

**TC TRANSMISSION COMPANY ANALYSIS AND IMPACT ASSESSMENT 1**

| Q | Question  | Response   |
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| 1 | <p>Please outline the impact of the Proposed Modifications (and Alternative Modifications) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification (and Alternative Modifications)?</p> | <p>There are four processes to be followed by the Transmission Company in the event that P171 or P172 or the potential alternative to P171/P172 is approved. These are:</p> <ul style="list-style-type: none"> <li>• Notifying the Industry of an Emergency Instruction</li> <li>• Determining Acceptance Data and entering it into settlement</li> <li>• Determining and notifying the Industry whether an Emergency Instruction is for "system" or "energy" reasons</li> <li>• Notifying ELEXON/Logica whether an Emergency Instruction is for "system" or "energy" reasons</li> </ul> <p><b>Notifying the Industry of an Emergency Instruction:</b><br/>                     It is envisaged that such a notification would be relayed via the Systems Warnings page on the Balancing Mechanism Reporting Service (BMRS) website. This would employ existing IS functionality and so there is not anticipated to be an impact on any of the Transmission Company's computer systems. In terms of process, a new Control Room procedure will need to be put into place to facilitate the publishing of such information. This is not expected to be onerous provided a number of key factors are taken into consideration. These include:</p> <ul style="list-style-type: none"> <li>• That any message is provided on a reasonable endeavours basis once Transmission System conditions have returned to normal. In an extreme event where several Emergency Instructions are having to be issued by the Control Room, it is unlikely that there will be sufficient time for a Control Engineer to input messages to the BMRS. This could only happen once the extreme event had subsided.</li> <li>• That the information contained within such a message is limited to the time of issue of the Emergency Instruction(s) and the BMU(s) instructed to provide an Emergency Instruction. It is unlikely that any further information will be available in Control timescales, as all Emergency Instructions will be instructed via telephone. As a result any information regarding Acceptance Data/volumes will not be available until after any such telephone instructions have been carefully analysed.</li> </ul> <p><b>Determining Acceptance Data and entering it into settlement</b><br/>                     It is anticipated that this process will be performed as it is currently through the use of BSCP18 (formally Workaround 18). As such no IS impacts are envisaged as existing systems and processes will be utilised. In the majority of cases such data should be available in time for the Interim Information (II) (D+5WD) run. There is the possibility that where significant numbers of Emergency Instructions have been issued for a single event and a large number of telephone instructions are required to be analysed that it will not be possible to determine the Acceptance Data by the II run. In such cases it is anticipated that the information</p> |

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|   |  | <p>would be available by the Initial Settlement Run (SF). Currently BSCP18 requires that Acceptance Data is provided by the SF run and so such an obligation would be concurrent with existing obligations. If it is determined that the use of BSCP18 is not appropriate for the purposes of entering Bid-Offer Acceptance Data pursuant to an Emergency Instruction then it is possible that there may be an impact on the computer systems of the Transmission Company.</p> <p><b>Determining and notifying the Industry whether an Emergency Instruction is for “system” or “energy” reasons</b></p> <p>It is anticipated that such data will be available in corresponding timescales to those in which the Acceptance Data is determined. In terms of the notification to the Industry of the Acceptance Data and whether an Acceptance has been issued for “system” or “energy” reasons, two potential options have been considered:</p> <ol style="list-style-type: none"> <li>1. The first would be to use the NGC Industry Information website, which is used for the publication of BSAD Data amongst other uses. Using the NGC Industry Information site for the publication of Emergency Instruction Data would incur IS development costs. These would be incurred as a new web-page within the site would be required for the publication of such data. A new data exchange interface would also need to be set up between NGC’s IS systems and the corresponding systems of the host of the Industry Information website. Such costs are anticipated to be of the order of £50,000. Please note that this estimate may be subject to change upon receipt of any formal requirements specification.</li> <li>2. The second option available would be to utilise the existing BMRS functionality in the same manner as the initial notification of an Emergency Instruction. It would be envisaged that Acceptance Data and the “reason” (“system” or “energy”) would be notified on the System Warnings and Other Messages page. Utilising the existing IS functionality in this manner would mean that no further IS development costs would be incurred.</li> </ol> <p>In light of the fact that Emergency Instructions are low probability events, it is the Transmission Company’s view that the option that would utilise the BMRS would be the most appropriate given that there are no incremental IS development costs.</p> <p><b>Notifying ELEXON/Logica whether an Emergency Instruction is for “system” or “energy” reasons</b></p> <p>It is envisaged that this process could be incorporated in the submission of data to ELEXON/Logica using BSCP18. As this is a manual process, it is envisaged that such additional information can be provided without any further development of the Transmission Company’s computer systems.</p> |
| 2 | Please provide an estimate of the development, capital and operating | With the exception of the process whereby the Industry will be notified of the Acceptance Data and whether such Acceptance Data is to be classified as “system” or “energy” the Transmission Company anticipates that   |

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|   | costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and Alternative Modifications)?                   | only minimal costs will be incurred in the implementation of the Proposed Modification. As highlighted earlier in this analysis, the costs associated with notifying the Industry of Acceptance Data resulting from an Emergency Instruction and whether it is to be regarded as "system" or "energy" for settlement purposes will be dependent on the mechanism used. If the existing functionality offered by the System Warnings and Other Messages page on the BMRS is utilised then it is anticipated that any additional costs will be minimal. An alternative option is to utilise the NGC Industry Information Site for such information. However this would require a number of additional IS developments, the cumulative costs of which are currently envisaged to be of the order of £50,000. Please note that this estimate may be subject to change upon receipt of any formal requirements specification.  |
| 3 | Please provide details of any consequential changes to Core Industry Documents that would be required as a result of the implementation of the Proposed Modifications (and, if applicable, any Alternative Modification)? | The Impact Assessment prepared by ELEXON highlights potential impacts on both the Grid Code and Supplemental Documents established pursuant to Standard Condition C16 (formally AA4) of the Transmission Licence. National Grid does not believe that P171 or P172 would necessitate any changes to the Grid Code. The Transmission Company considers that minor changes could be made to the Supplemental Agreements. Currently the BSAD Methodology Statement prepared by the Transmission Company in accordance with Standard Licence Condition C16 contains a general description of how "energy" and "system" actions may be differentiated. However this is in the context of Forward Contracts undertaken by the Transmission Company. It may be necessary therefore to clarify within the Supplemental Agreements that such principles will also be used by the Transmission Company when determining whether an Emergency Instruction has been taken for "energy" or "system" reasons. |
| 4 | Please provide a view on the likely frequency of Emergency Instructions?  | It is impossible to exactly determine the likely frequency of an Emergency Instruction. that the only way to attempt to answer this question is to consider the historically observed frequency of Emergency Instructions which is likely to be consistent with the ongoing frequency of Emergency Instructions occurring.  |
| 5 | Please provide details of the types of Emergency Instructions which may be issued under the Grid Code?  | <p>All Emergency Instructions are issued by NGC in order to preserve the integrity of the GB Transmission System and any synchronously connected External System. BC 2.9 gives examples of the types of Emergency Instructions that may be issued. These include:</p> <p>BC2.9.1.2 Examples of circumstances that may require the issue of <b>Emergency Instructions</b> include:-</p> <ul style="list-style-type: none"> <li>(a) <b>Events</b> on the <b>GB Transmission System</b> or the <b>System</b> of another <b>User</b>; or</li> <li>(b) the need to maintain adequate <b>System</b> and <b>Localised NRAPM</b> in accordance with BC2.9.4 below; or</li> <li>(c) the need to maintain adequate frequency sensitive <b>Generating Units</b> in accordance</li> </ul>   |

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|   |  | <p>with BC2.9.5 below; or</p> <p>(d) the need to implement <b>Demand Control</b> in accordance with OC6; or</p> <p>(e) (i) the need to invoke the <b>Black Start</b> process or the <b>Re-Synchronisation of De-Synchronised Island</b> process in accordance with OC9; or</p> <p>(ii) the need to request provision of a <b>Maximum Generation Service</b>.</p> <p>BC2.9.2.3 In all cases under this BC2.9 except BC2.9.1.2 (e) where <b>NGC</b> issues an <b>Emergency Instruction</b> to a <b>BM Participant</b> which is not rejected under BC2.9.2.1, the <b>Emergency Instruction</b> shall be treated as a <b>Bid-Offer Acceptance</b>. For the avoidance of doubt, any <b>Emergency Instruction</b> issued to a <b>Network Operator</b> or to an <b>Externally Interconnected System Operator</b> will not be treated as a <b>Bid-Offer Acceptance</b>.</p> |
| 6 | Please provide details of any factors considered relevant in determining whether an individual Emergency Instruction should be specifically treated as System balancing or not?  | An Emergency Instruction would be classified as "system" or "energy" in accordance with the existing principles used in classifying Pre-Gate Actions taken by NGC that feed into BSAD. These may be found in the current BSAD Methodology Statement as published by the Transmission Company in accordance with condition C16 of the Transmission Licence.  |
| 7 | Please provide comment on the proposed timescales for entering Acceptance Data into Settlement and determining whether an individual Emergency Instruction should be specifically treated as System balancing or not (as set out in the Requirements Specification for P171/P172)? | As mentioned previously in the majority of cases such data should be available in time for the Interim Information (II) (D+5WD) run. There is the possibility that where significant numbers of Emergency Instructions have been issued for a single event and a large number of telephone instructions are required to be analysed that it will not be possible to determine the Acceptance Data by the II run. In such cases it is anticipated that the information would be available by the first settlement run (SF). Currently BSCP18 requires that Acceptance Data is provided by the SF run and so such an obligation would be concurrent with existing obligations.  |
| 8 | Please clarify how Acceptance Volumes associated with Emergency Instructions are constructed?  | Volumes are calculated in accordance with the BSC. Acceptance Data is also determined by the Transmission Company in accordance with the BSC and is based upon the telephone instruction issued to the relevant BM Unit. Acceptance Data is therefore derived directly from such an instruction or if this is not possible then it is reasonably inferred from the available information. If such data items cannot be reasonably inferred then the Emergency Instruction is not classified as a Bid-Offer Acceptance under the BSC.  |
| 9 | Any other comments on the Proposed Modifications (and Alternative  | The Transmission Company has no other comments to make at this time. However we will provide more detailed views on the issues raised by each of the Proposed Modifications (and Potential Alternative  |

| Q | Question                     | Response  |
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|   | Modification if applicable)? | Modifications where applicable) within our response to the Assessment Consultation. |

### P173 & Potential Alternate

| Q | Question   | Response   |
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| 1 | Please outline the impact of the Proposed Modifications (and Alternative Modifications) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification (and Alternative Modifications)? | <p>If P173 or any of the Potential Alternatives were to be implemented then two processes are highlighted by the Impact Assessment namely:</p> <ul style="list-style-type: none"> <li>• Notifying the Industry of an Emergency Instruction</li> <li>• Determining Acceptance Data and entering it into settlement</li> </ul> <p>These processes are identical to the first two processes necessary in the case of P171/P172.</p> <p><b>Notifying the Industry of an Emergency Instruction:</b></p> <p>It is envisaged that such a notification would be relayed via the Systems Warnings page on the Balancing Mechanism Reporting Service (BMRS) website. This would employ existing IS functionality and so there is not anticipated to be an impact on any of the Transmission Company's computer systems. In terms of process, a new Control Room procedure will need to be put into place to facilitate the publishing of such information. This is not expected to be onerous provided a number of key factors are taken into consideration. These include:</p> <ul style="list-style-type: none"> <li>• That any message is provided on a reasonable endeavours basis once Transmission System conditions have returned to normal. In an extreme event where several Emergency Instructions are having to be issued by the Control Room, it is unlikely that there will be sufficient time for a Control Engineer to input messages to the BMRS. This could only happen once the extreme event had subsided.</li> <li>• That the information contained within such a message is limited to the time of issue of the Emergency Instruction(s) and the BMU(s) instructed to provide an Emergency Instruction. It is unlikely that any further information will be available in Control timescales, as all Emergency Instructions will be instructed via telephone. As a result any information regarding Acceptance Data/volumes will not be available until after any such telephone instructions have been carefully analysed.</li> </ul> <p><b>Determining Acceptance Data and entering it into settlement</b></p> <p>It is anticipated that this process will be performed as it is currently through the use of BSCP18 (formally Workaround 18). As such no IS impacts are envisaged as existing systems and processes will be utilised. In the majority of cases such data should be available in time for the Interim Information (II) (D+5WD) run. There is the possibility that where significant numbers of Emergency Instructions have been issued for a single event and a large number of telephone instructions are required to be analysed that it will not be possible to</p> |

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|   |  | determine the Acceptance Data by the II run. In such cases it is anticipated that the information would be available by the Initial Settlement un (SF). Currently BSCP18 requires that Acceptance Data is provided by the SF run and so such an obligation would be concurrent with existing obligations. If it is determined that the use of BSCP18 is not appropriate for the purposes of entering Bid-Offer Acceptance Data pursuant to an Emergency Instruction then it is possible that there may be an impact on the computer systems of the Transmission Company.                    |
| 2 | Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and Alternative Modifications)? | Minimal costs in this area are currently envisaged.   |
| 3 | Please provide details of any consequential changes to Core Industry Documents that would be required as a result of the implementation of the Proposed Modifications (and, if applicable, any Alternative Modification)?  | No consequential changes to the Core Industry Documents are currently envisaged by the Transmission Company should P173 or any of the Proposed Alternatives be implemented.   |
| 4 | Please provide a view on the likely frequency of Emergency Instructions?   | It is impossible to exactly determine the likely frequency of an Emergency Instruction. that the only way to attempt to answer this question is to consider the historically observed frequency of Emergency Instructions which is likely to be consistent with the ongoing frequency of Emergency Instructions occurring.  |
| 5 | Please provide details of the types of Emergency Instructions which may be issued under the Grid Code?   | All Emergency Instructions are issued by NGC in order to preserve the integrity of the GB Transmission System and any synchronously connected External System. BC 2.9 gives examples of the types of Emergency Instructions that may be issued. These include:<br>BC2.9.1.2 Examples of circumstances that may require the issue of <b>Emergency Instructions</b> include:-<br><br>(a) <b>Events</b> on the <b>GB Transmission System</b> or the <b>System</b> of another <b>User</b> ; or<br>(b) the need to maintain adequate <b>System</b> and <b>Localised NRAPM</b> in accordance with |

| Q | Question  | Response   |
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|   |   | <p>BC2.9.4 below; or</p> <p>(c) the need to maintain adequate frequency sensitive <b>Generating Units</b> in accordance with BC2.9.5 below; or</p> <p>(d) the need to implement <b>Demand Control</b> in accordance with OC6; or</p> <p>(e) (i) the need to invoke the <b>Black Start</b> process or the <b>Re-Synchronisation of De-Synchronised Island</b> process in accordance with OC9; or</p> <p>(ii) the need to request provision of a <b>Maximum Generation Service</b>.</p> <p>BC2.9.2.3 In all cases under this BC2.9 except BC2.9.1.2 (e) where <b>NGC</b> issues an <b>Emergency Instruction</b> to a <b>BM Participant</b> which is not rejected under BC2.9.2.1, the <b>Emergency Instruction</b> shall be treated as a <b>Bid-Offer Acceptance</b>. For the avoidance of doubt, any <b>Emergency Instruction</b> issued to a <b>Network Operator</b> or to an <b>Externally Interconnected System Operator</b> will not be treated as a <b>Bid-Offer Acceptance</b>.</p> |
| 6 | Please provide details of any factors considered relevant in determining whether an individual Emergency Instruction should be specifically treated as System balancing or not?   | Not Applicable to P173   |
| 7 | Please provide comment on the proposed timescales for entering Acceptance Data into Settlement and determining whether an individual Emergency Instruction should be specifically treated as System balancing or not (as set out in the Requirements Specification for P171/P172? | As mentioned previously in the majority of cases such data should be available in time for the Interim Information (II) (D+5WD) run. There is the possibility that where significant numbers of Emergency Instructions have been issued for a single event and a large number of telephone instructions are required to be analysed that it will not be possible to determine the Acceptance Data by the II run. In such cases it is anticipated that the information would be available by the first settlement run (SF). Currently BSCP18 requires that Acceptance Data is provided by the SF run and so such an obligation would be concurrent with existing obligations.   |
| 8 | Please clarify how Acceptance Volumes associated with Emergency Instructions are constructed?   | Volumes are calculated in accordance with the BSC. Acceptance Data is also determined by the Transmission Company in accordance with the BSC and is based upon the telephone instruction issued to the relevant BM Unit. Acceptance Data is therefore derived directly from such an instruction or if this is not possible then it is reasonably inferred from the available information. If such data items cannot be reasonably inferred then the Emergency Instruction is not classified as a Bid-Offer Acceptance under the BSC.   |

| Q | Question   | Response   |
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| 9 | Any other comments on the Proposed Modifications (and Alternative Modification if applicable)? | The Transmission Company has no other comments to make at this time. However we will provide more detailed views on the issues raised by the Proposed Modifications (and Potential Alternative Modifications where applicable) within our response to the Assessment Consultation. |

## P171 TRANSMISSION COMPANY ANALYSIS AND IMPACT ASSESSMENT (2)

| Q | Question  | Response   |
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| 1 | Please outline any impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system. | We do not believe the Proposed Modification has a significant impact in this area.   |
| 2 | Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification (and, if applicable, any Alternative Modification) would better facilitate achievement of the Applicable BSC Objectives.   | In general, NGT does not believe that retrospective Code changes are appropriate as having certainty over the market rules, and basing operational or commercial decisions upon the rules at the time is a fundamental principle which underpins the industry. However, we are of the view that when anomalous events occur, retrospection should be considered on a case by case basis. Our specific views on retrospection in relation to the Emergency Instruction issued on 19 <sup>th</sup> May 2004 are provided later in this response, but we do not believe there is sufficient justification to override NGT's general view on retrospective Code changes in this case. The retrospective nature of this Proposal outweighs the benefits brought by the solution and therefore, on balance, we do not believe that P171 (or any retrospective alternative) better facilitates achievement of BSC objective (c) "Promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity". We do not believe that P171 is detrimental to the other BSC Objectives. |
| 3 | Do you support the manual implementation approach preferred   | Given that these events are likely to be infrequent, the Transmission Company believes that the lowest cost implementation approach should be adopted.   |

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|   | by the Modification Group?   |  |
| 4 | Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered?   | No.  |
| 5 | Under the P171 Alternative Modification, do you believe that a replacement price should be calculated for all Emergency Instructions or should the Transmission Company flag those issued for System purposes? | The current imbalance price methodology specifically treats only those actions which are tagged as "system" differently from other actions. The Transmission Company therefore believes that any solution for P171A should be consistent with this.  |
| 6 | Do you believe P171 will have an impact on the Bid/Offer Prices submitted by Parties?  | In general we do not believe there is evidence to suggest that Bid-Offer pricing strategies are directly related to imbalance prices. However, by implementing P171 alone there is at least a possibility that parties would be more likely to post "extreme" Bid or Offer prices knowing there is a remote chance that an Emergency Instruction will be issued, but with the comfort that they are unlikely to influence cashout prices.  |
| 7 | Do you believe retrospective implementation is justified in this situation?  | <p>P171 explicitly seeks to retrospectively apply in order to give NGC the ability to tag the BOAs pursuant to the Emergency Instruction issued on 19<sup>th</sup> May 2004 as "system" actions. As the Proposal must be considered and assessed against the BSC Objectives, and those objectives are forward looking, it is difficult to assess a retrospective proposal against them.</p> <p>In general, NGT does not believe that retrospective Code changes are appropriate as having certainty over the market rules, and basing operational or commercial decisions upon the rules at the time is a fundamental principle which underpins the industry. However, we are of the view that when anomalous events occur, retrospection should be considered on a case by case basis. In relation to the Emergency Instruction issued on 19<sup>th</sup> May 2004, we see the specific pros and cons as follows:</p> <p><u>Pros (for retrospection)</u></p> <ul style="list-style-type: none"> <li>• There is little doubt that the current rules have produced imbalance prices for two periods on 19<sup>th</sup> May 2004 which are inappropriate.</li> </ul> |

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|   |  | <ul style="list-style-type: none"> <li>● Some Parties suffered material losses (and others, windfall gains) as a result of industry cashflows generated by imbalance charges, RCRC, and BSUoS charges.</li> <li>● It could be argued that the imbalance price methodology was designed to, but in this case failed to, prevent “system” related actions from influencing imbalance prices.</li> <li>● It could be argued that it was not reasonably foreseeable that NGC would issue an Emergency Instruction on 19<sup>th</sup> May 2004.</li> </ul> <p><u>Cons (against retrospection)</u></p> <ul style="list-style-type: none"> <li>● The provisions relating to the treatment of Emergency Instructions in the relevant Codes are clear. It is clear that Emergency Instructions are treated as Bid-Offer Acceptances, and it is clear how Bid-Offer Acceptances are treated in the calculation of imbalance prices.</li> <li>● High, negative Bid prices are not uncommon</li> <li>● The inappropriate imbalance prices resulting from the event is not unique to Emergency Instructions – it could have arisen from a normal Bid Acceptance, or following the operation of an Intertrip.</li> <li>● There was no failure in processes or systems relating to this incident.</li> <li>● We are concerned that retrospective implementation of the solution proposed by P171 may put retrospective obligations on the Transmission Company which are impossible to fulfil (e.g. notification to industry and submission of data)</li> </ul> <p>Having considered the specific pros and cons in this case, we do not believe there is sufficient justification to override our general view on retrospective Code changes, and therefore do not support retrospective implementation of P171 or an Alternative.</p> |
| 8 | <p>Please outline the impact of the Proposed Modification (and, if applicable, any Alternative Modification) on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the</p> | <p>There are four processes to be followed by the Transmission Company in the event that P171 is approved and five processes in the case of the potential alternative. These are:</p> <ul style="list-style-type: none"> <li>● Notifying the Industry of an Emergency Instruction</li> <li>● Determining Acceptance Data and entering it into settlement</li> <li>● Determining and notifying the Industry whether an Emergency Instruction is for “system” or “energy” reasons</li> <li>● Notifying ELEXON/Logica whether an Emergency Instruction is for “system” or “energy” reasons</li> <li>● Providing information to the Panel in relation to the replacement price (Alternative only)</li> </ul>  |

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| <p>implementation of the Proposed Modification (and, if applicable, any Alternative Modification)</p> | <p><b>Notifying the Industry of an Emergency Instruction:</b></p> <p>It is envisaged that such a notification would be relayed via the Systems Warnings page on the Balancing Mechanism Reporting Service (BMRS) website. This would employ existing IS functionality and so there is not anticipated to be an impact on any of the Transmission Company’s computer systems. In terms of process, a new Control Room procedure will need to be put into place to facilitate the publishing of such information. This is not expected to be onerous provided a number of key factors are taken into consideration. These include:</p> <ul style="list-style-type: none"> <li>• That any message is provided on a reasonable endeavours basis once Transmission System conditions have returned to normal. In an extreme event where several Emergency Instructions are having to be issued by the Control Room, it is unlikely that there will be sufficient time for a Control Engineer to input messages to the BMRS. This could only happen once the extreme event had subsided.</li> <li>• That the information contained within such a message is limited to the time of issue of the Emergency Instruction(s) and the BMU(s) instructed to provide an Emergency Instruction. It is unlikely that any further information will be available in Control timescales, as all Emergency Instructions will be instructed via telephone. As a result any information regarding Acceptance Data/volumes will not be available until after any such telephone instructions have been carefully analysed.</li> </ul> <p><b>Determining Acceptance Data and entering it into settlement</b></p> <p>It is anticipated that this process will be performed as it is currently through the use of BSCP18 (formally Workaround 18). As such no IS impacts are envisaged as existing systems and processes will be utilised. In the majority of cases such data should be available in time for the Interim Information (II) (D+5WD) run. There is the possibility that where significant numbers of Emergency Instructions have been issued for a single event and a large number of telephone instructions are required to be analysed that it will not be possible to determine the Acceptance Data by the II run. In such cases it is anticipated that the information would be available by the Initial Settlement Run (SF). Currently BSCP18 requires that Acceptance Data is provided by the SF run and so such an obligation would be concurrent with existing obligations. If it is determined that the use of BSCP18 is not appropriate for the purposes of entering Bid-Offer Acceptance Data pursuant to an</p> |
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|  | <p>Emergency Instruction then it is possible that there may be an impact on the computer systems of the Transmission Company.</p> <p><b>Determining and notifying the Industry whether an Emergency Instruction is for “system” or “energy” reasons</b></p> <p>It is only possible for NGC to potentially tag Emergency Instructions as “system” actions with sufficient accuracy because:</p> <ul style="list-style-type: none"> <li>● there will be a single reason for issuing the Emergency Instruction</li> <li>● the determination to tag “system” is made post event</li> <li>● Emergency Instructions are issued infrequently</li> </ul> <p>This is in stark contrast to normal Balancing Mechanism Acceptances where this type of determination cannot be made as there is likely to be more than one reason for issuing a particular acceptance (and any determination would therefore be arbitrary). Additionally the practicalities of making such a determination in real time, given the number of Acceptances issued in a settlement period are prohibitive.</p> <p>It is anticipated that such data will be available in corresponding timescales to those in which the Acceptance Data is determined. In terms of the notification to the Industry of the Acceptance Data and whether an Acceptance has been issued for “system” or “energy” reasons, we consider it appropriate to utilise the existing BMRS functionality in the same manner as the initial notification of an Emergency Instruction. It would be envisaged that Acceptance Data and the “reason” (“system” or “energy”) would be notified on the System Warnings and Other Messages page. Utilising the existing IS functionality in this manner would mean that no further IS development costs would be incurred.</p> <p><b>Notifying ELEXON/Logica whether an Emergency Instruction is for “system” or “energy” reasons</b></p> <p>It is envisaged that this process could be incorporated in the submission of data to ELEXON/Logica using BSCP18. As this is a manual process, it is envisaged that such additional information can be provided without any further development of the Transmission Company’s computer systems.</p> <p><b>Information relating to determining the replacement price (Potential Alternative)</b></p> <p>A manual process for identifying replacement Bid-Offer Pairs currently exists for Manifest Errors. We would</p> |
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|    |  | <p>use the same process for determining and submitting the information required for P171. It should be noted that in extreme circumstances, it may not be possible to determine the required information in time for a Panel determination before SF (if for instance, a significant number of Emergency Instructions had been issued within this timescale).</p> <p>There are a number of scenarios which could arise in relation to using the prices and volumes of unaccepted Bids and Offers (e.g. when there are insufficient Bids or Offers available), and we believe clear guidance as to the appropriate treatment of each scenario should be provided in a BSCP.</p> <p>We believe the possible scenarios to be:</p> <ul style="list-style-type: none"> <li>● Sufficient unaccepted feasible Bids-Offers available to meet entire volume</li> <li>● No other unaccepted feasible Bids/Offers available</li> <li>● Unaccepted feasible Bids-Offers available to meet a proportion of the volume</li> </ul> <p>Within each scenario, consideration should be given to the treatment of the deemed BOA resulting from the Emergency Instruction.</p> |
| 9  | Please outline any potential issues relating to the security of supply arising from the Proposed Modification (and, if applicable, any Alternative Modification).  | We do not believe P171 has a significant impact on security of supply.  |
| 10 | Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification (and, if applicable, any | Minimal costs in this area are currently envisaged.   |

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|    | Alternative Modification).  |   |
| 11 | Please provide details of any consequential changes to Core Industry Documents and/or the System Operator Transmission Owner Code that would be required as a result of the implementation of the Proposed Modification (and, if applicable, any Alternative Modification). | We do not believe there are any necessary consequential changes to any other Industry Codes or Statements.  |
| 12 | Any other comments on the Proposed Modification (and Alternative Modification if applicable).   | <p>For the avoidance of doubt, if P171 were approved the Transmission Company would exercise its ability to tag the BOAs relating to the Emergency Instruction issued on 19<sup>th</sup> May 2004 as "system" actions for imbalance pricing purposes, as the action was taken because of an event on the Transmission System.</p> <p>We note that implementation of P171 (or the potential alternative) does not affect one of the industry cashflows created by the Emergency Instruction. The cost of the BOA (approx £3.5M) is included in the CSOBM cashflow which will be recovered from all Market Participants through NGC Balancing Services Use of System Charges. The basis for charging BSUoS to Market Participants is similar to the basis upon which RCRC is distributed in the BSC. In the case of the cashflows created by the Emergency Instruction of 19<sup>th</sup> May, the RCRC payments in the BSC will be roughly equal and opposite to the increase in BSUoS charges created by the cost of the Emergency Instruction. If P171 is implemented, the "offset" to BSUoS charges currently provided by RCRC will be removed, and this will simply serve to change the winners and losers. We believe the fundamental issue that needs to be addressed is the cost of the BOA, as well as the impact on imbalance prices, and P171 alone does not achieve this.</p> |