

## P276 Assessment Consultation Responses

**Consultation issued on 28 March 2012**

What stage is this document in the process?

**01** Initial Written Assessment

**02** Definition Procedure

**03** Assessment Procedure

**04** Report Phase

We received responses from the following Parties:

Company	No. BSC Parties / Non-Parties Represented	Role of Parties/non-Parties represented
RWE Supply & Trading GmbH	10	Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent
IBM (UK) Ltd. (for and on behalf of ScottishPower)	7	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Distributor
National Grid Electricity Transmission plc	1	Transmission Company
E.ON UK <i>Late response</i>	6	Supplier / Generator / Trader / Consolidator / Exemptable Generator
Scottish and Southern Energy <i>Late response</i>	8	Supplier / Generator / Trader / Consolidator / Exemptable Generator
Centrica <i>Late response</i>	7	Generator / Trader / BSC Party

Question 1: Do you agree that, in principle, it is better to allow Parties to keep trading where they can during a Partial Shutdown?

### Summary

Yes	No	Neutral/Other
6	0	0

## Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	Yes	It is appropriate to facilitate normal market operation to the greatest extent possible during a partial shutdown. This will enable efficient market operation and may enhance competition.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	ScottishPower believes that market suspension should be the absolute last resort, only turned to when all other avenues have been explored and exhausted. The disruption, cost and uncertainty caused by such a suspension would be very detrimental to all energy market participants within the UK.
National Grid Electricity Transmission plc	Yes	We agree that allowing Parties to continue trading until such time that this is impractical is of greater economic benefit to all Parties than suspending trading activity. Parties are not exposed to market suspension except where justified by the materiality of the situation.
E.ON UK	Yes	<p>Yes; we support the principle of P276. The market must only be suspended when absolutely necessary in a Black Start/Total/Partial Shutdown situation and it is desirable to limit this where possible in the event of a Partial Shutdown. However we believe that the Proposed 5% threshold is too low.</p> <p>We recognise that there has not been a Partial or Total shutdown since the implementation of NETA in 2001, and also that under the current arrangements some shutdowns/islanding of the Transmission system, as occurred in London in 2003, do not require National Grid to issue Black Start directions under the Grid Code hence will not trigger a Partial Shutdown and market suspension. However while to date shutdowns have been infrequent it is also the case that the BSC Black Start arrangements have not been tested in practice.</p> <p>We may not know how easily all Parties would be able to continue normal operations in the event of a shutdown affecting a small % of demand, however enabling this must be desirable to suspending the entire market and instigating market suspension arrangements for a Partial shutdown resulting from what may be a very localised situation that has nevertheless required Black Start directions. Centralised dispatch with suspension of the entire Balancing Mechanism, contract and credit positions and a single imbalance price for all would be disproportionate in the event of such a localised Partial Shutdown that may not have a significant impact on many Parties.</p>

Respondent	Response	Rationale
		As acknowledged in the first Workgroup, setting a Market Suspension threshold too high risks leaving some Suppliers or Generators seriously disadvantaged, whereas if too low, at least it should be an improvement on the present situation. Setting a low threshold as P276 Proposed suggests combined with a short duration of likely 1-2 days by ascertaining loss versus National Grid's pre-shutdown demand forecast, should mean that an event affecting many would still result in market suspension and a single imbalance price as at present. However, we believe that the restriction of 1-2 days is unnecessary and 5% is far too low. Should a Partial shutdown occur we fear that 5% would mean a high risk of the market being suspended and many Parties' normal operations unduly affected, as if P276 had not been implemented.
Scottish and Southern Energy	Yes	<p>Yes we agree with the principle that it is better to allow Parties to keep trading where they practically can during a Partial Shutdown provided suitable recompense is made to those Parties in the affected (partially shutdown) area.</p> <p>We understand that there has been recent experience where there has been reluctance, on the part of the GBSO, to take action(s) involving using available generation in order to restore supplies to end consumers due to a perceived (or actual?) concern that this could lead to the suspension of the market. Therefore it would seem that; with the appropriate safeguards for Parties in the affected (partially shutdown) area; the principle to allow Parties to keep trading where they can during a Partial Shutdown is appropriate (and in the interest of end consumers).</p>
Centrica	Yes	<p>In principle it is desirable that participants who can trade as normal in the event of a partial shutdown are able to do so, provided the partial shutdown is sufficiently modest in scale and duration.</p> <p>A partial shutdown that involved a very substantial loss (&gt;5% of national demand) could make continuing the market untenable, so allowing trading to continue up to a defined point is in our view sensible.</p>

Question 2: The proposed Market Suspension Threshold is based on analysis of the point at which continuing the market is likely to cause greater disruption to BSC Parties' imbalance charges than suspending it.

Do you agree that this is the best way to decide when to suspend the market?

### Summary

Yes	No	Neutral/Other
5	0	1

### Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	Yes	The approach outlined in P276 is a pragmatic response to a difficult problem.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	We agree that there will come a point where it is better for Parties for the market to be suspended rather than it continue. However, we have concerns with the modelling results highlighted in the consultation document, and do not believe that the threshold should be as low as suggested (see our alternative suggestion later in Q 11.)
National Grid Electricity Transmission plc	Yes	We agree that this issue was considered carefully with a number of options to identify a suitable threshold level being considered. This option gave the most workable solution in simplicity and application in comparison with the others suggested.
E.ON UK	Partially	<p>While continuing the market is desirable to avoid the disruption to normal activity and uncertainty that a suspension might entail, indeed it should not be maintained at the expense of high imbalance costs for a number of parties. However we note that 5% of total demand, as determined by the worst case scenario of a Partial Shutdown affecting generation, may be too cautious and suggest this could be increased to at least 10% to minimise the risk of P276 being ineffective.</p> <p>It is not only the likely relative impact on imbalance charges that should be taken into account when determining the threshold, and, in the event of a threshold being met, whether to suspend the market.</p> <p>The accuracy of National Grid's demand forecast must also be considered. While the analysis suggests that 50% of SPs have an absolute error of &lt;1.1%, we have noted that an error of 800MW for any period seems</p>

Respondent	Response	Rationale
		<p>quite common any day. That equates to ~2% of demand at time of writing, ~3% had it occurred earlier in the day, thus if P276 had been implemented, in the event of a Partial shutdown today a loss of only ~2.5% of demand versus the BAU actual could still result in market suspension. In the Workgroup teleconference of 14/12/11 a typical day-ahead error of 2-5% was suggested by National Grid's technical support. Thus it could be more appropriate for any 5% threshold for loss of demand/generation, if applied, to be on top of the average day-ahead forecast error. As this figure may vary over periods, seasons etc, we would suggest that a fixed figure of no less than 10% (i.e. potentially 5% forecast error + 5% loss of demand) would be a more suitable threshold. We note that indeed 9-11% was suggested by National Grid in the first Workgroup.</p> <p>It must also be recognised that in the event of a Partial shutdown, the lower the % set by P276 if implemented, the greater the likelihood of the market being suspended, and that should this occur there is not only the impact on current Parties of imbalance costs to consider but also the reputation of the market as a whole. We believe that a higher Market Suspension Threshold would guard against the possibility of an unnecessary market suspension; if a suspension occurs this would damage confidence in the market. Particularly when it is desirable to increase liquidity, it would be unfortunate to deter traders and investors by shutting the market for only a local Shutdown of perhaps 2.5% of national demand that most could have continued trading under.</p>
Scottish and Southern Energy	Yes	We note the deliberations of the Workgroup and the associated Market Suspension Threshold analysis undertaken. In light of this we agree that this is the best way to decide to suspend the market.
Centrica	Yes	We agree that the suspension threshold should be set at a level where continuing the market would be more disruptive than suspending it. There would be little point in continuing the market if it was more damaging than suspending it.

Question 3: Under the proposed solution, National Grid will mechanistically monitor the ongoing cumulative impact of the Partial Shutdown until either:

- This impact reaches a defined level (in which case the market is suspended);
- National Grid no longer has accurate baseline data to monitor the impact mechanistically (in which case the market is suspended); or
- The Total System returns to normal.

Under this solution, due to the limits of National Grid's baseline data, it will not be possible to continue the market under a Partial Shutdown for longer than 1-2 days.

A suggested Alternative approach would assume that the initial snapshot impact of the Partial Shutdown (as determined mechanistically by National Grid) remains unchanged until either:

- A second, separate system event occurs (in which case the market is suspended automatically regardless of the cumulative impact); or
- The Total System returns to normal.

Under this suggested Alternative, the market could potentially continue under a Partial Shutdown indefinitely.

Do you agree that the proposed solution is better than the suggested Alternative?

## Summary

Yes	No	Neutral/Other
4	0	2

## Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	-	Our preference is for a clear set of mechanistic rules where National Grid's discretion with respect to market suspension is limited. The Alternative approach would appear to establish clear criteria for market suspension with respect to discrete events on the transmission system. Of course this approach would require a robust and transparent definition of an event. However, we believe that the alternative approach may offer greater certainty to market participants when compared with the original.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	We feel that the original forecast is a good indicator of future electrical need in the transmission system, and is a good baseline from which to decide if (and when) to suspend the market. However, the forecast does deviate from day to day, and as such it is not

Respondent	Response	Rationale
		<p>appropriate to reuse this day after day (e.g. using a Sunday forecast on a Monday etc.). National Grid could use appropriate historical forecasts (e.g. from the previous week, accounting for public and bank holidays and seasons etc, including any available info from NGET Planning) instead.</p> <p>We would also like to see National Grid give an estimate of the restoration time remaining just before the forecast runs out, allowing the Panel some latitude on whether suspending the market was required – e.g. if after 22 hours National Grid state full restoration will be complete in 4 hours the Panel may decide that it was in everyone’s interest to not suspend, but continue as is for the additional two hours.</p>
National Grid Electricity Transmission plc	Yes	The main benefit of this modification is to apply a level of materiality to a partial shutdown situation in order to prevent immediate suspension of the market. An undefined second separate event introduces a degree of ambiguity into the proposal at a time of possible system/market stress, and reduces certainty for market participants.
E.ON UK	Yes – partially	<p>Yes for the initial snapshot impact to remain unchanged based on the last forecast available, but not for an automatic suspension if a separate event occurs but does not reach the cumulative impact set for the threshold.</p> <p>Mechanistic monitoring of the cumulative % loss would be clearest, so that if the event becomes more significant and threatens to affect more Parties, the market will be suspended beyond that threshold. We are not convinced that it would always be necessary to suspend the market because another incident that might or might not be related or in the same area, affecting the same Parties etc., has occurred if cumulative impact remains below the Market Suspension threshold.</p> <p>Limiting the time for which the market can continue as normal while a Partial Shutdown exists on part of the network to just 1-2 days seems unnecessary. If the Partial Shutdown continues for say 3-4 days but remains a localised event then it could be an overreaction to suspend the entire market just because a more recent forecast has not been made. Presumably National Grid produces forecasts at settlement period granularity not just at day-ahead but also over the preceding days for the forthcoming few days; thus a forecast made say 3 days ago for</p>

Respondent	Response	Rationale
		settlement period x on day D will not be as accurate as that made at D-1, but particularly under stable weather might still be within a similar range of accuracy (~2-5%) for the demand that could have been expected for that period under Business As Usual. (Regarding 1-2 days as stated in the consultation, which? Simply based on the time of the day-ahead forecast production versus the spot time during the event, or a subjective decision that might consider other information)?
Scottish and Southern Energy	Yes	<p>It seems to us that the proposed solution is a helpful step forward to addressing a real risk (as we have seen in recent times – see our answer to Q1 above).</p> <p>It seems to us that given the rare nature of these Partial Shutdown events on the GB transmission system (once a decade or so?) that the proposed solution is a pragmatic way to proceed. We do not rule out that if such an event were to occur that (in the light of this new information) further developments in this area might be required (which might even include consideration of the suggested alternative approach).</p> <p>However, at this time and in light of the information presented in the Workgroup report, we consider that the proposed solution is better than the suggested alternative.</p>
Centrica	Yes	<p>We believe the proposed solution is on balance better than the alternative.</p> <p>The proposed solution effectively limits the permissible duration of a shutdown of &lt;5% of national demand to 1-2 days. Whilst this means that the market will be suspended after 1-2 days if the full system has not been restored following a partial shutdown of below 5%, enduring (and potentially uncapped) disruption to the parties within a shutdown area would be a significant and undue burden on those parties.</p> <p>We note the likelihood of increases in the SBP – SSP spread during a partial shutdown, which would make the imbalance exposures in the affected shutdown area more negatively impactful. This is particularly relevant as we do not have perfect sight of how compensation arrangements would work in the event of a partial shutdown where the market continues (i.e. it is not certain that CUSC interruption payments will be extended).</p> <p>The proposed solution also gives better clarity about</p>



Respondent	Response	Rationale
		what arrangements would occur in the event of a partial shutdown of a relatively long duration (>1-2 days). The alternative does not give certainty to the same extent.

Question 4: Do you agree that the determination of whether the Market Suspension Threshold has been met should be purely mechanistic, rather than a subjective judgement?

### Summary

Yes	No	Neutral/Other
5	1	0

### Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	Yes	The Market Suspension Threshold should be mechanistic rather than subjective.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	In times of uncertainty Parties will be reassured that rules are determinable, and that they can work within those rules to mitigate any adverse effects of the Transmission interruption. If they were relying upon a judgement call being made they may be more cautious of taking those mitigation actions.
National Grid Electricity Transmission plc	Yes	Parties need to be clear of the process of market suspension through meeting the threshold or from when current demand forecast data has expired, in order to prevent market uncertainty. The mechanistic approach supports this through process transparency.
E.ON UK	No	Transparency of the threshold is desirable and a mechanistic determination would prevent a subjective decision having to be explained after the event. However, while Parties must have clarity on what threshold they could reasonably expect this to happen at, while restoring the system is a technical challenge to be achieved by operations staff, and it is the Control room who have immediate access to the Initial National Demand Out-Turn versus the forecast, the significance of the market decision as to whether or not to suspend the market means that it should only be made by a senior manager. (E.g. Network Operations Director, currently Chris Train). They would have an appreciation of the market implications and be able to take into account factors such as not only the cumulative % impact – which should trigger the

Respondent	Response	Rationale
		decision being taken - but also the other known physical characteristics of the shutdown(s), likely accuracy of recent demand forecasts and any other factors relevant to the market at that time.
Scottish and Southern Energy	Yes	<p>Based on our experience to date (see our answer to Q1 above) we strongly believe that a mechanistic approach (such as that determined via the suggested Market Suspension Threshold) is preferred to a subjective judgement.</p> <p>We fear (based on experience to date) that if a subjective judgement were involved that there would be strong pressure (within the GBSO as well as potentially placed upon the GBSO by other stakeholders) to not suspend the market. This would cause huge market uncertainty in the event of a Partial Shutdown situation and could significantly harm both end consumers and Parties in the affected (partially shutdown) area.</p> <p>It would inherently be wrong that these stakeholders suffer harm (in order to keep the market operating – which is clearly a desirable outcome) without some form of recompense to hold them neutral to the cost / burden that this imposes on them.</p>
Centrica	Yes	The proposal defines the market suspension threshold in a mechanistic and measurable way, which we believe is desirable. It removes avoidable uncertainty from P276.

Question 5: Do you agree that, overall, the practical implications for Parties of continuing the market during Partial Shutdowns in which the proposed Market Suspension Threshold is not met are preferable to those of suspending the market in these situations?

### Summary

Yes	No	Neutral/Other
6	0	0

### Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	Yes	We agree that the option presented offers greater operational flexibility when compared with the current baseline.

Respondent	Response	Rationale
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	As stated before, market suspension should be a last resort. The economic disruption and consequential remedial actions of market suspension far outweighs any operation disruption in maintaining the market during these situations.
National Grid Electricity Transmission plc	Yes	It is preferable to allow parties to continue trading where possible under a partial shutdown to prevent unnecessary economic effect to the market and participants. The analysis showed that the cost to market participants of allowing the market to continue up to a certain level was less than if market shutdown occurred immediately and so greater economic benefit to participants is achieved by utilising a threshold level to prevent immediate suspension.
E.ON UK	Yes	As per our answer to question 1, in principle it would be better to continue the market in such a situation and we also believe that the overall practical implications for Parties of doing so would be preferable to the impact of a suspension, which would affect not only individual Parties but also wider perceptions of the market.
Scottish and Southern Energy	Yes	In broad overall terms we agree that the practical implications for Parties (and, more importantly, end consumers) of continuing the market during a Partial Shutdown in which the suggested Market Suspension Threshold is not met are preferable to those associated with suspending the market.
Centrica	Yes	<p>We agree that overall, the market should be allowed to continue provided that the proposed thresholds are not breached. Our view takes account of the practical implications of the market continuing for 1-2 days with a partial shutdown.</p> <p>We do however recognise that the practical implications for some parties located in the shutdown area could be highly unfavourable. We would therefore support proper consideration under the CUSC of extending eligibility for interruption payments, notably for parties in an affected area who would be exposed via the dual cash out price.</p>

**Question 6: Do you agree with the proposed BSC compensation arrangements for Partial Shutdowns in which the market is not suspended?**

**Summary**

Yes	No	Neutral/Other
6	0	0

**Responses**

Respondent	Response	Rationale
RWE Supply & Trading GmbH	Yes	The approach represent a pragmatic solution.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	Parties should be compensated as appropriate in exceptional system disruptions.
National Grid Electricity Transmission plc	Yes	We support the majority workgroup decision that compensation arrangements should be dealt with separately under the CUSC, to support consistency by keeping all compensation arrangements together.
E.ON UK	Yes	We agree; and it would be appropriate for extension of Interruption payments to generators and any options for Supplier compensation under Partial shutdowns to be explored under the CUSC, bearing in mind P199/Alternative.
Scottish and Southern Energy	Yes	<p>It is critical that where a Party has acted 'in good faith' to ensure that the lights remain on (or, in the case of a Partial Shutdown, are restored at the earliest practical opportunity) that they should not suffer financially as a result.</p> <p>The proposed approach, using the existing claims process, whereby a Party that does the right thing (in the affected – partially shutdown – area) has their genuinely incurred costs (but not lost profit) paid is appropriate.</p> <p>If this were not to happen then these Parties would suffer financially for doing the right thing – this might have negative implications in the longer term for end consumers and the market more widely if such Parties are driven out of business (or forced to close their asset(s)).</p>
Centrica	Yes	<p>We agree with the proposed extension of compensation arrangements in the BSC to parties given black start instructions under a partial shutdown where the market is not suspended.</p> <p>However, we note that these compensation arrangements would not extend to all parties adversely affected by a partial shutdown below the proposed</p>

Respondent	Response	Rationale
		<p>market suspension threshold.</p> <p>We acknowledge the workgroup's majority view that compensation for interruption to parties' transmission access should be dealt with under the CUSC.</p> <p>We support the Workgroup's majority recommendation that these wider issues are considered under the CUSC governance, and would also welcome consideration under the CUSC governance of whether extending interruption compensation would be sufficient to cover potential exposures of parties arising from P276.</p>

### Question 7: Would P276 give rise to any one-off implementation costs or ongoing operational costs for your organisation?

#### Summary

Yes	No	Neutral/Other
1	5	0

#### Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	No	We expect that any events relating to a partial shutdown should continue to be very rare.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No	-
National Grid Electricity Transmission plc	Yes	See separate Transmission Company impact assessment.
E.ON UK	No	Only knowledge transfer/updating processes.
Scottish and Southern Energy	No	At this stage we do not envisage any one-off implementation costs or (on a day to day basis) ongoing operational costs for our organisation. However, clearly if a Partial Shutdown were to occur and we had an asset(s) in the affected (partially shutdown) area then we would envisage having operational costs if we acted (under instructions) to restore supplies to end consumers; and we would expect to use the claims process as envisaged under P276.
Centrica	No	We do not anticipate that substantial implementation or ongoing costs would arise as a result of P276.

## Question 8: Do you agree that the draft BSC legal text delivers the intention of the Proposer's P276 solution?

### Summary

Yes	No	Neutral/Other
5	0	1

### Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	Yes	-
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	We agree that the draft legal text delivers as intended. We do think, however, that the Market Suspension Threshold value should not be hard coded into the BSC and should be a parameter that the Panel (in conjunction with National Grid and Industry) can review every few years to ensure it remains appropriate, without having to resort to another Modification.
National Grid Electricity Transmission plc	Yes	We agree with the intention of the draft BSC legal text but have identified some text that requires further discussion. This text will be provided separately to Elexon for review and discussion outside of this response.
E.ON UK	Yes	It appears to deliver P276 Proposed as is, however we would suggest that the threshold is not stated explicitly in the BSC but separated out so that a modification is not required to change it if/when the level is reviewed by National Grid/the Panel in future.
Scottish and Southern Energy	Yes	It appears to.
Centrica	-	We do not have specific comments on the legal text at this stage.

## Question 9: Do you have any views on the appropriate implementation approach for P276?

### Summary

Yes	No	Neutral/Other
3	2	1

## Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	No	-
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No	-
National Grid Electricity Transmission plc	Yes	See separate Transmission Company impact assessment.
E.ON UK	Yes	Although we would prefer a higher % than 5% as the threshold, P276 should be implemented promptly. Therefore if this has to be done via manual monitoring in the meantime that would be preferable to waiting for an automated solution.
Scottish and Southern Energy	Yes	We note the deliberations of the Workgroup (as set out in Section 6) with regard to the implementation approach and that this is unlikely to be finalised till the Panel Report stage consultation. That having been said, we would support an early implementation of the P276 solution.
Centrica	-	We note the workgroup's point that the Grid Code would need amending as a result of P276. Whilst it would not be essential to amend the CUSC, we believe it would be necessary to address the compensation issues identified in a similar timeframe to the BSC and Grid Code amendments, even if this extended the implementation timeline for P276.

Question 10: Do you agree that the Proposer's P276 solution better facilitates Applicable BSC Objectives (b), (c) and (d) and has no impact on Applicable BSC Objectives (a) and (e)?

## Summary

Yes	No	Neutral/Other
6	0	0

## Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	Yes	We believe that the approach will better meet Objective D by improving the current arrangements with respect to a partial shutdown.

Respondent	Response	Rationale
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	<p>Objective (a) - No Impact</p> <p>Objective (b) - We agree that ensuring that the market (or a section of it at least) continues to operate will help National Grid manage the wider network in the event of a partial black start. This will allow them to continue to manage the emergency without the added overhead of having to micro-manage the entire GB transmission system.</p> <p>Objective (c) - Clearly, if the market is suspended then there is no competition at all. Keeping the market operational for as long as possible should have a definite positive effect on competition.</p> <p>Objective (d) - Managing the shutdown and start-up operations of the market are a large overhead for ELEXON, and any avoidance of this can only be a benefit to Objective d.</p> <p>Objective (e) - No impact.</p>
National Grid Electricity Transmission plc	Yes	As the Proposer, our view is that the solution better facilitates Applicable BSC Objectives (b), (c), (d) and has no impact on Applicable BSC Objectives (a) and (e).
E.ON UK	Yes	In theory it should have no impact on (b) as the Transmission Company should solely be focused on restoring the system, but in practice it is desirable to prevent automatic suspension under a Partial shutdown, which the control room will be working to manage, and ensure that market suspension is determined separately. As the Proposer and Workgroup agree, it also supports (c) by aiming to prevent Parties being affected from disruption of a suspension where this would be greater overall than not suspending the market. Also (d); as identified it would also be more efficient to continue business as normal where appropriate rather than interrupt normal operations for balancing and settlement for all Parties where this would be disproportionate.
Scottish and Southern Energy	Yes	We note the deliberations of the Workgroup (as set out in Section 7) and agree with the Proposer and the majority of the Workgroup that P276 appears to better facilitate Applicable BSC Objectives (b), (c) and (d) and has no impact on Applicable BSC Objectives (a) and (e).
Centrica	Yes	<p>We agree with the workgroup's (sometimes majority) view that relevant objectives (b), (c) and (d) would be facilitated.</p> <p>However, we note that objective (c) would be complemented by appropriate consideration of compensation arrangements (albeit outside the BSC) for those parties impacted by imbalance exposures where they lost access to the system. We support</p>



Respondent	Response	Rationale
		consideration of this issue under the CUSC governance.

## Question 11: Is there anything further that you believe the Workgroup should consider?

### Summary

Yes	No	Neutral/Other
2	4	0

### Responses

Respondent	Response	Rationale
RWE Supply & Trading GmbH	No	-
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	<p>ScottishPower believe that as a matter of principle the market should continue to operate as long as is possible and shutdown should remain the absolute last resort, only turned to when all other avenues have been explored and exhausted.</p> <p>We suggest that there are other alternative options which should be explored.</p> <p>The assessment and analysis shows that the greatest effect on Parties is through spiralling imbalance costs, coupled with Parties own attempts to balance in a potentially disintegrating market.</p> <p>We believe that treating all balancing actions National Grid undertake during this emergency situation as system actions, effectively tagging them out of the imbalance calculation, will go a very long way to mitigating the risks Parties are exposed to in this situation. This will also have the effect of redistributing the costs through BSUoS on a more equitable basis, rather than hitting particular Parties who were out of balance due to what is effectively a transmission constraint.</p> <p>Our concern is that the current model shows that estimated high balancing costs make the cut-off point very small, meaning that a drop in approx. 5% from the National Grid forecast will trigger suspension. We do not believe that 5% is a sufficient drop, and is too easily achieved. For example, Drax is generating</p>

Respondent	Response	Rationale
		<p>approx. 7% of UK generation at the moment, so the loss of the network in that fairly small (geographic) area would force the suspension of the entire market, whereas the loss of any one generator (or number of adjacent generators) should be manageable and planned for, and is currently the case during normal operation.</p> <p>We do not believe that the estimated high bid and offer price used during the modelling is a realistic proxy for what would happen during a real Partial Black Start. Any Party charging upwards of £5000/MWh is going to face a very fierce time of it from the regulator and the public, and we don't feel that Parties would be willing to face that kind of long-term reputational damage for a short-term financial gain.</p> <p>We would urge ELEXON to re-run the analysis exercise, this time by ensuring that all National Grid balancing actions are tagged out, and with a much lower upper limit on the theoretical bids and offers price, to see whether that significantly changes the result. What we would expect to see is that, with these protections in place, it never realistically becomes better to suspend the market. There may come a point however, when National Grid feels that balancing costs become too high to bear and wishes the market to be suspended.</p> <p>We believe that the threshold should be as a bare minimum, the amount of contracted reserve available to National Grid during the Black Start period, plus whatever percentage is indicated by the new analysis. Even in an emergency situation, the market should only be suspended when National Grid has run out of options available to it on the market. In a situation where 10% of the demand/ generation are lost, if National Grid has 15% reserve contracted (and available) then we should not look at suspending the market until that reserve, plus the other available market options are exhausted.</p> <p>The only difference between a Black Start and a major plant trip(s) event is the recovery mechanism, and we don't suspend the market for plant trips.</p> <p>We acknowledge that at a certain point it may be better to suspend the market than continue, but feel that 5% is far too low a threshold.</p>

Respondent	Response	Rationale
National Grid Electricity Transmission plc	No	-
E.ON UK	Yes	This depends to some extent how much day-ahead forecasting accuracy has improved over time – if significantly within the last two years it may not be helpful but if improvements have only been gradual it might be informative to look a little further back in time. While the Elexon analysis has modelled a range of prices and suggested the size of partial shutdown at which suspending the market might reduce disruption to cashflows for the 2011 months examined to be 3.7% to 5.4%, and the accuracy for settlement periods forecast during 2010 and 2011, it could be useful to know for a longer period of time on how many occasions a market suspension would have been enforced if P276 had been in place and there had been such a shutdown. I.e. in how many settlement periods over the last ~10 years has the day-ahead forecast been $\geq 5\%$ in error and if P276 had been in place could thus still have resulted in market suspension if a Partial Shutdown occurred (and is this a downward trend)? The analysis of 2010-11 appears to suggest 192 SPs per annum having absolute errors $>5\%$ : 96 per year of these overestimates i.e. with an out-turn of $\sim 95\%$ of the baseline forecast?
Scottish and Southern Energy	No	Nothing further at this time.
Centrica	No	-