

Responses from P109 Draft Report Consultation

Consultation issued 21 February 2003

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	No. Non-Parties Represented
1.	Enfield Energy Centre	P109_DR_001	1	
2.	EdF Trading and EdF (Generation)	P109_DR_002	2	
3.	SEEBOARD	P109_DR_003	1	
4.	Innogy	P109_DR_004	9	
5.	Teeside Power	P109_DR_005	1	
6.	LE Group	P109_DR_006	9	
7.	Scottish and Southern Energy	P109_DR_007	4	
8.	British Gas Trading	P109_DR_008	1	
9.	National Grid	P109_DR_009	1	
10.	British Energy	P109_DR_010	3	
11.	Aquila Networks	P109_DR_011	1	
12.	Scottish Power	P109_DR_012	7	

P109_DR_001 – Enfield Energy

Respondent:	<i>Enfield Energy Centre Limited</i>
No. of BSC Parties Represented	1
BSC Parties Represented	<i>Enfield Energy Centre Limited</i>
No. of Non BSC Parties Represented	0
Non BSC Parties represented	Not Applicable
Role of Respondent	<i>Generator</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
1	Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.	Yes / No	EECL also fails to see how this modification better facilitates any of the BSC objectives. EECL believes that the purpose of this modification is not to better facilitate the Applicable BSC Objective but to further compromise the benefits locational losses will bring. Furthermore, EECL believes that the complexity of this arrangement is inconsistent with Applicable BSC Objective (d)
2	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes / No	
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.	Yes / No	Yes
4	Are there any further comments on P109 that you wish to make?	Yes / No	

P109_DR_002 – Edf Trading Ltd & EdF (Generation)

Respondent:	<i>Name</i> EDF Trading Ltd
No. of BSC Parties Represented	Two
BSC Parties Represented	EDF Trading Ltd and EDF (Generation)
No. of Non BSC Parties Represented	None
Non BSC Parties represented	N/A
Role of Respondent	Trader and Generator

Q	Question	Response Error! Bookmark not defined.	Rationale
1	Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.	Yes	The impact of P109 would be to effectively dilute P82 for all parties for some years to come, even though they may have opted out of the Hedging Scheme proposed. Furthermore we are uncomfortable with the concept that the Interconnector Administrator can make a fundamental decision on behalf of the Interconnector Users that will have a strong commercial effect on those Users. At the very least should have been a firm recommendation that the IA should actively consult the Users before making any such decision or that a deterministic approach should be taken with the decision being decided upon based on the average net flow during 2002.
2	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes / No	No comment
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.	Yes / No	No comment
4	Are there any further comments on P109 that you wish to make?	Yes / No	No

P109_DR_003 – SEEBOARD

Respondent:	Dave Morton
No. of BSC Parties Represented	1
BSC Parties Represented	SEEBOARD Energy Limited
No. of Non BSC Parties Represented	0
Non BSC Parties represented	
Role of Respondent	Supplier

Q	Question	Response Error! Bookmark not defined.	Rationale
1	Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.	Yes	
2	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.	No	As we do not consider that this proposal better facilitates BSC objectives we cannot support any implementation date detailed within draft modification report.
4	Are there any further comments on P109 that you wish to make?	No	

P109_DR_004 – Innogy

Respondent:	<i>Name: Bill Reed</i>
No. of BSC Parties Represented	9
BSC Parties Represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant). Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited, Npower Yorkshire Supply Limited.</i>
No. of Non BSC Parties Represented	-
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant). -</i>
Role of Respondent	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state) Supplier/Generator/ Trader / Consolidator / Exemptable Generator</i>

Q	Question	Response	Rationale
		Error! Bookmark not defined.	

Q	Question	Response Error! Bookmark not defined.	Rationale
1	<p>Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.</p>	Yes	<p>We support the Panel's recommendation. We do not believe that the modification proposal better facilitates the relevant BSC objectives.</p> <p>In particular P109 will not better facilitate Objective C of the BSC relating to "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". The electricity market has been aware of the potential need to introduce a zonal transmission losses scheme for a considerable time period (since the Pool scheme was proposed in 1995). Implementation of P109 would inaccurately target the costs of losses to those parties that do not create them for longer than is necessary. In addition, it would delay the efficiency benefits of any zonal scheme from reaching the appropriate market participants, perpetuate the existing cross subsidy, increase the cost of losses and encourage further inefficient investment.</p> <p>Furthermore, P109 does not better achieve Objective D of the BSC. It would be administratively complex and potentially expensive to implement.</p>
2	<p>Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.</p>	Yes / No	<p>We note that the complex algebra and the associated procedures for implementation illustrate the difficulties in implementing this modification proposal.</p>
3	<p>Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.</p>	Yes	<p>This modification should be implemented in the same timescales as P82.</p>
4	<p>Are there any further comments on P109 that you wish to make?</p>	No	

P109_DR_005 – Teesside Power

Respondent:	<i>Name</i>
No. of BSC Parties Represented	One
BSC Parties Represented	<i>Teesside Power Limited</i>
No. of Non BSC Parties Represented	None
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>Generator</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
1	Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.	No	<p>P109 will improve the efficiency of the BSC trading arrangements. The arguments are adequately set out in the P109 documentation prepared by the Modification Group.</p> <p>It is generally accepted that a P109 would achieve reduced risk profile for all market participants which chose to be included in the scheme. The risk profile for those participants which chose not to be included would remain unchanged. hence the risk profile overall for market participants will reduce: this will inevitably result in lower financing costs for the industry. Whilst the work on quantifying the level of reduction in financing costs had not been completed, it requires only a small reduction to offset any costs of implementation.</p> <p>The Panel failed to recognise this fact in reaching its decision.</p>
2	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.	Yes / No	Not applicable.

Q	Question	Response	Rationale
4	Are there any further comments on P109 that you wish to make?	Yes / No	

P109_DR_006 – LE Group

Respondent:	<i>Rupert Judson on behalf of LE Group</i>
No. of BSC Parties Represented	9
BSC Parties Represented	LE Group plc, London Electricity plc, Jade Power Generation Ltd, Sutton Bridge Power Ltd, West Burton Power, London Power Networks plc, EPN Distribution Ltd, Seeboard Power Networks plc, Seeboard Energy Ltd.
No. of Non BSC Parties Represented	None that we consider applicable
Non BSC Parties represented	N/A
Role of Respondent	Supplier / Generator / Party Agent / Distribution Business

Q	Question	Response	Rationale
1	Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.	Yes	We believe that the changes proposed by P109 would distort the allocation of the costs of transmission losses and the locational signals provided by P82. This would effectively undo the benefits delivered by P82 and would therefore be detrimental to the achievement of BSC objective (b), the efficient operation of the transmission system; and, objective (c), promoting effective competition in generation and supply. We are also concerned about the complexity of the proposed modification which we believe would be detrimental to the achievement of BSC Objective (d), the efficient administration of the balancing and settlement arrangements. We also believe that this complexity would deter new entrants to the market and is consequently detrimental to the promotion of competition (BSC Objective (c)).
2	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	
3	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.	Yes	Notwithstanding our comments above, we believe that the recommended implementation date is both achievable and consistent with the implementation of modification P82.
4	Are there any further comments on P109 that you wish to make?	No	

P109_DR_007 – 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 21st February 2003 concerning Modification Proposals P109, we have the following comments to make:-

Q1 Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.

No. We do not agree with the Panel's view. We believe that P109 will better facilitate the achievement of the Applicable BSC Objectives (c): Promoting effective competition in the generation and supply of electricity and (so far as is consistent therewith) promoting such competition in the sale and purchase of electricity.

We note the comments made by the TLFMG that since competition is a tool that produces efficient outcomes, in practice they must mean the same thing. It therefore follows that an outcome that does not promote efficiency cannot promote competition. In addition, risk imposes a cost on industry participants and reducing risk reduces costs and enhances efficiency.

Furthermore, we note the slide presentations made at the September 24th zonal losses meeting which referred to there being "Winners" and "Losers" in terms of Generation and Demand. Any future change in the value of TLFs suggest in P82, we believe would:-

- a) create large windfall gains and losses for existing generators and consumers; and
- b) introduce a risk arising from future changes in TLFs for both existing participants and new entrants.

We believe that Modification Proposal P109 allows the retention of any potential benefit from changing incentives while significantly reducing windfall gains and losses among existing participants and the risk of future changes in the TLF for existing and new participants. It therefore follows that P109 will reduce the overall level of risk in the industry resulting in enhanced efficiency in the sale and purchase of electricity.

Furthermore, in our view Modification Proposal P109 would reduce the cost of capital in the industry by reducing the level of perceived risk which we believe a detailed cost-benefit analysis would identify. Such a detailed cost-benefit analysis should, in our view, conform to the 'best practice' guidance contained in the Better Regulation Task Force (BRTF) report on Economic Regulators ("Economic Regulators, Better Regulation Task Force, July 2001").

In line with the Recommendation 2 of the BRTF the Authority "should be required to produce assessments of costs and benefits for proposals with a significant impact on business activity". The Cabinet Office Code of Practice also makes clear that a consultation "should so

far as possible include an assessment of the impact of the proposals on groups likely to be particularly affected" (page 10, Para 2).

We note, in this respect, that the Authority's view of what constitutes a cost-benefit analysis could be considered to be more akin to a 'cost of systems'; i.e. central system costs etc.; study. Where the Authority has considered costs at all (see for example the Authority's evidence to the House of Commons Trade and Industry committee), it has tended to refer only to the Authority or central system costs, not implementation costs across market participants; nor has it appeared to take account of the Authority's wider objectives in respect of the environment and other matters. In the light of the Government's recent Energy White Paper, and the associated comments concerning the Authority and regulatory impact assessments, we look forward to the Authority using the opportunity, in considering this P109 Modification, to undertake a thorough and detailed regulatory impact assessment.

For the avoidance of doubt, we believe that the cost of implementation of P109 (that is the 'system' costs and the overall non system related costs) to market participants will be low.

Q2 Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.

Yes.

Q3 Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.

If the Modification Proposal P109 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 Are there any further comments on P109 that you wish to make?

We understand that there is a belief that Modification Proposal P109 may entail cross-subsidies, a view that we disagree with.

Consultation documents issued by Elexon regarding P109 have indicated that: "a member of the TLFMG has suggested that Applicable Objective (c) would not be better achieved because P109 would result in a 'cross-subsidy', however, there was no agreement as to what constitutes a 'cross-subsidy' or whether or not P109 would result in one."

In our view there is no consensus, in economic literature, on the precise definition of a "cross-subsidy". However, it is clear that cross-subsidies are generally associated with reduced efficiency (i.e. a reduction in overall welfare). As we have argued in the answer to Q1 above, P109 enhances efficiency and we have seen no evidence in the Consultation Document, to the contrary. From this we deduce that P109 does not give rise, by any reasonable definition, to a "cross-subsidy" situation.

It is our understanding that one Party, in their submission to the TLFMG, claims to show evidence of cross-subsidies. However, it is important to note that this submission does not provide evidence on any reasonable definition of a cross-subsidy or on how the P109 scheme will harm the efficiency of the industry. The spreadsheet included in that submission merely shows that the payments made to some players are recovered from all; since the same could be said of house insurance and other legitimate risk-sharing schemes, this observation cannot possibly constitute a definition of a "cross-subsidy"

The main contention of the submission, which was accompanied by worked examples of the scheme, was that:-

- a) "TLMs depend upon F factor hedging decision of all participants"; and that
- b) "in order to hedge effectively, [participants] need to know the [hedging] decisions of others".

The first statement (a) is true but does not describe a cross-subsidy. The fact that the loss allocation of a participant depends on the decisions of other participants is true in any scheme where allocated losses and actual losses must be equal. In particular the metered quantity of a participant affects the metered quantities of other participants through the TLMO factor in the TLMs.

With respect to the second statement, (b) the Party seems to be implying that participants would need to know the value of TLMO (in order to predict their TLM) before deciding whether or not hedging would be worthwhile. This interpretation is incorrect, since the value of hedging depends entirely on the difference between future TLFs (which any investor would need to assess anyway) and the ALF applicable to the participant (which is known). TLMO affects all participants equally and so feeds through into market prices. Hence, although the size of TLMO depends on hedging decisions of all participants, the optimal hedging decision of an individual does not depend on TLMO.

Furthermore, the Party seems to incorrectly understand how an optimal hedging decision would be taken and erroneously concludes from this that P109 "would be unworkable". The Party states that

In effect a generator that is 100% hedged could be worse off in a F factor scheme than if he had remained with an unhedged factor. For example parties in zone 7 are worse off by £469.85 with a 100% hedge for the winter peak compared with being worse off by £292.86 with an unhedged volume. This perhaps illustrates that P109 could be unworkable in practice.

The first part of this statement is not very meaningful and applies to any form of insurance; it is equivalent to saying that someone could have car insurance and not have an accident.

The statement along with the example seem to imply that knowing one's future TLF and the ALF is not enough to know whether to hedge or not. This is incorrect. In the example cited zone 7 BMUs have an ALF of approximately -0.009 and a future TLF of approximately -0.006. Given that $TLF < ALF$ the optimal hedging decision for zone 7 BMUs would therefore be not to hedge. Accordingly if a BMU in zone 7 makes the erroneous decision to hedge it will get a larger quantity of losses allocated to it than if it doesn't hedge. In conclusion the example used in the Party's submission does not in any way suggest that P109 "could be

unworkable in practice".

Regards

Garth Graham
Scottish and Southern Energy

P109_DR_008 – British Gas Trading

Re: Modification Proposal 109: A Hedging Scheme for Changes to TLF in Section T of the Code

Thank you for the opportunity of responding to the draft modification report for Modification Proposal 109. British Gas Trading (BGT) do not support this proposal. We do not believe it will better facilitate the applicable BSC Objectives.

BGT do not support this proposal because:

- We do not believe the BSC is an appropriate document to provide hedging for the risks of individual parties. Furthermore this will be protecting the interests of a limited number of parties to the detriment of others.
- The proposal will unduly discriminate between new entrants and current market participants by 'grandfathers' rights of existing parties.
- The scheme proposed is very complex and will unnecessarily increase the administrative burden on BSCCo.
- Introduction of the hedging scheme will clearly distort any locational signals that will be provided by the average zonal losses scheme due for implementation by virtue of Modification Proposal 82. We would therefore see this as being inconsistent with Ofgem's thinking with regards to transmission losses as detailed in the Authority's decision letter for P82.
- The validity of the modification proposal being considered at all is questionable as it was raised before P82 was approved, thus making P109 contingent.

Yours faithfully

Danielle Lane

P109_DR_009 – NGC

Respondent:	<i>National Grid</i>
No. of BSC Parties Represented	1
BSC Parties Represented	<i>National Grid</i>
No. of Non BSC Parties Represented	N/A
Non BSC Parties represented	N/A
Role of Respondent	<i>BSC Party</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
	Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.	Yes	We agree that P109 does not better facilitate the Applicable BSC Objectives. There are a number of benefits provided to participants with the introduction of P109. However, these benefits are unlikely to outweigh the complexity and costs involved in implementing and administering such a scheme, and will tend to undermine the benefits of P82.
	Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.	Yes	The proposed legal text reflects the complexity of implementing P109. However, we agree that the legal text supplied addresses the proposed defect outlined in the Modification Proposal.
	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.	Yes / No	We do not believe that P109 should be implemented. If P109 is implemented, the proposed Implementation Date would be achievable.
	Are there any further comments on P109 that you wish to make?	No	

P109_DR_010 – British Energy

Respondent:	J R Capener
No. of BSC Parties Represented	3
BSC Parties Represented	British Energy Generation Ltd, British Energy Power & Energy Trading Ltd, Eggborough Power Ltd
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent	(Supplier/Generator/ Trader)

Q	Question	Response Error! Bookmark not defined.	Rationale
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Q	Question	Response Error! Bookmark not defined.	Rationale
	<p>Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.</p>	<p>No</p>	<p>British Energy continues to believe that the introduction of a hedging mechanism as set out in P109, which seeks to address a deficiency in the baseline BSC. The BSC is presently devoid of efficient signals for long-term investment due to the risk of a change in Transmission Loss Factors (TLFs). The modification seeks to mitigate this risk through a scheme that protects investors against the windfall effects of future changes to TLFs, whilst maintaining economic incentives at the margin, so that investors react more efficiently to current and future incentives within the Code.</p> <p>P109 will better facilitate achievement of Applicable Objectives (b) and (c) through the provision of a more stable investment environment, coupled with the retention of the benefits provided by the locational signals resulting from P82. Limiting exposure of existing investment to variable transmission losses and providing protection against potential future changes in the allocation of transmission losses would increase the efficiency of long-term investment in generation and supply. As a consequence, investment in the Transmission System would be more efficient. In addition, the reduced risk faced by industry as a result of this more stable environment will decrease the cost of capital, reducing barriers to entry. Moreover, the benefits of this reduction in risk will outweigh the implementation costs of P109 – therefore, achievement of Applicable BSC Objective (d) is not be compromised.</p>
	<p>Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.</p>	<p>Yes</p>	

Q	Question	Response Error! Bookmark not defined.	Rationale
	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.	Yes	
	Are there any further comments on P109 that you wish to make?	No	

P109_DR_011 – Aquila Networks

Please find that Aquila Networks response to P109: A Hedging Scheme for Changes to TLF in Section T of the Code, is 'No Comment.'

Regards,

Jason Guest

On Behalf of Rachael Gardener

Jason J Guest
Distribution Support Office
Aquila Networks plc

P109_DR_012 – Scottish Power

Respondent:	Name John W Russell (SAIC Ltd)
No. of BSC Parties Represented	7
BSC Parties Represented	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.
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 / BSC Agent / Party Agent / other – please state) Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent / Interconnector Administrator

Q	Question	Response	Rationale
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Q	Question	Response	Rationale
	<p>Do you agree with the Panel's views on P109 and the provisional recommendation to the Authority contained in the draft Modification Report? Please give rationale.</p>	<p>No</p>	<p><i>ScottishPower is disappointed to note the Panel's decision to reject Modification Proposal P109.</i></p> <p><i>We believe that the deleterious effects on overall efficiency caused by the introduction of locational loss factors, so lightly dismissed by Ofgem in their decision letter on Modification Proposal P82, could, to some extent, be offset by the implementation of P109.</i></p> <p><i>P109 is specifically designed to retain the exposure of the marginal production of energy to locational loss factors so that any short term efficiency benefits which may be achieved through their use would be retained.</i></p> <p><i>We note the argument that the Applicable BSC Objectives are not better facilitated by BSC Parties at large providing a hedge for particular BSC Parties.</i></p> <p><i>In response we would point out that Ofgem considered that a group of BSC Parties providing a straightforward transfer of wealth to another did indeed facilitate the Applicable BSC Objectives; providing a hedge must surely do likewise.</i></p> <p><i>We would suggest that, in terms of the commercial impact of regulatory intervention, P109 is significantly less disruptive than P82 and would go some way to redressing the distortionary effects of P82.</i></p>

Q	Question	Response	Rationale
	<p>Do you agree that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal? Please give rationale.</p>	<p>No</p>	<p><i>Legal Drafting - Section R</i></p> <p><i>The published text of the modified Section R7 is:</i></p> <p><i>7.4.3 For each Settlement Day, the Interconnector Administrator shall submit to the SAA in accordance with BSCP 04 the BM Unit Metered Volumes for each relevant Interconnector BM Unit in respect of each Settlement Period.:</i> <i>(a) the BM Unit Metered Volumes; and</i> <i>(b) the BM Unit Allocated Capacity.</i></p> <p><i>Add new paragraph 7.4.4 as follows:</i></p> <p><i>7.4.4 For each Settlement Day, the Interconnector Administrator shall submit to the SAA in accordance with BSCP 04 for each relevant Production and Consumption Interconnector BM Unit the sum of the Allocated Capacities for each BM Unit in respect of each Settlement Period.</i></p> <p><i>This wording in 7.4.4 does not work because it relates the sum of the Allocated Capacities to "each BM Unit". The sum of the Allocated Capacities should be across each of all Production BM Units and all Consumption BM Units.</i></p> <p><i>We would suggest the following drafting:</i></p> <p><i>For each Settlement Day and in respect of each Settlement Period, the Interconnector Administrator shall submit to the SAA in accordance with BSCP 04:</i> <i>a) the BM Unit Metered Volume and the BM Unit Allocated Capacity for each relevant Interconnector BM Unit, and</i> <i>b) the sum of the Allocated Capacities for the relevant Production Interconnector BM Units and the sum of the Allocated Capacities for the relevant Consumption BM Units.</i></p>

Q	Question	Response	Rationale
	<p>Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P109? Please give rationale.</p>	<p>Yes</p>	<p><i>The implementation date for P109 should mirror that of P82 as this will go some way to redressing the distortionary effects of P82.</i></p>
	<p>Are there any further comments on P109 that you wish to make?</p>	<p>Yes</p>	<p><i>ScottishPower urges the Panel to reconsider its decision on P109 and to recommend to Ofgem that the Modification be made.</i></p>