Responses from P201/P202 Implementation Approach Consultation

Consultation Issued 8 June 2006

Representations were received from the following parties

No	Company	File number	No. BSC Parties Represented	No. Non-Parties Represented
1.	Campbell Carr Ltd	P201_202_IA _01	0	1
2.	British Energy	P201_202_IA _02	5	0
3.	BGT	P201_202_IA _03	1	0
4.	BizzEnergy	P201_202_IA _04	1	0
5.	E.ON UK plc	P201_202_IA _05	13	0
6.	E.ON UK Energy Services Limited	P201_202_IA _06	0	1
7.	EnAppSys Ltd	P201_202_IA _07	0	1
8.	Scottish and Southern Energy plc.	P201_202_IA _08	6	0
9.	EDF Energy	P201_202_IA _09	9	0
10.	Gaz de France Marketing Ltd	P201_202_IA _10	1	0
11.	SAIC	P201_202_IA _11	7	0
12.	npower	P201_202_IA _12	11	0
13.	Airtricity	P201_202_IA _13	1	0

P201/ 202 IMPLEMENTATION APPROACH CONSULTATION QUESTIONS

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

Respondent:	*Name:* Robert Barnett
Company Name:	Campbell Carr
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)	1
Non Parties represented	*Please list all non Parties responding on behalf of (including the respondent company if relevant).*
Role of Respondent	*other* – Modification Group Member
Does this response contain confidential information?	No

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	Option 1 will not provide sufficient protection to small suppliers over the coming winter and so creates an unmanageable risk not consistent with facilitating competition. It is not sufficient. Option 2 is better than Option 1 but incurs additional cost with the risk that it will not provide protection over the winter. It may not be sufficient. Option 3 is probably not manageable as it would need to apply to every Settlement Period incurring considerable cost. It cannot be recommended. Option 4 could not be ready for the winter and so offers no real benefit. Option 5 is not sufficient but has the basis for a workable solution. The legal issue of issued trading charges not reflecting code can be resolved if the Code specifies that for a set period, issued trading charges would not reflect code but would be legitimate until resolved by a reconciliation run. Where the option fails is that it does not address the cashflow problems ensuing over the coming winter from calculation using the pre-implementation software.

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Q	Question	Response
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	For larger suppliers, the cashflow implications of Option 5 are sustainable, particularly as they tend to be vertically integrated and so will get most of any overpayments through RCRC either on their consumption accounts or their affiliated generation accounts. The implementation approach should therefore concentrate on smaller supplier accounts. A workaround like Option 3 or 4 that applies only to accounts with a summated DC below a certain level could be utilised. The risks with this approach are: • Larger suppliers would split their portfolios to avail of the workaround – an unlikely response given that the advantage would be so temporary. • Manual calculation is error prone – but fewer calculations would be required than the full solution reducing both the work load and the error risk.
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	
4.	Please provide any further comments on the implementation approach for P201 and P202?	

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

Please send responses, entitled 'P201 202 Implementations Approach Consultation', by **5pm** on **Thursday 22 June 2006** to the following e-mail address: modification.consultations@elexon.co.uk.

Any queries on the content of the consultation pro-forma should be addressed to Tom Bowcutt on 020 7380 4309, email address thomas.bowcutt@elexon.co.uk.

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Respondent:	*Louise Allport*
Company Name:	*British Energy*
No. of BSC Parties Represented	*5*
Parties Represented	*British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, British Energy Direct Ltd, British Energy Generation (UK) Ltd, Eggborough Power Ltd*
No. of Non BSC Parties Represented (e.g. Agents)	*0*
Non Parties represented	
Role of Respondent	*Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent*
Does this response contain confidential information?	*No*

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	We agree that a range of implementation options have been identified by Elexon. We see no reason to opt for anything other than Option 1: Normal Implementation. This will minimise the costs and risks. Accelerated implementation would increase costs and would not ensure the scheme was in place in advance of winter 06/07. Parties concerned by the impact of P194 should have raised a modification proposal earlier.
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	None at this time.
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	P194 was approved on 23rd March 2006. Parties concerned by this have had over 2 months to raise a modification.

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Q	Question	Response
4.	Please provide any further comments on the implementation approach for P201 and P202?	None at this time.

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Respondent:	*Merel van der Neut Kolfschoten*
Company Name:	*BGT*
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).*
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 [1])*
Does this response contain confidential information?	*No*

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	It is our understanding that the purpose of this consultation is to identify possible implementation approaches and any issues associated with these approaches. At this stage there is limited information available on costs, timescales and issues and therefore BGT are not yet in a position to fully assess the 5 options mentioned in the consultation document. However, BGT do note that it seems that only option 3 and possibly option 2 could be implemented before winter 06/07.
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	Considering the above, the Modification Group may want to explore the option of a possible delayed implementation of P194. This would enable development of the required central system changes without the need for a manual workaround. BGT believe that a manual workaround raises some significant concerns (see question 3).

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

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Q	Question	Response
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	Apart from further details on costs and timescales, BGT would like to see further considered – in particular with regards to options 3 & 4 – the impact of Central System reporting on parties. If settlement reports don't reflect the P201/202 changes, this would have a significant negative impact on BGT's invoice validation process. The Modification Group may want to consider the development of ad hoc reports that do reflect the P201/202. However, if these reports would require significant system changes, this might not be a feasible alternative, especially as the manual workaround is only meant to be operational for a period of 3-6 months. BGT would also like to note that if settlement reports don't reflect the P201/202 changes, this could have a negative impact on parties' credit level. Finally, considering the already tight payment timescales, BGT would like to see considered the impact of the manual workaround on the invoicing process, if any.
4.	Please provide any further comments on the implementation approach for P201 and P202?	-

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Respondent:	*Alison Hughes*
Company Name:	*BizzEnergy*
No. of BSC Parties Represented	*1*
Parties Represented	*BizzEnergy*
No. of Non BSC Parties Represented (e.g. Agents)	*None*
Non Parties represented	
Role of Respondent	*Supplier*
Does this response contain confidential information?	

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	Option 1 Normal Implementation - Given the implementation of P194 (Nov-06) then Normal Implementation is not consistent with the agreed Urgent treatment of these modifications.
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	Variant to Option 5 Implementation on Reconciliation –Under the current option 5 participants would be required to pay Trading Charges generated under the current (i.e. P194) baseline over the winter 06/07 period. Thus option 5 as it stands does not appear to address the very real likelihood of a significant commercial impact and hence one of the reasons behind these modifications being treated as Urgent. This could be addressed by Implementation in Reconciliation of P201/P202 **and P194**. Thus P201/P202 and P194 would be effective before winter 06/07 and the central system changes with respect to P201/P202 and P194 would be implemented together. Although not perfect this is preferable to Option 1 Normal Implementation (see comments on question 1), Option 4 Implementation via a workaround operated by Elexon (according to the paper it is unlikely that this can be developed ahead of 06/07 and there are no identified benefits) and the current Option 5 Implementation in Reconciliation of P201/P202 (see comments on question 3).

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Q	Question	Response
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	We are very concerned regarding the cash flow impacts of not fully implementing these modifications (P201/P202) ahead of winter 06/07. This is a significant issue to smaller players in the market.
4.	Please provide any further comments on the implementation approach for P201 and P202?	None

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P201/ 202 IMPLEMENTATION APPROACH CONSULTATION QUESTIONS

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Respondent:	*Name* Ben Sheehy
Company Name:	E.ON UK plc
No. of BSC Parties Represented	13.
Parties Represented	*Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).* Citigen London Ltd., Cottam Development Centre Ltd., E.ON UK Ironbridge Ltd., E.ON UK plc, Economy Power plc, Enfield Energy Centre Ltd., Midlands Gas Ltd., Powergen Retail Ltd., TXU Europe (AH Online) Ltd., TXU Europe (AHG) Ltd., TXU Europe (AHGD) Ltd., TXU Europe (AHST) Ltd., Western Gas Ltd.
No. of Non BSC Parties Represented (e.g. Agents)	None.
Non Parties represented	*Please list all non Parties responding on behalf of (including the respondent company if relevant).*
Role of Respondent	*(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / ~~BSC Agent / Party Agent / Distributors / other – please state~~[1]*)
Does this response contain confidential information?	No.

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

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Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	Of the 5 identified options, E.ON UK is of the opinion that only Option 1, 'Normal Implementation', is practicable, as it offers both accurate settlement and the expectation of reasonable costs. Option 1 is preferable to Option 4, 'Implementation via workaround (operated by ELEXON)', which will incur costs in excess of normal implementation, and Option 5, 'Implementation in Reconciliation', which raises unpalatable legal uncertainties, given that none of these options could alter Trading Charges in time for winter 06/07. It is assumed that Option 2, 'Accelerated Implementation', will be disproportionately expensive when costs are weighed against benefits. It would be helpful if ELEXON could estimate costs above those of normal implementation. An additional concern with Option 2 is that the short timescale, for what is likely to be a complicated project, cannot be guaranteed. Should a delay arise, causing the notional deadline of winter 06/07 to be missed, the extra expense will have been needless. Options 3, 'Implementation via workaround (operated by BSC Agent)', and Option 4, are unacceptable as they will create inaccuracies in Central System reporting, which is vital to E.ON UK's balancing and settlement systems.
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	The 5 options presented by ELEXON represent a complete assessment of feasible methods.
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	It is essential that the accuracy of Settlement Report SAA-I014 is not affected by the implementation of P201/202. The Report is used as an essential validation tool and contains crucial market information, including credit use. Furthermore, SAA-I014 is important when contractual disputes arise regarding incorrect contract notifications. There is therefore a danger that inaccuracies will lead to more disputes being raised. Similarly, the accuracy of Report SAA-I022 must not be affected, as it is needed to validate notification and balancing positions.

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Q	Question	Response
4.	Please provide any further comments on the implementation approach for P201 and P202?	Regardless of the merits or otherwise of modifications P201 and P202, E.ON UK does not believe it will be possible to get them successfully implemented in time for winter 06/07. Option 1, 'Normal Implementation', is the only approach that will avoid either excessive costs, inaccuracies in Central System reporting, or detriment to the legal basis of Trading Charges. Principally, it is essential that Central System reporting is not adversely impacted by the implementation approach.

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Respondent:	*Alastair Barnsley*
Company Name:	*E.ON UK energy Services Limited*
No. of BSC Parties Represented	*0*
Parties Represented	
No. of Non BSC Parties Represented (e.g. Agents)	*1*
Non Parties represented	*E.ON UK Energy Services Limited*
Role of Respondent	*Party Agent*
Does this response contain confidential information?	*No*

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	Neutral we anticipate no impact from the implementation of the above modification proposals on our activities
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	As Above
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	As Above
4.	Please provide any further comments on the implementation approach for P201 and P202?	As Above

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Modification

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Procedures. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

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Respondent:	*Phil Hewitt*
Company Name:	*EnAppSys Ltd*
No. of BSC Parties Represented	*0*
Parties Represented	0
No. of Non BSC Parties Represented (e.g. Agents)	*1*
Non Parties represented	*EnAppSys Ltd*
Role of Respondent	*Software Service Provider*
Does this response contain confidential information?	*No*

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	All approaches expose thinking that the solution has to be provided in house.

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Q	Question	Response
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	EnAppSys Ltd is a licensed data provider under modification P114 to the BSC. We provide metering and settlement data and information to other P114 licensed companies and BSC signatories. We maintain an on-line data warehouse with all parties SAA-I014 data going back to P114 go-live (24th Feb 2004). It is located at www.netareports.com. We have already analysed the impact of P201 and have a deep understanding of the issue. If required EnAppSys Ltd could assist Elexon and BSC Parties by providing automated calculation of P201/P202 cashflows going forward allowing Elexon and the incumbent monopoly provider the time to implement an enduring solution in the background along the lines of Option 1. The EnAppSys solution would involve receipt of normal SAA-I014 data via the P114 route, the re-calculation of settlement cashflows on the basis of the calculations in the modification that comes out of the P201/P202 process and the automated transmission of correction advice notes showing the P201/P202 revised charges by email. The correction advice notes could be issued within hours of the arrival of the SAA-I014 flow. Elexon would need to build a temporary process to take this data to change charges or reimburse participants. The cost of this workaround depends on a number of factors, a small amount of additional software development to build on the www.netareports.com platform, additional insurance cover to protect EnAppSys Ltd, IT issues such as bandwidth and server loading, Elexon infrastructure issues to do with issuing revised invoices and building in sufficient system testing time to assure participants of the reliability of the solution. This workaround would deliver a solution in plenty of time for the implementation date of P194 and winter 06/07 at a significant reduced cost compared to a solution based around the incumbent monopoly provider.
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	There are three issues: Cost – do it as cheaply as possible. Speed – get a solution in place before the implementation date of P194 and winter 06/07. Reliability – get a temporary solution that can be trusted and give the incumbent monopoly provider the time to build a solid enduring solution.

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Q	Question	Response
4.	Please provide any further comments on the implementation approach for P201 and P202?	

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Respondent:	*Andrew Colley*
Company Name:	*Scottish and Southern Energy plc.*
No. of BSC Parties Represented	*6*
Parties Represented	*SSE Energy Supply Ltd, SSE Generation Ltd, Keadby Generation Ltd, Medway Power Ltd, Southern Electric Power Distribution plc, Scottish Hydro-Electric Power Distribution Ltd*
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/Distributors*
Does this response contain confidential information?	*No*

Q	Question	Response

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Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	Given the sensitivity and complexity of imbalance cashout equations and the subsequent impact upon Trading Party cashflows created by any error, particularly through residual cashflow redistribution effects, on balance, it is SSE's view that any suggested workaround solution introduces too great a risk of error and challenge. There is high probability that any manual workaround of such complexity operated over a sustained period of time will introduce errors and that subsequent follow up actions to resolve the errors would necessitate additional cost through the Trading Disputes process which would clearly act against BSC applicable objective (d). Option 5 seems impossible to implement given that it would knowingly create a significant non-compliance with the BSC baseline. Additionally, any error or delayed effect introduced by any of the workarounds would pollute forward signals and potentially reduce participants confidence in the market to its detriment – as such SSE contend that a manual workaround option has a great potential to act against applicable objective (c). We therefore do not accept any of the workaround solutions suggested. Were either Modification P201 or P202 to be approved by the Authority, then of the remaining options 1 and 2, SSE's preferred implementation approach would be Option 1. Utilising Option 1 would minimise the cost associated with implementing the change. Whilst it is recognised that such an approach will be unable to introduce the necessary pricing changes in time for Winter 06/07; SSE do not believe this to be a significant issue, given that it has taken 2-3 months following the Authority's determination to approve Modification P194 for both of these modifications to emerge. In our view, such a gap in time does not suggest an extreme urgency to implement the change. Notwithstanding the above comment, in principle we would be prepared to support Option 2 in preference to workaround solutions, with the proviso that the added marginal cost of implementation remains insignificant relative to the Option 1.
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	SSE are broadly opposed to any workaround. However, a variant on Option 5 would be to allow the change to take place at reconciliation (as this would minimise additional expenditure to introduce an interim manual workaround); but at the same time introduce an amnesty upon trading disputes for a limited period of time, thus avoiding the potential to incur additional dispute management costs.

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Q	Question	Response
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	Given the dual cashout mechanism currently in force, and the inevitable over or under recovery of costs that comes with it, an automated solution is imperative to maintain participants confidence that central systems and Agents are accurately calculating Trading Parties costs and revenues. In our view, it also seems likely that the Market Auditor would have some reservations concerning any workaround solution adopted over a sustained period of time and therefore an additional risk of qualification to the BSC accounts could be introduced through applying this approach. As such is it important that Elexon canvass the BSC Auditor's views on how they might view the different implementation options.
4.	Please provide any further comments on the implementation approach for P201 and P202?	

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Respondent:	David Lewis
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; London Energy plc; Seeboard Energy Limited
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	0
Role of Respondent	Supplier/Generator/ Trader/Distributor
Does this response contain confidential information?	No

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	In light of the significant system changes that would be required to implement either P201 or P202, we believe that the only practical solution would be to exercise any change as part of a normal release structure (option 1). It is highly unlikely that accelerated implementation would allow either of the Modifications to be implemented ahead of Winter 06/07, so it is not clear that this approach would provide any additional benefit over and above option 1. Options 3 & 4 would add both substantial cost and uncertainty to trading parties due to the manual nature of these approaches. Option 5 is completely unrealistic - as noted in the consultation document, a reconciliation process of this nature could leave the potential for all participants to raise Trading Disputes for every Settlement Period in the interim period.
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	We have not identified any other methods for implementation.

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Q	Question	Response
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	Any implementation approach should be both legally and technically robust due to the complexity of these modifications and the impact on trading charges.
4.	Please provide any further comments on the implementation approach for P201 and P202?	The potential for a Supplier Consumption Energy Account to be exposed to separate imbalance charges in every Settlement Period heightens the scope for error and thus the risk to BSC parties - this re-iterates the need for a detailed and accurate implementation approach.

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Respondent:	*Name*
Company Name:	*Gaz de France Marketing Ltd*
No. of BSC Parties Represented	*1*
Parties Represented	*Gaz de France Marketing Limited*
No. of Non BSC Parties Represented (e.g. Agents)	*0*
Non Parties represented	*Please list all non Parties responding on behalf of (including the respondent company if relevant).*
Role of Respondent	*Supplier/Generator*
Does this response contain confidential information?	*No*

Q	Question	Response

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Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	It is pleasing to see that in such a short timescale Elexon have been able to identify a number of approaches to address implementation of the two modifications. We trust however that the search for a robust and enduring solution is continuing as the proposals and their impact is becoming clearer. As a preference in preparation should implementation of P201 or P202 be approved, we would suggest the following be explored: 1. Investigate a delay to the implementation of P194. It would be most unusual for peak winter demand to occur in early November. 2. If a delay to P194 is not achievable then Option 3 outlined in the consultation document would appear appropriate with delivery within 3 months. 3. If a delay to the implementation of P194 and Option 3 not achievable then Option 5 – delayed reconciliation would look to be the most pragmatic solution of those options identified within the consultation
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	
4.	Please provide any further comments on the implementation approach for P201 and P202?	If the principle behind either P201 or P202 is agreed as more appropriate than the current baseline provided for by P194 then appropriate effort should be made towards finding a robust and cost effective approach. As innovative and technically thorough individuals I have no doubt that Elexon and the Modification Group members will rise to the challenge

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Modification

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Procedures. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

Please send responses, entitled 'P201 202 Implementations Approach Consultation', by **5pm** on **Thursday 22 June 2006** to the following e-mail address: modification.consultations@elexon.co.uk.

Any queries on the content of the consultation pro-forma should be addressed to Tom Bowcutt on 020 7380 4309, email address thomas.bowcutt@elexon.co.uk.

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P201/ 202 IMPLEMENTATION APPROACH CONSULTATION QUESTIONS

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

Respondent:	Gary Henderson
Company Name:	SAIC Ltd (for and on behalf of ScottishPower)
No. of BSC Parties Represented	7
Parties Represented	ScottishPower U.K. Ltd, ScottishPower Energy Management Ltd, ScottishPower Generation Ltd, ScottishPower Energy Retail Ltd, SP Transmission Ltd, SP Manweb plc, SP Distribution Ltd
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	n/a
Role of Respondent	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Distributors
Does this response contain confidential information?	No

Q	Question	Response
	Please provide comments on the implementation approaches identified to date?	ScottishPower welcome the opportunity to comment on the proposed implementation approaches. Our views are as follows: 1. **Normal Implementation**. This would allow an appropriate length of time for the Mod group to determine a suitable solution to the alleged defect. This approach enables Parties to fully assess the impact of this Modification on their systems and Business Processes, and will allow all options to be considered. The temptation to rush headlong into a potentially unsuitable and costly solution must be resisted. We believe that this approach is the most appropriate. 2. **Accelerated Implementation**. With an estimated 3 to 4 month implementation timescale, this solution would not result in the Mod being implemented before the desired winter '06 deadline. It would not achieve the aims of granting Urgent status and would introduce an unacceptable level of risk to the entire process by rushing ahead without a fully developed solution. We do not believe that this approach should be considered as it will not achieve

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Q	Question	Response
		the early implementation objective. 3. **Implementation via Workaround (operated by BSC Agent)**. While this approach has potential, we do not believe that it is a viable option on the basis that the use of a manual workaround of this nature is fraught with potential risk to the entire market. This may leave Parties in an uncertain position, unable to fully validate their Trading Charges. We estimate that this workaround could be in operation for a minimum of three months, and any manual process running for that length of time has the potential to cause large problems for all Parties. Additionally, no costs have been provided to show how costly this approach would be. Without knowing what the proposer's position is, we do not believe the cost and risk to the rest of the market are justified to consider this approach. 4. **Implementation via Workaround (operated by ELEXON)**. Similar to approach 2, it is unlikely that this approach could achieve the desired result of implementing a solution in time for winter '06. Likewise, this would be a manual solution, implemented by ELEXON who have limited experience operating these real time solutions 24/7. The cost and risks inherent with approach 3 also apply here. 5. **Implementation in Reconciliation**. This approach would do nothing for the proposer of P202, as they would still be exposed to the P194 pricing methodology until the full solution is implemented in the first quarter 2007. The potential problems around the issuing of incorrect trading charges and the legality of this approach mean that there is a real possibility that it could cause more problems than it actually solves. We do not believe this option is a viable one.
	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	ScottishPower believe that the Option 1 approach combined with the delayed implementation of P194 to a date in line with the normal implementation timescales of both P201 and P202 could be a viable one and should be investigated and considered. This would allow for the normal industry process to be followed, minimising risk to the industry, and at the same time delay the impact of P194, particularly to the proposer. This solution provides the best balance between addressing the proposers concerns and minimising risk to the operation of the entire market.

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Q	Question	Response
	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	The main issues which should be considered in the development of the implementation approach are; cost justification and risk to the market and parties. It is important that the cost of any solution is proportional to the risks to the entire market, not just one or two smaller Parties. A suitable implementation approach should balance both of these elements, delivering a robust solution for all parties.
	Please provide any further comments on the implementation approach for P201 and P202?	None.

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P201/ 202 IMPLEMENTATION APPROACH CONSULTATION QUESTIONS

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

Respondent:	**Richard Jones**
Company Name:	**Npower**
No. of BSC Parties Represented	**11**
Parties Represented	*Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).).* **RWE Trading GmbH, RWE Npower plc, Great Yarmouth Power Ltd, Npower Cogen Trading Ltd, Npower Commercial Gas Ltd, Npower Direct Ltd, Npower Ltd, Npower Northern Ltd, Npower Northern Supply Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd**
No. of Non BSC Parties Represented (e.g. Agents)	**None**
Non Parties represented	*Please list all non Parties responding on behalf of (including the respondent company if relevant).*
Role of Respondent	*(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state* [1] *)* **Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent**
Does this response contain confidential information?	**No**

Q	Question	Response
1.	Please provide comments on the implementation approaches identified to date?	We feel that if an implementation approach other than the 'Normal Implementation' approach is to be adopted it should ensure implementation ahead of winter 06/07 to fully justify increased risks and costs – which no option seems to be able to guarantee. Due to the increase in risk, error issues of manual calculations and the increased project and additional costs that are associated with options 2 – 5, it is felt that these factors potentially outweigh the opportunity/benefit of implementing P201/P202 before winter 06/07. Option 1 is therefore our preferred option.

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

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Q	Question	Response
2.	Please identify any further implementation approaches that you believe should be considered during the progression of P201/202? *Please provide rationale*	None
3.	Please identify any substantive issues which should be considered in the development of the implementation approach for P201 and P202? *Please provide rationale*	It would be most useful and is felt that Elexon should provide more accurate costing for implementations 2 – 5. Without this information, Option 1 has to be the preferred option.
4.	Please provide any further comments on the implementation approach for P201 and P202?	No comment

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

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From: Robert Longden [langdonr@airtricity.com]
Sent: 22 June 2006 15:39
To: Modification Consultations
Subject: P201/202 Implementations Approach Consultation

Dear Sir,

The objective should be to have P201/P202 in operation as quickly as possible. Further it is important to seek to avoid a method of implementation which incorporates reconciliation. Due to the defect that these two Mods seek to address, the potential cash flow implications to participants through prolonged reconciliation are significant.

As such we would favour Option 3 which appears to best meet these needs. If problems are encountered with this approach, Option 2 appears to be the “next best route”

Robert Longden

UK Regulatory Affairs Manager

On behalf of Airtricity