

Responses from P110 Assessment Consultation

Consultation issued 13 January 2003

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	No. Non-Parties Represented
1.	AES Drax	P110_ASS_001	1	
2.	NGC	P110_ASS_002	1	
3.	SmartestEnergy Ltd	P110_ASS_003	1	
4.	Aquila Networks	P110_ASS_004	1	
5.	British Gas Trading	P110_ASS_005	5	
6.	J Aron & Company, The European Power Source Company (UK) Ltd	P110_ASS_006	2	
7.	Scottish Power	P110_ASS_007	6	
8.	LE Group	P110_ASS_008	7	
9.	Scottish and Southern	P110_ASS_009	4	
10.	Powergen	P110_ASS_010	15	
11.	InterGen	P110_ASS_011	4	

P110_ASS_001 – AES Drax

Respondent:	<i>Ian Foy</i>
No. of BSC Parties Represented	1
BSC Parties represented	<i>AES Drax Power Ltd</i>
No. of non BSC Parties Represented	Zero
Name of non BSC Parties Responding on Behalf of	<i>N/A</i>
Role of Respondent	<i>Generator Party Agent</i>

Q	Question	Response¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	This Modification allows a Party to be able to limit its exposure to Imbalance in circumstances where either it, or another Party, has terminated all ECVNA Authorisations between the two Parties whilst leaving future Contract Volumes in place. In affording a Party this degree of control vis-a-vis its contractual position, we believe BSC objective c) will be better facilitated in that it mitigates the current unbounded risk (which no Contractual Clause can, in fact, limit) associated with ECV Notifications.
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	YES	The anticipated usage of this facility is low. The Request processing operates to a similar timetable as the necessary pre-requisite of ECVNA Authorisation Termination. The (possibly Extended) ECVAA-I022 report shows a Party's true position within the BSC. The additional cost of an automated solution is not justified.

Q	Question	Response¹	Rationale
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.		We believe that the Nullification request should be able to become effective from the first period after the mandatory pre-requisites are met. Our reasoning is that the occurrence of the mandatory precursor of ECVNA Termination means that the contractual relationship between the two parties has ended from that point and therefore either Party should be able to remove any forward commitment that is no longer valid. We note (and agree) that Nullification can only be by either Party and not by the Party Agent whereas ECVNA Termination can be by any one of the three roles.
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.		We do not believe that the extra expense of an automatic process is justified. Were it found to be necessary/supported we believe that the extra complication of having ECVN Nullification Keys is not justified – you do not need Key's to terminate the ECVNA Authorisation.
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	This is the exact situation that can occur with the pre-requisite ECVNA Termination (taking into account ECVAA Service levels). As we believe that Nullification can occur immediately Termination is effective, we also believe that Nullification can occur outside business hours.
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	NO	Provided that notice of Nullification has been given which includes the effective from date/period we see no reason to have a confirmatory "we've done it" flow. A party can always request an (extended) ECVAA-I022 report if it so requires. This seems to align with other ECVAA processes e.g. ECVNA Termination.

Q	Question	Response¹	Rationale
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	No	Industry Contracts already include clauses that seek to ensure a valid ECVNA Authorisation exists whenever a Contract exists, and that suitable remedies are in place should this not be the case. There are also clauses to deal with mis-Notifications (it could be argued that a Nullification could be construed as a mis-Notification). The mandatory pre-requisite of ECVNA Termination ensures that the contract has expired – at least in one Party's view. The BSC allows any Party to unilaterally terminate relevant ECVNA Authorisation(s) to which it is a Party. All this modification allows is for the Party(s) involved to be able to avoid Imbalance or Exposure to a BSC contract volume that no longer exists Contractually. It may be that the Party requesting Nullification is not the Party terminating an ECVNA Authorisation i.e. the Party has been left with remnant contract volumes by another Party.
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	Yes	The code should allow a Party to be in control of its exposure to actions that are implicit in the operation of the Code – in this case Imbalance. In circumstances where ECVN's have been submitted into the future e.g. evergreen contracts, this is not possible if the ECVNA Authorisations have been terminated by the other Party (unless either Party is in Default).
9.	Are there any further comments on P110 that you wish to make?	No	

P110_ASS_002 – NGC

Respondent:	Name National Grid Co
No. of BSC Parties Represented	One
BSC Parties represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant). National Grid</i>
No. of non BSC Parties Represented	N/A
Name of non BSC Parties Responding on Behalf of	<i>Please list all Parties responding on behalf of (including the respondent company if relevant). N/A</i>
Role of Respondent	(Supplier/Generator/ Trader / Consolidator / BSC Agent / Party Agent / other – please state ¹) Transmission Company

Q	Question	Response¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	We believe that this modification will better facilitate BSC Objective (c) by mitigating Parties' risk to erroneous imbalance exposure.
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	YES	We agree with the SSMG that option 5 gives the best overall solution of a semi-automatic process with minimal impact on Party systems.
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.	3 periods	The initial value of 3 periods as specified in the requirements specification is a pragmatic solution which allows for receipt and validation of the Nullification Request.
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	YES	Whilst not agreeing with an automatic process for the nullification request, we believe that similar protocols should be in place to those when contracts are notified to maintain consistency.

¹ Delete as appropriate – please do not use strikeout, this is to make it easier to analyse the responses

Q	Question	Response ¹	Rationale
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	Given the specific example quoted and if the "3 period delay" is adopted (see answer to Q4), then we believe that Parties will stay beyond the normal working hours to receive the Nullification Request Feedback form to ensure the process is complete.
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	Manual	Given the potential low occurrence of this situation and our preference for low impact on Party systems, an automatic flow is not justified.
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	NO	Obligations under the GTMA require Parties to maintain a capability for notifications to be made against their accounts. If this is removed (ie. cancelled ECVNA) then under the GTMA, that Party is liable to pay imbalance compensation subject to no events of default under the GTMA being invoked.
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	YES	P110 would make the BSC complementary to the GTMA's termination arrangements, which allow for cancellation of all the outstanding transactions between Parties once there is an 'Event of Default'.
9.	Are there any further comments on P110 that you wish to make?	NO	

P110_ASS_003 – SmartestEnergy Ltd

Respondent:	<i>Robert Owens</i>
No. of BSC Parties Represented	1
BSC Parties represented	<i>SmartestEnergy Limited</i>
No. of non BSC Parties Represented	
Name of non BSC Parties Responding on Behalf of	
Role of Respondent	<i>Consolidator</i>

Q	Question	Response	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	NO	P110 merely shifts responsibility from external (to the BSC) contracts and commercial arrangements to the BSC
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	YES	Option 5 probably gives the best balance for cost/effectiveness.
3.	When do you believe the first period a Nullification Request can become effective from should be? Please give rationale.		It may be easier for the nullification to begin on the next settlement day. So for example if the request were received today then the nullifications would take effect as from the beginning of the settlement day tomorrow.
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	YES	

Q	Question	Response	Rationale
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	But the issue is that the other Party must confirm they have been made aware of the change to his position.
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow? Please give rationale.	Yes/No	The 7-day report will show that the position has changed. However confirmation of the change may be useful in the situation described in question 5.
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties? Please give rationale	No	The contract will be as firm as it was before.
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	No	The principle behind raising this modification is primarily to do with commercial problems and an inadequate fall back position in existing arrangements not related to the BSC.

Q	Question	Response	Rationale
9.	Are there any further comments on P110 that you wish to make?	YES	<p>It is important to consider how the Parties arrived at a situation in which one of them deemed it necessary to terminate the authorisation, if we consider with an example;</p> <p>In this situation Party B (under the current regime) has removed the authorisation, and as a result neither party can change the nominated position. The question is why did they deem it necessary to do this?</p> <p>I would speculate that it is possible that the nominated position is advantageous to Party B and not to Party A - hence as a negotiating tactic Party A may threaten to nominate all positions to zero in order to force a particular action from Party B. This threat (either real or assumed) could cause Party B (under the current arrangements) to withdraw the authorisation, i.e. prevent Party A from making any changes to the notified position. Under the current rules therefore (as long as they are quick enough) Party B "wins".</p> <p>With this proposed Modification Party A can remove the notified position irrespective of whether or not the authorisation has been removed. Effectively Party A "wins", presuming that their aim was to nullify the position as a negotiating tactic.</p> <p>Surely it is not a function of the BSC to say who is right or who is wrong in this commercial matter, and the fact that the current rules mean that Party B "wins" (if they are quick enough) is not justification enough to say that they should be changed to ensure that Party A "wins".</p> <p>This must surely lead to the conclusion that such a matter is outside the scope of the BSC and that the commercially arranged contracts need to take into account this fact not the BSC. I accept the arguments that this all takes time and inevitably involves expensive lawyers - but this is surely a reality of competitive arrangements and the precarious financial position of particular market players can't be allowed to alter this.</p> <p>Commercial contracts and arrangements should be adapted to fit around the BSC, not the other way round.</p>

P110_ASS_004 – Aquila Networks

Please find that Aquila Networks Plc response to P110 Assessment
Consultation is 'No Comment'.

regards
Rachael Gardener

Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS

P110_ASS_005 – British Gas Trading

Respondent:	British Gas Trading (BGT)
No. of BSC Parties Represented	5
BSC Parties represented	Accord Energy Limited, Centrica Kings Lynn, Centrica Peterborough and Regional Power Generators
No. of non BSC Parties Represented	
Name of non BSC Parties Responding on Behalf of	
Role of Respondent	Supplier/Generator/ Trader

Q	Question	Response	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	There is currently a defect in the BSC that can lead to a BSC Party being unable to amend their contract position. The proposed solution allows for that liability to be negated by the ability to nullify contract volumes. Therefore BGT believe that this Modification Proposal will assist in the mitigation of risk and thereby better facilitate applicable BSC Objective (c).
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	NO	BGT support the provision of a semi- automated process with a 24/7 capability. BGT believe the problem highlighted by the Modification Proposal may occur at any time and as such BGT would require the ability to request nullification of contract volumes at any time of the operational day. BGT support the first stage in the process, the request for Nullification to be manual and thereby utilising a new form in BSCP71. The second part of the process, the removal of contract volumes should be automated to help mitigate risk.

Q	Question	Response	Rationale
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.		BGT believe that BSC Parties wanting to nullify contract volumes for which Gate Closure has not yet passed should be able to specify the Settlement Period for which the termination becomes effective from. However, in view of the way in which Energy Indebtedness is calculated will the ECVAA be able to remove contract volumes for the next Settlement Period without impacting the accuracy of the Energy Indebtedness calculation? Dependent upon the response of the ECVAA it may be appropriate to introduce a delay in the process to ensure that the ECVAA can remove contract volumes without impinging on the Energy Indebtedness calculation. By limiting the process to within working hours this could result in a retrospective removal of contract volumes which could result in the incorrect calculation of BSC Parties Energy Indebtedness. A solution that could lead to BSC Parties Energy Indebtedness being incorrectly calculated is not preferable.
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	YES	BGT do not support the use of a fully automated process, however if an automated process was implemented then a flow containing the details contained the ECVAA I004 header should be used. This will negate the risk as the ECVAA can interrogate the database with a number of unique specific parameters. This principle should also be utilised in the manual solution, as it should prevent the wrong volumes being removed from Settlement.
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	On the basis that the ECVAA is able to remove the appropriate contract volumes from Settlement prior to the Energy Indebtedness Calculation being undertaken by the ECVAA. BGT do not believe that a within working hours solution is appropriate and would prefer a 24/7 capability.

Q	Question	Response	Rationale
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	YES	The additional report should be run by the ECVAA once the process has been completed. This should be in addition to the revised seven-day report, as this will provide the affected Parties with their final position after the nullification has taken place. BGT support the process being manual. The introduction of a manual flow will also remove the requirement for BSC Parties to configure their systems to interpret an additional infrequent dataflow.
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	No	The Modification is removing a defect that will allow BSC Parties in a very specific set of circumstances to be able to manage their risk more effectively.
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	Yes	There is a defect within the BSC that in circumstances where an Authorisation has been terminated and a new one cannot be agreed there is no method within the BSC to effect the removal of any erroneous contract notification.
9.	Are there any further comments on P110 that you wish to make?	No	

P110_ASS_006 - J Aron & Company, The European Power Source Company (UK) Ltd

Respondent:	<i>Chris Teverson</i>
No. of BSC Parties Represented	2
BSC Parties represented	<i>J Aron & Company, The European Power Source Company (UK) Ltd</i>
No. of non BSC Parties Represented	0
Name of non BSC Parties Responding on Behalf of	
Role of Respondent	<i>Trader</i>

Q	Question	Response ¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	The modification will promote effective competition in the generation and supply of electricity by providing a clear and unambiguous way of dealing with counterparty notifications during an event of default. This modification will help in reducing some of the notification risks associated with trading in the power market and provides additional safeguards for those counterparties who may not be acting as ECVNA for a particular bilateral agreement.
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	NO	We would prefer Option 1 or 2, providing a 24/7 nullification process (as it seems a 24/7 process is not available under the manual options). While the frequency of events that require the Nullification Process to be used is low, the risk is high due to the erroneous notified volume potentially constituting the entire net position with a counterparty. The ability to nullify 'stranded' notified positions in the ECVAA systems at any time when both ECVNA Authorisations have been terminated needs to be a 24/7 process.

Q	Question	Response¹	Rationale
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.	As soon as possible	Parties should be able to specify from which point they want the Nullification Process to be effective from (including with effect from the next period after Gate Closure). The nullification process would be activated following an event of default and hence any appropriate delays are defined within the counterparty agreements (GTMA). There is no need therefore to delay further the application of the nullification within the BSC systems.
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	YES	Existing levels of data security should apply equally to the Nullification Process as to the standard ECVN process. Possibly Authorisation Keys for ECVNA Authorisations that have been terminated should still be effective for the Nullification Process.
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	The Nullification Process needs to be able to be activated at any time, as an Event of Default sequence is by nature unpredictable.
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	YES	A simple electronic confirmation that the nullification process has been achieved should be sent to all affected Parties immediately on completion. Parties can confirm their forward nullified positions by requesting extended 7-day reports, as now
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	No	In activating the Nullification Process, counterparties will be acting in accordance with the counterparty agreements they have both been a signatory to.

Q	Question	Response¹	Rationale
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	Yes	These issues should be addressed through a modification to the Code. P110 resolves flaws in the BSC that enables energy contract volumes to be left 'stranded' with both counterparties unable to remove them. P110 allows counterparties to more effectively and unambiguously apply the requirements of the GTMA by removing an anomaly that cannot be managed through the GTMA – namely a counterparty failing to notify as required or ECVNA Authorisations being terminated in a distressed situation.
9.	Are there any further comments on P110 that you wish to make?	No	

P110_ASS_007 – Scottish Power

Respondent:	<i>Man Kwong Liu</i>
No. of BSC Parties Represented	6
BSC Parties represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant). Scottish Power UK plc ; ScottishPower Energy Trading Ltd.; Scottish Power Generation plc; ScottishPower Energy Retail Ltd.; SP Transmission plc; SP Manweb plc.</i>
No. of non BSC Parties Represented	
Name of non BSC Parties Responding on Behalf of	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>(Supplier/Generator/ Trader / Consolidator / BSC Agent / Party Agent / other – please state ²) All</i>

Q	Question	Response ¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	NO	<p>It is not entirely clear to us that the BSC requires to be changed for this reason. This issue seems to be more a commercial arrangement between trading parties as defined in GTMA, which also specifies a fall back Agent if there is no ECVNA. The default nullification in this circumstance may have contractual trading implication. We believe the existing process involving a party in default or insolvency is operating satisfactorily, after the initial hiccups with Enron. We also think the cost for implementing any of the options far outweigh the perceived benefits. We therefore do not see it better facilitates any of the BSC Applicable Objectives.</p>

² Delete as appropriate – please do not use strikeout, this is to make it easier to analyse the responses

Q	Question	Response ¹	Rationale
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	NO	<p>See our answer to Qu. 1 above.</p> <p>Also, looking at the cost schedule, it is arguable that Option 4 seems a better option, considering it is automatic rather than semi-automatic in the Nullification of Contract Volumes for the similar cost. Option 4 takes longer to implement but urgency of implementation depends upon the frequency of occurrence of the event being addressed by P110. SSMG has indicated that such an event should not occur frequently. This adds to our scepticism about the desirability for any software solution given the costs of the options outlined.</p>
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.	As soon as possible for the next pre-gate closure period	<p>Notwithstanding our answer to Qu.1 above, and dependent on the option chosen, the first Nullification period should be one that can be done as soon as possible. E.g. for an automatic process, it may be done within 30 mins, while a manual process may need a couple of hours.</p>
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	YES	<p>Not notwithstanding our answer to Qu.1 above, if an automatic process is used, it makes sense to ensure other process is consistent in its operation to ensure that security would not be compromised. However, this would probably involve more cost, which should be included for consideration in this modification proposal.</p>
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	<p>See our answer to Qu.3 above.</p>
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow? Please give rationale.	Yes	<p>Not notwithstanding our answer to Qu.1 above, while this would involve more cost, the affected parties need to be able to check their positions. Whether it is a manual report or automatic flow would depend on the option used.</p>

Q	Question	Response ¹	Rationale
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties? Please give rationale	Yes	See our answer in Qu. 1
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	No	See our answer in Qu. 1
9.	Are there any further comments on P110 that you wish to make?	Yes	Experience has shown that the suggested improvements would provide a marginal improvement to existing processes but the options presented are not price reflective and hence SP would not support any of these options in their current form.

P110_ASS_008 – LE Group

Respondent:	PAUL MOTT
No. of BSC Parties Represented	7
BSC Parties represented	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)
No. of non BSC Parties Represented	
Name of non BSC Parties Responding on Behalf of	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>Supplier, Generator, Distribution Network Operator</i>

Q	Question	Response¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	Modification P110 better meets BSC applicable objective C “promoting effective competition in generation and supply”. Without it parties who have cancelled their notification authorisation might not have a clean way out of a situation leaving stranded forward contract notifications with future effects which are not mutually agreed- for example evergreen contracts, would be the worst case.
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	YES	Option 5 is a partially automated solution that comes quite close to being fully manual and so is likely to be economic. We would also be content with a fully manual solution (option 3) as we do not envisage P110 being utilised at all frequently.
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.		The first period for effect should be 3 periods after a valid P110 cancellation notice. However, periods outside the business day should be counted, so that if the nullification request comes at 17:00, the nullification would not have effect until early the next business day. (Business day means 09:00 to 17:00 weekdays excluding bank holidays)

Q	Question	Response¹	Rationale
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	YES	The commercial effect is every bit as real as a contract notification, and we would expect the same type of controls to be in place.
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	NO	We are sensitive to the need to ensure that small parties who may not have an out-of-hours operation are nonetheless able to become aware that their former counterparty has made a nullification request and have say 3 periods (90 minutes) notice to "trade out" of the impending effect of the nullification. This will ensure that P110 is operated in a controlled way that is fair on both former counter-parties so that everyone is left knowing their forthcoming position and able to manage the situation.
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	YES	Proper reporting of the operation of P110 minimises the possibility of errors or misunderstanding. This report, being ex-post and relating to a mod that will only be rarely used, could be manual if automation is costly.
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	No	It is not right that, in the absence of P110, former counterparties should be left with stranded contracts that possibly last forever with no means to void them. Otherwise the risks of operating in this market become much greater. The contractual instruments used for forward contracts (a non-BSC matter, we would expect the Power Trading Forum to check the contracts in the light of P110) would be highly likely to be written so as to ensure that any abuse of P110 to defeat a mutually-agreed ongoing contract would result in robust legal action and damages at law; we consider this highly unlikely.
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	Yes	See answer to question 1.

Q	Question	Response ¹	Rationale
9.	Are there any further comments on P110 that you wish to make?	No	

P110_ASS_009 – Scottish and Southern

Respondent:	Garth Graham, Scottish and Southern Energy plc
No. of BSC Parties Represented	
BSC Parties represented	Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd
No. of non BSC Parties Represented	
Name of non BSC Parties Responding on Behalf of	
Role of Respondent	

Q	Question	Response¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	(c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity. We note that this potentially create the opportunity for inappropriate behavior by a Party leaving another Party liable to settlement exposure. A validation review between the Parties and Elexon is required to ensure there is no opportunity for abuse to occur.
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	YES	Yes, we agree with the SSMG rationale that Option 5 is the most cost effective solution and introduces the least potential for error compared to the other Options.
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.		We have no particular views as the value of 'x' at this time.

Q	Question	Response¹	Rationale
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	No	No, a manual approach is, in our view, the preferred solution.
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	Yes	This seems sensible in the circumstances.
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	Yes	A manual report seems sensible in the circumstances with a copy of the report provided to all the Parties concerned.
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	Yes	See our comments under Q9 below with regard to GTMA
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	No	see our comments under Q9 below with regard to GTMA.
9.	Are there any further comments on P110 that you wish to make?	Yes	In addition to the above we have concerns that this proposed Modification P110 may contravene clauses within the GTMA contracts. It would seem that for a Party to remove a contract notification they would require the other Party to have breached the terms of the GTMA. Accordingly we believe that the Modification Group should consider the implications of this Modification on GTMAs.

P110_ASS_010 – Powergen

Respondent:	Tim Johnson
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.
No. of non BSC Parties Represented	N/A
Name of non BSC Parties Responding on Behalf of	N/A
Role of Respondent	Supplier / Generator/ Trader / Consolidator / Party Agent

Q	Question	Response¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	We believe this modification supports objective (c) (Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity) as it will increase confidence that parties can implement their trading intentions and will not be left stranded with un-removable notification commitments.
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	YES	This seems to provide the optimum mix of development / maintenance costs against costs of individual incidents. It also reduces the main risk, incorrect removal of notifications.

Q	Question	Response¹	Rationale
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.		<p>From the first available non-gate-closed period if that is what is requested. If normal notification processes were used by one of the parties to remove notifications that it had submitted, or to counter-balance notifications submitted by the other party, then no notice would be provided to the other party.</p> <p>However, it is important that it is established that the non-requesting party is aware that the process is being undertaken.</p>
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	NO	We do not believe that an automatic process is appropriate.
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	There is no reason to constrain the requested start period.
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	NO	The current forward contract report provides an adequate view of future notifications, and is produced 4 times a day. Given that few parties notify more than 7 days ahead, and that any notification nullification mistakes can be rectified through trading disputes it seems unnecessary to provide further data.
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	NO	Most agreements for contracting between counterparties already allow for termination – this modification increases the ability of a party to implement the terms of those agreements

Q	Question	Response¹	Rationale
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	YES	The code currently allows the possibility of notifications becoming 'unremovable', which is contrary to the intent of most trading agreements. It is the code that needs to be amended to fix this issue, and also to provide a more efficient way of carrying out business processes.
9.	Are there any further comments on P110 that you wish to make?	NO	

P110_ASS_011 – InterGen

Respondent:	<i>Chris Ridgway</i>
No. of BSC Parties Represented	4
BSC Parties represented	<i>CECL, IETS, RPCL, SPAL</i>
No. of non BSC Parties Represented	0
Name of non BSC Parties Responding on Behalf of	<i>N/a</i>
Role of Respondent	<i>Generator</i>

Q	Question	Response¹	Rationale
1.	Do you believe that P110 better facilitates achievement of the applicable BSC Objective(s). Please state which objective(s) and give rationale.	YES	We believe P110 better facilitates applicable BSC Objectives c and d by ensuring parties are not exposed to unlimited liabilities through no fault of their own.
2.	Do you agree with the SSMG view that Option 5 is the implementation solution that should be used? Please give rationale.	NO	We believe that Option 4 is preferable. It has the same overall cost but ensures full automation of the nullification process. Although this would slightly delay implementation, the benefits would be seen in the long term.
3.	When do you believe the first period a Nullification Request can become effective from should be ? Please give rationale.		2 hours after the end of the SP in which the ECVAA sends the Nullification Request Feedback to both counterparties.
4.	If an automatic process for the Nullification Request is used, do you believe that it is necessary to use a similar level of sensitivity to a contract notification, where Authorisation Keys are used? Please give rationale for response.	YES	Yes, which is why we don't think an automatic process for a Nullification Request should be used. This will create unnecessary costs in terms of system modifications for both central services and participants.

Q	Question	Response¹	Rationale
5.	Do you believe the requested start period for the nullification can be outside working hours, if the request is received and validated within working hours? Please give rationale.	YES	
6.	Do you believe that a report should be produced once the nullification process has been completed by the ECVAA? If so, should this be a manual report or an automatic flow ? Please give rationale.	YES	Yes. A manual report should suffice and will keep implementation costs to a minimum.
7.	Do you believe that P110 will undermine the firmness of contracts between BSC Parties ? Please give rationale	No	No. Contracts remain firm for the purposes of settlement irrespective of their notification status.
8.	Do you believe the issues raised by P110 should be addressed through a modification to the Code? Please give rationale	Yes	Yes. Currently one party may be left with unlimited liability. Correcting this will give reassurance of the robustness of the code.
9.	Are there any further comments on P110 that you wish to make?	No	