

P277 Impact Assessment Responses

What stage is this document in the process?

Impact Assessment issued on 15 November 2011.

- 01 Initial Written Assessment
- 02 Definition Procedure
- 03 Assessment Procedure
- 04 Report Phase

We received responses from

Company	Role of Parties/non-Parties represented
RWE Supply & Trading GmbH	Supplier/ Generator/ Trader/ Consolidator/ Exemptable Generator/ Party Agent
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Supplier/ Generator/ Trader/ Consolidator/ Exemptable Generator/ Distributor
SONI Ltd (System Operator for Northern Ireland)	Interconnector Administrator (IA) and Interconnector Error Administrator (IEA) for the Moyle Interconnector
BritNed Development Ltd	Interconnector Error Administrator, Interconnector Administrator
National Grid Interconnectors Limited	Interconnector Administrator/ Interconnector Error Administrator
National Grid	Transmission Company
EDF Energy	Generator/ Supplier/ Trader/ Party Agent/ Consolidator/ Exemptable Generator
E.ON UK	Supplier/ Generator/ Trader/ Consolidator/ Exemptable Generator

Impact Assessment by BSC Parties

Question 1: Would P277 impact your organisation?

Responses

Respondent	Response
RWE Supply & Trading GmbH	Yes. Work will need to be undertaken to change our internal trade systems to cope with one Interconnector BM Unit and the associated positive or negative values to reflect direction of flow
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No
SONI Ltd	Yes
BritNed Development	Yes – Confidential Response

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Respondent	Response
Ltd	
National Grid Interconnectors Limited	<p>Yes. De-register / reregister Interconnector Error BM Units. Elect Interconnector Error BMUnit Flag/status. Modify 'Capacity Management System' to:</p> <ul style="list-style-type: none"> - submit Physical Notification data to BM Systems on single BM Unit basis. - Submit BM Unit Metered Volumes to Elexon on single BM Unit basis. - Means to receive input of P/C status for each registered Interconnector BM Unit.
National Grid	Yes. If P277 is implemented it will require deregistration of existing production and consumption BM Units and the registration of a single BM Unit for interconnector parties.
EDF Energy	Yes. Changes to internal systems, documents and processes that use interconnector BM Unit data as part of market monitoring, reporting and forecasting would be required. The changes should be relatively modest, but at least 3 months notice should be provided to allow detailed impact assessment, design/procurement, testing, and implementation where necessary.
E.ON UK	Yes. Like many BSC Parties, as a Trading Party – Interconnector User – we would be affected by P277 ourselves, but aside from impacts on our own Interconnector BMU such as having to re-register them with new names and one or other P/C status and unwinding any ECVNs, necessitating system changes for both our own and other BMUs would require some work. For example in addition to changing BMU names and updating the P/C status of each BMU, alterations to cope with signed volumes would be necessary.

Question 2: Would your organisation incur any costs in implementing P277?

Responses

Respondent	Response
RWE Supply & Trading GmbH	Yes. It is envisaged that the cost to make the required changes to our internal trade systems would be a one off cost in the region of £35k. It would makes no difference to the cost as to which implementation approach is taken because the system changes would still have to be made.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No
SONI Ltd	Yes. The proposed change would require system changes to the recently commissioned Auction Management Platform to aggregate the current Production and Consumption BM Units and to amend the system mapping of BM units to SEM (Single Electricity Market) units. Please note that this change would also have to apply to the new EirGrid East West Interconnector (EWIC) currently being

Respondent	Response
	<p>commissioned (SONI will also act as IA/IEA in BETTA for EWIC). Capital costs will arise due to these system changes and associated factory, site and regression tests. SONI have not requested any formal quotations for these changes to date but would estimate that the costs would be less than £100k. Please note that, under the SONI price control arrangements, additional costs of this nature may require separate approvals from the Northern Ireland Authority for Utility Regulation (NIAUR).</p> <p>If the modification were to go ahead, SONI would prefer the release to be managed separately (as per option (a) above) so that our own testing schedule is not unduly influenced by the BSC Release date. This is especially critical if any change was scheduled during the EWIC commissioning phase.</p> <p>SONI do not envisage any ongoing costs associated with the change.</p>
BritNed Development Ltd	Yes – Confidential Response
National Grid Interconnectors Limited	Yes – Confidential Response
National Grid	No. Minimal cost impact.
EDF Energy	<p>Yes. Our implementation cost would be expected to be relatively modest, provided sufficient notice is given for any change.</p> <p>Implementation approach A, outside a normal BSC Release, could incur some additional overhead costs, depending on exact timing of any change relative to other internal development work.</p> <p>Implementation approach B, as part of a normal BSC release, would be preferable as it would be more likely to allow sharing of project resource with other BSC changes that require implementation.</p> <p>Currently, Modification Proposal P278 would be the only other BSC Modification likely to affect the same systems and processes as P277, and most likely to have implementation synergies if implemented with it.</p>
E.ON UK	<p>Yes. Changes to in-house systems would be necessary, these should be one-off costs but not insignificant. Alongside any other changes i.e. b) & c) would probably be least costly, though to some extent this depends on the nature of whatever other alternations were planned in that BSC Release.</p>

Question 3: Would your organisation accrue any cost-savings as a result of P277?

Responses

Respondent	Response
RWE Supply & Trading GmbH	No
IBM (UK) Ltd. (for and on	Yes. There would be a minor reduction in administrative costs associated with Interconnector trading.

Respondent	Response
behalf of ScottishPower)	
SONI Ltd	No
BritNed Development Ltd	Yes. Within our risk mitigation procedures there is potentially an issue where we will have an imbalance in both our P/C accounts. This change would remove that risk.
National Grid Interconnectors Limited	No. No identified cost savings under NGIL's current commercial model. Potential different future effects/benefits when NGIL adopts implicit auctions, the commercial model for which has not been finalised.
National Grid	No
EDF Energy	No. The handling and analysis of BM Unit data within EDF Energy is largely automated, so use of a slightly reduced number of BM Units would be unlikely to give any process efficiency. EDF Energy would incur small additional BSCCo Charges as a result of P277, as users of interconnectors would avoid part of their current contribution to BSC transaction charges.
E.ON UK	No

Question 4: How long (from the point of Ofgem approval) would you need to implement P277?

Respondent	Response
RWE Supply & Trading GmbH	3 months minimum. The changes required to meet this modification proposal would first have to be made to the test systems and fully tested before implementing in the production environment. Also as the modification impacts key systems this work would need to be factored into any existing project plans.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	1 week. Manual process and documentation changes.
SONI Ltd	SONI would estimate that 9-12 months would be required from the Ofgem approval stage. As mentioned above, SONI may require separate cost approvals from NIAUR before undertaking any changes. SONI would then need to specify and agree changes with their service providers. Once agreed there will be a lead time for development before factory testing, site & regression/integration tests.
BritNed Development Ltd	4 months. The main requirement is through the IS changes. This would require specifying, implementing and testing prior to deployment. All other requirements could be performed in line with the IS changes. Options a, b or c would not have an affect on time to implement.
National Grid Interconnectors Limited	4 months. The estimated 4 months assumes a non-emergency basis. The critical path item for NGIL in preparing for implementation would be the modifications to the Capacity Management System. Whether Approach A or B has no effect on required time.

Respondent	Response
	Relative timing with P278 has no bearing.
National Grid	As BSCP15
EDF Energy	At least 3 months. See answers to questions 1, 2 and 3. Interconnector BM Unit data is part of the data used within EDF Energy for monitoring, reporting and forecasting the operation of the electricity market, in order to optimise our activities within it. Currently, all data relating to interconnector BM Units is distinguished by direction, and a full impact assessment would be necessary to ensure that this feature is not hard-coded into any of the databases and models that use interconnector data. If any changes were required, a solution would need to be specified, tested and implemented.
E.ON UK	As above system changes would require weeks/months to develop and test before these could be rolled out.

Question 5: Would you like to make any further comments on P277?

Responses

Respondent	Response
RWE Supply & Trading GmbH	No
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No
SONI Ltd	Yes. The amendment attempts to reduce risk on the part of Interconnector Users in isolation; the same issue is faced by all BETTA market participants. The issue only occurs if market participants make mistakes in setting up an Energy Contract Volume Notification (ECVN) between the Production and Consumption accounts. SONI do not accept that this is an administrative burden. SONI are of the view the modification has much wider implications and should only be considered as part of wider market implementation as it seeks to amend one of the underpinning design principles of the BETTA market
BritNed Development Ltd	Yes – Confidential Response
National Grid Interconnectors Limited	Yes. Implicit auction effects will be examined further as the project progresses.
National Grid	No
EDF Energy	Yes. It is not obvious why the proposed change should be mandatory for users of the interconnector. The assessment should make clear why a user that wished to continue to use two BM Units in the current manner would be prevented from doing so. We note that the minimum notice period in BSCP15 for registering a

Respondent	Response
	<p>new BM Unit (30 wd) is longer than the minimum notice period for de-registering a BM Unit (20 wd). A registrant could therefore give the appearance, for 10 wd, of an intent to have three BM Units, which is prohibited. We assume this will be taken into consideration in any implementation plan.</p> <p>Changes to BSC Sections Q and X, and possibly V, would be required as well as sections K, R, and T as identified in the impact assessment document.</p>
E.ON UK	<p>Yes. There is an argument for abolishing P/C accounts for each BMU and just having a single account for each user. However to facilitate this for Interconnector BMUs only could be viewed as discriminatory. More practically we doubt if it is worth the cost involved in changing systems and processes that would be incurred by both central providers such as the CRA and individual parties, to reduce the potential costs to certain users only who might behave in such specific examples as put forward in P277.</p>