting to settle export. Cost of making changes to systems, particularly, in terms of demand forecasting and settlements are high to enable export data to be incorporated into normal processes. We currently have less than 250 sites and as a proportion of our portfolio this is less than 0.01%. It does not make sense to make significant changes to such systems to deal with such a small portfolio.
10	Are there any further comments on P218 that you wish to make?	Yes/No	

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P218 Assessment Procedure Consultation Questions

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:	Mitch Donnelly
Company Name:	Centrica
No. of BSC Parties Represented	9
Parties Represented	*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*
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	n/a
Role of Respondent	Supplier/ Generator / Trader
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We believe that the Proposed Modification P218 is over complicated and would place unacceptable levels of cost on supply businesses, which would out-weigh any of the proposed benefits. This Proposal would encourage neither an increased take up of Microgeneration nor would it facilitate competition within the market. Furthermore, by introducing more complexity and cost into the Microgeneration market, this proposal may have the opposite and unintended effect of acting as a barrier to competition in this market.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC	Yes	We agree that the Alternate Proposal would better facilitate the BSC Objectives (c) and (d) as it would allow Suppliers who wish to Settle their

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Q	Question	Response	Rationale
	Objectives when compared to the current baseline? Please give rationale and state objective(s)		Microgeneration energy to do so and so could in this regard be seen as facilitating market entry and competition. However, we would qualify this support as we do not believe that Microgeneration currently, or in the near term, creates sufficient 'over-spill' to justify the costs associated with creating a new BSC Party. We believe that at present there is a degree of uncertainty around the projected growth and impact to Settlements as a whole from Microgeneration. We believe that further work needs to be carried out to identify and understand anticipated take up of Microgeneration and the impact that this will have in terms of 'over-spill energy' into the grid.
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	Alternative Proposed Modification P218, in so much as it does not have the same impact on existing processes and systems, is preferable to the original proposal. It would therefore better facilitate BSC Objectives (c) and (d) as it would provide a more cost efficient, simpler solution at a lower cost.
4	Do you support the implementation approach described in the consultation document? Please give rationale	n/a	We agree that there would be sufficient lead time for Suppliers to make any necessary system changes under the proposed timescales. The implementation of Modification Proposal P218, would have a major impact to our business processes and systems and would cause us to incur significant development costs. However, we do not feel that there is sufficient justification at this time for either of these proposals to proceed.
5	If you do not currently settle Microgeneration[1] would you start using P218 to record NHH Export in Settlement?	No	At this time we do not believe that our Microgeneration portfolio creates sufficient over-spill energy to justify the costs and business process changes involved in appointing an MEO

[1] For the purposes of P218, microgeneration refers to Export from a Small Scale Third Party Generating Plant as defined in the BSC.

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Q	Question	Response	Rationale
	Please provide rationale.		We recognise that the Microgeneration market is developing rapidly, but we believe that there are still no clear indications on the level of 'over-spill energy' that this will create. If the levels of over-spill from our portfolio justify the costs involved in operating P218 at a future date we may reconsider this position.
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	No	n/a
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	n/a	In the absence of any evidence around the size of an impact to Settlements we do not belive that any performance assurance measures in this area are justified. However, we believe that Option 3 would be the most appropriate assurance mechanism, if either moodification were to be implemented. Given the potential low take and small aggregate energy impact it would seem sensible to allow PAB to carry out checks at its discretion using a risk based approach.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	Yes	We believe that further clarity around to decision by the group to use a single SSC is need. We believe profiling export generation for some groups of Microgeneration sites and creating appropriate SSCs would not be an onerous task. Particularly as this could be achieved through the use of a Smart Metering solution. The development of multiple SSCs may bring significant benefits and has the potential to considerably reduce risk to Settlements.
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant		Currently the size of the Microgeneration export market and the effect of over spill into the grid are not known. Without a better understanding of this it is impossible to understand the cost vs. benefits of these modification

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Q	Question	Response	Rationale
	amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		proposals. We agree with the statement in the consultation document that for export volumes of less than 400KW this solution is not economically viable and wee are concerned that modification may be implemented without a clear understanding of the benefits.
10	Are there any further comments on P218 that you wish to make?	Yes	Given the lack of clarrity around benefits we are concerned around the quoted costs for implementing this change. It is our belief that at some point in the future the Microgeneration market will grow to an extent where it begins to have an adverse impact on Settlement and that we need to consider now how this risk might best be mitigated. We are not convinced that either P218 or it's alternate proposal have been sufficiently developed to provide the best possible solution at the lowest cost.

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P218 Assessment Procedure Consultation Questions

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Respondent:	Name: Colette Baldwin
Company Name:	E.ON UK
No. of BSC Parties Represented	
Parties Represented	Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant). E.ON UK & E.ON Energy Services
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/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state~~): Supplier
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We don't believe that Objectives A and B are relevant. With regard to Objectives C & D - It is difficult to see how this solution will "improve competition". The modification seeks to introduce an overly complex set of arrangements for an interim and non-mandated solution and does nothing to promote the use of metering to secure settlement accuracy as the market grows. This solution merely offers a mechanism for parties to recover a value (based on a deemed factor) for the export that a customer might be making from their site. It isn't based on real on-site experience, nor does it have the opportunity to develop into the long-term industry design, as these processes will be abandoned when more

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Q	Question	Response	Rationale
			commercially acceptable arrangements are in place with agents and metering providers. Additionally this solution was originally proposed as a voluntary arrangement; however, all parties will have to make system changes to manage the flows and interaction with the new agent whether or not they wish to actively participate in this market. As to "efficiencies in the balancing and settlement arrangements", with deemed amounts of export, using a UMS type EAC does not solve the fundamental issue that it is not possible to determine when and how much a site is exporting without metering, so the EAC and load factors proposed in the solution will always be a compromise.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	No	As answer 1.
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	Although we have the same overall reservations about the suitability of the alternative as with the original, it would be our preference.
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes	
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	No	No, we believe that this is the wrong interim step to take to encourage settlement of microgeneration. It is an expensive solution and isn't value reflective. It does not address our concerns about the complex arrangements or protection that would need to be in place for customers to prevent errors involving change of supply or any other type of transfer.

[1] For the purposes of P218, microgeneration refers to Export from a Small Scale Third Party Generating Plant as defined in the BSC.

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Q	Question	Response	Rationale
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	n/a	We do not currently us P081, and we do not propose to use P218.
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 1 Option 2 Option 3	At this stage with the number of sites involved across the industry, our preferred option would be Option 2. However, in the coming years the impact on settlements of spill and of export could be come more significant and this should be reflected in the amount of assurance that should be required and it would be advisable to consider a more robust process as the market grows.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	Yes/No	No
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		The recent investigations undertaken by BEMA on microgeneration sites has provided some data, however in the evaluation of the results we believe that it has identified some changes in approach to the scale of installation and house types that are most suitable. We recognise that participating in data collection activities for consumers is intrusive and it's not their priority, but some further data may be required as the market refines the best solutions for house types/user preferences. The Ilex study also provided some interesting data on the levels of penetration of microgeneration detailing at what level market penetration would have an impact on settlement accuracy. It would be useful to more fully evaluate the findings of Ilex and see whether any further information could be extracted in light of the new BEMA data.
10	Are there any further comments on P218 that you wish to make?	Yes/No	Nothing in the solution does anything to encourage customers to use their generation on site, or to modify their energy usage.

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Q	Question	Response	Rationale
			Much is made of a fair reward for export being portrayed as one in which the export is "settled" and that without a meter to measure the export the customer is somehow being disadvantaged, however little mention is made of the greater benefit the customer is realising in the avoided import costs which in particular at times of rising fuel costs will always outweigh those of the export. Suppliers have already developed propositions which recognise the value of the export without burdening the customer and their own businesses with unreasonable costs for little reward. Ultimately whatever settlement solution is right for microgeneration – the costs incurred must reflect the value obtained for settled exported energy.

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 **Thursday 21 February 2008** to modification.consultations@elexon.co.uk and please entitle your email '**P218 Assessment Procedure 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 Dina Solanki on 020 7380 4114, email address Dina.Solanki@elexon.co.uk.

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P218 Assessment Procedure Consultation Questions

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:	Martyn Edwards on behalf of Scottish and Southern Energy PLC
Company Name:	Scottish and Southern Energy (as a whole)
No. of BSC Parties Represented	As registered
Parties Represented	As registered
No. of Non BSC Parties Represented (e.g. Agents)	As registered
Non Parties represented	As registered
Role of Respondent	Supplier/Generator/ Trader / Party Agent / Distributors
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Neutral	We support the principle and purpose of Microgeneration, however P218 is not the most appropriate mechanism to facilitate the applicable BSC objectives.
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	Neutral	A preferable method but not ideal
3	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC	Yes	See answer (2) above

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Q	Question	Response	Rationale
	Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)		
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes	On condition the process remains optional
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	Unlikely	
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	Unlikely	
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Neither option – please see rationale	We would require a hybrid between Option 2 and Option 3, where Suppliers are obliged to declare accuracy of submissions, which are subject to independent assurance. Only then will we be in a position to measure scale of the issue.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	No	We believe P81 should be mandated, with MPANs allocated to NHH Export, to facilitate appropriate trading arrangements
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want to consider whether there is currently a significant		Please see 7 above – we need to accumulate accurate information priorto reliably assess impacts.

[1] For the purposes of P218, microgeneration refers to Export from a Small Scale Third Party Generating Plant as defined in the BSC.

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Q	Question	Response	Rationale
	amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		
10	Are there any further comments on P218 that you wish to make?	No	

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P218 Assessment Procedure Consultation Questions

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:	Alex Pourcelot
Company Name:	TMA
No. of BSC Parties Represented	0
Parties Represented	Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).
No. of Non BSC Parties Represented (e.g. Agents)	4
Non Parties represented	UDMS HHDC, HHDA and NHHDA, LBSL NHHDA
Role of Respondent	Party Agent
Does this response contain confidential information?	No

Q	Question	Response	Rationale
1	Do you believe Proposed Modification P218 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	The proposed modification would better facilitate the achievement of Applicable Objective C Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity' as it offer Suppliers the ability manage their micro-generation as a portfolio which might make the export of micro-generation sites more attractive..
2	Do you believe Alternative Modification P218 would better facilitate the achievement of the Applicable BSC Objectives when compared to the current baseline? Please give rationale and state objective(s)	Yes	The proposed alternative modification would better facilitate the achievement of Applicable Objective C Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity for the same reason as above.
3	Do you believe Alternative Modification P218 would	Yes	The Alternative Modification would better facilitate the achievement of applicable BSC objectives B 'The efficient, economic and co-ordinated

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Q	Question	Response	Rationale
	better facilitate the achievement of the Applicable BSC Objectives when compared to the Proposed Modification? Please give rationale and state objective(s)		operation of the GB transmission system' as the implementation cost is lower than the proposed modification.
4	Do you support the implementation approach described in the consultation document? Please give rationale	Yes	It would allow enough time for the procurement process as well as the change process for all impacted parties.
5	If you do not currently settle microgeneration[1] would you start using P218 to record NHH Export in Settlement? Please provide rationale.	N/A	.
6	If you currently settle microgeneration using the P081 solution would you start using P218 to record NHH Export in Settlement instead? Please provide rationale.	N/A	
7	Which assurance option would you prefer to be implemented as part of P218 (see section 3.5 of the consultation document for a description of the different options)? Please give rationale.	Option 3	Option 3 would ensure a consistent approach for the P218 process and the existing Industry processes.
8	Do you believe there are any other solutions or options that the Modification Group has not identified and that could be considered in the remaining timeframe? Please give rationale.	Yes	The use of P218 or its alternative only, removing P81. Having 3 possible ways to handle export data for micro-generation sites : P81, P218 or not settled at all, introduces un-necessary complications. A unique clear process is required.
9	Please provide suggestions on how the potential benefits of better facilitating Settlement of microgeneration could be determined. You may want		This modification should be viewed not only with the current level of micro-generation energy in mind but with the future level of micro-generation energy taking into account the impact of the targets to lower the carbon

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Q	Question	Response	Rationale
	to consider whether there is currently a significant amount of energy being spilt; if not, then what level would be significant, and what is currently preventing Supplier's registering microgeneration in Settlement.		footprint as well as increased energy costs.
10	Are there any further comments on P218 that you wish to make?	No	

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