

## **Responses from P166 Draft Report Consultation**

**Consultation Issued 28 April 2004**

**Representations were received from the following parties**

<b>No</b>	<b>Company</b>	<b>File number</b>	<b>No BSC Parties Represented</b>	<b>No Non-Parties Represented</b>
<b>1.</b>	<b>EDF Trading Ltd</b>	<b>P166_DR_001</b>	<b>2</b>	<b>0</b>
<b>2.</b>	<b>British Gas Trading</b>	<b>P166_DR_002</b>	<b>1</b>	<b>0</b>
<b>3.</b>	<b>Npower</b>	<b>P166_DR_003</b>	<b>10</b>	<b>0</b>
<b>4.</b>	<b>Central Networks</b>	<b>P166_DR_004</b>	<b>1</b>	<b>0</b>
<b>5.</b>	<b>EDF Energy</b>	<b>P166_DR_005</b>	<b>9</b>	<b>0</b>
<b>6.</b>	<b>British Energy</b>	<b>P166_DR_006</b>	<b>3</b>	<b>0</b>

## P166 DRAFT MODIFICATION REPORT CONSULTATION QUESTIONS

BSC 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>	<i>Steve Drummond</i>
<b>No. of Parties Represented</b>	2
<b>Parties Represented</b>	<i>EDF Trading Ltd and EDF (Generation)</i>
<b>No. of Non Parties Represented</b>	None
<b>Non Parties represented</b>	<i>N/A</i>
<b>Role of Respondent</b>	<i>Trader / Generator</i>

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you agree with the Panel's views on P166 and the provisional recommendation to the Authority contained in the draft Modification Report that P166 <b>should</b> be made? Please give rationale.	Yes	EDF Trading and EDF (Generation) are content that Modification P166 should be recommended for approval. It would better facilitate the achievement of Applicable BSC Objective (d) by making the administration of the BSC more efficient. It would allow Parties to decrease their DC values as intended by P123.
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	
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P166? Please give rationale.	Yes	
4.	Are there any further comments on P166 that you wish to make?	No	

Please send your responses by **17:00 on Wednesday 28 April 2004** to [modification.consultations@exon.co.uk](mailto:modification.consultations@exon.co.uk) and please entitle your email '**P166 Report 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 Rachel Lindstrom-Thomas on 020 7380 4020, email address [rachel.lindstrom@exon.co.uk](mailto:rachel.lindstrom@exon.co.uk).



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Our Ref.  
Your Ref.  
27 April 2004

Dear Sirs,

**Re: Modification Proposal P166 – Removal of the unintentional effects of P123 to allow Supplier BM Unit DC values to be revised downwards during a BSC Season**

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P166. British Gas Trading (BGT) agrees with the Panel's provisional recommendation that the Modification should be made.

The current drafting contained within the BSC effectively negates the value of P123 and makes it redundant in specific circumstances. BGT concur with the view that P166 will promote efficiency in the implementation and administration of the balancing and settlement arrangements by allowing the solution developed during assessment of P123 to be utilised by BSC Parties.

BGT agrees with the proposed implementation date.

If you have any questions regarding this response please contact me 01753 431137.

Yours faithfully

Mark Manley  
Contract Manager

**A *centrica* business**

**British Gas Trading Limited** Registered in England No.3078711. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD  
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## P166 DRAFT MODIFICATION REPORT CONSULTATION QUESTIONS

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<b>Respondent:</b>	<i>Carl Wilkes</i>
<b>No. of Parties Represented</b>	Ten
<b>Parties Represented</b>	RWE Trading GmbH, RWE Innogy plc, Innogy Co-gen Ltd, Innogy 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>	
<b>Role of Respondent</b>	<i>Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent</i>

Q	Question	Response <small>Error! Bookmark not defined.</small>	Rationale
1.	Do you agree with the Panel's views on P166 and the provisional recommendation to the Authority contained in the draft Modification Report that P166 <b>should</b> be made? Please give rationale.	Yes	This will give full effect to P123 and the applicable BSC objectives.
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	
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P166? Please give rationale.	Yes	The implementation of this modification at the earliest possible date is desirable.
4.	Are there any further comments on P166 that you wish to make?	No	

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P166\_DR\_004.txt

From: Sue Pritchard  
Sent: 28 April 2004 10:13  
To: Modification Consultations  
Subject: Central Networks Response to P166 Draft Modification Report and  
Draft Legal Text

Good Morning,

Central Networks would like to return a response of 'No Comment' to P166 Draft Modification Report and Draft Legal Text.

Regards,

Deborah Hayward  
Distribution Support Office &  
Deregulation Control Group  
Central Networks West PLC

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<b>Respondent:</b>	Tony Diccio – EDF Energy
<b>No. of Parties Represented</b>	9
<b>Parties Represented</b>	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
<b>No. of Non Parties Represented</b>	0
<b>Non Parties represented</b>	N/A
<b>Role of Respondent</b>	Supplier/Generator/ Trader / Party Agent

Q	Question	Response	Rationale
1.	Do you agree with the Panel's views on P166 and the provisional recommendation to the Authority contained in the draft Modification Report that P166 <b>should</b> be made? Please give rationale.	Yes	EDF Energy believes that Proposed Modification P166 better facilitates the achievement of Applicable BSC Objective (d) by making the administration of the BSC more efficient. P166 will also increase competition and better facilitate applicable BSC Objective (c) by allowing Parties to decrease their DC values in accordance with the original intent of the P123 mechanism.
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 drafting delivers the proposed solution for P166.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P166? Please give rationale.	Yes	
4.	Are there any further comments on P166 that you wish to make?	No	

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<b>Respondent:</b>	<i>Martin Mate</i>
<b>No. of Parties Represented</b>	3
<b>Parties Represented</b>	<i>British Energy Power &amp; Energy Trading Ltd, British Energy Generation Ltd, Eggborough Power Ltd.</i>
<b>No. of Non Parties Represented</b>	-
<b>Non Parties represented</b>	-
<b>Role of Respondent</b>	<i>Supplier/Generator/Trader/Consolidator/Exemptable Generator/Party Agent</i>

Q	Question	Response	Rationale
1.	Do you agree with the Panel's views on P166 and the provisional recommendation to the Authority contained in the draft Modification Report that P166 <b>should</b> be made? Please give rationale.	No	The P123 Code legal drafting has the effect that the changes sought by P123 are not achieved. Because we do not believe the intent of the legal drafting of P123 better meets BSC Objective (c), we consider the adjustments sought by P166 to achieve that intent are not required.  While in principle it is reasonable that parties should be able to change their credit levels to reflect changing circumstances, the P123 legal drafting appears to require no evidence from a party concerning its projected reduction in DC, nor independent scrutiny of evidence on behalf of other parties. Additionally, the special provisions are inequitably applied only to suppliers rather than all parties. There is no mechanism to protect other parties from the consequences of inaccurate submissions of GC/DC data. With P166 implemented, a party could reduce its DC to avoid credit default and trade for 7 days or more before credit default is revealed, potentially exposing other parties to risk.
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	See Comment below.
3.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P166? Please give rationale.	Yes	The proposed change to legal drafting has minimal cost and there is no direct impact on parties software systems. If approved by the Authority, the 10 day notice period does not seem unreasonable.
4.	Are there any further comments on P166 that you wish to make?	No	

The proposed text from report includes: ‘3.4.2A The Lead Party of a Supplier BM Unit may, up to twice in each BSC Season, (subject to paragraph 3.4.4), also estimate and notify **to the CRA** decreases in the **maximum** magnitude **of the** negative value of  $QM_{ij}$  **divided by SPD** where the Lead Party becomes aware of or believes in good faith that such value will become greater than DC for the remainder of the BSC Season. **The Lead Party shall estimate and notify to the CRA such amount as specified in paragraph 3.4.5.**’

In 3.4.2A, juxtaposition of ‘decreases in the maximum magnitude of the negative value of QM divided by SPD...’ with ‘*such value* will become greater than DC for the remainder of the BSC Season’ is inconsistent with the intent of P123. Mathematically, since the magnitude of QM is always zero or positive, and DC is zero or negative, ‘*such value*’ is always greater than DC except where both are zero. The situation I assume this clause wishes to identify is where the projected maximum magnitude of negative QM/SPD is **less than the magnitude** of the currently prevailing DC, or in other words where the projected value of maximum QM/SPD is greater than the currently prevailing negative DC.

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