

Responses from P143 Draft Report Consultation

Consultation issued 22/09/03

Representations were received from the following parties:

| No | Company | File Number | No. BSC Parties Represented | No. Non-Parties Represented |
|-----------|-----------------------|--------------------|------------------------------------|------------------------------------|
| 1. | Centrica | P143_DR_001 | 1 | 0 |
| 2. | Innogy | P143_DR_002 | 9 | 0 |
| 3. | Scottish and Southern | P143_DR_003 | 4 | 0 |
| 4. | Scottish Power | P143_DR_004 | 6 | 0 |
| 5. | Aquila Networks | P143_DR_005 | 1 | 0 |
| 6. | Powergen | P143_DR_006 | 15 | 0 |
| 7. | IMServ | P143_DR_007 | 0 | 1 |
| 8. | EDF Energy | P143_DR_008 | 9 | 0 |
| 9. | British Energy | P143_DR_009 | 3 | 0 |

P143_DR_001 – Centrica

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| Respondent: | <i>Claire Walsh</i> |
| No. of BSC Parties Represented | |
| BSC Parties Represented | <i>Centrica</i> |
| No. of Non BSC Parties Represented | |
| Non BSC Parties represented | |
| Role of Respondent | <i>Supplier</i> |

| Q | Question | Response | Rationale |
|----------|--|-----------------|---|
| 1. | Do you agree with the Panel's views on P143 and the provisional recommendation to the Authority contained in the draft Modification Report that P143 should not be made? Please give rationale. | No | As the proposer of MOD P143 we do not support the recommendation of ELEXON and the BSC Panel that P143 should not be made. We believe that the financial costs to both ELEXON and the Industry together with the cited benefits at the time P99 was approved should be viewed as significantly affecting the basis of the original decision. We proposed the opening of a new review to determine the mechanism and measures to ensure that a cost efficient PARMS solution is implemented and would recommend the Panel support this approach. |
| 2. | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P143? Please give rationale. | Yes | |
| 3. | Are there any further comments on P143 that you wish to make? | Yes | A decision must be made ahead of 5 th November 2003 as this is the cut off date for ELEXON to contract with the successful tenderer IF the current implementation date of P99 of 1 st May 2004 is to be met. |

P143_DR_002 – Innogy

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| Respondent: | <i>R Harrison, Npower Ltd</i> |
| No. of BSC Parties Represented | 9 |
| BSC Parties Represented | Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited |
| No. of Non BSC Parties Represented | none |
| Non BSC Parties represented | <i>N/A</i> |
| Role of Respondent | <i>Supplier /Generator / Trader / Consolidator / Exemptable Generator / Party Agent</i> |

| Q | Question | Response | Rationale |
|----------|--|-----------------|--|
| 1. | Do you agree with the Panel's views on P143 and the provisional recommendation to the Authority contained in the draft Modification Report that P143 should not be made? Please give rationale. | Yes / No | <p>It is difficult to form a clear view on this when the process has been pre-empted by a decision to go straight to Report stage, there has been no cost-benefit analysis or discussion of the issues outside Elexon and the Panel to go on and there is no legal text. However, apart from the potential cost of changes which may arise from discussion of Issue 6 (which is really addressing a gap in the Performance Assurance Framework Review) and the Customer Transfer Programme, which are unquantified, there are indications that there may be a significant number of other issues with the definition of Serials, reports and the surrounding business processes, unresolved at the end of the PAF review and the P99 decision process, which could result in a significant delay to P99 PARMS and significantly increased costs, which would further undermine the business case. It would have been useful at least to know the outcome from the first P99 workshop (on 10 October) before giving an opinion on this.</p> <p>Given the likely increased central costs, the significant impact on Party and Agent systems from PARMS changes, and uncertainty about the value of the new reports to Suppliers, the fundamental question which needs to be asked is whether the P99 PARMS changes can actually be justified for a life of perhaps</p> |

| Q | Question | Response | Rationale |
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| | | | <p>only a year or two before further radical changes. From Suppliers' (and ultimately their customers') point of view, a lot of money and potentially wasted effort could be saved by persuading the Authority to reconsider its view (quickly) on a further delay (of say a month) to the P99 implementation date to allow a more realistic time to clarify/agree the P99 PARMS monitoring and calculation requirements (since these still seem to be changing) – without eating further into the promised/agreed implementation lead-time – and reach a clearer view on the outcome of the Issue 6 discussions.</p> |
| 2. | <p>Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P143? Please give rationale.</p> | Yes | <p>Assuming that the 2nd recommendation is intended to refer to P143 and not all Modifications ("PXX"), and given that it seems reasonable to stop work on these parts of the P99 development as soon as possible.</p> |
| 3. | <p>Are there any further comments on P143 that you wish to make?</p> | Yes | <p>1) What exactly is meant by the statement: "The 50 removed Serials had been removed on the grounds that they were not used due or were meaningless measurements." (sic)?</p> <p>2) What is meant by development costs being "demand led"?</p> <p>3) Can the basis of the projected benefits for P99 be clearly established? Doesn't this require closer scrutiny now that the costs have escalated so much?</p> |

P143_DR_003 – Scottish and Southern

This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

Further to your note of 22nd September 2003, and the associated Modification Report for P143, we disagree with the proposed BSC Panel recommendation to the Authority that Modification Proposal P143 should not be made.

We believe that Modification Proposal P143 would better achieve the Applicable BSC Objectives (than proceeding with Modification Proposal P99 per se) and therefore that Modification Proposal P143 should be made.

If Modification Proposal P143 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in the Modification Report.

Regards

Garth Graham
Scottish & Southern Energy plc

P143_DR_004 – Scottish Power

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| Respondent: | Name John W Russell (SAIC Ltd) |
| No. of BSC Parties Represented | 6 |
| BSC Parties Represented | Please list all BSC 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 BSC Parties Represented | |
| Non BSC Parties represented | Please list all non BSC Parties responding on behalf of (including the respondent company if relevant). |
| Role of Respondent | Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent |

| Q | Question | Response | Rationale |
|----|---|------------|--|
| 1. | Do you agree with the Panel's views on P143 and the provisional recommendation to the Authority contained in the draft Modification Report that P143 should not be made? Please give rationale. | Yes | <p>ScottishPower view with concern the escalating costs (approx. 400% above levels stated during consultation) and lack of clarity associated with Modification P99; however, if the supplied £2M - £5M benefit figures are still valid, modification P99 will reach a break-even point within 3 years of implementation; Therefore on balance, we reluctantly agree that the argument put forward by this modification is currently not sufficient to warrant further progression.</p> <p>We would wish to reserve the right to alter this view if there is a change in either the cost or the benefit figures and would like to request (yet again) evidence of how the £2M - £5M benefit was derived (which we requested as part of our P99 response that has not been forthcoming).</p> <p>Refer to Q3 for our concerns.</p> |
| 2. | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P143? Please give rationale. | Yes | We agree that an Implementation Date of 2 Working Days after the Authority Determination would appear to be appropriate for this modification. |
| 3. | Are there any further comments on P143 that you wish to make? | Yes | <p>Although we agree that P99 has completed the full assessment process, with Authority consent and additional comments, we would like to take the opportunity to raise a number of issues that are still giving us "cause for concern" with P99.</p> <p>We issued a number of queries during the Modification assessment, and again in July when the P99 Project issued the draft version of the serials. To date no response has been received.</p> <p>Throughout the DMR it is stated that although the costs of implementing P99 are high, savings</p> |

| Q | Question | Response | Rationale |
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| | | | <p><i>will be made over a period of years. However, as stated in the assessment of P99 most of the cost savings came in the Accreditation and Entry Process changes. No cost savings, only potential timesavings for suppliers were ever mentioned for the changes to PARMS. P143 does not wish to halt the potential cost savings, and we agree that the changes to Entry Process and Accreditation should be made. However, we do have many concerns with the views stated as self evident within the DMR. The following comments relate to individual parts of the paper:</i></p> <p><i>Previous consultation in respect of Serials and Standards – the Industry indicated that the current PARMS does not meet objectives, but many responses were hesitant on the benefits of the P99 serials. Although they are better than the ones currently being used, they may not be the 'best'.</i></p> <p><i>Authority determination on P99 – the full costs are still not known. The Authority decision was based on an inaccurate estimate, with changes to the current PARMS system. The industry has not been allowed to comment on the tendering process, or provide input into the new system specifications. Many of the serials will be totally manual (eg copying all D0023 flows into a format that is suitable for Elexon to use, as they are not attached to the DTN).</i></p> |
| 4. | | | <p><i>The costs may be detrimental to Agent competition due to the ongoing costs to produce the manual reports</i></p> <p>Parties may have already commenced work – however, the final version of P99 has not been published, therefore any draft reports could still be subject to change. Also as new Elexon system is in place we are still unclear what final format the files will take.</p> <p>Uncertainty of a future Modification Proposal – in which case, could PARMS part of P99 not be delayed until the supplier charges review is at a stage that a decision could be made on whether or not a Mod was required.</p> <p>Costs of P99 – The costs as they currently stand were not known during the assessment of P99 and all cost savings as stated before were against entry process and accreditation.</p> <p>Interaction with P99 development plans –</p> |

| Q | Question | Response | Rationale |
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| | | | <p>as we do not know what made up the tender we could not comment on how P143 will interact with the plans.</p> <p>Interaction with P141 – P141 is correcting a part of P106 that is open to interpretation. (does VASMG still see this as a non issue??)</p> |
| | | | <p>Effect of P143 and similar Mods - does this mean that if a development occurs (eg issue 6) that a Modification cannot be raised to stall unnecessary duplication? This Mod still wants the cost saving side of P99 to go through.</p> <p>Also, this note seems to suggest that all Mods are fully accurate. Does this mean that P141 should not go through?</p> <p>General Comments – P143 is not trying to revert to the status quo as an ongoing solution. It is only looking to delay the implementation further to allow the supplier charges review to take place.</p> <p>The Legal text could not be drafted, as the Mod was not allowed to pass to that stage of the process. The legal text could also be viewed by looking at previous versions of the BSC.</p> <p>The Industry has not had a chance to consider P143 and pass comment. The Authority will not be allowed to see a detailed assessment / viewpoint of all Parties and Party Agents.</p> <p>To date questions raised by ScottishPower in December, January, and July have still gone unanswered. We view these questions as very relevant to our report development.</p> |

P143_DR_005 – Aquila Networks

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| Respondent: | Rachael Gardener |
| No. of BSC Parties Represented | |
| BSC Parties Represented | Aquila Networks Plc |
| No. of Non BSC Parties Represented | |
| Non BSC Parties represented | |
| Role of Respondent | |

| Q | Question | Response | Rationale |
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| 1. | Do you agree with the Panel's views on P143 and the provisional recommendation to the Authority contained in the draft Modification Report that P143 should not be made? Please give rationale. | Yes | Progressing the other changes in this document is desirable and prevents delays when they are not necessary. |
| 2. | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P143? Please give rationale. | Yes | |
| 3. | Are there any further comments on P143 that you wish to make? | Yes | Excluding the PARMs changes from P99 will enable parties to continue any development work required for the other changes in the Mod. It will also allow parties to obtain clarification of the changes to PARMs and Serials before completing development. |

P143_DR_006 – Powergen

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| Respondent: | Afroze Miah |
| No. of BSC Parties Represented | 15 |
| BSC Parties Represented | Powergen UK plc, Powergen Retail Limited, Diamond Power Generation Limited, Cottam Development Centre Limited, TXU Europe Drakelow Limited, TXU Europe Ironbridge Limited, TXU Europe 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 Limited |
| Role of Respondent | Supplier |

| Q | Question | Response | Rationale |
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| 1. | Do you agree with the Panel's views on P143 and the provisional recommendation to the Authority contained in the draft Modification Report that P143 should not be made? Please give rationale. | No | <p>We fully support P143 and believe that it is sensible to stop the implementation of the Serials and Supplier Charges elements of P99 for the following reasons:</p> <ul style="list-style-type: none"> the costs of P99 have blown out of all proportion to what was estimated at the time of P99's approval. From an initial figure of £400k to an <u>estimate</u> now of £2.2m is unacceptable. What guarantee is there that this will not further increase? Currently two significant pieces of industry-wide work have started that will materially impact on the Serials and Supplier Charges in the near future. These are (1) Issue 6: Appropriateness of the current Supplier Charging Mechanism and (2) the Customer Transfer Programme. Both projects may result in significant changes to the proposed PARMS regime as proposed in P99 and it would result in money being wasted if in a few months after P99 implementation the industry had to revisit P99 and start all over again Any re-visit of P99 after it's implementation in May 2004 will result in further costs to central systems and to parties' and parties' agents' systems with a disproportional impact on smaller |

| Q | Question | Response | Rationale |
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| | | | <p>suppliers.</p> <ul style="list-style-type: none"> • We believe that P141 will be implemented and therefore there is no danger that P143 will be accepted and P141 will not be. There Elexon's concerns are not material. Furthermore, we do not understand why Elexon have linked P141 with P143. They are two different modifications which should be judged separately from each other • Powergen have not any significant work on implementing P99 and therefore we will not be affected if P99 is stopped. What little work we have done to date has been to understand the implications of P99 and nothing more. |
| 2. | <p>Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P143? Please give rationale.</p> | Yes | <p>If P143 is approved then implementation needs to occur as soon as possible to prevent any further expenditure on P99 implementation. We understand that the final contract for P99 will be agreed on 5th November? We therefore</p> |
| 3. | <p>Are there any further comments on P143 that you wish to make?</p> | Yes | <p>We have a number of observations to make on the draft modification report for P143:</p> <ul style="list-style-type: none"> • we are concerned you have commented on whether Parties have already commenced work to ensure that they are P99 compliant. You have shown no evidence that Parties have committed resources to this end and we therefore query the reason why you have speculated on this. Powergen have not significantly progressed work on P99 to date and would therefore not be disadvantaged if P99 is stopped. • Our understanding of P143 indicated that it had no requirement to further review the Serials. The only mention of a review seemed to be related to the current work initiated under Issue |

| Q | Question | Response | Rationale |
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| | | | <p>6. Our understanding was that this was the review mentioned in P143 and not a new review. Or have we misunderstood?</p> <ul style="list-style-type: none">• We are also concerned that you believe the costs quoted in P143 may have been misleading. Again Elexon have not given any evidence to back this assertion up. If P143's costings are wrong please let us know, otherwise Elexon would seem to have made a serious accusation here. |

P143_DR_007 – IMServ

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| Respondent: | Name IMServ Europe |
| No. of BSC Parties Represented | |
| BSC Parties Represented | Please list all BSC Parties responding on behalf of (including the respondent company if relevant). |
| No. of Non BSC Parties Represented | |
| Non BSC Parties represented | Please list all non BSC Parties responding on behalf of (including the respondent company if relevant). IMServ Europe IMServ Meterpoint |
| Role of Respondent | (Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state) |

| Q | Question | Response | Rationale |
|----------|--|-----------------|---|
| 1. | Do you agree with the Panel's views on P143 and the provisional recommendation to the Authority contained in the draft Modification Report that P143 should / should not be made? Please give rationale. | No | We do not agree in whole with the recommendation that P143 is rejected. Whilst we appreciate the reluctance to start from scratch with regards the PARMS serials there has not as of yet been an industry workshop (which was due to be held previously but cancelled) to discuss any issues and clarification regarding the PARMS reporting. The workshop due to be held on 10/10 should proceed as planned, and a decision on whether to proceed with the PARMS serials deployment for May, as currently defined, should take place after this workshop. However, by removing the reporting aspect of P99 it would allow the other changes to be deployed, should there be any further delay in detailing the reporting requirements. |
| 2. | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P143? Please give rationale. | Yes / No | The implementation date for the serials should be decided once it is known if there are any further changes or issues arising from the workshop on 10/10/03. |
| 3. | Are there any further comments on P143 that you wish to make? | No | |

P143_DR_008 – EDF Energy

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| Respondent: | Paul Chesterman |
| No. of BSC Parties Represented | 9 |
| BSC 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 BSC Parties Represented | |
| Non BSC Parties represented | |
| Role of Respondent | Supplier / Generator / Party Agent / Distribution Business |

| Q | Question | Response | Rationale |
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| 1. | Do you agree with the Panel's views on P143 and the provisional recommendation to the Authority contained in the draft Modification Report that P143 should not be made? Please give rationale. | Yes | BUT SEE OUR COMMENTS AT 3. BELOW |
| 2. | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P143? Please give rationale. | | No comment |
| 3. | Are there any further comments on P143 that you wish to make? | YES | <p>We DO support the principle that P143 is aiming to achieve, but we do not believe that P143 is the best way forward.</p> <p>We have previously supported P99, but there are now two significant new facts that in our view call for an urgent review before the industry is committed to what has become a very expensive PAF Stage 1 Project. They are:</p> <ol style="list-style-type: none"> 1. We now understand that a fundamental review of Supplier Charges is to be undertaken. 2. We are very concerned at the overall project cost for the implementation of Stage 1 of the PAF Review. It would have been helpful if the draft Modification Report had been able to identify the costs of that part of the project for the implement of the new Serials and Standards. <p>We do not understand why work on this project, that is now estimated to cost many times more than advised at the time of P99, is to continue. We would ask the Panel to</p> |

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| | | | urgently consider and report to the industry it's view on the wisdom of progressing the PAF Stage 1 Project. |

P143_DR_009 – British Energy

To: Modifications Secretary, BSCCo

Draft Modification Report for P143: Revision of P99 to halt the progression of the PARMS
Serials, Standards & Supplier Charge elements.

British Energy has concerns that the benefits of P99 have not been clearly demonstrated to outweigh the costs. Proposal P143 may have merits in limiting the costs, and in allowing more time for the issues affecting settlement data quality, particularly on the supplier side of the market, to be considered more comprehensively. In particular, it may be opportune to review whether the increasing costs incurred in seeking to achieve target performance and accuracy in the competitive supply arrangements are justified; whether it might better meet the BSC Objectives to relax those targets; and to what extent the cost recovery methods include cross-subsidy from non-supplier participants. Acceptance of P143 would focus attention on these areas before possibly unnecessary and inefficient expenditure is incurred.

Martin Mate
for
British Energy Power & Energy Trading Ltd
British Energy Generation Ltd
Eggborough Power Ltd