

Responses from P177 Assessment Consultation

Consultation Issued 23 November 2004

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	NGT	P177_AR_001	1	0
2.	Central Networks	P177_AR_002	1	0
3.	RWE Trading	P177_AR_003	10	0
4.	Scottish Power	P177_AR_004	6	0
5.	E.ON UK	P177_AR_005	15	0
6.	British Gas Trading	P177_AR_006	1	0
7.	EDF Energy	P177_AR_007	9	0

P177 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

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

Respondent:	<i>NGT</i>
No. of Parties Represented	<i>1</i>
Parties Represented	NGC
No. of Non Parties Represented	
Non Parties represented	
Role of Respondent	System Operator

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
1.	Do you believe Proposed Modification P177 would better facilitate the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	<p>(a) NGC has an obligation under its licence to have in force a BSC setting out the terms of the balancing and settlement arrangements for increasing or decreasing the quantities of electricity delivered to or taken off the total system. It also has an obligation to prepare a CUSC setting out arrangements for parties connecting to and having access to the use of the Transmission System.</p> <p>By removing existing arrangements relating to intertrips from the BSC, and introducing them within the CUSC, as proposed by P177, NGC believes that it would be better complying with the obligations placed upon it under its licence. This view is enforced by Ofgem's P87 decision letter where it argues that:</p> <p><i>"...the BSC is not the right forum for consideration of an issue that relates to the terms for transmission access".</i> It went on to state that <i>"...compensation for operational intertrips should be considered under the</i></p>

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
			<p><i>CUSC or Charging Methodology governance arrangements rather than under the BSC. This is because it relates to terms for transmission access rather than the details of the electricity trading arrangements.”</i></p> <p>The approval of P177 would allow NGC to ensure that the provisions for Intertrips sits within the appropriate governance framework under its licence.</p> <p>(b) NGT believes that applicable objective (b) is only better facilitated if account is taken of proposed changes to other industry frameworks. Should the Authority approve CUSC Amendment Proposal CAP076, the continued inclusion of intertrip compensation arrangements within the BSC would be inappropriate. Providing an additional unpredictable payment for the automatic removal of access to the transmission system when that loss of access has already been compensated under another governance framework would be inefficient and uneconomic.</p> <p>(c) Parties with intertrip agreements have stated that they currently factor the cost and potential risk of an intertrip operating into their bid prices. This has the effect of increasing prices submitted into the Balancing Mechanism and creates a risk of unpredictable and high negative bid prices feeding into cash out calculations and sending inappropriate signals to the market in relation to system length. The removal of intertrip compensation arrangements from the BSC (as proposed by P177) should remove the risk premium from Bid prices of parties with intertrips and ensure that cashout prices remain appropriate should an intertrip operate, thus increasing effective competition within the Balancing Mechanism.</p>
2.	Do you believe Alternative Modification P177 better facilitates the achievement of the Applicable BSC		When P177 was initially raised it was expected that it would be considered by the Authority at the same time as CAP076. In this way the Authority

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
	<p>Objectives:</p> <ul style="list-style-type: none"> i. as compared to the current baseline? ii. As compared to the Proposed Modification? <p>Please give rationale and state objective(s)</p>	<ul style="list-style-type: none"> i. No ii. No 	<p>would be in a position to introduce new Intertrip arrangements into the CUSC whilst simultaneously removing them from the BSC.</p> <p>The alternative to P177 would allow the modification to be considered in isolation to the changes being developed in the CUSC. However unless changes are introduced in the CUSC it will make no discernable difference to the treatment of Intertrips within the BSC. If the changes are made to the CUSC, as proposed under CAP076, then the Alternative P177 modification will no better achieve the applicable BSC objectives than would the original. As such National Grid does not believe that the Alternative P177 Modification better facilitates the Applicable BSC objectives when compared to either the current baseline or the original Proposed Modification.</p> <p>National Grid notes that if P177 Alternate is to be effective in achieving its stated objective, the tightness of legal drafting will be key.</p>
3.	<p>Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered?</p> <p>Please give rationale</p>	No	
4.	<p>Do you have any views on the impact of P177 on Energy Imbalance Prices?</p> <p>Please give rationale</p>	Yes	<p>As clearly outlined within the Consultation report, the impact of P177 on Energy Imbalance prices will depend upon the market length and the prevailing BOA prices at the time of, and following, the trip.</p> <p>By removing the treatment of Intertrips as Acceptances within the BSC, P177 reduces the chance of a system action with high negative Bid prices having a significant, unpredictable, undesirable and inappropriate impact upon Energy Imbalance prices.</p>

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
			As a locational specific system action, an Intertrip should not pollute Energy Imbalance prices. Where there are high negative Bid prices entered against a BMU impacted by an Intertrip there is a chance of parties facing significant Imbalance costs. Such imbalance costs could have an adverse commercial impact on participants that are 'long' in the affected periods. Large Imbalance Prices resulting from a system specific locational action will send disproportionate signals to parties in relation to market length.
5.	Where do you believe is the appropriate location for compensation arrangements for intertrips?	N/a	NGT believes that compensation arrangements for generators with operational intertrips should reside within the CUSC and not the BSC.
6.	<p>Were P177 implemented, do you believe complimentary changes should be made to:</p> <ul style="list-style-type: none"> i. the BSAD Methodology Statement? ii. the ABVSD Methodology Statement? <p>Please give rationale</p>	<ul style="list-style-type: none"> i. Yes ii. Yes 	<p>The approval of P177 would mean that Intertrips were no longer treated as a Bid Offer Acceptance. This would have an impact on both the intertripped party's imbalance position and overall market length. In ceasing treatment of an intertrip as a BOA, the intertripped volume would not feed into settlement and any subsequent Offers accepted by the System Operator to replace the intertripped generation would thus make the market appear shorter (less long) than would otherwise be the case.</p> <p>One means of addressing this issue would be to amend BSAD such that the intertripped volume was treated as an un-priced system BSAD action. National Grid will be issuing a BSAD consultation that proposes changing BSAD to allow for this treatment. As clearly demonstrated by Section 2 of the Consultation Document, such a change to BSAD would ensure that market length reflected the position prior to the intertrip firing, and furthermore, reflect the market length that would be calculated under existing arrangements. It should be noted that the treatment of intertripped volume via BSAD, rather than as a BOA, would not delay the timescales associated with its inclusion in settlement. Under both scenarios intertripped volume would not be included in prompt pricing timescales, but</p>

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
			<p>would be expected to have been calculated in time for inclusion in the II Settlement Run.</p> <p>P177 would also have an impact on the imbalance exposure faced by the intertripped party. National Grid believes that that it is inappropriate for the intertripped party to be subject to imbalance about which it can do nothing about, and as such believes that the intertripped volume, for the same period as a BOA would have applied if P177 was not approved, should be treated as an 'Applicable' service under the ABSVD Methodology Statement. National Grid will be issuing a consultation in due course to allow for such treatment.</p>
7.	<p>Does P177 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure?</p> <p>Please identify issue(s) and give rationale</p>	No	

Parties are encouraged to provide financial information with regards 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 **12:00 Noon on Friday 3 December 2004** to modification.consultations@elexon.co.uk and please entitle your email '**P177 Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group.

Any queries on the content of the consultation pro-forma should be addressed to Roger Salomone on 020 780 4369, email address roger.salomone@elexon.co.uk.

P177_AR_002.txt
P177 Assessment Consultation - Responses requested 03/12/04
Sent: 02 December 2004 15:55
To: Modification Consultations
Cc: Sue Pritchard
Subject: RE: P177 Assessment Consultation - Responses requested 03/12/04

Dear all,

Central networks would like to send a response of 'No Comment' for P177
Assessment Consultation

Thank you

Julie Turner

Deregulation Control Group

P177 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

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

Respondent:	<i>Bill Reed</i>
No. of Parties Represented	<i>10</i>
Parties Represented	<i>Please list all Parties responding on behalf of (including the respondent company if relevant). RWE Trading GmbH; RWE Npower Ltd; Npower cogen Ltd; Npower cogen trading Ltd; Npower Direct Ltd; Npower Ltd; Npower northern Ltd; Npower northern supply Ltd; npower yorkshire Ltd; npower yorkshire supply Ltd.</i>
No. of Non Parties Represented	<i>None</i>
Non Parties represented	<i>Please list all non Parties responding on behalf of (including the respondent company if relevant). None</i>
Role of Respondent	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state ¹) Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent</i>

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale/Comments
1.	Do you believe Proposed Modification P177 would better facilitate achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	When assessed against the current BSC baseline, the removal of remuneration in the form of bid offer acceptances for intertrips would be detrimental to BSC parties. Furthermore, the proposed change would mean that BSC parties are unable to recover any consequential loss including plant damage that may arise through the provision of an intertrip scheme.
2.	Do you believe the potential Alternative Modification P177 identified by the PSMG would better facilitate achievement of the Applicable BSC Objectives: i. as compared to the current baseline? ii. As compared to the Proposed Modification? Please give rationale and state objective(s)	i. No ii. No	As noted above, both the modification and any alternative do not better facilitate the BSC objectives. It is difficult to assess any possible alternative without more detailed consideration of the possible changes to the CUSC, BSAD and ABSVD. Given the incomplete state of the CUSC amendment and the lack of any proposals with respect of treatment of intertrips under the BSAD and ABSVD it is difficult to make any judgement with respect to the alternative relative.

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

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
3.	Do you believe there are any other alternative solutions that the PSMG has not identified and that should be considered? Please give rationale	No	
4.	Do you have any views on the impact of P177 on Energy Imbalance Prices, market length and Energy Imbalance Volumes? Please give rationale	Yes	In the absence of changes to BSAD and ABSVD, the removal of BSC intertrip provisions would result in a system that is less long than would otherwise be the case. This will influence imbalance prices and market length. Furthermore, the removal of the associated bid would have major implications for the energy imbalance of the affected party.
5.	Where do you believe is the appropriate location for compensation arrangements for intertrips?	N/a	The Ofgem decision letters on P80 and P87 indicated that transmission access issues should be considered under the CUSC.
6.	Were P177 implemented, do you believe complimentary changes should be made to: i. the BSAD Methodology Statement? ii. the ABVSD Methodology Statement? Please give rationale	i. Yes / No ii. Yes / No	Given the incomplete nature of the CUSC amendment, it is unclear at this stage whether changes to the BSAD or ABSVD methodology statements are appropriate.
7.	Does P177 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please identify issue(s) and give rationale	Yes	Note that the Ofgem decision letters on P80 and P87 made it clear that parties should have incentives to trade out imbalance positions for periods "beyond the wall".

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P177 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

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

Respondent:	Man Kwong Liu (SAIC Ltd)
No. of Parties Represented	6
Parties Represented	Please list all Parties responding on behalf of (including the respondent company if relevant). Scottish Power UK plc; ScottishPower Energy Management Ltd.; ScottishPower Generation Ltd; ScottishPower Energy Retail Ltd.; SP Transmission Ltd; SP Manweb plc.
No. of Non Parties Represented	0
Non Parties represented	Please list all non Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state ¹) Supplier / Generator / Trader / Consolidator / Exemptable Generator

Q	Question	Response ¹	Rationale/Comments
1.	Do you believe Proposed Modification P177 would better facilitate achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We do not support the removal of the Intertrip provisions from the BSC. As is recognised by the Code, intertrips can be considered as a particular form of emergency instruction and adequate provision should be made for their remuneration. This is currently provided for in the BSC and is based on the principle of 'pay as bid'. To remove this provision risks leaving the affected party unrewarded for (and disadvantaged by) the provision of this service. This will not facilitate the achievement of objective (c) 'promoting effective competition...' Any consequential withdrawal of generators from providing this service would adversely affect the operation of the transmission system by the transmission company and would not facilitate the achievement of objective (b) 'efficient, economic operation..'

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

Q	Question	Response ¹	Rationale/Comments
2.	Do you believe the potential Alternative Modification P177 identified by the PSMG would better facilitate achievement of the Applicable BSC Objectives: i. As compared to the current baseline? ii. As compared to the Proposed Modification? Please give rationale and state objective(s)	i. No ii. No	The potential alternative modification does not facilitate the achievement of objective (d) 'promoting efficiency in the implementation...' due to the attendant risks and requirement for complex drafting. Parties must be careful not to allow inadequate cross-code governance mechanisms to increase risk in the settlement arrangements.
3.	Do you believe there are any other alternative solutions that the PSMG has not identified and that should be considered? Please give rationale	No	
4.	Do you have any views on the impact of P177 on Energy Imbalance Prices, market length and Energy Imbalance Volumes? Please give rationale	No	
5.	Where do you believe is the appropriate location for compensation arrangements for intertrips?	N/a	No comment.
6.	Were P177 implemented, do you believe complimentary changes should be made to: i. the BSAD Methodology Statement? ii. the ABVSD Methodology Statement? Please give rationale	i. Yes / No ii. Yes / No	No comment.
7.	Does P177 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please identify issue(s) and give rationale	No	

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

Respondent:	<i>E.ON UK plc</i>
No. of Parties Represented	<i>15</i>
Parties Represented	<i>E.ON UK plc, Powergen Retail Limited, Cottam Development Centre Limited, Enizade Ltd, E.ON UK Drakelow Limited, E.ON UK Ironbridge Limited, E.ON UK High Marnham Limited, Midlands Gas Limited, Western Gas Limited, TXU Europe (AHG) Limited, TXU Europe (AH Online) Limited, Citigen (London) Limited, Severn Trent Energy Limited (known as TXU Europe (AHST) Limited), TXU Europe (AHGD) Limited and Ownlabel Energy.</i>
No. of Non Parties Represented	<i>N/A</i>
Non Parties represented	<i>N/A</i>
Role of Respondent	<i>Supplier, Generator, Trader, Consolidator, Exemptable Generator and Party Agent</i>

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
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Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
1.	<p>Do you believe Proposed Modification P177 would better facilitate achievement of the Applicable BSC Objectives?</p> <p>Please give rationale and state objective(s)</p>	No	<p>Intertrips are designed to ensure system security, not delivery of energy and as such the relevant provisions should reside in the CUSC (although there is always an impact on the System Price and Market length because of replacing the intertripped energy). We note the ongoing work on CAP076 and believe that the outcome of this work needs to recognise the true economic value of intertrips, including the potential for serious damage and consequential losses which may occur as the result of a trip. Assuming an alternative of the CAP076 proposal can achieve these critical aspects, we are supportive of the associated changes designed to place system actions under the correct governance. However, bearing in mind the applicable BSC objectives in the context of the scope permitted by BSC, we are unable to see how the removal of intertrip compensation (as a stand alone change) can better meet any of the objectives. When considered in isolation P177 clearly introduces a significant risk to parties who may be affected by an intertrip, both in terms of removing compensation and exposing that Party to imbalance. We therefore believe that P177 would be detrimental to applicable objective c.....</p> <p><i>'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'.</i></p>

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
2.	<p>Do you believe the potential Alternative Modification P177 identified by the PSMG would better facilitate achievement of the Applicable BSC Objectives:</p> <ul style="list-style-type: none"> i. as compared to the current baseline? ii. As compared to the Proposed Modification? <p>Please give rationale and state objective(s)</p>	<ul style="list-style-type: none"> i) No ii) Yes 	<p>i) We do not believe that the Alternative modification better facilitates the applicable objectives when compared against the current baseline. Contingency drafting would not add anything to the Code. The Code should seek to facilitate clarity and certainty with regard to intertrip compensation. The contingent nature of the arrangements described within the Alternative would not achieve this and so could be regarded as poor governance.</p> <p>ii) However, compared to the original modification, we believe that P177 Alt would provide a level of protection in the event that intertrip compensation was not provided under other governance. We note the concerns of the modification group and concur that the legal drafting would have to ensure that Parties were not i) unintentionally made ineligible for compensation ii) eligible to be compensated twice and iii) able to pick and chose the compensation arrangements.</p>
3.	<p>Do you believe there are any other alternative solutions that the PSMG has not identified and that should be considered?</p> <p>Please give rationale</p>	No	
4.	<p>Do you have any views on the impact of P177 on Energy Imbalance Prices, market length and Energy Imbalance Volumes?</p> <p>Please give rationale</p>	Yes	Should be dealt with by changes to be proposed to BSAD and ABSVD methodologies as proposed in the original modification.
5.	Where do you believe is the appropriate location for compensation arrangements for intertrips?	N/a	The CUSC

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale/Comments
6.	Were P177 implemented, do you believe complimentary changes should be made to: <ul style="list-style-type: none"> i. the BSAD Methodology Statement? ii. the ABVSD Methodology Statement? Please give rationale	i. Yes ii. Yes	
7.	Does P177 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please identify issue(s) and give rationale	No	

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P177 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

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Respondent:	Mark Manley
No. of Parties Represented	
Parties Represented	British Gas Trading (BGT)
No. of Non Parties Represented	
Non Parties represented	
Role of Respondent	

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale/Comments
1.	Do you believe Proposed Modification P177 would better facilitate achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	<p>BGT do not believe P177 will better facilitate the Applicable BSC Objectives. The current governance arrangements prevent BGT from considering any changes that are being discussed under BSC governance or any other industry codes.</p> <p>BGT do not believe it better facilitates Applicable BSC Objective (b). The proposer believes the removal of the possibility of dual payment being made to the registrant of the BM Unit increases efficiency. This justification is conditional on the progress of CAP076 and as such BGT do not believe amendment proposals being processed can be considered. As a stand alone change removing the Intertrip provisions within the BSC could result in BM Units not being paid/compensated for the removal of access to the system. BGT does not believe this will help Transmission Company to administer an efficient, economic and co-ordinated Transmission System.</p> <p>Similarly BGT do not believe that this modification can be seen to promote</p>

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			effective competition in the generation and supply of electricity. Removing the payment for the action would result in an intertrip becoming a free option for the Transmission Company. This will also expose the registrant to imbalance charges in instances where the registrant is assisting the SO in managing the system. BGT do not believe this is an appropriate consequence helping to balance the system.
2.	Do you believe the potential Alternative Modification P177 identified by the PSMG would better facilitate achievement of the Applicable BSC Objectives: i. as compared to the current baseline? ii. As compared to the Proposed Modification? Please give rationale and state objective(s)	i. No ii. Yes / No	BGT do not believe that the Alternative better facilitates the Applicable Objectives. It is impossible to assess if the new arrangements being discussed in the CUSC will provide a lower/similar/better level of compensation. Therefore BGT do not believe it can better facilitate the Objectives. The Alternative is clearly better than the original proposal but BGT do not believe it is better than the current baseline.
3.	Do you believe there are any other alternative solutions that the PSMG has not identified and that should be considered? Please give rationale	No	
4.	Do you have any views on the impact of P177 on Energy Imbalance Prices, market length and Energy Imbalance Volumes? Please give rationale		P177 as a stand-alone will have an impact on imbalance prices, market length and energy imbalance volumes as it will no longer treat an Intertrip as a BOA. This will impact on NIV tagging, as the size of the Bid stack will be reduced which will impact imbalance prices and market length. This will also have an impact on the registrant of the BM Unit. The non-treatment of the instruction as a BOA will detrimentally impact on parties credited energy and therefore expose the party to imbalance charges.
5.	Where do you believe is the appropriate location for compensation arrangements for intertrips?	N/a	BGT can understand the rationale for including Intertrip provisions in the CUSC. BGT is unsure if the arrangements better sit in the BSC or the CUSC but based on the direction from Ofgem it would appear that CUSC is the most appropriate governance arena.

Q	Question	Response Error! Bookmark not defined.	Rationale/Comments
			However in support of this view BGT believe it is essential if the arrangements are to reside within CUSC then there should be compensation arrangements for all forms of Intertrip not a subsection as is being proposed by CAP076.
6.	Were P177 implemented, do you believe complimentary changes should be made to: i. the BSAD Methodology Statement? ii. the ABVSD Methodology Statement? Please give rationale	i. Yes / No ii. Yes / No	BGT believe it is difficult to answer this question, as it is largely dependent upon what the alternative arrangements introduced into the CUSC.
7.	Does P177 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please identify issue(s) and give rationale	No	

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Respondent:	Stephen Moore (EDF Energy)
No. of 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 Parties Represented	0
Non Parties represented	N/A
Role of Respondent	Supplier/Generator/ Trader

Q	Question	Response	Rationale/Comments
1.	Do you believe Proposed Modification P177 would better facilitate achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	Taken in isolation P177 only removes compensation for intertrips from the BSC. However, were CAP076 to be approved then it would probably be appropriate to remove this compensation. This would better facilitate objective c by only allowing compensation under the CUSC.
2.	Do you believe the potential Alternative Modification P177 identified by the PSMG would better facilitate achievement of the Applicable BSC Objectives: i. as compared to the current baseline? ii. As compared to the Proposed Modification? Please give rationale and state objective(s)	i. No ii. No	Any legal text which attempts to be conditional on the passing of a modification to another industry code is problematic and liable to cause confusion. Therefore we believe that the alternative does not better facilitate objective d) as this would not be efficient.
3.	Do you believe there are any other alternative solutions that the PSMG has not identified and that should be considered? Please give rationale	No	

Q	Question	Response	Rationale/Comments
4.	Do you have any views on the impact of P177 on Energy Imbalance Prices, market length and Energy Imbalance Volumes? Please give rationale	Yes	As no I/Ts have actually occurred, the effect on the market can not be accurately gauged.
5	Where do you believe is the appropriate location for compensation arrangements for intertrips?	N/a	CUSC
6	Were P177 implemented, do you believe complimentary changes should be made to: i. the BSAD Methodology Statement? ii. the ABVSD Methodology Statement? Please give rationale	i. Yes ii. Yes	As P177 would change the nature of the transmission company's obligations, it is sensible and appropriate to ensure that BSAD and ABSVD methodologies are amended as required. In particular ABSVD should be made optional by service to allow differentiation between compensation for an I/T, frequency response and maxgen. This will make sure that the methodology is transparent and robust.
7	Does P177 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please identify issue(s) and give rationale	Yes	We question the timing of P177 and suggest it may have been better raised after CAP076 had been resolved.

Parties are encouraged to provide financial information with regards 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 **12:00 Noon on Friday 3 December 2004** to modification.consultations@elexon.co.uk and please entitle your email '**P177 Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group.

Any queries on the content of the consultation pro-forma should be addressed to Roger Salomone on 020 780 4369, email address roger.salomone@elexon.co.uk.