

Responses from P197 Second Assessment Consultation

Consultation Issued 05 April 2006

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	CE Electric UK (NEDL & YEDL Distribution)	P197_AR_001	2	0
2.	Laing Energy Limited	P197_AR_002	1	0
3.	EDF Energy	P197_AR_003	9	0
4.	RWEnpower	P197_AR_004	10	0
5.	Scottish and Southern	P197_AR_005	5	0
6.	BizzEnergy	P197_AR_006	1	0
7.	British Energy	P197_AR_007	5	0
8.	E.ON UK	P197_AR_008	17	0
9.	Centrica	P197_AR_009	1	0
10.	Scottish Power	P197_AR_010	7	0

P197 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	<i>Stuart Jackson</i>
Company Name:	<i>CE Electric UK (NEDL & YEDL Distribution)</i>
No. of BSC Parties Represented	<i>2</i>
Parties Represented	<i>NEDL & YEDL</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>N/A</i>
Non Parties represented	<i>N/A</i>
Role of Respondent	<i>Distributor</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	See Q3.
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	Yes	
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	As long as Supplier re-qualification is considered as part of a major industry change process we support this alternative modification. Agree with proposed change to qualification limit.
4.	Do you support the implementation approach described in the consultation document. Please give rationale	Yes	

Q	Question	Response	Rationale
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P197 that you wish to make?	No	

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Assessment Procedure. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

Please send your responses by **17:00 on Wednesday 19 April 2006** to modification.consultations@elexon.co.uk and please entitle your email 'P197 **Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group.

Any queries on the content of the consultation pro-forma should be addressed to Geoffrey Sekyere-Afriyie on 020 7380 4377, email address Geoffrey.sekyereafriyie@elexon.co.uk.

P197 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	<i>Name</i>
Company Name:	
No. of BSC Parties Represented	
Parties Represented	<i>Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant).</i>
No. of Non BSC Parties Represented (e.g. Agents)	
Non Parties represented	<i>Please list all non Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>Distributor</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	The proposal includes the use a more tailored approach, based on iterative risk assessment and review and we see this as more appropriate than the present prescribed approach in the BSC. More efficient arrangements aid competition (BSC objective C).
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	Yes	Similar to the proposed modification, the alternative offers a more appropriate approach than the existing baseline. More efficient arrangements aid competition (BSC objective C).
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	Under the alternative, re-qualification would only be required where there is a material change to parties' systems and processes, the original also proposes this but additionally requires requalification when a fixed limit of metering systems is reached. We believe that the alternative offers a more sensible requirement and will better facilitate BSC objective C.

Q	Question	Response	Rationale
4.	Do you support the implementation approach described in the consultation document. Please give rationale		The document is brief on this area. The potential for improved efficiency through greater coordination with MRA processes is mentioned as an implementation issue (section 4.2), but the detail of how this might be achieved in practice appears to be outside the scope. of the modification.
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P197 that you wish to make?	No	

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P197 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

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Respondent:	Dave Morton
Company Name:	EDF Energy
No. of BSC Parties Represented	9
Parties Represented	EDF Energy Networks (EPN) plc; EDF Energy Networks (LPN) plc EDF Energy Networks (SPN) plc; EDF Energy (Sutton Bridge Power) EDF Energy (Cottam Power) Ltd; EDF Energy (West Burton Power) Ltd; EDF Energy plc; London Energy plc; Seeboard Energy Limited
No. of Non BSC Parties Represented (e.g. Agents)	0
Non Parties represented	N/A.
Role of Respondent	Supplier/Generator/ Trader/ Distributor
Does this response contain confidential information?	

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We agree with latest report that this modification has neutral impact on objectives (a), (b) and (d). However, we do not agree that this modification better facilitates objective (c) and promotes competition. The qualification process is to manage risks for all parties and not competition. Without robust processes that exist these risks could increase and this could lead to problems for existing parties. If this leads to parties going into default and having to leave the arrangements then overall impact of this modification could be a reduction in competition.
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	No	This change suffers from same risks as original proposal. With this in mind we see no reason why this alternate can better facilitate any BSC objectives.

Q	Question	Response	Rationale
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	No	As noted we do not feel either proposal better facilitates BSC objectives.
4.	Do you support the implementation approach described in the consultation document. Please give rationale	Yes / No	There seems to be nothing in this documentation detailing an implementation approach so can provide no comments on this area.
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P197 that you wish to make?	No	

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Respondent:	<i>Richard Harrison</i>
Company Name:	<i>Npower Limited</i>
No. of BSC Parties Represented	<i>10</i>
Parties Represented	<i>RWE Trading GmbH; RWE Npower Ltd; Npower Commercial Gas Ltd; Npower Cogen Trading Ltd; Npower Direct Ltd; Npower Ltd; Npower Northern Ltd; Npower Northern Supply Ltd; Npower Yorkshire Ltd; Npower Yorkshire Supply Ltd</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>-</i>
Non Parties represented	<i>N/A</i>
Role of Respondent	<i>Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	<p>Since the supporting documentation has not yet been developed adequately, and the Proposed Modification appears in some respects to be a more lengthy, arbitrary and uncertain process, and to introduce some gaps or weaknesses in the Performance Assurance Framework (PAF), it is not possible to say that the Proposed Modification facilitates the Applicable BSC Objectives better than the existing arrangements, in the context of the wider PAF.</p> <p>A contestable, orderly competitive Supply market depends on (among other things) consistent, rational and equitable energy volume allocation for Settlement purposes, related to actual metered consumption, as well as the ability for new and existing market participants to contract with and switch</p>

Q	Question	Response	Rationale
1.	(Continued)		<p>between different 'technical' service providers for the various 'Supplier Hub' functions, with the confidence that they will be able to inter-operate effectively. This is the real rationale behind the objectives of the current Accreditation and Certification criteria, as stated in section J 2.2.1 of the Code. Certainly, there is scope for making the Certification & Accreditation and Entry techniques more effective than they are at present. However, given the current deliberately devolved and unbundled (and therefore inherently complex) market structure, we cannot see how replacing these with a more loosely defined 'risk based' Qualification technique, and placing greater reliance on 'ex-post' techniques such as Audit and Technical Assurance (which may be far too late to prevent material impacts in Settlement), particularly in an era of significantly increased levels and volatility of energy commodity prices (which has already produced casualties), is not going to increase the overall level of risk faced by new entrant Suppliers, to their detriment.</p> <p>The proposed process (3.1.5.4) for submitting the Accreditation letter at the end of the Qualification process is totally inappropriate. It is needed at the beginning to bind non-Parties to the rules governing the arrangements while they go through them.</p>

Q	Question	Response	Rationale
2.	<p>Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline?</p> <p>Please give rationale and state objective(s)</p>	No	<p>Since the supporting documentation has not yet been developed adequately, and the Alternative Modification (like the Proposed Modification) appears in some respects to be a more lengthy, arbitrary and uncertain process, and to introduce some gaps or weaknesses in the Performance Assurance Framework, it is not possible to say that the Alternative Modification facilitates the Applicable BSC Objectives better than the existing arrangements.</p> <p>The same principal comments apply, regarding the scope for an improved 'entry gate' assurance technique, and the impact of weaknesses in the proposals on the overall PAF and hence the risks to new entrant Suppliers, as for the Proposed Modification (see response to 1. above).</p> <p>We are particularly concerned that role of the Performance Assurance Board as the guardian of Trading Parties' interests (as set out in Annex B-1 of the Code) would be undermined by the proposal for the Panel or a separate Qualification Board to carry out this function, potentially with ambiguous accountability under both the BSC and the MRA. We also understand that this is contrary to Elexon's legal advice that this would not be an appropriate governance arrangement. We note that the stated feature of the Modification Proposal was "Greater coordination between BSCCo and MRASCO ... for Qualification requirements, including the development of hybrid tests to meet the Qualification requirements of the two bodies". This is fundamentally different from attempting to hybridise the decision (approval) process itself, and is to some extent only restoring synergies which previously existed between the original CIDA and Pooling & Settlement Agreement processes, under which the results of CIDA testing could be taken into account as part of the Entry Processes. We would agree that it is in the rationalisation of testing requirements that the principal potential benefits lie for new entrants.</p>

Q	Question	Response	Rationale
2.	(Continued)		<p>We are also concerned about the proposal to exclude Suppliers (as a matter of principle) from the scope of re-Qualification, which may simply result in the need for another Modification to put it back in again later. There are undoubtedly some processes that Suppliers need to have in place, including for the handling and processing of meter readings and updating of standing data, the performance or otherwise of which may affect Settlements or other market participants. It may well be true that, in most cases, changes to these may be covered adequately by other PAF techniques. However, there may be situations, e.g. major industry process changes or major changes to the Supplier's systems and processes, where the risks may be more appropriately covered by an 'entry gate' technique. The P62 'Trading Arrangements Change' Entry Process was an example of this and could indeed be seen as the model for the proposed Risk based Qualification process. The inclusion of Supplier re-Qualification (in appropriate circumstances) could also be seen as a way of ensuring that existing participants remain qualified on the same basis as new entrants, and hence more consistent with Objective (c). In any case, it is noted that a Supplier re-Qualification process already exists under the MRA, and with the claimed 'synergies' and proposed simplifications we believe the inclusion of some BSC requirements (if and where appropriate) should not make this significantly more onerous.</p> <p>We do not agree with the removal of the Certification (or Qualification) limit on number of metering systems handled for Agents. A participant might well NEED to make changes to systems and processes to cater for more business robustly, but not do so. The number limit trigger seems to have operated quite satisfactorily to date and, with suitably pragmatic rules for its application, provides an appropriate safeguard.</p>

Q	Question	Response	Rationale
2.	(Continued)		We note that the MRA discussions on MAP05 have had difficulty in establishing a workable definition of 'Material Change' to support assurance requirements, and we are sceptical that this can realistically be made to include a step change in numbers of metering systems handled (if this can be appropriately defined) rather than a change to the systems or processes themselves.
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Probably Yes	The Alternative Modification provides more flexibility in the timing of testing and other Qualification work, which potentially reduces the uncertainty for participants entering the process as to what work they are going to be required to carry out.
4.	Do you support the implementation approach described in the consultation document. Please give rationale	Yes / No	We are confused about what is being referred to here, since there does not seem to be any reference to 'Implementation Approach' in the Consultation document. We are concerned that the implementation approach seems to involve working up a significant amount of detail, which is really required now to assess the Modification against the Applicable BSC Objectives. There is also an issue that, if this involves creating new obligations which were not detailed in the Modification Proposal or addressed during the Assessment, this may be seen as contravening section F 3.1.2 of the Code and therefore invalid, leaving us with a wholly ineffective Performance Assurance technique. The 'Implementation assumptions' (under Impact on BSCCo) seem reasonable.
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	Yes	These may emerge from the Performance Assurance Framework Review in due course, and it would be appropriate to wait until this to facilitate the development of the optimum solution in the context of the wider Performance Assurance Framework and objectives. Possible improvements could include more realistic (i.e. meaningful) testing.
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	

Q	Question	Response	Rationale
7.	Are there any further comments on P197 that you wish to make?	Yes	<p>It became apparent at a fairly early stage in the Modification Group discussions that the Modification Proposal was not adequately defined to enable proper assessment and that a Definition Stage would therefore have been appropriate. To date the associated requirements and procedures (which are presumably to be embodied in Code Subsidiary Documents or other (not formally controlled) documents) have still not been defined adequately to enable a proper judgement to be made of whether the result will facilitate the Applicable BSC Objectives better or not.</p> <p>We are concerned that a number of respondents and Members of the Modification Group do not seem to have appreciated the rationale for some of the principles of the current arrangements underpinning the PAB and the Certification and Accreditation processes. There is a real danger that if these are not respected, aspects of the Qualification process will be open to legal challenge, leaving a significant hole in the Performance Assurance Framework which cannot be remedied except by more extensive and costly application of other Performance Assurance techniques on a sub-optimal basis.</p> <p>We are concerned that inadequate consideration has been given to the concept of a standard comprehensive set of requirements that could be exempted or derogated from (in part or potentially totally). While apparently more prescriptive, this would provide a much better basis for ensuring clarity of requirements, consistency and avoidance of arbitrariness in the treatment of applicants, while still allowing flexibility where appropriate.</p>

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Respondent:	<i>John Sykes</i>
Company Name:	<i>Scottish and Southern Energy</i>
No. of BSC Parties Represented	<i>5</i>
Parties Represented	<i>This response is sent on behalf of Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd., Medway Power Ltd., and SSE Energy Supply Ltd.</i>
No. of Non BSC Parties Represented (e.g. Agents)	
Non Parties represented	<i>-</i>
Role of Respondent	<i>Supplier / Generator/ Trader / Party Agent / LDSO</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	It is more appropriate to the level of risk associated with new entrants and changes by existing industry parties than the current arrangements which were formulated to meet the risks of market opening.
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	Yes	It is also more appropriate to the level of risk associated with new entrants and changes by existing industry parties than the current arrangements which were formulated to meet the risks of market opening, and the options developed under the Alternate add flexibility to the proposals in the Proposed Modification .
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	The options developed under the Alternate add flexibility to the proposals in the Proposed Modification.

Q	Question	Response	Rationale
4.	Do you support the implementation approach described in the consultation document. Please give rationale	?	<p>I cannot find any reference to implementation in the document. If by implementation you mean the usual Calendar Day/ Settlement Day options, then I would support Calendar Day, with applications up to Go Live Day being subject to the current arrangements, and those made after, subject to the new provisions.</p> <p>If by implementation you mean the approach included in Appendix 5, 6 and 7, then these are broadly supported, but the right to comment on detailed drafting is reserved.</p>
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P197 that you wish to make?	Yes	<p>One of the most important aspects of P197 is described in the last paragraph of section 2.1.3, and all judgements about P197 need to be considered against this background. i.e.</p> <p>"P197 is framed against a background of a different level and type of risk than that pertained when the current arrangements were formulated as part of the preparations for the opening of the market to domestic competition in 1998. This different level of risk was recognised by the SVA Qualification Process Review Group in 2005. The Proposed and Alternative Modification are therefore not simple replacements for current practices, but are designed to address the level of risk that now exists from Applicants entering the market."</p> <p>Most benefit will accrue to parties who should see a more appropriate and responsive approach to entering the market.</p> <p>Whilst outside the vires of the BSC, and therefore this modification, moving</p>

Q	Question	Response	Rationale
			to the kind of risk based approach outlined will make the process more compatible with that under the MRA (which itself is in the course of revision), thus giving the propensity for savings to be realised centrally by the industry. Without this change, this opportunity does not present itself.

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Respondent:	<i>Alison Hughes</i>
Company Name:	<i>BizzEnergy Ltd</i>
No. of BSC Parties Represented	<i>1</i>
Parties Represented	<i>BizzEnergy Ltd</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>0</i>
Non Parties represented	
Role of Respondent	<i>Supplier</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	Risk-based approach and streamlining of process should promote effective competition – BSC Objective (c)
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	Yes	Same reason as P197
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	Agree with the comments made by the Modification Group
4.	Do you support the implementation approach described in the consultation document. Please give rationale	Yes / No	Not much detail provided in the document. Presumably this information will come later and parties will have the opportunity to comment?

Q	Question	Response	Rationale
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P197 that you wish to make?	No	But waiting to hear further on implementation.

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Respondent:	<i>Sam Wells</i>
Company Name:	<i>British Energy</i>
No. of BSC Parties Represented	<i>5</i>
Parties Represented	<i>British Energy Direct Ltd, British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, British Energy Generation (UK) Ltd, Eggborough Power Ltd</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>-</i>
Non Parties represented	<i>-</i>
Role of Respondent	<i>Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Party</i>

Q	Question	Response	Rationale
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Q	Question	Response	Rationale
1.	<p>Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives?</p> <p>Please give rationale and state objective(s)</p>	No	<p>British Energy feels that the Proposed Modification has a number of advantages over the current base-line and is very much in support of the tailoring of the Entry Process in accordance with an applicant's role code. The two phases of the Proposed Modification are similar in structure to the existing Entry Process and the replacement of the Readiness Checklist with that of the Self-Assessment document, plus the decision to exchange pre-determined scripts for "guidance scenarios" will encourage applicants to take a more pro-active and thorough approach in their Entry to the Market. However, it is felt that PAB is not required to be involved in the approval of the transition from Phase 1 to 2 of the Entry Process. If both the applicant and Elexon believe that the transition can be made to the testing phase, it should not be necessary for another body to become involved, as this will only prolong the process, which defeats the Mod's objective. Obviously, should there be a dispute in this matter PAB should be able to make the final decision, as required.</p> <p>British Energy agrees that PAB should be responsible for the final approval of an applicant's entry into the Market. It is noted that amendments would be required to be made to the existing Code in order to create a more appropriate set of vires by which PAB operates (i.e. regarding applicant attendance at PAB meetings), but that this would be all that is required in order to meet BSC objectives c and d more effectively. Whilst it is understood that there may be difficulty in the alignment of BSC/ MRA perspectives under the PAB, it is felt that this would be the most sensible and justified approach to attempting to simplify the Entry Process.</p> <p>British Energy is in agreement with the aspects of Re-Qualification and Qualification removal (both forced and voluntary), as defined in the Consultation documentation</p>

Q	Question	Response	Rationale
2.	<p>Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives?</p> <p>Please give rationale and state objective(s)</p>	No	<p>British Energy agrees with the principle of streamlining the Entry Process where possible and so agrees that there is a definite advantage in merging Phases 1 and 2 of the process so that applicants can tailor their approach and progress according to their level of active engagement. We still believe there should be a period of witnessed testing wherever possible, so as to mitigate risk and keep standards high.</p> <p>However, there is strong resistance to the idea of a separate Qualification Board being created purely for the Entry Process: though we appreciate that those elected to this board may well be members of the existing PAB, and that the principle behind the creation of the QB is one of benefit to Entry applicants, it is felt that it would be more advantageous to amend the existing code, so as to increase the necessary visibility at PAB/ applicant meetings.</p> <p>With regard to re-qualification, British Energy feels that it might in fact create unnecessary risk were Suppliers to be completely excluded from this process by putting undue pressing on PAF for the prompt reporting of any significant non-compliances. The triggers included under appendix 7 provide a good basis on which to build sensible re-qualification requirements, and were the process for re-qualification to include a merged Phase 1/ Phase 2 process, we do not feel that this would make the requirement for Suppliers to re-qualify particularly onerous.</p> <p>Therefore, the conclusion is that, while the flexibility brought about by streamlining the Entry Process will undoubtedly create a more approachable route to Qualification, British Energy does not agree that the creation of the Qualification Board would necessarily promote either of BSC objectives c and d</p>

Q	Question	Response	Rationale
3.	Do you support the implementation approach described in the consultation document/the implementation option preferred by the Modification Group. Please give rationale	Yes / No	Omitted – as per Elexon guidance, 19/04/06
4.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	Yes	<p>The preferred modification would incorporate elements of both Proposed and Alternative Modifications, e.g.: - Merge Phases 1 and 2 to create flexibility so that applicants may progress dependant upon their choice of approach. A period of witnessed testing should be arranged with Elexon/ their agent (and the MRA, where applicable) once the basis of the applicant's role has been identified in the Self-Assessment document.</p> <p>The governing body that gives the final approval of the evidence gathered by Elexon/ its agent should be PAB, with the applicable BSC amendments made to the Code regarding PAB's vires.</p> <p>Suppliers should be included in the re-qualification process as defined in the Proposed Modification. Although British Energy does not directly represent any SVA Party Agents, it is felt that agents should continue to be issued with a sensible metering system limit that, when reached, will automatically trigger the re-qualification process. However, it may be suitable to tailor the extent of the re-qualification process dependant upon whether this limit has been reached by a gradual increase in the number of metering systems or via a significant step-change (the latter of which would be recognised as being a greater risk to the BSC, thereby resulting in more rigorous testing).</p>
5.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please give rationale	No	Please refer to Q4

Q	Question	Response	Rationale
6.	Are there any further comments on P197 that you wish to make?	Yes	It is felt that the Alternative Proposal incorporates too many radical options in its current format, which detracts from its inclusion as a serious alternative to the Proposed Modification. If these are the finalised Proposed and Alternative Modifications, British Energy does not feel that it is in a position to endorse either one in its entirety, although we are very much in support of the principle objective that P197 is trying to achieve.

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Assessment Procedure. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

Please send your responses by **17:00 on Wednesday 19 April 2006** to modification.consultations@elexon.co.uk and please entitle your email 'P197 **Assessment Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Modification Group.

Any queries on the content of the consultation pro-forma should be addressed to Geoffrey Sekyere-Afriyie on 020 7380 4377, email address

P197 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	<i>ROSIE MCGLYNN</i>
Company Name:	<i>E.ON UK</i>
No. of BSC Parties Represented	<i>17</i>
Parties Represented	E.ON UK plc (SVA), E.ON UK plc (CVA), Powergen Retail Ltd, Citigen (London) Ltd, Cottam Development Centre Ltd, Enizade Ltd, E.ON UK Drakelow Ltd, E.ON UK High Marnham Ltd, E.ON UK Ironbridge Ltd, Midlands Gas Ltd, Severn Trent Energy Ltd, TXU Europe (AHG) Ltd, TXU Europe (AHGD) Ltd, TXU Europe (AH Online) Ltd, Economy Power, Western Gas Ltd, Powergen Retail Gas (Eastern) Ltd
No. of Non BSC Parties Represented (e.g. Agents)	<i>0</i>
Non Parties represented	<i>0</i>
Role of Respondent	<i>Supplier/Generator</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	The proposed modification adds bureaucracy to the process rather than removing it. The two phased approach does not add value to the entry process. Objective C
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	Yes	The alternative modification offers a more flexible approach which is well suited to a mature market. The exclusion of Suppliers from the requalification process focuses the modification onto more appropriate risk areas. Objective C

Q	Question	Response	Rationale
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	The alternative modification offers more flexibility and adds more value than the proposed modification. Objective C
4.	Do you support the implementation approach described in the consultation document. Please give rationale	Yes	
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P197 that you wish to make?	Yes	The cost savings to industry which should result from a more aligned process between the BSC and the MRA have not been highlighted.

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P197 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	<i>Claire Walsh</i>
Company Name:	<i>Centrica</i>
No. of BSC Parties Represented	
Parties Represented	
No. of Non BSC Parties Represented (e.g. Agents)	
Non Parties represented	
Role of Respondent	<i>Supplier</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	The proposed Mod is providing an inflexible approach to entry process by mandating a fixed 2 stage process and is adding bureaucracy and requirements to a process as opposed to making efficiencies, one of the key objectives of the SVA Qualification review and subsequent modification.

Q	Question	Response	Rationale
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	Yes	<p>The alternative modification better facilitates the achievement of objective c due to the overall efficiencies in the qualification and requalification process, specifically with regards to:</p> <ul style="list-style-type: none"> - the focus on self-assessment whereby Parties are incentivised to demonstrate their readiness - the iterative and flexible approach through the mergence of phase 1 and 2 - the introduction of a new role of Qualification Board whose function is isolated to that of Qualification and requalification - the continuation of the exclusion of Suppliers from the requalification process. No evidence has been put forward to substantiate <u>why</u> Supplier requalification should be introduced and without rationale the status quo of no Supplier requalification should continue - the removal of the qualification limits and its replacement within the introduction of material step change <p>We continue with our assertions from the first consultation that the requirement for a minimum amount of formal witness testing should continue for all new entrants to ensure that all market participants are provided with a minimum level of assurance that the new entrant has <u>proven</u> operable processes.</p> <p>Of primary importance are the synergies that this Alternative proposal shares with the equivalent MRA Entry Process and these opportunities in terms of definition, coordination, timing, joint overview documentation and reduction in duplication should be maximised.</p>
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	As above.

Q	Question	Response	Rationale
4.	Do you support the implementation approach described in the consultation document. Please give rationale	Yes	
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	No	
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P197 that you wish to make?	Yes	We believe that the "low" column in Appendix 7 should be removed as the examples provided are not requalification events, this appendix should be providing definite trigger events and not examples of non-trigger events.

Parties are encouraged to provide financial information with regard to either the costs or benefits of the Modification Proposal to support the Assessment Procedure. Where requested this information can be treated as confidential, although all information will be provided to the Authority.

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P197 ASSESSMENT PROCEDURE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	<i>Jacqueline McGuire</i>
Company Name:	<i>SAIC Ltd</i>
No. of BSC Parties Represented	<i>7</i>
Parties Represented	<i>Please list all BSC Party names of Parties responding on behalf of (including the respondent company if relevant). Scottish Power UK plc, ScottishPower Energy Management Ltd, ScottishPower Generation Ltd, ScottishPower Energy Retail Ltd, SP Transmission Ltd, SP Manweb plc, SP Distribution Ltd</i>
No. of Non BSC Parties Represented (e.g. Agents)	<i>0</i>
Non Parties represented	<i>Please list all non Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state ¹) Supplier / Generator / Trader / Consolidator / Exemptable Generator/Distributor</i>
Does this response contain confidential information?	<i>No</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P197 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	<i>No</i>	<i>The process outlined in the proposed modification would be no less onerous for prospective market entrants than the current arrangements, so would do nothing to remove this barrier to entry.</i>

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

Q	Question	Response	Rationale
2.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the current baseline? Please give rationale and state objective(s)	A qualified yes	The process outlined in the alternative modification would be less onerous for prospective market entrants than the current baseline, so facilitating objective C. However, we believe that it would be more robust if it incorporated Suppliers in the re-qualification process. As the arrangements are based upon the Supplier Hub Principle then the omission of the Supplier takes out the key part of the process.
3.	Do you believe Alternative Modification P197 better facilitates the achievement of the Applicable BSC Objectives compared to the Proposed Modification? Please give rationale and state objective(s)	Yes	The process outlined in the alternative modification would be less onerous for prospective market entrants than the proposed modification, thus comparatively satisfying objective C.
4.	Do you support the implementation approach described in the consultation document? Please give rationale	Yes and No	We are supportive of the principle that applicants should undergo a single process to satisfy both BSC and MRA requirements wherever possible and that this should be a feature of the implementation should the Modification or its alternative be approved. However, we do not agree that the self assessment document or the required levels of evidence should be developed by ELEXON or its agent during implementation. Rather, these should be agreed by the mod group and subject to consultation.
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? Please give rationale	Yes	The alternative modification would be more robust if it incorporated Suppliers in the re-qualification process. As the arrangements are based upon the Supplier Hub Principle then the omission of the Supplier takes out the key part of the process.
6.	Does P197 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	

Q	Question	Response	Rationale
7.	Are there any further comments on P197 that you wish to make?	No	

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