

## Assessment Consultation Responses: P277 'Allow Interconnector BM Units to choose their P/C Status'

**Consultation issued on 13 January 2012**

We received responses from the following Parties

What stage is this document in the process?

**01** Initial Written Assessment

**02** Definition Procedure

**03** Assessment Procedure

**04** Report Phase

Company	No BSC Parties / Non-Parties Represented	Role of Parties/non-Parties represented
SmartestEnergy Limited	1 / 0	Supplier / Aggregator
Statkraft Markets GmbH	1 / 0	Generator / Trader / Exemptable Generator / Party Agent
Vattenfall Energy Trading GmbH	1 / 0	Trader / Party Agent
RWE Supply & Trading GmbH	10 / 0	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent
National Grid Interconnectors Limited (NGIC)	1 / 0	Interconnector Administrator / Interconnector Error Administrator
Danske Commodities A/S	1 / 0	Trading Company
SONI Ltd (System Operator for Northern Ireland)	1 / 0	Interconnector Administrator / Interconnector Error Administrator
BritNed Development Limited	1 / 0	Interconnector Administrator / Interconnector Error Administrator
National Grid	1 / 0	Transmission System Operator
Gazprom Marketing & Trading Ltd.	1 / 0	Wholesale Commodity trader
EDF Trading Ltd	1 / 0	Trader
E.ON	6 / 0	Supplier / Generator / Trader / Consolidator / Exemptable Generator
EDF Energy	10 / 0	Generator / Supplier / Trader / Party Agent / Consolidator / Exemptable Generator
IBM (UK) Ltd. (for and on behalf of ScottishPower)	7 / 0	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Distributor

P277 Assessment Consultation Responses

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Version 1.0

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Question 1: Do you agree with the Workgroup's initial majority view that P277 would not better facilitate the Applicable BSC Objectives when compared with the current BSC rules?

### Summary

Yes	No	Neutral/No Comment
8	6	0

### Responses

Respondent	Response	Rationale
SmartestEnergy Limited	Yes	The proposal would introduce an unfairness for other transmission connected parties who have to use two accounts.
Statkraft Markets GmbH	No	P 277 reduces risk of imbalance exposure for parties trading over Interconnectors. It simplifies nominations for Interconnector users related UK trading. Thus, it could facilitate greater competition and also increase Interconnector usage.
Vattenfall Energy Trading GmbH	No	We believe that P277 would better facilitate Applicable BSC Objectives (c), (d) and (e). Administrative burden and imbalance risks would be reduced.
RWE Supply & Trading GmbH	Yes	We agree with the view of the Modification Workgroup that the proposed modification introduces undue discrimination and therefore does not promote effective competition in the generation and supply of electricity (c).
National Grid Interconnectors Limited (NGIC)	Yes	<p>Objectives A, B neutral to the proposed change.</p> <p>Objective C – not achieved. Would seem to introduce improved opportunity/risk for a certain class of BM Unit types, reportedly against the original NETA design principles that prevented vertically integrated parties from having a netting advantage over smaller parties.</p> <p>Objective D – It has not been made clear how difficult or otherwise it is for Interconnector Users to automate the processes to eliminate the risk of current BM Unit pair operation. NGIC is generally supportive of initiatives to de-risk cross-border operation, although it is unclear whether the benefits of P277 would outweigh the costs of implementation.</p> <p>Objective E – neutral. Whilst Regulation 714 promotes enhancement of internal energy market, it would not</p>

Respondent	Response	Rationale
		seem that this administrative aspect of GB market (BM Unit pair) would constitute a non-compliance.
Danske Commodities A/S	Yes	<p>Danske Commodities agrees with the Workgroup that P277 would not better facilitate the Applicable BSC Objectives. The reason for our conviction is the fact that correct use of ECVN solves the potential imbalance problem set forward by P277.</p> <p>Danske Commodities' view is based on the Objectives c and d.</p>
SONI Ltd (System Operator for Northern Ireland)	Yes	<p>The implementation of P277 would not impact Objectives A or B.</p> <p>In terms of Objective C, while it is unlikely that the promotion of effective competition would be substantively negatively impacted, P277's application would create an unlevel playing field with interconnector users receiving more favourable trading arrangements than other market participants.</p> <p>Any efficiency gained (Objective D) through the adoption of P277 would be minimal but would come at a significant cost to interconnector users, while compliance with Electricity Regulation and any relevant binding decision of the European Commission (Objective E) would remain unchanged.</p>
BritNed Development Limited	No	<p>We broadly agree with the views expressed by the Proposer and the Workgroup to the effect that P277 would better facilitate Applicable BSC Objectives A, B and E. However:</p> <p>Objective C</p> <ul style="list-style-type: none"> <li>Simplifying the GB arrangements will bring them more into line with the arrangements in the rest of Europe and will also reduce the risks and costs associated with trading over GB interconnectors. This simplification will promote cross-border trading, which will in turn promote competition within GB. We do not agree with those members of the workgroup who appear to be considering this objective simply in terms of the removal of barriers to entry to the GB market. The objective refers to promoting competition in the wider sense, and we believe that P277 better facilitates this objective.</li> </ul> <p>Objective D</p> <ul style="list-style-type: none"> <li>Efficiency in the balancing and settlement arrangements would be promoted by the</li> </ul>

Respondent	Response	Rationale
		<p>simplification of the arrangements for interconnectors and also by the reduction of risks, and the time and cost savings for interconnector users that would result from the simplification.</p> <ul style="list-style-type: none"> <li>Although P277 would result in implementation costs for a number of industry parties (including fairly significant costs for us), we consider that those costs are justified in the long run by the overall simplification of the GB arrangements, the reductions in risks and costs for interconnector users and the increased competition within the GB market.</li> </ul>
National Grid	Yes	We would agree that the proposal does not better facilitate the Applicable BSC Objectives.
Gazprom Marketing & Trading Ltd.	No	<p>Allowing Interconnector BM Units to choose their P/C Status would better facilitate the Applicable BSC Objectives:</p> <ul style="list-style-type: none"> <li>With respect to point (c) the proposed change would decrease imbalance risk thus increasing trading. It would also reduce the complexity of the system; hence it would encourage less sophisticated players to enter the market. Finally, the idea that the proposal would be discriminatory is not based on correct assumptions (see Question 2)</li> <li>With respect to point (d) the proposal clearly increases the efficiency of the system through the simplification of operational procedures (e.g. eliminates the need to match ECVNs with the balance of both accounts)</li> <li>With respect to point (e) the proposal aligns the UK to all the other European countries thus favouring harmonization and trading across Europe.</li> </ul>
EDF Trading Ltd	No	<p>Our view is that P277 would better facilitate Objectives C, D, and E.</p> <p>Reduced imbalance exposure for Interconnector Users would remove a GB market specific barrier to entry, thus facilitating cross border trade and greater competition in the GB market, in line with Objective C. We do not share the Workgroup's view that the proposal should be disregarded based on that Interconnector Users would receive preferential treatment compared to other trading parties. Our view</p>

Respondent	Response	Rationale
		<p>is that the proposal is an improvement to existing arrangements and if other trading parties hold the view that a single account system for Interconnector Users is discriminatory, then the scope of a wider solution should be explored. Please refer to Question 2 for detailed reasoning on Objective C and the views raised by the Workgroup on preferential treatment of Interconnector Users.</p> <p>The fact that the proposal would remove a barrier to entry and facilitate cross border trade is clearly in line with the EU target of creating a single European market. The proposal therefore better facilitates also Objective E compared to current arrangements. The fact that non-GB companies have entered the GB market does not indicate that current arrangements are not a barrier to entry, as suggested as part of the Workgroup's views against the Objectives. Foreign firms enter markets despite barriers to entry. That, in itself, does not indicate that barriers do not exist.</p> <p>Last, the proposal would simplify the balancing and settlement arrangements for Interconnectors and would therefore also be in line with Objective D on efficient balancing and settlement arrangements.</p>
E.ON	Yes	<p>As ECVNs can be set up to workaround the issue identified by the proposal, we do not believe there is a case for Interconnector Users and IEAs only to be assigned a single BMU per Interconnector and be allowed to choose the P/C status. Objective (d) would also not seem to be furthered by spending of approximately £100k per IA/IEA and up to £35k per affected party when no material cost-savings have been identified as a result of P277, only a reduction in risk that already has procedures in place to manage. More significantly, we believe that addressing this issue for interconnectors only would be anticompetitive thus negative under Objective (c).</p>
EDF Energy	Yes	<p>We think the original main purposes of the distinction between "Production" and "Consumption" BM Units and their associated BSC Energy Accounts were:</p> <ol style="list-style-type: none"> <li>1) To provide a convenient label for BM Units associated with licensed generation, which naturally fall in the category of Production, so that various operational rules specific to generation (for example in the Grid Code) could easily be applied to them.</li> </ol> <p>This purpose is probably redundant, as the System</p>

Respondent	Response	Rationale
		<p>Operator has other means of identifying plant for which special rules apply.</p> <p>2) To provide ready visibility of the net volume sold bilaterally in association with production volume and the net volume bought bilaterally in association with consumption volume for each physical party, together with the net amounts traded by individual non-physical parties. Without such a separation, only the net physical and contracted volume for each party having both production and supply would be readily visible.</p> <p>Although the volume notified in advance for each Production and Consumption account is visible after the event, it does not indicate (a) how much of the volume results from internal transfers between accounts of the same company as compared with how much is traded with external parties (b) to what extent the final position is a result of prior trading activity in opposite directions.</p> <p>In any case, it is relatively straightforward to aggregate physical volumes of parties individual BM Units to determine gross levels of production and consumption by location if desired.</p> <p>The distinction between production and consumption probably provides little benefit in giving visibility of externally traded volumes as opposed to internal transfers.</p> <p>3) To promote competition in the separate and distinct physical activities of generation and of supply to consumers, mainly by removing the potential consolidation benefit that would otherwise be achievable by companies with both production and supply:</p> <ul style="list-style-type: none"> <li>a) only having to trade net volume externally, thus reducing volume related administrative costs</li> <li>b) consolidating generation and demand imbalances, avoiding exposure to dual imbalance price when they are in opposite directions</li> </ul> <p>This is probably the main remaining reason for distinguishing Production activity from Consumption activity. Non-physical Trading Parties have no restrictions and can trade on whichever account they</p>

Respondent	Response	Rationale
		<p>choose.</p> <p>Note that an explicit distinction between generation activity and consumption activity would achieve the aims of 2 and 3 more rigorously but, for practical and government policy reasons, some netting “at source” is allowed. In particular, for sites with both exemptable on-site generation and demand, only the net demand might be metered, and metered licence exempt embedded generation registered by a Supplier acts as negative demand reducing a Supplier BM Unit’s net demand.</p> <p>It is not clear whether these objectives are still valid, whether the administrative costs and risks associated with allocating volumes separately to Production and Consumption outweigh the uncertain benefits for competition. However, consideration of this wider issue is beyond the scope of this proposal.</p> <p>Regardless of whether these objectives are still valid, we see no reason why a physical flow into GB that is competing for sales with a GB generator, or a flow from GB that is competing to purchase with a GB supplier, should be treated differently from a GB generator classed as Production or a GB supplier classed as Consumption.</p> <p>All participants currently face the administrative cost associated with managing the correct allocation of volumes to Production and Consumption accounts. To relieve only interconnector users of those costs and risks would be an undue discrimination. We are open-minded whether the requirements should be removed for all users.</p> <p>Therefore we agree with the P277 Workgroup that exempting interconnector users from the requirement to distinguish Production from Consumption would be discriminatory and not better meet BSC Objective (c) in relation to competition within GB.</p> <p>We note that providing preferential treatment to interconnector users would obviously better achieve wider European policy objectives to promote cross-border trade and remove obstacles to it, and thus might better meet BSC Objective (e). However it is not clear to us that those objectives go as far as to support preferential treatment for interconnector users over other users, of the type proposed here.</p> <p>On balance, we think the proposal would not better</p>

Respondent	Response	Rationale
		meet BSC objectives.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No	<p>ScottishPower believe that there are potential benefits to be realised by implementing the modification, mainly under Objective c.</p> <p>While it is true that the Modification will give rise to some discrimination against the majority of existing UK based Parties, we feel that a simplification of the administration associated with Interconnector operations will give rise to an increase in the number of European users and providers offering power into, and purchasing power from the UK market. In turn this will increase liquidity within GB, stimulating internal competition.</p> <p>The current GB rules, differing as they do to the way markets are operating in the European sector could be seen as a barrier to participation from outwith GB.</p> <p>We also note that there is a lot of work ongoing at present to harmonise the “user experience” of Interconnector users to that of the other European states (e.g. changes to BSUoS and Losses), and while not strictly resulting from legislation, this change could be seen to be in the spirit of Objective e.</p>



**Question 2: Do you agree with the Workgroup's majority view that P277 would give rise to undue discrimination?**

**Summary**

Yes	No	Neutral/No Comment
8	6	0

**Responses**

Respondent	Response	Rationale
SmartestEnergy Limited	Yes	The proposal would introduce an unfairness for other transmission connected parties who have to use two accounts.
Statkraft Markets GmbH	No	This change may represent a slight preferential treatment for Interconnector users over other Trading Parties, but the social welfare advantages are predominant
Vattenfall Energy Trading GmbH	No	Under the current rules interconnectors can be generation and consumption at the same time. They should be treated differently as light exempt generation is for example.
RWE Supply & Trading GmbH	Yes	The GB market was designed with Production and Consumption Accounts and BMUs associated with each. To allow only Interconnector BMUs to be able to choose their P/C Status is undue discrimination.
National Grid Interconnectors Limited (NGIC)	Yes	It would appear that the express objective of de-risking a single BM Unit Type would be discriminatory against other BM Unit types, particularly given the reported original NETA design to prevent vertically-integrated parties from having a netting advantage. Noted that certain classes of small generator can exempt a BM Unit, although this is based on size, and it is unclear that the unlicensed nature of Interconnector Users is relevant in this context.
Danske Commodities A/S	Yes	Danske Commodities agrees with the Workgroup that approving P277 would give rise to undue discrimination. As Interconnector Users takes up a physical position in GB, they can be seen as direct Competitors to GB Generators and Suppliers in the GB market. Hence they should not have a netting advantage.
SONI Ltd (System Operator for Northern	Yes	Interconnectors should be treated the same as other parties ascribed to the Balancing and Settlement Code. By adopting P277, companies trading on an interconnector can net off their volumes. This

Respondent	Response	Rationale
Ireland)		potentially disadvantages vertically-integrated companies not trading on the interconnector and therefore discourages market liquidity and increased market competition.
BritNed Development Limited	No	We do not consider that allowing interconnector users a netting advantage would be undue discrimination against vertically-integrated companies.
National Grid	Yes	The proposed solution, by applying only to Interconnectors, has the potential for undue discrimination.
Gazprom Marketing & Trading Ltd.	No	<p>Interconnectors are part of the Transmission Network within the single European Electricity Market. They are instruments to increase economic welfare across Europe through trading and are not used to take a physical position in the GB market.</p> <p>In this respect, interconnectors could be compared to pumped storage sites which are used to balance the European System in times of supply / demand imbalances across countries. Incidentally, the current BSC rules grant pumped storage sites the ability to combine generation and consumption volumes on a single account.</p> <p>Generators and suppliers, instead, take unique physical positions in the GB system (long / short positions); hence they cannot be compared to interconnectors. Therefore, the question of whether P277 would give rise to undue discrimination is not based on correct assumptions.</p>
EDF Trading Ltd	No	<p>We do not believe that the proposal should be disregarded based on reasons related to undue discrimination.</p> <p>We note that, in light of European market integration, interconnectors should increasingly be viewed as part of the European transmission system. The two account system, as applied to Interconnectors, forms a barrier to cross border trade. This hinders effective completion and the creation of a single EU market, contrary to Objective C and E.</p> <p>Our view is that the proposal is an improvement to existing arrangements and if other trading parties hold the view that a single account system for Interconnector Users is discriminatory, then it would be better to explore a wider solution than to disregard P277.</p>

Respondent	Response	Rationale
E.ON	Yes	Other parties such as vertically-integrated companies face the same issue in potentially ending up out of balance and it would be undue discrimination to give Interconnector Users a netting advantage not allowed to others. A wider modification to set up a single-account system for all Parties could be justified, but we note that this was not in scope of P277.
EDF Energy	Yes	See our response to Question 1.  An Exempt Export BM Unit comprising licence exemptable generation is permitted to choose its P/C status, but this has its origins in the special privileges given to small generators, effectively to be considered as negative consumption rather than generation. While there may be an argument for small individual users of an interconnector, for example below 50MW, to have the same kind of privilege, this would require a new class of user to be defined, and monitored.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No	While we agree that there is absolutely discrimination against non-Interconnector users, we believe that it is not undue.

Question 3: Do you agree with the Workgroup that there is no Alternative Modification within the scope of P277 which would better facilitate the Applicable BSC Objectives than the Proposer's solution?

### Summary

Yes	No	Neutral/No Comment
13	0	1

### Responses

Respondent	Response	Rationale
SmartestEnergy Limited	Yes	-
Statkraft Markets GmbH	Yes	-
Vattenfall Energy Trading GmbH	Yes	-
RWE Supply & Trading GmbH	Yes	-
National Grid Interconnectors Limited (NGIC)	Yes	-
Danske Commodities A/S	Yes	The Proposer's solution is the best solution within the scope of P277 to facilitate the BSC Objectives. As noted by the Workgroup, a move to a more aggregated Trading Unit would not solve the problem put forward by the Proposer. Danske Commodities' view is based on Objective d.
SONI Ltd (System Operator for Northern Ireland)	Yes	Any alternative modifications within the scope of P277 will in all likelihood still create an environment where interconnector users receive preferential treatment. Any such modification should be applied across the BETTA market as a whole.
BritNed Development Limited	Yes	We considered whether there was a simpler solution, but were unable to envisage one.
National Grid	Yes	No further comments.
Gazprom Marketing & Trading Ltd.	-	-

Respondent	Response	Rationale
EDF Trading Ltd	Yes	We do not see an Alternative Modification that would better facilitate the Objectives.
E.ON	Yes	-
EDF Energy	Yes	<p>Removal of all rules requiring BM Units to have a particular P/C status would remove the charge of undue discrimination that can be levelled at this proposal. However, we accept that such an approach would be outside the scope of this particular proposal.</p> <p>Two or more BM Units at the same Interconnector can choose to form a Trading Unit currently. A possible alternative would be to extend the existing facility so as to allow the P/C status of the affected BM Units all to take the status of that Trading Unit, like other Trading Units (changes to K3.5/5.5/5.6). At its simplest, the two BM Units of a particular user could form a Trading Unit, with P/C status determined from the relative GC and DC capacities. The P/C status of a Trading Unit at an Interconnector at another location would be determined in the same manner.</p> <p>Dependent on the GC and DC of a user on different interconnectors, this could have the result of allowing all trading by that user on the same account.</p> <p>However, we acknowledge that although this uses largely existing functionality and does not obligate change on particular users, it is conceptually more complex and has a higher possibility for a user to make mistakes, and may have little or no advantage over the proposal.</p>
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	-

Question 4: Do you agree with the Workgroup that the draft legal text delivers the intention of P277?

**Summary**

Yes	No	Neutral/No Comment	Other
8	0	5	1

**Responses**

Respondent	Response	Rationale
SmartestEnergy Limited	-	-
Statkraft Markets GmbH	Yes	-
Vattenfall Energy Trading GmbH	Yes	-
RWE Supply & Trading GmbH	Yes	The draft legal text does deliver the intention of P277.
National Grid Interconnectors Limited (NGIC)	-	-
Danske Commodities A/S	-	-
SONI Ltd (System Operator for Northern Ireland)	Yes	The draft legal text accurately details the intention of P277.
BritNed Development Limited	-	No comment at this time.
National Grid	Yes	The proposed legal text appears to meet the proposal's objective.
Gazprom Marketing & Trading Ltd.	-	-
EDF Trading Ltd	Yes	We agree that the draft modifications deliver the intention of the Proposal.
E.ON	Yes	It appears appropriate.

Respondent	Response	Rationale
EDF Energy	-	<p>We have not reviewed the legal text in detail. A high level review has not raised any particular concerns.</p> <p>At proposed Section T4.1.1, should the reference to “the Interconnector Administrator” be changed to “an Interconnector Administrator”?</p>
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	-

Question 5: Do you agree with the Workgroup that, if approved, the P277 solution should be mandatory?

**Summary**

Yes	No	Neutral/No Comment
13	1	0

**Responses**

Respondent	Response	Rationale
SmartestEnergy Limited	Yes	-
Statkraft Markets GmbH	Yes	-
Vattenfall Energy Trading GmbH	Yes	P277 should be mandatory in order to avoid extra costs.
RWE Supply & Trading GmbH	Yes	Making the proposed solution mandatory makes implementation easier and avoids the cost and administrative burden of running two sets of rules simultaneously.
National Grid Interconnectors Limited (NGIC)	Yes	More complex operation of different rules for different parties should be avoided.
Danske Commodities A/S	Yes	Simply to avoid the potential bureaucracy, administration and confusion it could lead to.
SONI Ltd (System Operator for Northern Ireland)	Yes	It is best practice to ensure that the rules remain uniform for all participants. This not only ensures ease of application across the market but also ensures there is no confusion regarding which rules are being applied to which participant, thus reducing chances of error.
BritNed Development Limited	Yes	Yes, for the reasons stated in the Assessment Consultation document.
National Grid	Yes	A mandatory solution would be the easiest to implement and manage on an ongoing basis.
Gazprom Marketing & Trading Ltd.	No	It would be important to leave each BSC party the option to choose their preferred set of rules. In particular, some companies might have developed systems based on the current rule. A mandatory change would impose additional costs to parties who



Respondent	Response	Rationale
		do not want to opt for a unique P/C Status.
EDF Trading Ltd	Yes	A non-mandatory solution would increase operational complexity of the system at large.
E.ON	Yes	This would be most efficient.
EDF Energy	Yes	<p>In principle it would be preferable if the registrants of Interconnector BM Units had a choice whether to use separate BM Units for export and import, or a single BM Unit. This would provide flexibility for any interconnector party that does not want to use the proposed single BM Unit approach, for example because its individual IT development or transition costs outweigh the benefits of change for it.</p> <p>However, the consultation document indicates that Interconnector Administrators have suggested this kind of flexibility would increase their costs and risks, which could ultimately be passed through to Interconnector Users. On balance, in the absence of explicit information, we accept the view of the workgroup that the long term advantage of having a simple and uniform approach for all interconnector administrators and interconnector BM Units would outweigh the short-term costs imposed on all interconnector users under a mandatory approach.</p>
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	We agree with the Interconnector Operators that to force them into maintain two sets of rules would unnecessarily increase costs.

## Question 6: Do you agree with the Workgroup's recommended Implementation Date?

### Summary

Yes	No	Neutral/No Comment
13	0	1

### Responses

Respondent	Response	Rationale
SmartestEnergy Limited	-	-
Statkraft Markets GmbH	Yes	-
Vattenfall Energy Trading GmbH	Yes	-
RWE Supply & Trading GmbH	Yes	The proposed dates seem sensible especially given the introduction of the new East-West interconnector.
National Grid Interconnectors Limited (NGIC)	Yes	If approved the February 2013 implementation date is achievable.
Danske Commodities A/S	Yes	27th of June 2013 would give Danske Commodities the time to change the necessary requirements in terms of de-register and re-register new BM Units.
SONI Ltd (System Operator for Northern Ireland)	Yes	<p>February 2013 would be the earliest viable date for SONI due to the impact P277 would have on the Auction Management Platform (AMP) which has only recently been developed and implemented for the Moyle interconnector. Substantial changes would be required to the platform and, in order that these could be undertaken, costs would have to be approved by NIAUR and arrangements made with the product's vendor. This process could take in the region of 9-12 months.</p> <p>In addition, SONI are also the Interconnector Administrator for the forthcoming EWIC interconnector which will use the same platform. As both AMP and EWIC will be undergoing substantial testing before commissioning, an earlier deployment date is not feasible.</p>
BritNed Development	Yes	The suggested implementation dates should give us sufficient time to implement the changes.

Respondent	Response	Rationale
Limited		
National Grid	Yes	If approved the P277 implementation timeline should be independent of P278. Neither modification's implementation should be delayed because of the other.
Gazprom Marketing & Trading Ltd.	Yes	The implementation date is generally acceptable. On the other hand, the sooner the implementation date the better due to the positive impact of the proposed change.
EDF Trading Ltd	Yes	We believe that the implementation dates would provide sufficient time for Interconnector Users to implement necessary system modifications.
E.ON	Yes	From the impact assessment responses the Dates seem achievable.
EDF Energy	Yes	The recommended implementation dates give 9 months notice of change, which is sufficient for us to amend our systems and processes where necessary.
IBM (UK) Ltd. (for and on behalf of ScottishPower)	Yes	-

## Question 7: Do you have any further comments on P277?

### Summary

Yes	No
5	9

### Responses

Respondent	Response	Comments
SmartestEnergy Limited	No	-
Statkraft Markets GmbH	No	-
Vattenfall Energy Trading GmbH	No	-
RWE Supply & Trading GmbH	Yes	What would happen to a party's BMUs if they had failed to re-register by the P277 Implementation Date? Will there be a default BMU?
National Grid Interconnectors Limited (NGIC)	Yes	Operational processes will be necessary for notifying the active BM Unit, such that it could be reflected into systems accordingly. Interconnector Access Rules changes may be required.
Danske Commodities A/S	No	-
SONI Ltd (System Operator for Northern Ireland)	Yes	SONI are of the view that this modification has much wider implications and should only be considered as part of a wider market implementation, as it seeks to amend one of the underpinning design principles of the BETTA market.
BritNed Development Limited	No	-
National Grid	No	No further comments.
Gazprom Marketing & Trading Ltd.	Yes	The presence of a Production and a Consumption account for each BSC Party is an uncommon arrangement within Europe. Therefore there might be a case for abolishing this distinction in the future.
EDF Trading Ltd	No	-
E.ON	No	-

Respondent	Response	Comments
EDF Energy	Yes	<p>The consultation document says that:</p> <p>"Some Workgroup members consider that, when the trade is considered in the context of a single European energy market, the [Non-Physical Trading] Party effectively has no overall physical position in the same way as they would have no physical position had they traded solely within the GB market." And</p> <p>"Some members question whether it is consistent with this objective that companies who are 'transiting' energy from one country to another via intervening Member States are exposed to the full bureaucracy and complex trading arrangements of every market they cross."</p> <p>We do not support this view. Trades made within the GB market are effectively made at the notional balancing point to which all volumes and most charges are referenced. A non-physical trader can buy and sell at that notional point without exposure to physical volume only because the physical participants ultimately at either end of non-physical trades are all subject to volume, costs and risks at the same reference point. For a non-physical trader, the arrangements are not complex. If some physical volumes are subject to different adjustments to the reference point, such as interconnector users in relation to P and C and the associated costs and risks, the concept of a common trading point is undermined because participants are no longer trading and competing on equal terms.</p>
IBM (UK) Ltd. (for and on behalf of ScottishPower)	No	-