

## Responses from P114 Draft Report Consultation

Consultation issued 19 February 2003

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	No. Non-Parties Represented
1.	SEEBOARD	P114_DR_001	1	
2.	Powergen	P114_DR_002	15	
3.	LE Group	P114_DR_003	7	
4.	NGC	P114_DR_004	1	
5.	Aquila Networks	P114_DR_005	1	
6.	Scottish and Southern	P114_DR_006	4	
7.	British Gas Trading	P114_DR_007	1	
8.	Scottish Power	P114_DR_008	6	
9.	Slough Energy Supplies	P114_DR_009	2	2
10.	British Energy (late response)	P114_DR_010	3	

P114\_DR\_001 – SEEBOARD

<b>Respondent:</b>	Dave Morton		
<b>Responding on Behalf of</b>	SEEBOARD Energy Limited		
<b>Role of Respondent</b>	BSC Party		
		<b>Response</b>	<b>Rationale</b>
<b>Q1.</b>	Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	<b>Yes</b>	Proposal is an extension of P102 alternate that we also support. We assume that any request to become a "licensed person" will have to be done to provide reasonable evidence of why such a licence should be permitted.
<b>Q2</b>	Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?	<b>No</b>	Legal text here talks about allowing information to "any person". This should be "any licensed person" to tie into requirements of this change. Legal text for P102 alternate has these definitions so an update to P114 legal text can easily be taken from that legal text.
<b>Q3</b>	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?	<b>Yes</b>	
<b>Q4</b>	Do you have any other comments on the draft Modification Report for P114?		

P114\_DR\_002 – Powergen

<b>Respondent:</b>	Powergen		
<b>Responding on Behalf of</b>	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		
<b>Role of Respondent</b>	BSC Party		
		<b>Response</b>	<b>Rationale</b>
<b>Q1.</b>	Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	<b>Yes</b>	The Proposed Modification P114 allows for data to be provided in a non-discriminatory manner, whilst addressing customer confidentiality concerns and providing a mechanism for cost recovery.
<b>Q2</b>	Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?	<b>Yes</b>	
<b>Q3</b>	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?	<b>Yes</b>	A separate release would be costly and unjustified.
<b>Q4</b>	Do you have any other comments on the draft Modification Report for P114?	<b>No</b>	

P114\_DR\_003 – LE Group

<b>Respondent:</b>	Tony Diccio		
<b>Responding on Behalf of</b>	LE Group (EPN Distribution Ltd, London Electricity plc, London Electricity Group plc, Jade Power Generation Ltd, London Power Networks plc, Sutton Bridge Power, West Burton Ltd)		
<b>Role of Respondent</b>	BSC Party		
		<b>Response</b>	<b>Rationale</b>
<b>Q1.</b>	Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	<b>Yes</b>	Symmetrical provision of data to market participants is desirable and promotes competition, thereby better facilitating Objective C. The proposed modification also provides a clear, targeted mechanism for recovering the costs incurred in producing and distributing this data to non-BSC Parties.
<b>Q2</b>	Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?	<b>Yes</b>	
<b>Q3</b>	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?	<b>Yes</b>	
<b>Q4</b>	Do you have any other comments on the draft Modification Report for P114?	<b>No</b>	

P114\_DR\_004 – NGC

<b>Respondent:</b>	<i>Name</i> <b>National Grid</b>		
<b>Responding on Behalf of</b>	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> <b>National Grid</b>		
<b>Role of Respondent</b>	<i>(BSC Party / Other (Please specify))</i> <b>BSC Party</b>		
		<b>Response</b>	<b>Rationale</b>
<b>Q1.</b>	Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	<b>Yes</b>	We agree with the Panel that P114's licensing approach addresses several of the issues surrounding the use of BSC Party status as a method of providing access to information and therefore believe P114 will better facilitate the BSC Objectives.
<b>Q2</b>	Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?	<b>Yes</b>	We agree that the legal text will provide LEGs and other non-trading parties access to the information they require once the Licence Agreement is signed.
<b>Q3</b>	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?	<b>Yes</b>	The implementation date is consistent with the standard release strategy for non-urgent modifications.
<b>Q4</b>	Do you have any other comments on the draft Modification Report for P114?	<b>No</b>	

**P114\_DR\_005 – Aquila Networks**

Please find that Aquila Networks Plc response to P114 Consultation on draft Modification Report is 'No Comment'.

regards

Rachael Gardener

Deregulation Control Group &

Distribution Support Office

AQUILA NETWORKS

**P114\_DR\_006 – Scottish and Southern**

Dear Sirs,

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

In relation to the four questions listed in the Consultation Paper, contained within your note of 19th February 2003 concerning Modification Proposals P114, we have the following comments to make:-

Q1 Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?

No. In respect of Modification Proposal P114 we do not agree with the premise behind it, namely that there is a defect that requires rectification. No explanation or sound justification has been made by the Proposer as to why such information is required or how it would better facilitate the achievement of the BSC Objectives or promote competition.

We have concerns that Modification Proposal P114 would create a precedent which would allow subsets of trading arrangements to be created and applied to categories of Parties, excluding them from certain obligations and allowing them to be treated differently. This would introduce discrimination in favour of some Parties at the 'expense' of other Parties. This would generally dilute the effectiveness of the Code. We note that NETA was designed to ensure equal treatment and transparency for all Parties. Modification Proposal P114 runs counter to this and can not, therefore, be described as better facilitating the achievement of any BSC Objective.

Please note our response to any of the following questions should not be construed to lend support whatsoever to this Modification.

Q2 Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?

Yes.

Q3 Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?

If Modification Proposal P114 is approved, we agree with the proposed BSC Panel recommendation on the timing for the Implementation Date, as outlined in Section 1.1 of the Modification Report.

Q4 Do you have any other comments on the draft Modification Report for P114?

Yes. As indicated in Q1 above, we do not agree with Modification Proposal P114 and see no reason why any of the information listed in this Modification should be made available to Licence Exemptable Generators (LEGs) and Other Non-Trading Parties. We maintain our view that Party Information should not be made available to persons not involved in trading activities.

We are very mindful that NETA stands for the New Electricity TRADING Arrangements and that this Modification seeks to provide trading information to non trading parties; or as the Modification title puts it "without evidence of trading". NETA is designed to meet the requirements of Trading. There are numerous potential non-trading parties. The NETA arrangements are not designed for them, they are designed for those who freely choose to join up to the BSC. Non-trading parties are not compelled to join. However, where they freely choose to join then they do so in the knowledge that rights, obligations and costs flow from their decision (to join). This approach avoids frivolous participation.

Regards

Garth Graham  
Scottish and Southern Energy plc



P114\_DR\_007 – British Gas Trading

**Re: Modification Proposal P114 – Entitlement of Licence Exemptable Generators (“LEGs”) and other non-trading Parties to BSC Membership without Evidence of Trading**

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P114. British Gas Trading (BGT) agrees with the Panel’s provisional recommendation supporting the original Modification Proposal with the licence approach. BGT believes that increasing the visibility of data could be seen to better facilitate Applicable BSC Objective (c).

BGT are supportive of the licence approach as it improves the visibility of data in a controlled manner by implementing a robust cost recovery mechanism with confidentiality obligations that mirror those in the BSC.

If you have any questions please contact me 01753 758137.

Yours faithfully

Mark Manley  
Contract Manager

P114\_DR\_008 – Scottish Power

<b>Respondent:</b>	<i>Name</i> John W Russell (SAIC Ltd)		
<b>Responding on Behalf of</b>	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i>  Scottish Power UK plc; ScottishPower Energy Trading Ltd.; Scottish Power Generation plc; ScottishPower Energy Retail Ltd.; SP Transmission plc; SP Manweb plc.		
<b>Role of Respondent</b>	<i>(BSC Party / Other (Please specify))</i>  Supplier / Generator/ Trader / Consolidator / Exemptable Generator / Party Agent		
		<b>Response</b>	<b>Rationale</b>
<b>Q1.</b>	Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	<b>Yes</b>	<i>In keeping with our previous response on P114, we agree that the Original modification should be made. We believe that it avoids discriminatory impact by allowing any interested non-Trading Party to access specific BSC data in a controlled manner, viz. by Licensing agreement.</i>
<b>Q2</b>	Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?	<b>Yes</b>	<i>The legal text appears to be appropriate in meeting the requirements of P114 Original.</i>
<b>Q3</b>	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?	<b>Yes</b>	<i>We note the proposed implementation dates which have been provisionally recommended. However, please see our further comments on implementation in response to Question 4.</i>
<b>Q4</b>	Do you have any other comments on the draft Modification Report for P114?		<i>We must re-emphasise the view expressed in a previous response that the manner of implementing P114 Original must be cost effective and non-Trading Parties wishing to avail themselves of P114 pay a</i>

		<p><i>cost-reflective amount towards implementation. We note that implementation costs are considerably steeper if the changes do not occur as part of a scheduled Systems Release. We would expect that, should the changes not be included in a scheduled Release but be implemented as an ad hoc project, non-Trading Parties should be charged a cost-reflective amount for access to BSC data. This may need to be higher than the suggested figure of £3000 per annum based on the expected takeup of the Licensing agreement. The best option would be to include implementation in a scheduled Release. This would certainly ensure that any costs borne by Trading Parties is kept to a minimum. P114 Original is providing privileged access to BSC data to non-Trading Parties and the cost recovery arrangements must reflect this.</i></p>
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P114\_DR\_009 – Slough Energy Supplies

<b>Respondent:</b>	<i>Name</i> <b>Slough Energy Supplies Limited</b>		
<b>Responding on Behalf of</b>	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> <b>Slough Energy Supplies Limited (Supplier); Fibrepower Slough Limited (generator); Slough Energy Contracts Limited (exemptable generator); Slough Utility Services Limited (exemptable generator)</b>		
<b>Role of Respondent</b>	<i>(BSC Party / Other (Please specify))</i> <b>BSC Party</b>		
		<b>Response</b>	<b>Rationale</b>
<b>Q1.</b>	Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	<b>Yes</b>	Under the current arrangements, some market data is publicly available by means of the Balancing Market Reporting System (BMRS). This includes final physical notifications, imbalance for each half hour. The BMRS provides information in advance of and shortly after real time. However, out-turn information (such as actual system imbalance and actual generation) is not published. Other market

		<p>data of commercial relevance to LEGs, including the half hourly transmission loss and “beer fund” values, and the net metered and imbalance position of market participants, is restricted to BSC parties. The reason for this cannot be commercial confidentiality, as information relating to each BSC party is available to every other BSC party in the form of the SO142 Report. This unequal access to market data is in contrast with the situation under the Pool, where ESIS provided a similar set of data for all paying subscribers.</p> <p>The commercial relevance of this market data to LEGs arises from the fact that LEGs will normally be negotiating to sell their output to a licensed supplier under Supplier Volume Allocation (“SVA”), rather than trading within the NETA markets as BSC parties. The principal reason for this is the cost and administrative burdens involved with trading in the NETA markets which are impracticable for the majority of LEGs to bear. For example, the cost of establishing a fully fledged trading desk in the UKPX are estimated at £1 million, in addition to other incidental costs. Further details of these administrative barriers are contained in Ilex Consulting’s report “Contractual and Administrative Barriers Facing Licence-Exempt Generation under NETA”, which was attached to proposal P102.</p>
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		<p>Therefore, LEGs will almost always be negotiating for the sale of their output with a licensed supplier, who by definition will be a BSC party and have access to the market data currently denied to non-parties. Any negotiation where one party is entitled to all the relevant information and the other is not, is bound to disadvantage the other party. The current position therefore creates an unjustifiable handicap for the negotiating position of LEGs as against licensed suppliers. As an example of how access to the relevant market data will improve the position for LEGs, knowing the metered quantities and imbalance positions of potential contracting counterparties would substantially assist LEGs in determining both who was in a position to contract with them and to better understand the trading position of that counterparty. It would also enable LEGs to verify independently the benefits of particular supplier contracts or consolidation benefits where the counterparty is a BSC Party and is therefore in possession of such information.</p> <p>The difficulty for LEGs is that contracting under SVA inevitably restricts them from accessing such vital market information. The dilemma which they face is that, currently, the only way of accessing this information is to become full trading BSC parties, a route to market which, as explained above, is uneconomic for the vast majority of them. The current arrangements therefore place LEGs in a position where they are either:</p>
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			<p>(i) contracting under SVA with licensed suppliers as against whom they have a handicapped bargaining position due, amongst other reasons, to the asymmetry of market data available to LEGs and licensed suppliers; or</p> <p>(ii) obliged to overcome the cost and administrative barriers of becoming full trading BSC parties which are uneconomical for them. The current arrangements therefore impose an unjustified barrier on any LEG wishing to access this market data. The Proposer can see no objective reason why LEGs should not be entitled to receive the market data provided to BSC Parties given its importance with LEGs dealing with suppliers.</p> <p>The effect of the lack of market data available to LEGs who are not fully trading BSC parties is one of a range of market barriers faced by LEGs. It is an anti-competitive aspect of the current NETA market structure that this information, which is not confidential, should be available to one party to a contract, but not the other. The effect of this barrier has been to contribute to the disproportionately adverse impacts which NETA has had upon LEGs and which are well documented, for example they are referred to in 14 responses from the smaller generator market to the DTI's consultation on smaller generators and NETA of 1<sup>st</sup> November 2001. This has resulted in significant withdrawals from the LEG sector and threatens its continued participation in the generation market. It cannot be in the</p>
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		<p>interest of competition that a sector providing some 8% of capacity in the UK should be placed in jeopardy. Making available crucial market information to LEGs from whom full trading BSC participation is not a practical option will assist in creating a fairer negotiating position for most LEGs and thereby better facilitate applicable BSC objective (c) (promoting effective competition in the generation and supply of electricity). For further details of the impacts of NETA on LEGs, please see the Ilex Reports "An Objective Assessment of the Impact of NETA on Smaller Generators" (available on the Ilex website) and "Contractual and Administrative Barriers Facing Licence Exempt Generators under NETA", referred to in the answer to question 1.</p> <p>The above concentrates on the advantages of this modification to LEGs, but these reasons for the implementation of the modification can apply to other non-BSC Parties as well. The principle that availability of information promotes competition should be applied to any party that feels it could benefit from having such information."</p>
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<b>Q2</b>	Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?	<b>No</b>	<p>One of the defects that the modification seeks to address is that there is no obligation on Elexon to provide information to parties that require it. The draft modification report states that it is better to have any obligation within the licence rather than in the Code itself. We do not accept the reasoning behind this.</p> <p>In section 3.4 of the draft modification report reference is made to section H9.4 of the Code. This states that third parties are not intended to have any "rights, benefits, entitlements or privileges under the Code, the Framework Agreement and the Code Subsidiary Documents." However we do not accept that this is contradicted by the introduction of an obligation within the Code. No rights are given to third parties as a result of an additional obligation on BSCCo to make the licence available. The right relates to third parties but the obligation will only be enforceable by signatories to the Code rather than the third parties themselves.</p> <p>This obligation would not constitute a 'benefit' to third parties any more than other 'benefits' already set out in the Code e.g. third parties being able to access the BMRS. As such the introduction of an obligation in the Code does not oppose either the meaning or the spirit behind H9.4. The aim of H9.4. is presumably to ensure that third parties have no recourse to any type of action against Elexon or parties to the Code due to anything set out in the Code, and this would not be threatened by putting</p>
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		<p>the obligation within the Code.</p> <p>The modification report also refers to the objectives in B1.2.1, in particular the need to promote transparency and openness in the conduct of BSCCo's business subject to express Code provisions and to any other duties of confidence owed to third parties. This is cited as a reason for not including an obligation to release information within the Code.</p> <p>This appears counter-intuitive. We do not accept that placing an obligation in the Code provides an obstacle to transparency. Indeed, it would appear to do the absolute opposite. Anything which increases the flow of information should not be considered an obstacle to transparency. Placing such an obligation within the Code makes it clear that the obligation exists.</p> <p>Another reason for placing an obligation within the Code is that one of the reasons behind the modification was to introduce a recognised requirement on BSCCo and to introduce a measure of certainty into the provision of information. If there is no obligation in the Code on BSCCo to do this then this will not be achieved.</p>
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<b>Q3</b>	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?	<b>No</b>	This is a measure which is directed towards improving market competition and in our view there should be a sufficiently high priority for implementation for it to be achieved earlier than the planned date.
<b>Q4</b>	Do you have any other comments on the draft Modification Report for P114?	<b>Yes</b>	In the event that P114 were approved then P103 would become even more significant as a means of implementing the access to the data set out in P114.

**P114\_DR\_010 – British Energy (late response)**

To: Modifications Secretary, BSCCo

P114: Entitlement of Licence Exemptable Generators (LEGs) and Other Non-Trading Parties to BSC Membership Without Evidence of Trading  
Please find attached a completed report consultation proforma.

Also, we repeat comments made at the assessment stage, which still appear relevant:

Access to information by non-parties could improve competition and we have no objection to the principle of transparency. However, the costs should be borne by those requiring the service, and obligations on use of data so provided should be equivalent to those applying to parties, otherwise fair competition may be impaired.

Original proposal P102 suggests allowing a subset of non-trading parties to remain party to the BSC for the sole intent of obtaining information and data. It is difficult to demonstrate that overall or BSC-specific cost-benefit/efficiency objectives would be better met by allowing non-parties to incur costs which are then met by parties, or by allowing a subset of interested persons (exempt generators) to obtain data not available to others. Therefore we do not support this proposal.

The solution favoured by the modification group for modifications P102 & P114 is a licence service, combined with changes to BSC systems to facilitate the new role of a (non-party) Licensee. While not objecting to this approach in principle, it does not appear that the cost of the system and other changes will be wholly recovered from those requiring the service.

Unless this is demonstrated, or the financial benefits of the proposed changes can be demonstrated, we do not believe the proposal will better meet BSC objectives (c) relating to trading efficiency and competition or (d) relating to administrative efficiency.

Martin Mate

for

British Energy Power & Energy Trading Ltd

British Energy Generation Ltd

Eggborough Power Ltd

<b>Respondent:</b>	<i>Martin Mate</i>		
<b>Responding on Behalf of</b>	<i>British Energy Power &amp; Energy Trading Ltd, British Energy Generation Ltd, Eggborough Power Ltd</i>		
<b>Role of Respondent</b>	<i>BSC Party</i>		
		<b>Response</b>	<b>Rationale</b>
<b>Q1.</b>	Do you agree with the Panel's views on P114 and the provisional recommendation to the Authority contained in the draft Modification Report that the Proposed Modification should be made?	<b>No</b>	Whilst agreeing that the provision of data to non-parties has the potential to promote BSC Objectives relating to efficient competition, we consider that the intangible benefit does not justify the significant cost indicated for the modification.
<b>Q2</b>	Do you agree with the Panel's view that the legal text provided in the draft Modification Report addresses the defect identified within the Modification Proposal?		The proposed legal text appears to facilitate provision of BSC Party data to non-parties.
<b>Q3</b>	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for Proposed Modification P114?		Any modification in this area has limited ability to better meet the BSC Objectives, and should be implemented at minimum cost. See comment below.
<b>Q4</b>	Do you have any other comments on the draft Modification Report for P114?		<ol style="list-style-type: none"> <li>1. The costs to implement the proposal seem very high. It is disappointing that Elexon and central agents are unable to manually manage the handling of non-parties registered in central systems solely for the purposes of receiving data, since this would avoid expensive central system changes.</li> <li>2. There appear to be two options for the costs of the alternative proposal, depending on whether it</li> </ol>

			<p>is implemented as part of a timetabled release or not. We hope that the lowest cost option is embodied in the suggested implementation dates.</p> <p>3. It is suggested that under the alternative proposal a data processing agent of a non-party would be required to hold a licence as well as the non-party itself. While this can achieve a “pass-through” of confidentiality obligations, it does not seem appropriate to charge twice. The “pass-through” could also be achieved by placing obligations on the data licence holder to have an equivalent agreement with any person to which it provides the data, a copy of which should be lodged with Elexon.</p>
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