

ANNEX D – PARTY AND PARTY AGENT IMPACT ASSESSMENTS

Responses from P62 Impact Assessment

Representations were received from the following Parties and Party Agents:

No	Company	File Number
1.	Scottish Power	P62_IA_001
2.	Npower	P62_IA_002
3.	TXU	P62_IA_003
4.	Scottish & Southern	P62_IA_004
5.	EME	P62_IA_005
6.	SEEBOARD Energy Ltd	P62_IA_006
7.	Siemens Metering	P62_IA_007
8.	LE Group	P62_IA_008
9.	SEEBOARD Power Networks	P62_IA_009
10.	Aquila Energy	P62_IA_010

The following questions were asked:

- Q1 Please indicate the costs associated with the BSC changes proposed by this Modification Proposal. These should be limited to those changes described in the Requirements Specification
- Q2 Please indicate any others factors related to the overall cost of changing your systems to accommodate new licensed distributors, which you feel are related to this modification and provide an appropriate context for any decisions made regarding P62.
- Q3 How much notification would you require to implement P62?
- Q4 Does the Modification give rise to any implementation issues within your organisation? (if so please give details)
- Q5 Do you have any further views?

P62_IA_001 – Scottish Power

Respondent: Man Kwong Liu

Representing: ScottishPower UK Plc.; SP Manweb Plc.; ScottishPower Energy Trading Ltd.;
 ScottishPower Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.

Q1	<p>From an initial analysis of Option 7, ScottishPower believes the costs to be significant. We have been unable to carry out a detailed assessment of the costs at this stage, but believe the main impacts to be:</p> <ul style="list-style-type: none"> • SMRS System Changes: It is a requirement of P62 that each host distribution business must offer to provide an SMRS service to a potential licensed distribution business connecting to their network. ScottishPower would propose to amend our SMRS system to recognise a new distribution business and process appropriate dataflows to / from this system. We believe this to be a major change to our system and have estimated the costs to be in the order of £200,000. • SMRS Operational Costs: In addition, there will be ongoing operational costs involved in, for example, creation of monthly performance reports, creation of the quarterly address CD-ROM and incident management. We have no costs for this but suggest they are likely to be relatively small. • SMRS Recertification: Given the nature of the changes to be implemented to our SMRS
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	<p>system, it is likely that a recertification would be required. We have no costs for this but suggest they are likely to be relatively small.</p> <ul style="list-style-type: none"> • Bilateral Agreement: It is our view that considerable effort (legal and operational) will be required to establish the working arrangements between the host and embedded distribution businesses. We are unable to estimate the costs involved in establishing these but suggest they are likely to be significant. • Supplier systems: ScottishPower supplier systems will need to be amended to recognise the new distribution businesses. We believe this would be a significant change to our systems.
Q2	<p>Health and safety issues and dealing with emergency situations need to be addressed.</p> <p>The implications to Network Operations need to be agreed and resolved.</p> <p>P70 concerning the inter-distribution network metering needs to be resolved adequately.</p>
Q3	6 months.
Q4	No
Q5	<p>Cost Recovery – The recovery of costs of introducing P62 has not been addressed. Changes to numerous systems is necessitated as the Electricity Act allows for new Licensed Distributors and the Distribution Licence conditions obligate MPAS Service Providers to offer their services to Distribution networks in the GSP group in which they operate.</p> <p>It is conceivable that these costs should be met by the New Distribution Companies or that these costs should be split evenly among BSC Parties. Another option would be to recover these costs as ‘allowable costs’ that Distributors would reclaim through DUoS charging. These charges would be determined through discussion with Ofgem</p>

P62_IA_002 – Npower

Respondent: Ros Parsons
 Representing: Npower Ltd

Q1	We estimate the costs to be £1million (to include agency systems)
Q2	Major changes to all systems including agency and legacy.
Q3	9 months
Q4	It requires changes to business processes in place and also changes to settlements.
Q5	

P62_IA_003 – TXU

Respondent: Sara Ames
 Representing: TXU

Q1	£30k minimum
Q2	
Q3	6 months
Q4	DUoS processing and –ebilling will be impacted Settlement reporting will be impacted Financial reporting will be impacted
Q5	

P62_IA_004 – Scottish & Southern

Respondent: Sue Macklin
 Representing: Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd

Q1	There is insufficient detail in the Requirements Specification to provide an estimate of the costs. However, it is clear that this will involve a considerable amount of work and the costs will be significant.
Q2	We do not have any detail of the changes that will need to be made to 3rd party software. Until this is known we cannot determine what other changes we will have to make to our own systems.
Q3	12 months from when we have the detailed solution
Q4	See Q2 above
Q5	<p>Queries:</p> <p>(i) Page 16 - The document implies in section 4.1 that the existing method of 'adoption' would not be allowed once P62 is implemented, but it is not clear why. If a DSO only wanted to operate in one GSP Group and didn't want to provide their own SMRS then, it is implied, that they would invoke C37, however 'adoption' may be more cost effective for the PDSO. Page 25 b) & c) says that there is no obligation for the SMRS to provide a service outside its GSPG but there is an implication that the SMRS has an obligation to provide a service within the GSPG. Please clarify the obligations that will be placed upon existing PDSO's in relation to providing SMRS for New Licensed Distributors, i.e. will existing PDSO's be obliged to provide SMRS for New Licensed Distributors or will they be able to 'adopt' them?</p> <p>(ii) How will RTS Access Agreements work? At the moment each existing PDSO has its own teleswitch User Id and set of group codes. Will New Licensed Distributors have their own teleswitch User Ids and set of group codes or will the 'local' PDSO have a responsibility to provide the service? What effect will this have on the Teleswitch Data Service?</p> <p>(iii) How will Meter Timeswitch Codes be managed? Will New Licensed Distributors have their own or use the those of the 'local' PDSO?</p> <p>(iv) Page 22 Fig 6.1 - As well as the D036 the D0275 is used for half hourly advances but has been omitted from the diagram. Should this be considered?</p>

P62_IA_005 – EME

Respondent: Geoff Huckerby
 Representing: East Midlands Electricity Distribution plc

Q1	At this stage EME have not completed a financial impact on the modifications required. However, indications are that these will be acceptable to us.
Q2	As above
Q3	We understand that Elexon software changes will be implemented late 2002 or early 2003. We anticipate that system changes for EME would align with these dates and that EME systems would not be on the critical path.
Q4	At this stage we are not aware of any unacceptable issues arising from P62 Modification
Q5	We believe that Modification P70 raised by Seeboard is an integral part of the overall solution. Also, a more robust solution to Directly Connected Networks will be required. This is a future issue and need not impact on P62 progress.

P62_IA_006 – SEEBOARD Energy Ltd

Respondent: Dave Morton
 Representing: SEEBOARD Energy Limited

Q1	At present costs are considered to be in range of 100K to 250K. This will depend upon final details of this change and providers utilised to make changes to certain systems.
Q2	There seems to be no indication if a conversion of existing MPANs might be required if currently unlicensed Distribution Businesses become licensed under this proposal. If their MPANs have to be converted then this activity will need to be planned and managed. Costs for this are at present unknown as there is not information to base any assessment. This will depend more upon license issue for new Distributors rather specific changes with respect to this modification proposal.
Q3	A number of these changes will be made to systems that have a three monthly release cycle. Depending upon when a decision is made we believe we will require between 6-9 months notice to tie into relevant release. Given our concerns with full definition of changes not yet being finalised this is subject to change.
Q4	Potentially, see response to Q2 above. Also issue of potential purchases of Distribution businesses are not adequately covered. We understand that this is only likely to be an issue if part of asset base is sold but this would again lead to problems as we do not know if we would need to build different facilities to manage such a sale.
Q5	On page 32 of requirements specification it mentions a D0152 flow being sent between Supplier and NHHDC. Such a flow instance does not exist and it is not clear that such a change is required to support this proposal. This should be removed from requirements.

P62_IA_007 – Siemens Metering Services (Wollaton - Nottingham)

No impact for Siemens Metering Services (Wollaton - Nottingham).

P62_IA_008 – LE Group

Respondent: Paul Chesterman
 Representing: London Electricity plc, SWEB Ltd, Jade Power Generation Ltd and Sutton Bridge Power Ltd

Q1	<p>Estimated LPN cost to change and implement SMRS software to support P62 is in the order of £25,000 *. Changing the business processes will add a further estimated £5,000.</p> <p>* We expect to share this development cost with some other BSC Parties who use the same product. Therefore £25,000 is a portion of a larger total cost.</p> <p>Estimated EPN cost to change and implement SMRS software to support P62 is in the order of £125,000. This is a total cost for changing EPN's own version of SMRS. Changing the business processes will add a further estimated £5,000.</p>
Q2	<p>P62 has potential impact on ECMS (Energy Contracts management Software, a St. Clements Services developed product) in the DUoS area. This is due to the use of the E98_GSP_GRP_DISTRIBUTORS table, which holds the relationship between Distribution Business and GSP Groups. Under P62 the one-to-one relationship between DB's and GSP groups is removed, and there is now the potential for a many-to-many relationship.</p> <p>The cost (the total is assumed to be shared among a few BSC parties) to LE Group of modifying ECMS is expected to be in the order of £50,000.</p>
Q3	To specify, design, build, test and implement the changes is estimated to take a minimum of 6 months.
Q4	
Q5	

P62_IA_009 – SEEBOARD Power Networks

Respondent: Bob Brenan
 Representing: SEEBOARD Power Networks (SBPN)

Q1	At this time (May 02), the full extent of required changes to our PRS to support this mod are not known, as the industry are still developing the 'Avoidance of Doubt' document. Once this document has been issued and exhaustive lists of PRS requirements are detailed, a full impact assessment will be able to be completed.
Q2	As we do not know what services any new distributor will either require to resource from ourselves via a contractual route or operate independently, and that the 'Avoidance of Doubt' document has not been issued; we do not believe we are able to comment sufficiently at this time.
Q3	Our initial view based upon the details we perceive today is that we expect to be able to offer P62 within 6 months of confirmation of the new distributors requirements and their acceptance of our terms and conditions and associated charges. This figure heavily depends upon all contract negotiations between SPN & the new distributor being complete.
Q4	We have concerns over the non-PRS related issues; i.e. the 'Distributor' and 'SFIC' roles relating to the new distributor. There would appear to be minimal activity of development and discussion within these areas.
Q5	We accept the implementation of P62 on the single principle that P70 is accepted.

P62_IA_010 – Aquila Energy

Respondent:
 Representing: Aquila Energy

Q1	Estimated costs: External IT development £56k Internal implementation £21k DTS implementation £2k
Q2	If P70 is not accepted, certain parties will need to bear the costs associated with implementing boundary metering, which we believe to be essential in order to make this solution work. If boundary metering is installed without acceptance of P70, the cost of creating a new data collection mechanism, rather than utilising the existing systems and processes, will also have to be met by a limited number of parties.
Q3	Approximately six months
Q4	
Q5	