

## Responses from P167 Draft Report Consultation

Consultation Issued 22 October 2004

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	E.On UK	P167_DR_001	15	0
2.	NGT	P167_DR_002	1	0
3.	Scottish Power	P167_DR_003	6	0
4.	RWE Npower	P167_DR_004	10	0
5.	Central Networks	P167_DR_005	1	0
6.	BGT	P167_DR_006	1	0

## P167 REPORT PHASE 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.

<b>Respondent:</b>	E.On UK plc
<b>No. of Parties Represented</b>	15
<b>Parties Represented</b>	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
<b>No. of Non Parties Represented</b>	0
<b>Non Parties represented</b>	
<b>Role of Respondent</b>	Supplier, Generator, Trader, Consolidator, Exemptable Generator and Party Agent

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Do you agree with the Panel's views on P167 and the provisional recommendation to the Authority contained in the draft Modification Report that P167 <b>should not</b> be made? Please give rationale.	Yes	The high costs to the industry (> £2m), the risks from a more complex settlement process, and the dis-incentive to re-declare MEL outweigh the identifiable improvement in the fairness of the imbalance charging regime.  This proposal has significant potential for unintended consequences.
2.	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	The solution for Non-Delivery charges is the best that could be achieved using half-hourly metered data, but it is still an approximation.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P167? Please give rationale.	Yes	
4.	Are there any further comments on P167 that you wish to make?	No	

Please send your responses by **17:00 on Friday 29 October 2004** to [modification.consultations@exelon.co.uk](mailto:modification.consultations@exelon.co.uk) and please entitle your email 'P167 Report Phase Consultation'. Please note that any responses received after the deadline may not receive due consideration by the Panel.

Any queries on the content of the consultation pro-forma should be addressed to Thomas Bowcutt on 020 7380 4309, email address [thomas.bowcutt@exelon.co.uk](mailto:thomas.bowcutt@exelon.co.uk).

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<b>Respondent:</b>	<i>Robert Smith</i>
<b>No. of Parties Represented</b>	1
<b>Parties Represented</b>	<i>National Grid Transco</i>
<b>No. of Non Parties Represented</b>	0
<b>Non Parties represented</b>	<i>N/A</i>
<b>Role of Respondent</b>	<i>Transmission Company</i>

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P167 and the provisional recommendation to the Authority contained in the draft Modification Report that P167 <b>should not</b> be made? Please give rationale.	Yes	We are of the opinion that the cost benefit assessment identified in the consultation document does not justify the implementation of P167. We are also of the opinion that If modification P167 is approved there is a very real concern that the BM participants re-declaration of MEL/MIL may be hindered by the parties need to consider the financial implications of any actions taken. This may cause a conflict with BM participants Grid Code obligations and have a detrimental impact on the ability of the Transmission Company to efficiently manage the transmission system.
2.	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	No	The legal text does not accurately describe the different way the Transmission Company handles MEL and MIL declarations received from BSC participants pre and post Gate Closure. It incorrectly implies that the process is identical for declarations received both pre and post gate. In all other aspects we agree with the proposed alterations to the legal text.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P167? Please give rationale.	Yes	We believe this is the earliest date in which implementation is feasible.
4.	Are there any further comments on P167 that you wish to make?	No	

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

Q	Question	Response <sup>1</sup>	Rationale
1.	Do you agree with the Panel's views on P167 and the provisional recommendation to the Authority contained in the draft Modification Report that P167 <b>should not</b> be made? Please give rationale.	Yes	<p>Whilst we agree in principle that the defect should be rectified, we believe the costs of central system changes as well as changes to parties' own system (as well as the increased complexities to the settlement arrangement and balancing operation) outweigh any perceived benefits suggested by P167. This would be detrimental to the BSC Objective (d).</p> <p>The issue of the multi-shaft BMU and their potential reluctance to facilitate the balancing mechanism could also detriment the Competition Objective (c) as well as Objectives (a) and (b) – the efficient discharge, the efficient, economic and co-ordinated operation of the Transmission System by the NGC.</p> <p>We also feel that P167 would make the MEL/MIL parameter more commercial rather than operational. This would have the effect that MEL/MIL is not updated timely due to potential commercial implication, which may be detrimental to the efficient operation of NGC and the management of the electricity network.</p>

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

Q	Question	Response <sup>1</sup>	Rationale
2.	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	The legal texts appear appropriate.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P167? Please give rationale.	Yes	We agree with the SSMG and Panel that the implementation date should give sufficient time for parties, NGC and agents to carry out significant system changes and to minimise the cost by aligning implementation with the release Strategy.
4.	Are there any further comments on P167 that you wish to make?	No	

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<b>Respondent:</b>	<i>Name</i> John Stewart
<b>No. of Parties Represented</b>	10
<b>Parties Represented</b>	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> RWE Trading GmbH, RWE Npower plc, Npower Co-gen Ltd, Npower Co-gen Trading Ltd, Npower Direct Ltd, Npower Ltd, Npower Northern Ltd, Npower Northern Supply Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd
<b>No. of Non Parties Represented</b>	
<b>Non Parties represented</b>	<i>Please list all non Parties responding on behalf of (including the respondent company if relevant).</i>
<b>Role of Respondent</b>	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state <sup>1</sup>)</i>

<b>Q</b>	<b>Question</b>	<b>Response <sup>1</sup></b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P167 and the provisional recommendation to the Authority contained in the draft Modification Report that P167 <b>should not</b> be made? Please give rationale.	Yes / <del>No</del>	The benefits of the Proposed Modification do not outweigh the costs. There is still some doubt about the materiality of the perceived problem.
2.	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes / No	We do not agree that the issue represents a defect in the Code
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P167? Please give rationale.	Yes / <del>No</del>	
4.	Are there any further comments on P167 that you wish to make?	Yes / <del>No</del>	

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P167\_DR\_005.txt

P167 draft Modification Report Consultation (Deadline for responses - 17:00 on 29/10/04) From: Sue Pritchard  
Sent: 29 October 2004 16:31  
To: Modification Consultations  
Subject: RE: P167 draft Modification Report Consultation (Deadline for responses - 17:00 on 29/10/04)

Good afternoon

Central Networks would like to return a response of 'No Comment to the P167 draft Modification Report Consultation





**ELEXON Limited**  
**4<sup>th</sup> Floor**  
**350 Euston Road**  
**London**  
**NW1 3AW**

29 October 2004

Dear Sirs,

**Re: Modification Proposal P167 – Erroneous calculation of Bid Offer Acceptance (BOA) volume**

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P167. British Gas Trading (BGT) does not agree with the Panel's provisional recommendation that the Modification should not be made.

BGT acknowledge that the defect was known about at the time of Go-Live and a decision was taken not to include the functionality in the baseline. However BGT believe the materiality of the defect is more significant than was originally envisaged. Furthermore BGT do not believe this is a tolerable defect within the BSC as it is resulting in certain Parties imbalance exposures being incorrectly calculated whilst also impacting on the calculation of imbalance prices by undermining Net Imbalance Volume (NIV) tagging.

The Panel when considering the P167 Assessment Report expressed concerns that Parties may delay the submission of MIL/MEL data to the Transmission Company and thereby hinder the System Operator's (SO) ability to undertake system balancing. BGT do not understand the basis for these concerns. BGT understands that it is a Grid Code obligation to submit timely MIL/MEL data, are the Panel therefore implying that Parties will be encouraged to breach the Grid Code? It is BGT understanding that a modification proposal must be assessed against a baseline under which market participants comply with the rules. If market participants comply with their Grid Code obligations then P167 would not have a detrimental impact on the ability of the SO to balance the market. If market participants do not comply with their Grid Code obligations then BGT believe the SO could reprimand Parties non-compliance by issuing Significant Incident Reports (SIRs). The SIR process could ultimately lead to a Party being escalated to Ofgem.

BGT acknowledge the cost implications of implementing P167. However, BGT continues to believe that the costs are justified in terms of the historic materiality of the error and the continuing impact the defect will have on imbalance liabilities and imbalance prices.

BGT agrees with the proposed implementation date.

If you have any questions regarding this response please contact me

Yours faithfully

Mark Manley  
Contract Manager

**A *centrica* business**

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