

## Responses for P102 Assessment Consultation

Consultation issued 25 November 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented	No. Non-Parties Represented
1.	Dynegy	P102_ASS_001	1	
2.	LE Group	P102_ASS_002	7	
3.	Aquila Networks	P102_ASS_003	1	
4.	Innogy	P102_ASS_004	9	
5.	SEEBOARD Energy	P102_ASS_005	1	
6.	Scottish Power	P102_ASS_006	6	
7.	Slough Energy Supplies	P102_ASS_007	2	2
8.	Powergen	P102_ASS_008	15	
9.	Scottish and Southern	P102_ASS_009	4	
10.	NGC	P102_ASS_010	1	
11.	British Gas Trading	P102_ASS_011	5	
12.	British Sugar	P102_ASS_012		1
13.	Combined Heat and Power Association	P102_ASS_013		1

P102\_ASS\_001 – Dynegy

<b>Respondent:</b>	Name Lisa Waters
<b>Responding on Behalf of</b>	Please list all Parties/non-Parties responding on behalf of (including the respondent company if relevant).  Dynegy UK Limited
<b>Role of Respondent</b>	(BSC Party/ Licensed Exemptable Generator / Other (Please specify))  Trader

	Question	Response Yes/No	Rationale
Q1	Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).	Yes	Open access is a good thing – it encourages participation and competition.
Q2	Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)	Answer  1-4	
	Solution 1- Remove the requirement to commence trading		1
	Solution 2- 'Non-Trading' Party status		2
	Solution 3- Licensing Agreement		3

	<b>Solution 4- Remove Trading Data Confidentiality</b>		4
<b>Q3</b>	<b>Do you support the Provision of data to LEGs?</b>	<b>Response Yes/No</b>	Yes – any other parties who want it.
<b>Q4</b>	<b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please specify)</b>	<b>Response Yes/No</b>	No
<b>Q5</b>	<b>Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?</b>	<b>Response Yes/No</b>	Yes – if customers can why not other parties directly impacted by the BSC.
<b>Q6</b>	<b>Do you have any Further Comments?</b>		

P102\_ASS\_002 – LE Group

<b>Respondent:</b>	Liz Anderson
<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>Question</b>	<b>Response Yes/No</b>	<b>Rationale</b>
Q1	<b>Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).</b>	Yes	Symmetrical provision of data to market participants is desirable and promotes competition.
Q2	<b>Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)</b>	<b>Answer 1-4</b>	
	<b>Solution 1- Remove the requirement to commence trading</b>	4	We do not favour this option as it offers the potential for non-trading parties to submit modification proposals even though they do not share in the cost of processing modification proposals.

	<b>Solution 2- 'Non-Trading' Party status</b>	4	We do not favour this option as it creates a subset of trading arrangements to apply to Non-Trading Parties and thereby creates a dangerous precedent. In addition it appears not to be a cost effective mechanism for addressing what should be a relatively cheap defect to remedy.
	<b>Solution 3- Licensing Agreement</b>	1	We do not consider that the legal licensing agreement will need to be updated regularly if it is appropriately drafted in the first instance. This option also has the benefits of preventing non-trading parties from submitting limitless modification proposals (see answer to Qu. 5)
	<b>Solution 4- Remove Trading Data Confidentiality</b>	2	This solution appears to have an in-built inefficiency in that requests for information have to be made on a case by case basis (and therefore appears less efficient than solution 3). Otherwise it appears relatively good as it avoids the two key problems of options 1 and 2 which are the limitless submission of modification proposals and creation of a subset of trading arrangements which apply to only certain classes of Party.
<b>Q3</b>	<b>Do you support the Provision of data to LEGs?</b>	<b>Yes</b>	As stated above, symmetrical provision of information to market participants is desirable and promotes competition.
<b>Q4</b>	<b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made</b>	<b>Yes</b>	Our only concern is that those who have access and / or are supplied with this data share in the

	available to persons not involved in trading activity? (If yes please specify)		cost of its production and distribution.
Q5	Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?	No	Non-trading parties should not be able to submit modification proposals (with some exceptions as already set down in the BSC) as they do not share the cost burden associated with processing modification proposals.
Q6	Do you have any Further Comments?		

**P102\_ASS\_003 – Aquila Networks**

Please find that Aquila Networks Plc response to P102 Assessment Consultation is 'No Comment'.

regards  
Rachael Gardener

Deregulation Control Group &  
Distribution Support Office  
AQUILA NETWORKS

P102\_ASS\_004 – Innogy

<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

	Question	Response Yes/No	Rationale
Q1	Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).	Yes	Subject to such parties being governed either by the BSC or some formal agreement, and charged an appropriate fee to cover the cost of provision of the reports and administration.
Q2	Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)	Answer 1-4	
	<b>Solution 1- Remove the requirement to commence trading</b>	3	Current standard charge is not cost reflective and rest of industry would end a subsidising a party that does not commence trading.
	<b>Solution 2- 'Non-Trading' Party status</b>	3	Potentially very costly with likely cost



			outweighing benefits.
	<b>Solution 3- Licensing Agreement</b>	1	Excess administration work keeping any Agreement in line with potential changes to Code.
	<b>Solution 4- Remove Trading Data Confidentiality</b>	1	Of the 4 this is the lowest cost and probably lowest administrative option.
<b>Q3</b>	<b>Do you support the Provision of data to LEGs?</b>	<b>Response</b> <del>Yes</del> / <b>No</b>	Yes but it should not just be restricted to LEGs.
<b>Q4</b>	<b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please specify)</b>	<b>Response</b> <del>Yes</del> / <b>No</b>	If SAA-I0142 is being made available do not see why the CDCA reports would be required.  On what grounds does a Party who has no intention of trading require access to such information?
<b>Q5</b>	<b>Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?</b>	<b>Response</b> <del>Yes</del> / <b>No</b>	Section F 2.1.1(c) provides for other bodies representative of interested third parties as may be designated in writing for this purpose by the Authority for time to time' to raise a proposal to modify the BSC. Most, if not all, non-trading parties will fall into this category'
<b>Q6</b>	<b>Do you have any Further Comments?</b>	Yes	<b>BSC V3.2.2 d) contains a definition of Any person (on request). Solution 4 could be achieved by the removal of the exclusion of Trading data from BSC 4.9.1 and the addition of 'Any person (on request)' to the Recipient column of the appropriate reports in Annex V-1 Table of</b>

			<p><b>Reports. The procedure for making the request is covered by V3.2.3 and V3.2.7 covers an agreement with BSCCo and payment to cover costs of providing such data.</b></p> <p>Market Domain data (D0269) excluding Profile Regression data is already available to any person on request.</p>
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P102\_ASS\_005 – SEEBOARD Energy

<b>Respondent:</b>	Dave Morton
<b>Responding on Behalf of</b>	SEEBOARD Energy Limited
<b>Role of Respondent</b>	BSC Party

	Question	Response Yes/No	Rationale
Q1	Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).	Yes	It provides access to information that will enable LEGs to operate effectively under NETA. Therefore, BSC objectives should be better facilitated.
Q2	Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)	Answer 1-4	
	Solution 1- Remove the requirement to commence trading	4	We agree that under this proposal a non-trading Party could be set-up just to submit modifications. Although unlikely it is not a change that should be supported as it has potential problems.

	<b>Solution 2- 'Non-Trading' Party status</b>	4	Theoretically this looks an attractive solution but practical considerations make this a poor option. Cost of this change is too high and other options are much more cost effective.
	<b>Solution 3- Licensing Agreement</b>	1	Approach seems to be straightforward and recovers any costs from providing data in a reasonable manner.
	<b>Solution 4- Remove Trading Data Confidentiality</b>	2	Provides data and apportions costs appropriately. Administrative issues seem to be a burden. If this is chosen option a different delivery mechanism could be appropriate to reduce this burden.
Q3	<b>Do you support the Provision of data to LEGs?</b>	Yes	
Q4	<b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please specify)</b>	No	
Q5	<b>Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?</b>	No	As costs for modification processes are not levied on non-trading parties. However, a non-trading party could highlight a problem within BSC whose resolution would better facilitate BSC objectives. At present there seems to be no way of these being raised, unless they can get a trading party to sponsor a modification. It could be worth considering if some form of issue raising process should be available for non-trading parties that

			can be considered as part of BSC Panel business.
Q6	Do you have any Further Comments?		We have noted that modification proposal P114 has been raised that extends facilities detailed within this modification. It would seem sensible that only one of these should be progressed although this will probably not be possible until any assessment is made of new proposal.

P102\_ASS\_006 – Scottish Power

<b>Respondent:</b>	Man Kwong Liu
<b>Responding on Behalf of</b>	<i>Please list all Parties/non-Parties responding on behalf of (including the respondent company if relevant).</i> Scottish Power UK plc; ScottishPower Energy Trading Ltd.; Scottish Power Generation plc; ScottishPower Energy Retail Ltd.; SP Transmission plc; SP Manweb plc.
<b>Role of Respondent</b>	<i>(BSC Party/ Licensed Exemptable Generator / Other (Please specify) All</i>

	<b>Question</b>	<b>Response Yes/No</b>	<b>Rationale</b>
Q1	<b>Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).</b>	No.	While we have no objection for non trading parties to receive BSC data, especially if the parties requesting the information pay for it and it does not impact our systems and processes, we believe P102 has a discriminatory element towards the rest of the industry for the benefit of LEGs. Therefore, in order to promote effective competition, such provision if accepted should be open to all interested parties, assuming there is no issue with confidentiality.
Q2	<b>Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)</b>	<b>Answer 1-4</b>	
	<b>Solution 1- Remove the requirement to commence trading</b>	4	Please note our comments on Q 1 above.

	<b>Solution 2- 'Non-Trading' Party status</b>	2	Data provision and cost recovery could be made more specific for non-trading parties. However, this could have greater change and impact to the BSC and parties and therefore cost. Please note our comments on Solution 3 and on Q 1 above.
	<b>Solution 3- Licensing Agreement</b>	1	This solution seems to cover both a fair cost recovery from non-parties and may ensure confidentiality is maintained. It shouldn't be too difficult to draw up a Licensing Agreement and create enough cross-references to the BSC to ensure that it can be maintained at low cost. Please also note our comments on Q 1 above.
	<b>Solution 4- Remove Trading Data Confidentiality</b>	3	We still have an issue with confidentiality. This however could be tailored for non BSC parties. Please note our comments on Solution 3, Q4 below and on Q1 above.
Q3	<b>Do you support the Provision of data to LEGs?</b>	<b>Response</b> No	Please note our comments on Q 1 above.
Q4	<b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please specify)</b>	<b>Response</b> Yes	The information outlined in Appendix 1 is highly detailed information covering each BM unit and party participating in the NETA market. A large amount of this information is available through BMReports.com and this should be sufficient for parties not actively involved in trading. How the settlement process of each BM unit and party changes through the different reconciliation runs

			should only be of interest to those parties managing settlement and not those outwith. Therefore, our response is that settlement flow and metered volume information is only required for settlement purposes and its availability should be restricted as such.
Q5	<b>Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?</b>	<b>Response</b> No	Parties should not be able to change BSC unless they are affected themselves. Otherwise, it could be opened to abuse of privilege. However, non-trading parties should be able to find a Trading Party to raise a modification proposal on their behalf, if they feel strongly about a particular issue.
Q6	<b>Do you have any Further Comments?</b>	yes	We believe that if this change is to be accepted, notwithstanding our view on confidentiality, it should be open to all interested parties, not just LEGs, to promote both efficiency and effective competition.



P102\_ASS\_007 – Slough Energy Supplies

<b>Respondent:</b>	<i>Name</i> <b>Slough Energy Supplies Ltd.</b>
<b>Responding on Behalf of</b>	<i>Please list all Parties/non-Parties responding on behalf of (including the respondent company if relevant).</i> <b>Slough Energy Supplies Limited (the respondent); Fibrepower Slough Limited (generator); Slough Energy Contracts Limited (exemptable generator); Slough Utility Services Limited (exemptable generator).</b>
<b>Role of Respondent</b>	<i>(BSC Party/ Licensed Exemptable Generator / Other (Please specify))</i> <b>Supplier</b>

	<b>Question</b>	<b>Response Yes/No</b>	<b>Rationale</b>
Q1	<b>Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).</b>	<b>Yes</b>	<p>As discussed in the P102 consultation document, all BSC parties are required to commence trading activities within 6 months of joining the BSC. The effect of this is that any participants in the electricity market who do not wish to become full trading parties are excluded from receiving certain market data which is made available only to BSC parties. The answer to this question 1 seeks to show;</p> <p>(i) the anti-competitive effects on LEGs of this inability to gain access to relevant market data and;</p> <p>(ii) how the implementation of P102 would address this anti-competitive effect and</p>

		<p>therefore facilitate applicable BSC objective (c) (promoting effective competition in the generation and supply of electricity).</p> <p>Under the current arrangements, some market data is publicly available by means of the Balancing Market Reporting System (BMRS). This includes final physical notifications, imbalance price data and the anticipated net system imbalance for each half hour. The BMRS provides information in advance of and shortly after real time. However, out-turn information (such as actual system imbalance and actual generation) is not published. Other market data of commercial relevance to LEGs, including the half hourly transmission loss and "beer fund" values, and the net metered and imbalance position of market participants, is restricted to BSC parties. The reason for this cannot be commercial confidentiality, as information relating to each BSC party is available to every other BSC party in the form of the SO142 Report. This unequal access to market data is in contrast with the situation under the Pool, where ESIS provided a similar set of data to all paying subscribers.</p> <p>The commercial relevance of this market data to LEGs arises from the fact that LEGs will normally</p>
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		<p>be negotiating to sell their output to a licensed supplier under Supplier Volume Allocation ("SVA"), rather than trading within the NETA markets as BSC parties. The principal reason for this is the cost and administrative burdens involved with trading in the NETA markets which are impracticable for the majority of LEGs to bear. For example, the cost of establishing a fully fledged trading desk in the UKPX are estimated at £1 million to £5 million, with ongoing costs of £1 million, in addition to other incidental costs. Further details of these administrative barriers are contained in Ilex Consulting's report "Contractual and Administrative Barriers Facing Licence-Exempt Generation under NETA", which was attached to proposal P102.</p> <p>Therefore, LEGs will almost always be negotiating for the sale of their output with a licensed supplier, who by definition will be a BSC party and have access to the market data currently denied to non-parties. Any negotiation where one party is entitled to all the relevant information and the other is not, is bound to disadvantage the other party. The current position therefore creates an unjustifiable handicap for the negotiating position of LEGs as against licensed suppliers. As an example of how</p>
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		<p>access to the relevant market data will improve the position for LEGs, knowing the metered quantities and imbalance positions of potential contracting counterparties would substantially assist LEGs in determining both who was in a position to contract with them and to better understand the trading position of that counterparty. It would also enable LEGs to verify independently the benefits of particular supplier contracts or consolidation benefits where the counterparty is a BSC Party and is therefore in possession of such information.</p> <p>The difficulty for LEGs is that contracting under SVA inevitably restricts them from accessing such vital market information. The dilemma which they face is that, currently, the only way of accessing this information is to become full trading BSC parties, a route to market which, as explained above, is uneconomic for the vast majority of them. The current arrangements therefore place LEGs in a position where they are either:</p> <ul style="list-style-type: none"><li>(i) contracting under SVA with licensed suppliers as against whom they have a handicapped bargaining position due, amongst other reasons, to the asymmetry of market data available to LEGs and licensed</li></ul>
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		<p>suppliers; or</p> <p>(ii) obliged to overcome the cost and administrative barriers of becoming full trading BSC parties which are uneconomical for them. The current arrangements therefore impose an unjustified barrier on any LEG wishing to access this market data. The Proposer can see no objective reason why LEGs should not be entitled to receive the market data provided to BSC parties, given its importance in LEGs' dealings with suppliers.</p> <p>The effect of the lack of market data available to LEGs who are not fully trading BSC parties is one of a range of market barriers faced by LEGs. It is an anti-competitive aspect of the current NETA market structure that this information, which is not confidential, should be available to one party to a contract, but not the other. The effect of this barrier has been to contribute to the disproportionately adverse impacts which NETA has had upon LEGs and which are well documented, for example they are referred to in 14 responses from the smaller generator market to the DTI's consultation on smaller generators and NETA of 1<sup>st</sup> November 2001. This has resulted in significant withdrawals from the LEG</p>
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			<p>sector and threatens its continued participation in the generation market. It cannot be in the interest of competition that a sector providing some 8% of capacity in the UK should be placed in jeopardy. Making available crucial market information to LEGs for whom full trading BSC participation is not a practical option will assist in creating a fairer negotiating position for most LEGs and thereby better facilitate applicable BSC objective (c) (promoting effective competition in the generation and supply of electricity). For further details of the impacts of NETA on LEGs, please see the Ilex Reports "An Objective Assessment of the Impact of NETA on Small Generators" (available on the Ilex website) and "Contractual and Administrative Barriers Facing Licence Exempt Generators under NETA", referred to in the answer to question 1.</p>
<b>Q2</b>	<b>Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)</b>	<b>Answer</b> <b>1-4</b>	
	<b>Solution 1- Remove the requirement to commence trading</b>	<b>1</b>	<p>The Proposer believes this to be the simplest and neatest of the four solutions which have been discussed. It would require only very limited and contained changes to the BSC and would fulfil all the objectives of Proposal P102. An appropriate cost recovery mechanism is already in place</p>

			<p>under the BSC, namely payment of the base monthly rate, currently £250 per month. For the reasons which are set out in paragraph 3.3.2 of the consultation document, the Proposer does not believe that the potential non-trading party liabilities issues (namely, claims against Elexon and liabilities between parties) would act as a barrier to entry for LEGs.</p>
	<b>Solution 2- 'Non-Trading' Party status</b>	1	<p>The Proposer believes that Solution 2 would also fulfil all the objectives of Proposal P102. However, it would only be an appropriate solution if there are practical difficulties in securing non-trading status simply by removing the termination provisions in the BSC which are referred to in the proposal.</p>
	<b>Solution 3- Licensing Agreement</b>	2	<p>The Proposer agrees that some form of licensing arrangement could also fulfil the objectives of proposal P102. However, the form of the licensing agreement would need to be drafted and discussed with care and would need to contain provisions for a number of areas about which concern was expressed in the P102 MG, such as confidentiality, information to be provided and cost recovery. Given that the BSC already contains a framework for dealing with all these issues, the Proposer believes that Solution 3 could contain a significant element of "reinventing the wheel" and on that basis</p>

			believes that Solution 1 and Solution 2 are preferable.
	<b>Solution 4- Remove Trading Data Confidentiality</b>	2, dependent on the implementation option selected (see opposite)	To avoid the significant amount of administrative work which is referred to in paragraph 6.3.1 of the consultation document, the Proposer agrees that, in practice, some form of standing request facility would be required. In that event, the Proposer would strongly support this approach, provided that the provision of this data is not subject to the discretion of a third party. However, if this solution were to be implemented only on a "case by case" basis, the Proposer believes that, rather than dealing with the issue in this ad hoc way, it would be preferable to deal with the objectives of P102 directly, by implementing one of the three solutions discussed above.
<b>Q3</b>	<b>Do you support the Provision of data to LEGs?</b>	<b>Response</b> <b>Yes</b>	The Proposer supports provision of market data to LEGs. Their participation in the electricity market is significantly affected by their inability to manage their imbalance risk, through the barriers associated with their trading as BSC signatories. Enabling LEGs to manage their imbalance risk and the lowering of such barriers is contributed to by LEGs having access to all relevant market data.  Although LEGs are mostly not BSC Parties, they are generally exposed to imbalance risk as



			<p>negotiation for the sale of their output to suppliers is against the background of the suppliers' exposure to the balancing mechanism. Normally therefore, balancing risk is passed down to LEGs in their contracts with licensed suppliers, or alternatively the supplier demands a premium for not doing so. Not enabling LEGs to have access to the market data which informs the decision making of the licensed supplier with whom they contract is an unjustifiable and therefore anti-competitive restriction on LEGs' ability to obtain the true value of their output. Please see also the answer to question 1 above. Reference is again made to the Ilex report "Contractual and Administrative Barriers facing Licence-Exempt Generators under NETA" which explains the barriers to LEGs' market participation. Reference is made also to Ilex's report "Impact of Non-Cost Reflective Pricing on LEGs" (available on the Ilex website) and the report of Campbell Carr "Impact of non-cost reflective pricing on LEGs" (which was produced to the P95 Modification Group). Both these reports explain the undue effects of imbalance risk on LEGs who do not have the facilities under NETA to manage it.</p>
Q4	<p><b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please</b></p>	<p><b>Response</b> <b>No</b></p>	<p>As explained in the answers to questions 1 and 3 above, the fact that LEGs are not involved in trading activities does not mean that the market</p>

	specify)		data specified in Appendix 1 is of any less relevance to their participation in the electricity market. The Proposer cannot see any reason why such information should be made available to one contracting party but not the other. In terms of potential concerns such as confidentiality which have been expressed in P102 MG, these will be dealt with either by the relevant LEG becoming a signatory to the BSC (Solutions 1 or 2) or by replicating the appropriate BSC obligation in the appropriate form of licensing agreement (Solution 3).
Q5	Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?	Response Yes	The Proposer does not believe that this question is central to whether or not proposal P102 better facilitates applicable BSC objective (c). However, the answer must be that for as long as non-trading parties are affected by the BSC and the actions of parties to the BSC, they must be entitled to submit modification proposals. To suggest otherwise would be to argue that where the market structure imposed by the BSC has an affect which is discriminatory or anti-competitive as regards non-trading parties, they should have no means of addressing the situation. The adverse effects on LEGs and other non-trading parties which this could lead to would hardly be compatible with applicable BSC objective (c).
Q6	Do you have any Further Comments?	Yes	Although it is clear that P102 should be

		<p>considered on its own merits, irrespective of other proposed modifications, the Proposer believes it would be useful to ensure there is no misunderstanding of how proposal P102 is intended to interact with proposal P103 (Respecification of Trading Data). P103 seeks to address the lack of accessibility and transparency that market data which is currently provided to LEGs, by improving the data provided to all BSC parties. The answers to questions 3 to 5 show that the arguments for the implementation of P102 stand alone and are not dependent upon on the implementation of any other modification. However, the implementation of P102 is also important to ensure that the implementation of P103 would have the desired effect, namely by providing that LEGs are entitled to be BSC parties and that therefore the improved information provided to BSC parties by the implementation of P103 would be able to assist LEGs.</p>
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P102\_ASS\_008 – Powergen

<b>Respondent:</b>	Powergen UK plc
<b>Responding on Behalf of</b>	Powergen UK plc, Powergen Retail Limited, Diamond Power Generation Limited, Cottam Development Centre Limited, TXU Europe Drakelow Limited, TXU Europe Ironbridge Limited, TXU Europe High Marnham Limited, Midlands Gas Limited, Western Gas Limited, TXU Europe (AHG) Limited, TXU Europe (AH Online) Limited, Citigen (London) Limited, Severn Trent Energy Limited (known as TXU Europe (AHST) Limited), TXU Europe (AHGD) Limited and Ownlabel Energy Limited
<b>Role of Respondent</b>	BSC Party/ Exemptable Generator

	<b>Question</b>	<b>Response Yes/No</b>	<b>Rationale</b>
Q1	<b>Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).</b>	Solutions 1 and 2 – No Solutions 3 and 4 - Yes	We agree with the principle of allowing market data which is available to all BSC Parties to be released to non-BSC Parties too. However, we do not believe that the strict implementation of the proposal would better meet the BSC objectives. We would prefer to see an alternative modification which would develop a Licensing Agreement for the release of the data, or changes to the confidentiality status of the data. Both of these solutions would have to cover the appropriate confidentiality, liability and cost recovery issues, if any.
Q2	<b>Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the</b>	<b>Answer</b>	

	defect raised by P102? (1- high, 4-low)	1-4	
	<b>Solution 1- Remove the requirement to commence trading</b>	4	We do not feel that it is appropriate to remove this clause to obtain the effect described in the modification. The modification is about allowing non-BSC Parties access to data and therefore the modification should address this issue. Solution 1 approaches the problem in an indirect way and its implementation could create further anomalies.
	<b>Solution 2- 'Non-Trading' Party status</b>	3	This could have the same effect as creating a licensing agreement within the code, but we believe would entail more work to ensure potential problems associated with Solution 1 are avoided. Solutions 3 and 4 are cleaner.
	<b>Solution 3- Licensing Agreement</b>	1	This could cover any confidentiality, liability and cost recovery issues, but focus purely on the provision of data, thereby avoiding any complications associated with signing non trading parties up to the code.
	<b>Solution 4- Remove Trading Data Confidentiality</b>	1	Again, we do not see a strong reason why data which is available to all Parties cannot be made available to non Parties too. It may be worth obtaining a legal opinion about whether large customer and LEG metered data can be released in this way. Appropriate cost recovery mechanisms would need to be in place for the

			provision of the data.
Q3	Do you support the Provision of data to LEGs?	Response Yes	Although this should not be restricted purely to LEGs and should be made more widely available.
Q4	Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please specify)	Response Yes	We think that the EA will have an issue with MDD being released more widely as this contains profiling regression coefficients which we believe is the intellectual property of the EA. This issue should be explored further.
Q5	Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?	Response No	The cost of dealing with modifications already represents a significant proportion of the Elexon budget and is paid for by trading Parties. Modifications to change the trading rules should not be made by those who do not trade.
Q6	Do you have any Further Comments?	No	

## P102\_ASS\_009 – Scottish and Southern

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

Further to your note of 25th November 2002, and the associated Draft Modification Report for P102, we have the following comments to make on the questions posed.

Q1 No. We have concerns that this would create a precedent which would allow subsets of trading arrangements to be created and applied to categories of Parties, excluding them from certain obligations and allowing them to be treated differently. This would introduce discrimination in favour of some Parties at the 'expense' of other Parties. This would generally dilute the effectiveness of the Code. We note that NETA was designed to ensure equal treatment and transparency for all Parties. Modification Proposal P102 runs counter to this.

Q2 We do not agree with the premise of P102, namely that there is a defect that requires rectification. No explanation or sound justification has been made by the Proposer as to why such information is required or how it would better facilitate the achievement of the BSC Objectives or promote competition. That having been said, of the four solutions outlined we believe that Solution 1 is the more suitable, followed by Solution 3, with Solutions 2 and 4 the least suitable. Accordingly, we score the solutions as follows:-

Solution 1	2
Solution 2	4
Solution 3	3
Solution 4	4

Q3 No. For the reasons noted above, namely, that no explanation or sound justification has been made by the Proposer as to why such information is required or how it would better facilitate the achievement of the BSC Objectives or promote competition.

Q4 Yes. There are over 40 million persons in the England and Wales marketplace and certain information is made available to them via the website. We believe that Party Information, as outlined in Appendix 1, should not be made available to persons not involved in trading activities.

Q5 Absolutely not. There is a considerable cost involved in the actual handling of Modifications involving work by Elexon, the Panel and market participants. In addition to this there is the potentially significant costs associated with implementing the change itself. We note, for example, the costs identified in the recent P98 consultation of between £1.4M and £1.75M.

Q6 In addition to the comments above, we have the following comments to make on Modification Proposal P102.

We note the comments in Section 3.1 of the Report that:-

"This solution involves removing the requirement to commence trading from the Code completely. Under this change anyone not intending to take part in trading activity would be able to accede to the Code and remain a member beyond the current six-month cut off, whereby the panel can determine to expel that Party. By acceding to the Code, non-trading Parties would obtain all the benefits and obligations associated with BSC membership, including access to BSC Party information (See Appendix 1 for details)." "Non-trading Parties signing up to



the Code would not be identified in anyway and would be subject to exactly the same obligations and rights as any other Party. Whilst Parties continued on a non-trading basis they would only be charged at the base monthly rate (Currently £250 per month)."

We are very mindful that NETA stands for the New Electricity TRADING Arrangements. As such it is designed to meet the requirements of Trading. There are numerous potential non-trading parties in the marketplace. The arrangements are not designed for them, they are designed for those who freely choose to join up to the Code. Non-trading parties are not compelled to join. However, where they choose to join then they do so in the knowledge that after a pre-defined period they must have commenced trading if they are to avoid being expelled by the Panel. This avoids frivolous participation.

In respect of the figure of £250, we believe this doesn't represent the true cost of Code membership. If this Modification Proposal were to be implemented then other Parties would in effect be subsidising non-trading Parties which, as we note in Q1 above, would be discriminatory. It is our understanding that the £250 was set under the assumption that Parties will normally commence trading and contribute more appropriately to actual costs. If this is not to be the case, as a result of implementing this Modification Proposal, then we believe such Parties should be charged a separate joining fee to cover the costs of implementing the Modification.

We note the comments made that whilst LEGs would benefit from access to data they would also take on obligations in relation to liability for actions of trading Parties and liability for claims against BSC Co. However, we would like to point out that as costs are targeted across all Parties in relation to trading volumes, presumably LEGs would not actually incur any significant costs.

Regards

Garth Graham  
Scottish and Southern Energy plc

P102\_ASS\_010 – NGC

<b>Respondent:</b>	Name <b>National Grid</b>
<b>Responding on Behalf of</b>	Please list all Parties/non-Parties responding on behalf of (including the respondent company if relevant). <b>National Grid</b>
<b>Role of Respondent</b>	(BSC Party/ Licensed Exemptable Generator / Other (Please specify) <b>BSC Party</b>

	Question	Response Yes/No	Rationale
Q1	Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).	Yes (to solution 3)	Please refer to answers given to Q2, but in summary:  Solution 1 does not facilitate objective (c), whilst solutions 2 & 4 may facilitate objective (c) but are outweighed by not facilitating objective (d).
Q2	Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)	Answer  1-4	
	Solution 1- Remove the requirement to commence trading	4	Under this option, LEGs will be subject to the same liabilities as other BSC Parties. This will act as a barrier to those who primarily wish to access market data.
	Solution 2- 'Non-Trading' Party status	4	Whilst possibly removing certain liabilities

			associated with solution 1, this option seems unnecessarily burdensome on central systems. It would also set a precedent for certain categories to apply for exemptions and dilute the existing BSC Party status.
	Solution 3- Licensing Agreement	1	This seems the most appropriate solution as it allows LEGs to receive market data and has the added benefit of not acceding full BSC Party status on them indefinitely, see answer to Q5.
	Solution 4- Remove Trading Data Confidentiality	4	Whilst this solution seems "cheap and easy" to implement, the effect would leave Elexon in an unenviable position of administering a "Public Library" of market data, with no control over the number of requests.
Q3	Do you support the Provision of data to LEGs?	Response Yes	We note that the Proposer suggests within the original proposal that "the LEG would be charged a fee to cover the administration cost...." , and feel that the Licensing Agreement (solution 3) most closely meets this criteria. We therefore support the provision on this basis.
Q4	Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please	Response Yes/No	We do not support full public access to BSC Party data without accountability (solutions 1, 2, & 4), as it creates

	specify)	DEPENDS	unnecessary obligations on Elexon. However, given the appropriate controls (eg. solution 3) we have no issues with the data being released.
Q5	Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?	Response No	It is entirely inappropriate to give rights without responsibilities. The principle 'defect' is the lack of market information provided to LEGs and this can be solved without granting BSC Party status on non-trading parties - see answer to Q2.
Q6	Do you have any Further Comments?	No	

P102\_ASS\_011 – British Gas Trading

<b>Respondent:</b>	Mark Manley
<b>Responding on Behalf of</b>	British Gas Trading Ltd, Centrica KL Ltd, Centrica PB Ltd, Regional Power Generators Ltd, Accord Energy Ltd
<b>Role of Respondent</b>	BSC Party/Generator/Supplier/Trader

	Question	Response Yes/No	Rationale
Q1	Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).	No	The improved visibility of data could be seen as better achieving applicable BSC Objective c. However any method chosen to deliver this capability must be cost reflective and it must be targeted. The users of the system would need to financially support any development and ongoing maintenance costs of providing the service.
Q2	Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)	Answer 1-4	
	Solution 1- Remove the requirement to commence trading	4	The caveat within the BSC to allow for a 6-month 'pause' before the commencement of trading ensures that a BSC Party would only incur the minimum charge under the BSC. By signing up to the BSC there was a belief that the Party

			<p>would commence trading and the associated costs for being a BSC Party would ramp up. Once the BSC Party did commence trading the associated costs would be more representative. If there is no requirement to commence trading, the minimum charge under the BSC would not be cost reflective. Also BSC Parties would be entitled to raise Modification Proposals without incurring any of the development or ongoing maintenance costs. The issue of a number of BSC Parties currently only paying £250 per month is an issue that needs to be addressed. We agree that this is an issue that is outside of the scope of this Modification Proposal.</p>
	<b>Solution 2- 'Non-Trading' Party status</b>	4	<p>The costs associated with creating a new subset of Party under the BSC we believe would be cost prohibitive. There would undoubtedly be development costs incurred by BSC Agents to facilitate a new status of BSC Party. We believe that the costs are not justified and would not better facilitate any of the Applicable BSC Objectives.</p>
	<b>Solution 3- Licensing Agreement</b>	3	<p>This solution would allow 'licensed parties' access to data without becoming BSC Parties. This would also maintain the integrity behind the original reason for including the requirement to commence trading within 6 months. In that it would be inappropriate for licensed parties to be</p>

			<p>able to impact the BSC by raising Modification Proposals without contributing to their development. It would also address the potential concerns of smaller parties regarding liabilities that could result from becoming a BSC Party. The issue of controlling data could be addressed by ensuring that the confidentiality undertakings from the BSC are carried forward to the licensing agreement. Importantly any Licensing Agreement must include a suitable cost recovery methodology to ensure that the end users fund the service.</p>
	<p><b>Solution 4- Remove Trading Data Confidentiality</b></p>	<p>3</p>	<p>By removing the confidentiality clause this would enhance the visibility of data and we would not be opposed to this provision. We would only support the removal of the Confidentiality issue within the confines of BSC membership and the licensees. Therefore if this provision was to be removed the information should only be made available to counterparts via the proposed solutions 2 or 3. We have concerns about this data being made available outside of the BSC arena. This data should not be publicly available ie published on the BMRS as this could potentially lead to spurious assumptions being made on a subset of data. The other proviso must be that any information that is made available must have a suitable cost recovery mechanism.</p>



Q3	Do you support the Provision of data to LEGs?	<b>Response</b> <b>Yes</b>	In principle we support the provision of data to LEGs. However any provision of data must be cost reflective and must not result in a cross subsidy by BSC Parties to non-BSC Parties.
Q4	Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please specify)	<b>Response</b> <b>Yes</b>	We believe that Party information should remain within the trading environment. This would maintain the purpose for which the data was initially created.
Q5	Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?	<b>Response</b> <b>No</b>	We do not support the principle that non-trading Parties could submit Modification Proposals. We believe that it would be inappropriate for non-trading Parties to be able to submit Modification Proposals without contributing to any subsequent development costs. Also we feel it important that non-trading Parties need to have day to day active involvement within the BSC, thereby understanding the risks and rewards associated with being a BSC Party.
Q6	Do you have any Further Comments?	<b>No</b>	

P102\_ASS\_012 – British Sugar

<b>Respondent:</b>	<i>Ian Calvert</i>
<b>Responding on Behalf of</b>	<i>British Sugar plc. We handle all the energy affairs for the ABF group.</i>
<b>Role of Respondent</b>	<i>Regulatory Affairs</i>

	<b>Question</b>	<b>Response Yes/No</b>	<b>Rationale</b>
Q1	<b>Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).</b>	Yes	<p>Lack of access to market information to parties outside the BSC is clearly a barrier to a small generators and potential new entrants. It is therefore demonstrably anti-competitive.</p> <p>It appears that keeping this information secret from small generators (but not other “competing” parties) was an unintentional side effect of a rule which was actually intended to prevent non parties from disrupting the market by raising lots of mod proposals. This mod simply tries to address this side effect.</p>
Q2	<b>Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the</b>	<b>Answer 1-4</b>	

	defect raised by P102? (1- high, 4-low)		
	<b>Solution 1- Remove the requirement to commence trading</b>	3	This appears to be an indirect approach to delivering the real aim – access to market information.
	<b>Solution 2- ‘Non-Trading’ Party status</b>	4	Surely this would be unnecessary and complicated.
	<b>Solution 3- Licensing Agreement</b>	2	Very similar to 4; allows more control by Elexon if this can be justified.
	<b>Solution 4- Remove Trading Data Confidentiality</b>	1	No cost, simple. In theory a commercial market would then emerge in supplying data to LEGs.
Q3	<b>Do you support the Provision of data to LEGs?</b>	<b>Yes</b>	Parties which seek to justify why market information should continue to be withheld from potential competitors/stakeholders would appear to be doing so for anti-competitive reasons. Such behaviour is “cartel – like” and therefore increases costs to customers.
Q4	<b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please specify)</b>	<b>No</b>	It is clearly not sensitive since it is available to competitors. Withholding it from non members is simply a barrier.
Q5	<b>Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?</b>	<b>Yes</b>	Energy watch already can and this should be extended to other stakeholders. It is rather unlikely that parties will seek to disrupt the industry by raising mods – this supposed “risk” is another way of protecting the status quo. The

			BSC is meant to be more open to change than the pool – this would further that aim. If spurious non party mods became an issue that could be addressed by the current governance.
Q6	Do you have any Further Comments?		

P102\_ASS\_013 – Combined Heat and Power Association

<b>Respondent:</b>	<i>Name</i> Combined Heat & Power Association
<b>Responding on Behalf of</b>	<i>Please list all Parties/non-Parties responding on behalf of (including the respondent company if relevant).</i> Combined Heat & Power Association [see note 1 below]
<b>Role of Respondent</b>	<i>(BSC Party/ Licensed Exemptable Generator / Other (Please specify))</i> TRADE ASSOCIATION

[1] The views expressed in this paper cannot be taken to represent the views of all members of the CHPA. However, they do reflect a general consensus position within the organisation with regard to the position of Licence Exempt Generators.

	Question	Response Yes/No	Rationale
Q1	Do you believe that the features, as described within Modification Proposal P102 and the accompanying Requirements Specification, would better facilitate achievement of the applicable BSC Objectives? (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).	Yes	As discussed in the P102 consultation document, all BSC parties are required to commence trading activities within six months of joining the BSC. The Association has been informed that the effect of this is that any members participating in the electricity market who do not wish to become full trading parties are thus excluded from receiving certain market data which is made available only to BSC parties. Hence the Association's answer to question 1 seeks to show;  (i) the anti-competitive effects on LEGs of this inability to gain access to key

		<p>relevant market data and;</p> <p>(ii) how the implementation of P102 would address this anti-competitive effect and therefore facilitate the BSC objective (c) of promoting effective competition in the generation and supply of electricity.</p> <p>Under current arrangements, some market data is publicly available by means of the Balancing Market Reporting System (BMRS). The BMRS provides information in advance of and shortly after real time. However, out-turn information (such as actual system imbalance and actual generation) is not published. Other market data of commercial relevance to LEGs, including the half hourly transmission loss and "beer fund" values, and the net metered and imbalance position of market participants, is restricted to BSC parties. The reason for this cannot be commercial confidentiality, as information relating to each BSC party is available to every other BSC party in the form of the SO142 Report. This unequal access to market data is in contrast with the situation under the Pool, where ESIS provided a similar set of data to all paying subscribers. The commercial relevance of this market data to LEGs arises from the fact that LEGs will normally be negotiating to sell their output to a licensed supplier under Supplier Volume Allocation ("SVA"), rather than trading within the NETA markets as BSC parties. The principal reason for this is the cost and administrative burdens involved with trading in</p>
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		<p>the NETA markets which are impracticable for the majority of LEGs to bear. For example, the cost of establishing a fully fledged trading desk in the UKPX are estimated at between £1 million to £5 million, with ongoing costs of £1 million, in addition to other incidental costs. Further details of these administrative barriers are contained in the Ilex Report "Contracting and Administrative Barriers Facing Licence-Exempt Generation under NETA", which was attached to proposal P102.</p> <p>It is clear, therefore, that LEGs will almost always be negotiating for the sale of its output with a licensed supplier, who by definition will be a BSC party and have access to the market data currently denied to non-parties. Any negotiation where one party is entitled to all the relevant information and the other is not, is bound to disadvantage the other party. The current position therefore creates an unjustifiable handicap for the negotiating position of LEGs as against licensed suppliers. As an example of how access to the relevant market data will improve the position for LEGs, knowing the metered quantities and imbalance positions of potential contracting counterparties would substantially assist LEGs in determining both who was in a position to contract with them and to better understand the trading position of that counterparty. It would also enable LEGs to verify</p>
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			<p>independently the benefits of particular supplier contracts or consolidation benefits where the counterparty is a BSC Party and is therefore in possession of such information.</p> <p>The Association believes that the difficulty that currently exists for LEGs is that contracting under SVA inevitably restricts them from accessing vital market information. The dilemma which they face is that, currently, the only way of accessing this information is to become full trading BSC parties, a route to market which is uneconomic for the vast majority. The current arrangements therefore place LEGs in a position where they are either:</p> <ul style="list-style-type: none"><li>(i) contracting under SVA with licensed suppliers as against whom they have a handicapped bargaining position due to the asymmetry of market data available to LEGs and licensed suppliers; or</li><li>(ii) obliged to overcome the cost and administrative barriers of becoming full trading BSC parties which are uneconomical for them. The current arrangements therefore impose an unjustified barrier on any LEG wishing to access this market data. The Association</li></ul>
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		<p>can see no objective reason why LEGs should not be entitled to receive the market data provided to BSC parties, given its importance in LEGs' dealings with suppliers.</p> <p>It is clear to the Association that the effect of the lack of market data available to LEGs who are not fully trading BSC parties is one of a range of market barriers faced by LEGs. It is an anti-competitive aspect of the current NETA market structure that this information, which is not confidential, should be available to one party to a contract, but not the other. The effect of this barrier has been to contribute to the all ready disproportionate adverse impacts which NETA has had upon LEGs. This has resulted in significant withdrawals from the LEG sector and threatens its continued participation in the generation market. It cannot be in the interest of competition that a sector providing some 8% of capacity in the UK should be placed in jeopardy. Making available crucial market information to LEGs for whom full trading BSC participation is not a practical option will assist in creating a fairer negotiating position for most LEGs and thereby better facilitate applicable BSC objective (c) (promoting effective competition in the generation and supply of electricity).</p>
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Q2	Please rate each solution, as identified in the attached Requirement Specification, in terms of which best addresses the defect raised by P102? (1- high, 4-low)	Answer 1-4	
	<b>Solution 1- Remove the requirement to commence trading</b>	1	The Association believes this to be the simplest of the four solutions which have been discussed. It would require limited and contained changes to the BSC and would fulfil all the objectives of Proposal P102. An appropriate cost recovery mechanism is already in place under the BSC, namely payment of the base monthly rate, currently £250 per month. For the reasons which are set out in paragraph 3.3.2 of the consultation document, the Association does not believe that the potential non-trading party liabilities issues identified at meetings of P102 MG would act as a barrier to entry for LEGs.
	<b>Solution 2- 'Non-Trading' Party status</b>	1	The Association believes that Solution 2 would also fulfil all the objectives of Proposal P102. This could, however, require more work to implement than Solution 1, given that it would be necessary to identify which rights and obligations of the BSC would be applicable to the newly created class of "Non-Trading" Parties.
	<b>Solution 3- Licensing Agreement</b>	2	The Association agrees that some form of licensing arrangement could also fulfil the objectives of proposal P102. However, the form

			<p>of the licensing agreement would need to be drafted and discussed with care and would need to contain provisions for a number of areas about which concern was expressed in the P102 MG, such as confidentiality, information to be provided and cost recovery. Given that the BSC already contains a framework for dealing with all these issues, the Association believes that Solution 3 could contain a significant element of “reinventing the wheel” and on that basis believes that Solution 1 and Solution 2 are preferable.</p>
	<p><b>Solution 4- Remove Trading Data Confidentiality</b></p>	<p>4</p>	<p>The difficulty with Solution 4 from the Association's perspective is that trading data would only be provided if a written request is made on a case by case basis. Part of the concern from the LEGs' viewpoint is that, without access to all the relevant information in the first place, it is more difficult for the LEG to decide on the information it particularly requires on a case by case basis and therefore to target such requests accurately. To avoid the significant amount of administrative work which is referred to in paragraph 6.3.1 of the consultation document, the Association agrees that, in practice, some form of standing request facility would be required. In that case, it seems that, rather than dealing with the issue on a rather artificial and adhoc basis it is far preferable to</p>

			deal with the objectives of P102 directly, by implementing one of the three solutions discussed above.
<b>Q3</b>	<b>Do you support the Provision of data to LEGs?</b>	<b>Response</b>  <b>Yes</b>	The Association supports the provision of market data to LEGs. Their participation in the electricity market is nonetheless significantly affected by issues such as imbalance, which can be dealt with effectively only by those who are BSC parties and thereby have access to all relevant market data and who can manage their imbalance exposure by participation in NETA markets. For example, imbalance risk does affect LEGs, notwithstanding that they are not directly exposed to it as BSC parties, as this risk is inevitably passed down to them in contracts negotiated with licensed suppliers, who of course are exposed to imbalance risk and have a sufficiently strong market position to be able to pass these down to LEGs. Not enabling LEGs to have access to the market data which informs the decision making of the licensed supplier with whom they contract is an unjustifiable and therefore anti-competitive restriction on LEGs' ability to obtain the true value of their output. Please see also the answer to Question 1 above.
<b>Q4</b>	<b>Do you have any issues with Party information (As outlined in Appendix 1 of the requirements Specification) being made available to persons not involved in trading activity? (If yes please</b>	<b>Response</b>  <b>No</b>	As explained in the answers to questions 1 and 3 above, the fact that LEGs are not involved in trading activities does not mean that the market

	specify)		<p>data specified in Appendix 1 is of any less relevance to their participation in the electricity market. The Association cannot see any reason why such information should be made available to one contracting party but not the other. In terms of potential concerns such as confidentiality which have been expressed in P102 MG, these will be dealt with either by the relevant LEG becoming a signatory to the BSC (Solutions 1 or 2) or by replicating the appropriate BSC obligation in the appropriate form of licensing agreement (Solution 3).</p>
Q5	Do you consider it appropriate for non-trading Parties to be capable of submitting Modification Proposals?	<p><b>Response</b></p> <p><b>Yes</b></p>	<p>The Association does not believe that this question is central to whether or not proposal P102 better facilitates applicable BSC objective (c). However, the answer must be that for as long as non-trading parties are affected by the BSC and the actions of parties to the BSC, they must be entitled to submit modification proposals. To suggest otherwise would be to argue that where the market structure imposed by the BSC has an affect which is discriminatory or anti-competitive as regards non-trading parties, they should have no means of addressing the situation. The adverse effects on LEGs and other non-trading parties which this could lead to would hardly be compatible with applicable BSC objective (c).</p>

Q6	Do you have any Further Comments?	Yes	<p>Although it is clear that P102 should be considered on its own merits, irrespective of other proposed modifications, the Association believes it would be useful to ensure there is no misunderstanding of how proposal P102 is intended to interact with proposal P103 (Respecification of Trading Data). P103 seeks to address the lack of accessibility and transparency that market data which is currently provided to LEGs, by improving the data provided to all BSC parties. The answers to questions 3 to 5 show that the arguments for the implementation of P102 stand alone and are not dependent upon on the implementation of any other modification. However, the implementation of P102 is also important to ensure that the implementation of P103 would have the desired effect, namely by providing that LEGs are entitled to be BSC parties and that therefore the improved information provided to BSC parties by the implementation of P103 would be able to assist LEGs.</p>
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