

## Responses from P107 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                       | P107_DR_001 | 1                           |                             |
| 2. | LE Group                       | P107_DR_002 | 7                           |                             |
| 3. | IMServ                         | P107_DR_003 | 0                           | 1                           |
| 4. | Innogy                         | P107_DR_004 | 9                           |                             |
| 5. | Scottish and Southern          | P107_DR_005 | 4                           |                             |
| 6. | NEDL & YEDL                    | P107_DR_006 | 2                           |                             |
| 7. | Scottish Power                 | P107_DR_007 | 6                           |                             |
| 8. | British Gas Trading            | P107_DR_008 | 1                           |                             |
| 9. | British Energy (late response) | P107_DR_009 | 3                           |                             |

P107\_DR\_001 – SEEBOARD

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| <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 P107 and the provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P107 should be made?                   | <b>Yes</b>      | Modification should ensure all Parties have a consistent method for data retention. If a trading dispute is raised required data should be accessible in a short period of time assisting trading disputes to be run smoothly. This should improve administration of these disputes thereby better facilitating BSC objectives. |
| <b>Q2</b>                      | Do you agree with the Panel's view that the legal text provided in the draft Modification Report (NB: updated since the Assessment 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 the Proposed Modification P107 (NB: calendar day implementation)?  | <b>Yes</b>      | Implementation on a settlement day basis seems to be more prone to problems. As such we agree with recommended date and that it is on a calendar day basis.   |
| <b>Q4</b>                      | Do you agree that the 10 Business Days (See Paragraph 1.6.3b of the legal text) is an appropriate timescale for retrieval of data to be used in an Extra Settlement Determination?                           | <b>Yes</b>      |   |

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| Q5 | Do you have any other comments on the draft Modification Report for P107? | No |  |
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P107\_DR\_002 – LE Group

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| <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 P107 and the provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P107 should be made?                   | <b>Yes</b>      | This modification clearly increases efficiency as it reduces the time period for the Raising of Trading Queries / Disputes and defines exact requirements for data retention. |
| <b>Q2</b>                      | Do you agree with the Panel's view that the legal text provided in the draft Modification Report (NB: updated since the Assessment 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 the Proposed Modification P107 (NB: calendar day implementation)?  | <b>Yes</b>      |   |
| <b>Q4</b>                      | Do you agree that the 10 Business Days (See Paragraph 1.6.3b of the legal text) is an appropriate timescale for retrieval of data to be used in an Extra Settlement Determination?                           | <b>Yes</b>      |   |
| <b>Q5</b>                      | Do you have any other comments on the draft Modification Report for P107?  | <b>No</b>       |   |

P107\_DR\_003 – IMServ

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| <b>Respondent:</b>             | Carmen Page  |                 |  |
| <b>Responding on Behalf of</b> | IMServ Europe Limited  |                 |  |
| <b>Role of Respondent</b>      | <i>HHDA, HHDC, HHMOP, NHHDA, NHHDC, NHHMOP</i>   |                 |  |
|                                |  | <b>Response</b> | <b>Rationale</b>   |
| <b>Q1.</b>                     | Do you agree with the Panel's views on P107 and the provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P107 should be made?                   | <b>No</b>       | IMServ has yet to see the case where this will improve the disputes process. We have concerns that this will just have the effect of elongating the process.   |
| <b>Q2</b>                      | Do you agree with the Panel's view that the legal text provided in the draft Modification Report (NB: updated since the Assessment Report) addresses the defect identified within the Modification Proposal? | <b>Yes</b>      | Addresses the issue.   |
| <b>Q3</b>                      | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for the Proposed Modification P107 (NB: calendar day implementation)?  | <b>Yes</b>      | We are assuming that by implementing this change on a calendar day basis, as of 4 <sup>th</sup> November 2003 we would be required to hold all data for 28 months from then onwards.   |
| <b>Q4</b>                      | Do you agree that the 10 Business Days (See Paragraph 1.6.3b of the legal text) is an appropriate timescale for retrieval of data to be used in an Extra Settlement Determination?                           | <b>No</b>       | This does very much depend on the amount of data to be retrieved and the number of requests received. No limit has been placed on either of these two factors. We would like to see this agreed on a case by case basis to allow for this. |
| <b>Q5</b>                      | Do you have any other comments on the draft Modification Report for P107?  |                 | Another change that is being agreed without being tested, trialled or proved that the business case stacks up. IMServ still does not believe that the case   |

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|  |  | <p>for making this change has been proven.</p> <p>Question: Does this mean that we actually have to change our archiving a few months earlier so we have 28 months historically on 4<sup>th</sup> November? Or is the 4<sup>th</sup> November the first day where data is required for 28 months?</p> |
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P107\_DR\_004 – Innogy

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| <b>Respondent:</b>             | Mark Thomas   |                 |                  |
| <b>Responding on Behalf of</b> | Innogy Group (Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited) |                 |                  |
| <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 P107 and the provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P107 should be made?  | <b>Yes</b>      |                  |
| <b>Q2</b>                      | Do you agree with the Panel's view that the legal text provided in the draft Modification Report (NB: updated since the Assessment 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 the Proposed Modification P107 (NB: calendar day implementation)?   | <b>Yes</b>      |                  |
| <b>Q4</b>                      | Do you agree that the 10 Business Days (See Paragraph 1.6.3b of the legal text) is an appropriate timescale for retrieval of data to be used in an Extra Settlement Determination?  | <b>Yes</b>      |                  |
| <b>Q5</b>                      | Do you have any other comments on the draft Modification Report for P107?   | <b>No</b>       |                  |

## P107\_DR\_005 – Scottish and Southern

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 five questions listed in the Consultation Paper, contained within your note of 19th February 2003 concerning Modification Proposals P107, we have the following comments to make:-

Q1 Do you agree with the Panel's views on P107 and the provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P107 should be made?

Yes. As we have indicated previously, we believe that this Modification will better achieve the Applicable BSC Objective "(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements".

Q2 Do you agree with the Panel's view that the legal text provided in the draft Modification Report (NB: updated since the Assessment 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 the Proposed Modification P107 (NB: calendar day implementation)?

If Modification Proposal P107 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 agree that the 10 Business Days (See Paragraph 1.6.3b of the legal text) is an appropriate timescale for retrieval of data to be used in an Extra Settlement Determination?

Yes.



Q5 Do you have any other comments on the draft Modification Report for P107?

Further to the comments made at the 13th February BSC Panel that it was hoped that having established an interlocked and comprehensive timetable that Elexon would look at ways of shortening it, and the Panel concurrence that this should be given as a remit to the TDC, we wish to express our agreement and support for this proposition.

Regards

Garth Graham  
Scottish and Southern Energy plc

P107\_DR\_006 – YEDL & NEDL

NEDL and YEDL have no comments to make on the Modification Proposal of P107

Thanks

Sue

Sue Calvert  
Distribution Change

P107\_DR\_007 – Scottish Power

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| <b>Respondent:</b>             | Name <i>John W Russell (SAIC Ltd)</i>  |                 |                  |
| <b>Responding on Behalf of</b> | Please list all Parties responding on behalf of (including the respondent company if relevant).<br><br><i>Scottish Power UK plc; ScottishPower Energy Trading Ltd.; Scottish Power Generation plc; ScottishPower Energy Retail Ltd.; SP Transmission plc; SP Manweb plc.</i> |                 |                  |
| <b>Role of Respondent</b>      | (BSC Party / Other (Please specify))<br><br><i>BSC Party</i>   |                 |                  |
|                                |  | <b>Response</b> | <b>Rationale</b> |

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| <p><b>Q1.</b></p> | <p>Do you agree with the Panel's views on P107 and the provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P107 should be made?</p>                   | <p><b>NO</b></p>  | <p><i>We wish to reiterate our view that we do not believe that the provisionally recommended version of P107 better facilitates either of the Applicable BSC Objectives of promoting effective competition or promoting efficiency in the trading arrangements. With particular regard to the latter, the introduction of a longer data retention period for a complete set of Settlement data (overall 40 months compared with that currently in place (36 months)) increases the cost burden on market participants. With regard to the former Objective, it is also likely to discourage new entrants.</i></p> <p><i>We believe that the original intent of P107 was to create a maximum data retention period of 28 months and bring the BSC down into line with other industry documentation such as MRA. This would promote efficiency and assist Parties to plan and implement a standard archival and deletion policy for their relevant systems that would meet their obligations as well as addressing their performance and storage issues, thereby reducing the cost burden to existing market participants of holding Settlement data, encourage new entrants and better the facilitation of the BSC objectives.</i></p> <p><i>It would also ensure that there would be a clear focus from the TDC on the timescales for efficient resolution of disputes. As P107 also provides for Trading Queries/Disputes to be raised no later than 20 months after a Settlement Day (which we agree with), the recommended version of P107 has effectively removed the impetus to resolve disputes timeously, therefore we do not believe that this will add in any way to efficiency and may in fact have a negative effect.</i></p> <p><i>Please also see our further comments below.</i></p> |
| <p><b>Q2</b></p>  | <p>Do you agree with the Panel's view that the legal text provided in the draft Modification Report (NB: updated since the Assessment Report) addresses the defect identified within the Modification Proposal?</p> | <p><b>Yes</b></p> | <p><i>Notwithstanding that we disagree with the recommendation to approve P107, we would agree that the legal text appears to be appropriate.</i></p>   |

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| Q3 | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for the Proposed Modification P107 (NB: calendar day implementation)?                  | <b>No</b>  | <i>Notwithstanding that we disagree with the recommendation to approve P107, we would reiterate our previous stated requirement to 6 months notice.</i>   |
| Q4 | Do you agree that the 10 Business Days (See Paragraph 1.6.3b of the legal text) is an appropriate timescale for retrieval of data to be used in an Extra Settlement Determination? | <b>Yes</b> | <i>Notwithstanding that we disagree with the recommendation to approve P107, we would agree that the timescale appears to be appropriate.</i>   |
| Q5 | Do you have any other comments on the draft Modification Report for P107?  | <b>Yes</b> | <p><i>Due to the nature of Trading Disputes and the time taken to resolve them, we accept that in certain circumstances, the period for particular Settlement data to be retained cannot be a fixed period. This will occur if a Trading Dispute is particularly problematic to resolve. This may mean that the TDC will have Disputes outstanding beyond our preferred period for data retention of 28 months. We also recognise that there are appeal processes in the BSC which may involve the Panel or arbitration to be used to resolve Disputes. Again, this may take Disputes beyond our preferred data retention cut-off point of 28 months. However, at 28 months, it should be clear to the TDC and Panel, and can be communicated by circular to the industry, which Settlement Periods and/or Settlement Days are affected by outstanding Disputes. We do not believe that, at that point, it would then be necessary to hold anything other than a subset of data (archived or online) for the relevant affected Settlement Periods/Days. This would apply even if the Disputes can only be resolved through Extra Settlement Determination, as intended by P107, after 28 months.</i></p> <p><i>Therefore we believe that data should only be retained for specific Settlement periods for Parties where the TDC/Panel have indicated that a Dispute is unlikely to be resolved within the normal 28 month timescales and that the data should only be held for the purpose of an "Extra Settlement Determination" – as determined and communicated to the industry. We also accept that the TDC will require to prescribe a minimum set of data that will be required to fulfil their obligation under an Extra Settlement Determination. This should not, however,</i></p> |

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|  |  | <p><i>mean a complete set of Settlement Data for 40 months.</i></p> <p><i>We disagree with the action to be taken post “28 months” and pre “40” months and would rather that this was removed and simply that the “post 40 months” action became “post 28 months”, thereby reinstating the original intention of P107, to introduce a standard industry data retention timescale which would promote efficiency and better the facilitation of the BSC objectives - which we originally supported.</i></p> <p><i>It should be noted that archival / retrieval / deletion polices that will be required to accommodate P107, will have to take cognisance of the requirement to hold and correspondingly retrieve settlement data that is in dispute after 40 months (as directed by Panel and held as prescribed in Section U 1.6.4). therefore since these processes will require to be built and the data requirements should be known by 28 months rather than waiting until 40 months, then surely these procedures should be applicable after 28 months instead of 40 months, thereby reducing the archival stages and reducing the volume of data required to be held.</i></p> <p><i>We also view with concern that the Modification Report on the discussions of the GSMG did not bring out these arguments which were included in both our consultation responses as well as other party responses, and has concentrated on responses which were more positive towards the recommended version of P107.</i></p> |
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**P107\_DR\_008 – British Gas Trading**

Dear Sirs,

**Re: Modification Proposal P107 – Data Retention Requirements for Post-Final Trading Disputes**

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P107. British Gas Trading (BGT) supports the Modification Proposal and believes this would better facilitate Applicable BSC Objectives (d). The Modification Proposal adds clarity and consistency to the BSC by specifying the data retention requirements for BSC Parties, BSC Agents and Party Agents.

BGT support the proposed reduction in timescales for the raising of Trading Queries, this is more representative of the way the process currently works. The reduction will also remove the inconsistency in timescales between that specified in the BSC and BSCP11. BGT support implementation of the proposal on a Calendar day basis as it removes the uncertainty of data retention requirements and the protracted nature of the Disputes process from the date of implementation.

BGT support the suggested timescales for data retrieval to process an Extra Settlement Determination. The 10 Business Day window for the restoration of settlement data is sufficient to maintain the efficiency of administering the process without placing too onerous obligations on BSC Parties, BSC Agents and Party Agents.

BGT note the proposed review of the data retention requirements to be undertaken by the Trading Disputes Committee (TDC). The Modification Proposal also mentions data transfer arrangements and consequently BGT believes the review of the appropriateness of data retention requirements for data transfer to be outside the vires of the TDC. Secondly, BGT do not believe it is appropriate for a review of the data retention requirements to be undertaken so soon after the extensive consultation that has been undertaken as part of the Modification Process.

Yours faithfully

Mark Manley  
Contract Manager

**P107\_DR\_009 – British Energy (late response)**

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| <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 P107 and the provisional recommendation to the Authority contained in the draft Modification Report that Proposed Modification P107 should be made?                   |                 | Whilst supportive in principle, we have concerns that the full impact of various scenarios requiring use of data and settlement runs has not been assessed, and there may be hidden costs in limiting data retention timescales.                |
| <b>Q2</b>                      | Do you agree with the Panel's view that the legal text provided in the draft Modification Report (NB: updated since the Assessment Report) addresses the defect identified within the Modification Proposal? |                 |   |
| <b>Q3</b>                      | Do you agree with the Panel's provisional recommendation concerning the Implementation Date for the Proposed Modification P107 (NB: calendar day implementation)?  |                 |   |
| <b>Q4</b>                      | Do you agree that the 10 Business Days (See Paragraph 1.6.3b of the legal text) is an appropriate timescale for retrieval of data to be used in an Extra Settlement Determination?                           |                 | Provision of data within 10 business days for the period between 28 months and 40 months following a Settlement Day seems unnecessarily short. We see no reason why a settlement run performed this long after the event should be this urgent. |
| <b>Q5</b>                      | Do you have any other comments on the draft Modification Report for P107?  |                 | See comment below.  |



We support the modification in its principle of trying to reduce the administrative and operation costs of the BSC and settlement. However, we have concerns that limiting the data retention period and restricting the execution of Settlement Runs beyond a particular time will create considerable difficulty and possibly cost in resolving some disputes, particularly disputes which are the subject of appeal or possible legal action.

The Modification Report states that the proposal indicated “there is no reason why Parties should need to raise Trading Disputes more than six months after the Final Settlement Run, and there is no reason why the TDC should require more than eight months to resolve them. The justification given for raising P107 is to bring the Code closer to existing industry practice by reflecting the low number of Trading Queries or Trading Disputes that are raised by Parties after the Final Settlement Run.” This appears to be an over-optimistic assessment of the present situation. “Industry Practice” under NETA is still developing and evolving, and past industry practice (ie. Pool practice) may not be appropriate in the BSC environment.

While supporting the view that disputes should not need or be permitted to be raised after a certain cut-off period, the resolution of queries and disputes is problematic under the BSC arrangements. Under Pool arrangements, the materiality of disputes was relatively simple to calculate for all parties, and could be performed outside the main settlement system. By contrast, the BSC rules additionally require contract inputs, and the dual price imbalance regime complicates calculations. Although there may be a low number of Trading Queries or Disputes raised after the Final Settlement Run, there are still several possible reasons to require settlement calculations after the Final Settlement Run eg. ongoing Non-Half-hourly supplier data problems (EAC/AA), half-hourly supplier data problems (missing/excessive values), and “disputes” with a prolonged resolution process (eg. P37 claims). To calculate the materiality of such errors outside the main settlement system is likely to require a very expensive and complicated process, effectively duplicating the main settlement system. We are concerned that the costs of settling data errors outside the settlement system could outweigh the savings achieved by allowing parties and agents to limit the data retention period. Approved BSC Modification P61 exacerbates the problem – limitation to a single post-final settlement run could lead to a requirement for an alternative settlement system, the cost of which could outweigh the savings achieved.

In summary, whilst supportive of the intent of the modification to reduce administration and operation costs, we are concerned that the costs of alternative means of calculating amounts due between parties outside the main settlement system have not been fully assessed in determining the net benefits of the proposal in better meeting BSC objectives.

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