



## **Further queries regarding OXERA cost-benefit analysis for Transmission Losses Modification Proposals**

On 26 July 2007, ELEXON received some queries from a Party regarding the OXERA cost-benefit analysis for transmission losses Modification Proposals P198, P200, P203 and P204. The queries were forwarded to OXERA, and the OXERA response was provided to the Party on 6 August 2007. In the interests of transparency, the questions and answers are enclosed for industry information.

### **Question summary:**

The Party requested clarification of the date ranges for the years and seasons used within the cost-benefit analysis.

The Party also queried whether the actual TLF values underpinning figures 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 3.7 in OXERA's July 2006 report could be made available.

### **Question detail:**

I would be grateful for more information on the Oxera July 2006 report (and by extrapolation the September 2006 report):

*1. I am seeking assurance about the applicable times for the seasons for both the TLFs and the TLMs.*

Throughout the report, the seasonal results are presented in the order: Winter, Spring, Summer, Autumn.

In Figures 3.4-3.7 at 3.1.4, seasonal TLFs are shown graphically for years 2005/06 to 2014/15. Seasons are defined as:

BSC Winter Dec-Feb;

BSC Spring Mar-May

BSC Summer Jun-Aug

BSC Autumn Sep-Nov

In appendix 2 there are tables of TLM values for BSC Winter (s1), BSC Spring (s2), BSC Summer (s3) and BSC Autumn (s4). However, the columns of values are labelled simply by year number 2006, 2007 etc. The numbers suggest a sequential order. I note that in a draft Appendix 1 issued in June 2006, the labels on the same columns were 2006/07, 2007/08 etc.

However, I can find nowhere that the exact relationship between actual months and the reported 'seasons' and 'year' is described.

If Oxera have shoe-horned their analysis into BSC seasons, then I would expect the following relationships:

Spring 2006/07 = April 2006 - May 2006 and March 2007 = Spring 2006. An odd sequence, but what I understand the losses rules to specify.

Summer 2006/07 = June 2006 - August 2006 = Summer 2006

Autumn 2006/07 = September 2006 - November 2006 = Autumn 2006

Winter 2006/07 = December 2006 - February 2007 = Winter 2006

And similarly for subsequent years. A year would begin with spring and end with winter, rather than start with winter and end with autumn.

However, there are variations to this which might appear more rational to an independent analyst, eg.

Winter 2006 = December 2005 - February 2006 = Winter 2006/07

Spring 2006 = March-May 2006 = Spring 2006/07

Summer 2006 = June-August 2006 = Summer 2006/07

Autumn 2006 = September-November 2006 = Autumn 2006/07

Can you confirm exactly which real months are represented in the seasons labelled by year in appendix 2 and figures 3.4-3.7?

2. *When Oxera refer to a year in the format eg. 2006/07 (as occurs throughout the documents), does that mean the period from April 2006 to March 2007, or something else?*

3. *In Appendix 2, what months are included in years with the format eg. 2006? Does this cover January-December or something else (related to first question above).*

4. *Are the TLF values from the snapshots available electronically?*

Any help would be gratefully received.

**OXERA response:**

In response to your questions, I can confirm the following:

1) Spring 2006/07 = April 2006 - May 2006 + March 2007 = Spring 2006. The first 2 and last 1 months in the year have the same monthly loss factors.

2) 2006/07 does indeed mean April 2006 to March 2007

3) 2006 refers to 2006/07 in the appendix. Unfortunately, the formatting change seemed necessary to fit each table onto one page.

4) Yes, the data behind figures 3.1, 3.2, 3.3, 3.4, 3.5, 3.6 and 3.7 in the July 2006 report are available electronically, I have attached the workbook to this email. *[Note that this data is available from the [P198](#), [P200](#), [P203](#) and [P204](#) pages of the BSC Website].*

I hope this has adequately answered your questions.