February 2002

URGENT MODIFICATION REPORT MODIFICATION PROPOSAL P67 - Annexes

Prepared by ELEXON on behalf of the Balancing and Settlement Code Panel

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I DOCUMENT CONTROL

a Authorities

Version	Date	Author	Signature	Change Reference
0.1	24/01/02	Trading Development		Initial Draft for Peer Review
0.2	29/01/02	Trading Development		For Modification Group Review
0.3	01/02/02	Trading Development		Incorporates Modification Group comments and issued for industry consultation and DLIA
0.4	04/02/02	Trading Development		For Panel approval

Version	Date	Reviewer	Signature	Responsibility
0.1	24/01/02	Trading Strategy		Review
0.2	30/01/02	P67 Modification Group		Review
0.3	01/02/02	BSC Parties and Party Agents		Consultation and DLIA
0.4	14/02/02	Panel		Approval
1.0	19/02/02	Trading Strategy		Issued for Authority determination

b Distribution

Name	Organisation
Each BSC Party	Various
Each BSC Agent	Various
The Gas and Electricity Markets Authority	Ofgem
Each BSC Panel Member	Various
energywatch	energywatch
Core Industry Document Owners	Various

c Related Documents

Reference 1	Interim Report to the DTI of the Consolidation Working Group (January 2002)
Reference 2	Report to the DTI of the Consolidation Working Group (February 2002)
Reference 3	Ofgem Press Release, 7/2/02, “Ofgem Publishes Final Report From Smaller Generators Group”
Reference 4	Non-Fossil Purchasing Agency Ltd Press Release, 1 February 2002

d Intellectual Property Rights and Copyright

ANNEX 1 – AVAILABLE SUPPORTING INFORMATION AND DATA

The Group prepared a Requirements Specification for the changes required to implement P67 and carried out a brief consultation on the basis of the Requirements Specification. Copies of the Requirements Specification and the Consultation Document and associated questionnaire used to obtain the views of Parties and Party Agents are available on the ELEXON website at www.elexon.co.uk.

The results of the consultation showed general support for the implementation of P67.

ANNEX 2 – REPRESENTATIONS

Annex 2A – Representations to Consultation

No	Company	File Number	No. Parties Represented
1.	British Gas Trading	P67_UMR_001	3
2.	NGC	P67_UMR_002	1
3.	Edison Mission Energy	P67_UMR_003	1
4.	TXU Europe	P67_UMR_004	14
5.	Alcan Smelting & Power UK	P67_UMR_005	N/a
6.	Powergen plc	P67_UMR_006	4
7.	SEEBOARD Energy Ltd	P67_UMR_007	1
8.	SEEBOARD Power Networks	P67_UMR_008	1
9.	Western Power Distribution	P67_UMR_009	2
10.	BP Gas	P67_UMR_010	3
11.	LE Group	P67_UMR_011	4
12.	Innogy plc	P67_UMR_012	9
13.	Scottish & Southern	P67_UMR_013	5
14.	Dynegy	P67_UMR_014	1
15.	ScottishPower UK plc	P67_UMR_015	7
		Total	37

Below are the detailed responses to the consultation. A summary of the consultation responses is provided in Annex 4.

Dear Sir

> Urgent Modification Proposal 67: Facilitation of Further Consolidation Options for Licence Exempt Generators (DTI Consolidator Working Group 'Option 4')

British Gas welcome the opportunity of commenting on this modification proposal. This response is on behalf of British Gas, Centrica King's Lynn and Centrica Peterborough.

We support this modification and agree it should better facilitate the applicable BSC objectives by increasing the options available to Licence Exempt Generators (LEGs) to sell their output. As such it will promote effective competition in generation and supply of electricity.

We recognise there is a perception that smaller players (including generators and suppliers) and renewable generators have been disadvantaged by the introduction of NETA and believe this change is a step forward without changing the fundamental rules of the system.

The urgent nature of this modification has meant that little consideration has been given to impact of the necessary changes to the MRA. Also the cost of changes to the systems of the relevant Half Hourly Data Collector (HHDC) and suppliers have not been fully explored and we are concerned this cost may be prohibitive to those Parties wishing to use these allocation options.

Further the modification will require re-certification of the HHDC appointed by the Party wishing to provide this service. This is a time consuming process and it may not be possible for this to be carried out in the timescales mentioned in the report.

Yours faithfully

Danielle Lane, Transportation Analyst

Name: Danielle Lane / Andrew Latham

Organisation: British Gas Trading

Response Provided on behalf of (BSC Parties): Centrica King's Lynn, Centrica Peterborough

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes Comments: We support the principles behind this modification as they seek to help smaller players under NETA, without changing the fundamental rules of the system. This change seems to target the problems of intermittent generation more effectively than some of the other measures which have been discussed.
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes If Yes, which objective(s): Objective (a) No Objective (b) No Objective (c) Yes Objective (d) No Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes Comments: We agree that within the BSC this appears to be the most cost effective way of implementing Option 4. However, whilst we accept that this modification is an optional mechanism which will give "two additional Allocation methods" we believe that the impact of this proposal will have on Core Industry Documents cannot be fully addressed in the short timescales of development of this modification.
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes

No.	Question	Response
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Possibly Comments: Currently there are no plans to use this option as laid out in mod P67. However this does not signify that we will not use it in the future.
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments: It is not possible to say at
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	N/A
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	N/A Comments:
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	No If Yes, what limit: Comments: There should be a natural minimum size of energy that will limit the number of suppliers who would wish to be involved.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: Very little at this stage, but it appears that there could be considerable material cost if we chose to use this option. It depends on how many Parties take advantage of the additional allocation methods introduced by P67.

No.	Question	Response
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: This modification would impact our organisation should we opt to use either of the new allocation methods. As yet the System costs are not quantified and the timescales are to be determined. However as re-certification via SACR takes 3 months or more we would anticipate the timescales to be along these lines.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	No Comments:

Name: Phil Lawton

Organisation: National Grid

Response Provided on behalf of (BSC Parties): National Grid

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes Comments: This proposal would increase transparency by allowing the separation of energy and the associated imbalances.
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes If Yes, which objective(s): Objective (a) No Objective (b) No Objective (c) Yes Objective (d) No Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes Comments: This answer is based upon the advice given to the CWG and the Modification Group by Elexon.

No.	Question	Response
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes Comments: We can see no justification for discriminating between generation and demand in this respect.
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	N/A Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	N/A Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	N/A Comments:
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	N/A Comments:
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes / No If Yes, what limit: Comments: We are not in position to comment on either the restrictions that such a limit would place on market participants, or the costs on the associated systems of having a high limit/no limit
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: • No direct benefit to National Grid • The industry would benefit from greater transparency/price discovery for small players
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	No Comments: The impact of P67 is restricted to the SVA systems
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes Comments: From a charging perspective it is important that these arrangements are confined to operate within GSP groups. This is an important

No.	Question	Response
		difference between the provisions of P67 and a MVRN in the Central Volume Allocation system.

Name: Libby Glazebrook

Organisation: Edison Mission Energy

Response Provided on behalf of (BSC Parties):

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes Comments:
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes - Objective (c)
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes Comments:
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes/No
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Yes / No Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes / No Comments:
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any	Yes / No

No.	Question	Response
	additional issues affecting the SMRA as a result of P67?	Comments:
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes / No If Yes, what limit: Comments:
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: The proposal will increase the options open to smaller generators which should improve their chances of being able to compete, but this change alone will not offset the difficulties identified in the DTI review.
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes / No Comments:
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes / No Comments:

Name: Philip Russell

Organisation: TXU Europe

Response Provided on behalf of (BSC Parties): 14 TXU BSC Parties

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes to the first part of the question and No to the second part. Comments: The reason for saying No to the second part is that the ability to do this already exists through fixed and percentage MVRNs.
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	No If Yes, which objective(s): Objective (a) No Objective (b) No

No.	Question	Response
		Objective (c) No Objective (d) No Comments: Given the fudging of treating a –ve allocation as Imports and the unanswered question of whether this is liable for DuoS and TNUoS we do not believe that the proposal is fully worked up.
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	No Comments: This is based on our perspective as a Trading Party / Supplier. We do not opertate any appropriately accredited Supplier Hubs. The cost involved in us procuring such a service last time we enquired were £55k for development with ongoing operational costs.
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes Comments: If P67 were to be implemented it would seem logical to do it for both Exports and Imports. Though if MVRNs work for Exports they will also work for Imports.
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	No Comments: If we were asked for this we would create an Additional BM Unit for the LEG(s) and use MVRNs rather than BSCP 550. [It is not technically necessary to create an Additional BM Unit as the reallocation could be done from the Base BM Unit, but for practical reasons we would probably choose to do so.]
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: 0 Comments: N/A
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes / No Comments: N/A
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes / No Comments: N/A
8.	Do you believe that there should be a limit on the number of Suppliers who	Yes / No

No.	Question	Response
	could participate in the Multiple Fixed Block Method? If so, what limit should be established.	If Yes, what limit: Comments: Does it make any practical difference if there is a limit ?
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: On the basis of evidence available to us today the answer to this is "none" as the required result can be achieved under the current trading arrangements without implementing P67. However more importantly we have never been asked by any LEG to either purchase a fixed quantity or the variable quantity.
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	No Comments: We have said "No" on the basis that the change is not mandatory. We remain of the view that if we were asked to either purchase a fixed volume or take the variable element we would do so via the MVRN functionality.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes Comments: Implementing P67 in addition to the current functionality of MVRNs could actually complicate matters further rather than make them easier for LEGs. In order for P67 to be useful a sufficient number of Suppliers (these sites are in SVA and at present only Suppliers are allowed to register meters in such system) need to be able to use it – i.e have a suitably accredited HHDC. If some suppliers continue to want to use MVRNs and some want to use BSCP 550 then it is plausible that the LEG will still find insufficient willing Suppliers to trade with.

Additional Comments

As regards the drafting for K2.5.9 our initial thoughts are that the alternative form of drafting is more useful as this would avoid the need for the Secondary Supplier to change the MPAN in their own systems and inform the HHDC of the change as well.

If we treat –ve Export as an Import and allocate fixed blocks of Export to Suppliers irrespective of the actual Metered values will the GSP Group Correction Factor calculations still produce the correct numbers ?

Whilst we agree in principle that the same rules should be applicable to Import Metering Systems there are 3 complications from a DB/Supplier perspective;

- the allocation of Capacity to each HH MPAN. Duos is currently billed on the assumption that each MPAN is a Supply Point. This would cease to be true for such sites.
- Reactive energy usage is required for most HH Supply Points either to derive an average power factor for the month which may give rise to reactive power charges and/or to calculate the peak kVA demand for Capacity charging purposes.

- In cases where the Customer took less demand that they had allocated then the Suppliers taking the fixed volumes could end up paying additional DuoS while the residual supplier would be deemed to be exporting – which is currently a zero charge rather than a credit. The end result would be an overcharge of DuoS.

No doubt these issues could be resolved through using 'special' LLFCs but it seems a complicated way of solving the problem when a single Supplier could register the site in SVA, leave the DuoS arrangements unchanged from now and reallocate the credited energy in accordance with the customers wishes using the MVRN functionality.

The converse applies to Export sites in that if the generation is less than the aggregate allocation then the residual Supplier is deemed to be importing even though this "demand" is not being supplied to customers. In order to avoid charging the supplier the DBs will need to create special LLFCs to avoid this problem.

In summary we remain unconvinced that the case for Proposal has been made. As the draft report points out existing functionality exists through which the same objective could be achieved but the report lacks convinction as to why changes should be made to SVA rules to enable the same effect. Even if one lets this pass, to say that the there is a workable solution in the BSC for 1st April 2002 is, at best, optimistic given that no Supplier is likely to be willing to set up the relevant Supplier Hubs when they have no idea how the DuoS arrangements for such sites will work.

Comments on Draft Modification Report

Section Ref	Comment
Section 1.2, Para 1	The first sentence is repeated as the third option later on. It would read slightly better if we just deleted the first two sentences?
Section 1.2, Para 2	It is not obvious to us what purpose the reference to the NFPA Auction serves – under the terms of the auction the sucessful bidder purchases the rights to 100% of the output – i.e the LEG does not have the discretion to apportion the output.
Section 1.2, Para 3	To say that Option 4 could be implemented by 1st April 2002 is optimistic at best and simply untrue at worst. We agree that the BSC and its associated subsidiary documents could be amended to reflect the new rules by this date. This is not the same as saying that there will be a fully worked solution available for use by LEGs from this date.
Section 1.2, Para 4	This states that the purpose of the Modification is to allow fixed volume sales without becoming a Party to the BSC. Is this actually what the Proposal is seeking as (in the Proposal) reference is made to "any Party wishing to provide this service would need to appoint a HHDC that was appropriately accredited" ? As the legal drafting has been done on the basis that the Supplier(s) are responsible for the submission of the Allocation Schedule then this paragraph needs rewriting to claify that the Proposal is actually about allowing the allocation of energy from a specific MPAN to be performed by the HHDC on the instruction of the Primary Supplier. Once expressed in these terms this begs the question do we really want to have the settlement calculations performed by Party Agents rather than BSC Agents ?
Section 1.3, Para 1	In view of the above it needs to be explained why reallocating via the HHDC is better than reallocating using MVRNs in the BSC Agent system (SAA). Given that the NFPA output is allocated 100% to the Supplier that won the tender process it is not obvious why it is urgent to have this decided for 8th March ?
Section 1.3, Para 5	Last sentence – could we either expand on this (we did not understand what it was saying) or delete it?
Section 3.1, Para 3	Can we clarify / state that the method and form of submission of the Allocation Schedule between the Primary Supplier and the HHDC would be matters outside the BSCPs (i.e bilateral agreements). Also could we claify whether / where the list of suitably accredited HHDCs is published?

Section Ref	Comment
	Last sentence of section says that Entry Processes are out of scope. Would this be better expressed by "As Supplier's are not obliged to test the Shared Supply scenario under the current version of Entry Process Testing it is not proposed that new Suppliers would have to do so"?
Section 3.3, Para 3	To us this is where the problem arises as neither the residual nor the fixed volumes are Imports or Exports as those terms are currently defined in the BSC. They are equivalent to Contract Notifications. Whereas on P55 we agreed the principle that what registration system a Metering system was recorded in was irrelevant in determining what Trading Arrangements were applicable, we are now trying to say that the process of energy allocation is actually different depending on which registration system the metering system details happen to be in. This does not seem very consistent.
Section 3.3, Para 4	The text again refers to Suppliers. For the avoidance of doubt as these Proposals refer to SVA Metering Systems it should be noted that **only** Suppliers can currently register these meters (rather than non Physical Trading Parties / consolidators).
Section 3.3, Para 8	We are not entirely convinced that the DuoS issue is out of scope as we believe that these are Core Industry Documents and as such are affected by the Mod Proposal. Even if they are out of scope of P67 it would still seem sensible to explain the reason that it is an issue in the report, namely that DuoS is billed on the basis of the HHDC data that is submitted to SVA. The way of avoiding it being charged is for the DB to allocate a specific LLFC which has a zero charge. We simply note that if the reallocation is done using MVRNs then this issue simply does not arise and the "problem" does not have to be solved.
Section 4.1	Aside from the repetiion / english of the first sentence, in view of previous comments about the NFPA Auction this para needs editing / rewriting.
Section 4.2, Para 2	"present" rather than "presented".

Name:Bob Nicholson

Organisation:Alcan Smelting and Power UK

Response Provided on behalf of (BSC Parties):

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes / No Yes Comments:
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes / No Yes If Yes, which objective(s): Objective (a) Yes / No Objective (b) Yes / No Objective (c) Yes / No Yes Objective (d) Yes / No Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes / No Comments:
4.	The solution developed for P67 applies to both generation and demand. Do	Yes / No Yes Comments: Should be available to both demand

No.	Question	Response
	you agree with this approach?	and generation
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Yes / No Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes / No Comments:
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes / No Comments:
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes / No If Yes, what limit: Comments:
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: This may provide an alternative form of managing Imbalance for ourselves once developed. This will provide another option to the small generator to handle a difficullt market.
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes / No Yes Comments: Gives another option to consider for trading.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes / No Comments:

Name: **Paul Jones**

Organisation: **Powergen plc**

Response Provided on behalf of (BSC Parties): **Powergen plc, Powergen Retail Ltd, Diamond Power Generation Ltd, Cottam Development Ltd**

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the	Yes

No.	Question	Response
	business case for P67?	
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes If Yes, which objective(s): Objective (a) No Objective (b) No Objective (c) Yes Objective (d) No
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes Comments: Of the various sub options for Option 4, we consider that 4b is the most cost effective way of implementing it.
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Comments: We will utilise the additional allocation methods if the economics of any particular generation scheme make it attractive to do so.
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Not known Comments: Again this is dependent on the economics of particular generation schemes.
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Not applicable.
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Not applicable.
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes If Yes, what limit: 4 Comments: This should ensure the correct balance between providing sufficient suppliers to absorb a small generator's demand and keeping the administration manageable.

No.	Question	Response
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: Again this is dependent on the economics of particular generation schemes.
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes - If we were to take on a site utilising this facility. We have not assessed the likely costs at this moment in time.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	No

Name: Dave Morton

Organisation: SEEBOARD

Response Provided on behalf of (BSC Parties): SEEBOARD Energy Limited

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	**Yes** Comments:
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	**Yes** If Yes, which objective(s): Objective (a) **No** Objective (b) **No** Objective (c) **Yes** Objective (d) **No** Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	**No view** Comments: **There is, at present, no evidence on which to base any view on the cost effectiveness of**

No.	Question	Response
		this modification.
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	**Yes** Comments: **We know of no reason why this should be one sided.**
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	**Unlikely** Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Not Applicable Comments:
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Not Applicable Comments:
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	**No view** If Yes, what limit: Comments:
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: **This modification has little or no value to Seeboard Energy Limited.** **We are uncertain of its value to the industry as a whole.**
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	**Probably No** Comments: **This is a complex modification that appears to only impact those who opt to use its facilities. However, we do use certain software that may need to be amended to make it compliant with these changes. It is**

No.	Question	Response
		not possible to complete a full impact analysis in the time available to be sure of our full associated costs and timescales to implement any changes.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	**Yes** Comments: **This modification seems to rely on HHDCs offering quite a complex service.** **Is there any evidence to suggest that any HHDCs will wish to invest and provide this service?** **Will the industry be prepared to pay for this special service?**

Name: Dave Morton

Organisation: SEEBOARD

Response Provided on behalf of (BSC Parties): SEEBOARD Power Networks Limited

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	No Comments: The current capped block method already provides a mechanism to separate predicable energy from unpredictable energy.

No.	Question	Response
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	See individual comments below. If Yes, which objective(s): Objective (a) ~~Yes~~ / No The proposal, as framed, does not appear to affect the Transmission company. Objective (b) ~~Yes~~ / No As per objective (a). Objective (c) Yes / No Objective (d) ~~Yes~~ / No This adds complexity to the administration of balancing and settlement arrangements as well as increasing risks. Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	No Comments: As a PDSO/SMRS business costs of this solution might be significant. This depends upon the number of sites taking advantage of this option, number of pseudo MPANs created and whether both import and export are included (see below).
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	No Comments: We do not agree with this approach, particularly the Fixed/Multiple Fixed Block methods of allocation. Applying these principles adds significantly to costs that will be incurred by PDSO/SMRS.
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Not Applicable Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments:

No.	Question	Response
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes Comments: Our HH DUoS Billing system operates on an individual MPAN basis and is driven from LLFC assigned to an MPAN. This means that splitting any import, and potentially export, at a site might require the creation of additional LLFC with the 40 day lead time implied by BSCP528 and the need to make MDD changes. It could also lead to more emergency MDD changes for the industry adding to complexity. It is almost certain that this will require amendment to Connection Agreements (between PDSO and a customer) and Use of System Agreements (between PDSO and all Suppliers involved). These will need to be framed, subject to notice periods and agreed by all parties before effecting the pseudo MPANs. Further, it is likely that the Condition 4 DUoS Charging Statements will need to be revised, these require five months notice of revision. There are no plans to split reactive data, this will result in the reactive kVArh being set against the Primary Suppliers import only. With regard to the comments on "virtual" energy it is worth reminding ourselves that Settlements as a whole operates partially on the principle of "virtual" energy. For example electricity generated on Teeside will not actually be delivered to a customer in Cornwall even if this is what is implied by Settlements. In the case of a fixed block allocation a PDSO is potentially being tasked to deliver energy to a site on behalf of supplier A and to take it away and deliver it to another site on behalf of supplier B. A PDSO should charge accordingly for providing this service. In practical terms a PDSO will not have access to the rules for allocation of energy and so will be unable to identify when this situation is occurring leading to problems in charging.

No.	Question	Response
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes Comments: This adds to the complexity of creating and managing pseudo MPANs. It requires manual record keeping as there is no means of linking MPANs together on SMRS. It will not be apparent to the SMRS/Distributor which is the primary MPAN nor how may secondary MPANs exist for a site solely by reference to SMRS. This may be manageable for very small numbers of sites but, would not be appropriate for large number of sites (particularly import sites) or if there were large numbers of suppliers to each site. The cost of creating a set of pseudo MPANs is estimated at £1,200 per site. Similar costs would be incurred each time a further pseudo MPAN was added to an exiting set.
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes If Yes, what limit: Comments: Two, as at present.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: No benefit whatsoever this only adds to the complexity and cost or running our business.
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: See above responses to questions 6 and 7. Timescales would be 6 months, but this depends upon contract revisions going smoothly.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes / No Comments:

Name: Graham Smith

Organisation: Western Power Distribution

Response Provided on behalf of (BSC Parties): Western Power Distribution (South West) & Western Power Distribution (South Wales)

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes / No Comments: As we are not a trading party this modification has no benefit to us. However please see comments for Q 6 to 10
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes / No If Yes, which objective(s): Objective (a) Yes / No Objective (b) Yes / No Objective (c) Yes / No Objective (d) Yes / No Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes / No Comments:
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes / No Comments:
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Yes / No Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments:

No.	Question	Response
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes Comments: Primarily there is potentially a significant effect on our use of system billing processes. Please see attached.
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	No Comments: This primarily impacts our Distribution Business
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes If Yes, what limit: 9 Comments: We will be required to keep manual records and would prefer if the number of MPANS allocated to a metering system was kept in single figures.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: There is no benefit to us. Trading parties will potentially benefit
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: The costs and timescales will depend on how many sites are affected. If the take up of the meter splitting arrangement is low, say less than 20 sites across each of our two GSP group areas, and we can deal with it manually then the cost will be low and we could implement on 1st April 2002. Otherwise it is likely to take several months and an as yet undetermined cost to develop automated processed.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes / No Comments:

Western Power Distribution

P67 Questionnaire part 6

The present arrangements for shared metering rely on the PDSO maintaining manual records of linked MPANS. Although manually intensive, the low volume of affected sites and the maximum of two

potential suppliers registered to each of the import and export systems, have meant this is manageable.

The introduction of additional allocation methods, and the removal of the limit on the number of suppliers registered to each system, will greatly increase the complexity of the manual process. Depending on the take up by Suppliers it is possible that manual record keeping will become untenable.

The additional Allocation Methods create the potential for "virtual" import and export energy. It is not clear how the PDSO will be able to determine, from the dataflow sent by the HHDC, whether energy is real or virtual.

For import MPANS we would need to exclude virtual energy from DUoS charging. The only way this could be achieved would be if particular MPANS were used exclusively to record virtual demand. Any agreed capacity charges would need to be charged to the lead supplier who would have to make their own arrangements to recover any element due from associated Suppliers. Additionally, the apparent absence of an allocation schedule to split reactive meter data will threaten the accuracy of DUoS charges.

For export MPANS we rely on accurate data to manage network load and to monitor totals of power entering our network. The possible introduction of virtual export will complicate this process and, unless virtual exports can be identified, will distort the correct figures.

Overall, although P67 may offer significant benefits for parties wishing to trade imports and exports, it potentially adds an additional level of complexity to the processes and costs of the PDSO. Due to the short timescales allowed for assessment it has not been possible to fully assess or cost problems or potential solutions.

If P67 is approved we would recommend that a relatively low limit is placed both on the number of suppliers that can be registered against each metering system and on the number of such systems within each GSP group that can be subject to these arrangements. It is likely that development work will be needed to provide an automated solution if the modification results in a significant increase in the use of shared metering systems.

Name: **Ian M. Mullins**

Organisation: **BP Gas**

Response Provided on behalf of (BSC Parties): **BP Gas Marketing Ltd, Great Yarmouth Power Ltd, BP Chemicals Ltd**

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	**Yes** / No Comments: *We would like to see P67 extended to CVA.*
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC	**Yes** / No If Yes, which objective(s):

No.	Question	Response
	Objective(s) and how?	Objective (a) Yes / **No** Objective (b) Yes / **No** Objective (c) **Yes** / No Objective (d) Yes / **No** Comments: *P67 will only truly facilitate competition when small generators can realise embedded benefits and CCL independently from suppliers. When small generators are able to trade to CVA instead of SVA, this will encourage better deals to small generators from suppliers.*
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	**Yes** / No Comments: *Minimum system changes are required.*
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	**Yes** / No Comments: *As alluded to in the response to Question 2, small generators are reliant on negotiations with small pools of suppliers, and so are constrained in their ability to obtain the full embedded benefits and CCL. Small generators will have a wider range of options to obtain these benefits open to them under P67 than are presently available.*
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Yes / No Comments: N/A
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments: N/A
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes / No Comments: N/A

No.	Question	Response
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes / No Comments: N/A
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes / **No** If Yes, what limit: Comments: If a limit on the number of Suppliers were imposed, then this would reduce the number of commercial options available to small generators.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: *Organisation :* *No material impact.* *Industry : Unless P67 is accompanied by further reforms for small generators (i.e. embedded benefit and CCL), there is unlikely to be significant impact on small generators. Without these reforms, it is likely that the variable element of the energy will approach the current SSP, or SBP if the flow is negative, and so the total energy prices will not be much in excess of today's prices.*
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes / **No** Comments: N/A
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	**Yes** / No Comments: *Elexon should highlight to the DTI and Ofgem that P67 is unlikely to have a material impact on small generators unless small generators can capture embedded benefits and CCL independently of Suppliers. The realistic and economic option of trading in CVA will pressurise Suppliers to give small generators a fair market price through P67, or current SVA methodology.*

Name: Liz Anderson. Energy Strategy & Regulation Manager

Organisation: LE Group

Response Provided on behalf of (BSC Parties): London Electricity plc, SWEB Ltd, Jade Power Generation Ltd and Sutton Bridge Power Ltd.

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes Comments: We would temper our "yes", buy saying that it is not immediately apparent that the sum of the parts will create more value than the export taken as a whole.
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes / No If Yes, which objective(s): Objective (a) Yes / No Objective (b) Yes / No Objective (c) We think the balance is towards "Yes" Objective (d) We think the balance is towards "No", as further complexity and scope for errors would be added. However, we would not wish you to give much weight to this Comments: If it is felt that P67 gives more opportunities for the sale of the output of LEGs, then we would agree that competition should be enhanced.
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes / No Comments: We are happy to take Elexon's guidance on this.
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes Comments:
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Yes / No Comments: If LEGs approach us and ask for these allocation methods, then we will seek to accommodate them.
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be	Number of Potential Sites: Comments:

No.	Question	Response
	affected?	
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes / No Comments: Not that we have seen in the time available
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes / No Comments: Not that we have seen in the time available
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes If Yes, what limit: We would suggest a round number of 10. Comments:
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: We are uncertain that there will be an overall benefit.
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: We are concerned about the potential impact on DUoS validations if data for some MPANs in a bill is 'virtual' (see para. 3.5.2, page 12 of 20 in the 'Modification P67 Requirements Specification). If the 'virtual' energy is 'export', Distributors would not normally charge for such energy but if the 'virtual' energy is 'import', a charge may be made which should not be applicable. We may need to incorporate some form of checking to ensure that Distributors are billing correctly when Shared SVA Meter Arrangements are in operation. We have not been able to carry out an assessment of the cost and time required.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes Comments: This is not relevant to the BSC processes, but needs to be thought through by Ofgem. ROCs and LECs may be generated as well as energy - if the variable element is negative, then LECs and ROCs should not be issued. Ofgem's procedures, as currently envisaged would not pick this up – they would be dependent on the generator to tell them. This could expose the

No.	Question	Response
		counterparty for the fixed volume to a considerable risk - they could have purchased LECs and ROCs that are subsequently found to be invalid. This could therefore dramatically erode the value of the fixed output. Thus the LEG could end up no better off after this mod. In order to protect both the LEG and suppliers, Ofgem need to design their ROC and LEC processes with appropriate functionality.

Name: Ben Willis

Organisation: Innogy plc

Response Provided on behalf of (BSC Parties):

Innogy, Innogy Cogen Ltd, Innogy Cogen Trading Ltd, Npower Ltd, Npower Direct Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd, Npower Northern Ltd & Npower Northern Supply Ltd.

Introductory Explanation:

Whilst this modification seeks to implement the Specials Expert Group recommendations for Licence Exempt Generators, it cannot deliver the recommendation that the variable energy be traded within CVA and the non-variable be traded within SVA. Neither can it fulfil the recommendation that the Consolidator role should not require a Supply Licence.

Modification Proposal 67 was raised before the publication of the Authority decision on P7, which no longer limits the number of supplier BM Units to one per Trading Unit. As such neither the CWG nor the P67 Modification Group considered the full implications of P7 implementation upon the implementation options for 'Option 4'. Since the proposed implementation date for P67 is after that of P7, there should be a fifth option listed within 1.2 of the Modification Report:

- Method (e) – Split and allocate metered volumes at Central Volume Allocation Agent

The required P67 Option 4b functionality can be replicated using P7 and other current functionality within the BSC. Not only is this possible, but the existing functionality can also deliver the recommended CVA / SVA split, as well as allowing pure consolidators to enter the market without the requirement of a Supply licence. It is noteworthy that, although the Modification Report states that P67 "...will allow consolidation services to develop to the extent envisaged originally under NETA" (paragraph 1.3), this is not strictly true. P67 still requires a consolidator to be the holder of a Supply Licence, since the consolidator, as registrant of the relevant metering system, is responsible for the volumes that flow through those meters. The original intention was that consolidators should be able to operate within the BSC without the requirement of a Supply Licence. P67 does not fulfil this intention.

P67 seeks to deliver the same trading options for sub-BM Unit level sites as for BM Units themselves, i.e. the trading of fixed and variable volumes of energy, without the loss of the embedded benefits associated with that energy or the need to transfer the whole site into the CVA trading arrangements. Through the use of an Additional Supplier BM Unit, a single site can be registered into a single BM Unit and the energy from that site can then be split into fixed and variable portions as required through the use of Meter Volume Reallocations (MVRNs). Consequently, a Consolidator can purchase the variable output from a site within CVA without the requirement of holding a Supply Licence, whilst the fixed element can be sold out or retained as the registrant sees fit.

Through the use of P7, the embedded benefits accruing to the site can then be utilised by the suppliers with the Trading Unit containing the Additional Supplier BM Unit, in accordance with NGC's Use of System Charging Methodology Statement.

Consequently, P67 does not add any functionality that does not already exist within the Balancing & Settlement Code as it stands post-P7, whilst still requiring material changes to the MRA and DUoS agreements, and therefore does meet any of the relevant objectives.

Ben Willis

Here are our responses to the specific questions raised in the consultation:

No.	Question	Response
1.	Do you agree with the principles behind P67 i.e. That predictable energy (i.e. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	**Yes & No** Comments: It is true that the variable and non-variable portions of sites' output will command different values within the market. Until these volumes are available to the market as separate product, we will not know whether the single product or the combination of split products commands the higher value. However, since the relevant functionality will exist within the BSC post P7, this does not support the business case for P67.
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence? If so, which BSC Objective(s) and how?	**No** If Yes, which objective(s): Objective (a) No Objective (b) No Objective (c) No Objective (d) No Comments: P67 was raise before the Authority decision on P7. Since that decision, P67 simply replicates functionality that will exist within the BSC after 28th February '02 (see the introductory explanation).
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	No Comments: As stated previously, P67 does not add any functionality that will not exist within the BSC after 28th February '02 (see the introductory

No.	Question	Response
		explanation).
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes Comments: We agree that the solution should be non-discriminatory. It should be noted that post-P7 BSC functionality will not discriminate between generation and demand.
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Neither Comments: The post-P7 functionality of the BSC will allow these allocations at ~~a~~ much lower cost.
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: N/A Comments: N/A
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	N/A Comments: N/A
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	N/A Comments: N/A
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	No If Yes, what limit: N/A Comments: The post-P7 BSC functionality is already built to handle very complex volume reallocations between multiple parties.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: Organisation – The proposed functionality already exists. The introduction of this mod does not appear to give us scope to offer additional products to our customers. Industry – None, for reasons details above.

No.	Question	Response
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: The adoption of this mod would result in additional cost without providing additional benefit to market participants.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes Comments: The Modifications Group should meet again to re-address the solution to this modification, in the full light of the Authority's decision on modification P7. It is noteworthy that the P7 decision was published the day before the meeting of the Modifications Group, and after the last meeting of the Consolidation Working Group. As it currently stands, the Modification Report recommendation on P67 is not being made against the enduring systems and legal drafting of the BSC, which is known now, but a against a version that will be obsolete as of the 28th February, 10 days before the proposed P67 implementation date of 8th March.

Given all the above, our conclusions are that either:

- the Urgent Modification Report should NOT be presented to the Panel in its current form,
- the Modifications Group should meet and discuss the issues raised by this consultation and
- the adjusted Modification Report can then be presented to the Panel, in the knowledge that all issues have been considered.

Or:

- the Urgent Modification be presented in its current form,
- the Panel then send the Modification back to the Modification Group, since the Group will not have considered all the issues surrounding this Modification
- an adjusted Modification Report can then be re-presented to the Panel, in the knowledge that all issues have been considered.

It is worth noting that, since this is an Urgent Modification, times-scales are not confined to those set out in Section F of the BSC. Even with an additional Modifications Group meeting, it should be possible for the Panel to make an informed recommendation to the Authority by the intended date of the 18th February 2002.

Ben Willis
7th February 2002.

Name: Garth Graham

Organisation: Scottish and Southern Energy

Response Provided on behalf of (BSC Parties): Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd

From: Garth Graham[SMTP:garth.graham@scottish-southern.co.uk]
Sent: 07 February 2002 12:42
To: ELEXON-Modifications
Subject: P67 Urgent Consultation Response

Dear Sirs,

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

Further to your note of 1st February 2002, and the associated Urgent Modification Report, concerning Modification Proposal P67; we have the following comments to make.

Q1 Do you agree with the principles behind P67 i.e. that predictable energy (i.e. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?

We are concerned that proceeding with this Modification in such haste may cause significant implementation problems for the industry, in particular with reference to the MRASCo implications and the effect on DUoS. We are also concerned that there appears to be no protection for those other Suppliers in a GSP who could be affected by a problem with the 'Active Energy Suppliers'.

Q2 Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective (s) and how?

Not Clear.

Q3 Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?

Not clear.

Q4 The solution developed for P67 applies to both generation and demand. Do you agree with this approach?
Yes

Q5 (a) If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?

Q5 (b) If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?

Q6 If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?

We are deeply concerned that the impact on DUoS has not need addressed and we would strongly recommend that the Panel actively seek the views of the Distribution Commercial Group prior to proceeding with this Modification.

Q7 If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?

Q8 Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.

One. We do not think, at the outset of this Modification, there should be multiple Suppliers taking fixed amounts of Active Energy. To use an analogue - KIS: Keep It Simple - we think the Fixed Block Method should initially be adopted, rather than the Multiple Fixed Block Method. The market currently operates on the basis of a Primary and Secondary Supplier; i.e. limited to just two 'parties'. We believe there is merit in continuing with this principle, in the short to medium term, with the Primary Supplier being responsible for the fixed element of the Active Energy and the Secondary Supplier being responsible for the variable element. If there is any differences or problems arising from the adoption of this Modification, then it should be 'easy' to identify which Supplier is responsible. If at a later date, following a period of operational experience with this Modification having been in effect, it is determined that there would be merit in moving to the Multiple Fixed Block Method then a subsequent Modification can be raised.

Q9 What is the potential material benefit of implementing P67:

on your organisation?
to the industry?

It is not certain that there is any measurable benefit from this Modification and furthermore the cost effectiveness of the Modification is also unclear.

Q10 If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?

The short timescales for this proposed Modification have not allowed sufficient time to carry out as full and detailed assessment as we would like. It appears that we could use a semi -manual solution but we would need time to check the details and test it. This change will not be agreed until 14th February which would give three weeks for implementation. Such a short timescale greatly increases the risk and cost implications. The earliest we would like this to be implemented is August 2002.

Q11 Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?

We would refer you to our answer to Question 1.

Regards

Garth Graham
Scottish & Southern Energy plc

Name: Rekha Patel

Organisation: Dynegy

Response Provided on behalf of (BSC Parties):

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	**Yes** / No Comments: **It is vital for the survival of exempt generating plants, under the NETA framework, to be able to split its energy into predictable and unpredictable energy.**
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	**Yes** / No If Yes, which objective(s): Objective (a) Yes / No Objective (b) Yes / No **Objective (c)** **Yes** / No Objective (d) Yes / No Comments: **P67 facilitates embedded generators with a greater choice regarding whom to sell its output to.**
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	**Yes** / No Comments: **The CWG paper has clearly established that P67 is the most cost-effective means of implementing Option 4.**
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	**Yes** / No Comments: **P67 is capable of being applied to both generation and demand.**
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	**Yes** / No Comments: **It is important to incorporate flexibility and choice where possible. The percentage method and block method should both be available.**
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments: **At present, Dynegy is not an active consolidator and therefore can not state how many potential sites will be affected.**
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes / No Comments: **N/A**

No.	Question	Response
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes / No Comments: **N/A**
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes / **No** If Yes, what limit: Comments: **A limit should only be considered if there is the potential of system/data flow problems with the implementation of an unlimited quantity of suppliers.**
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: Organisation: **P67 facilitates the option of Dynegy becoming a consolidator, if it so wishes.** Industry: **Competition created through embedded generators being able to contract with numerous suppliers.**
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes / **No** Comments:
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes **/ No** Comments:

Name: Man Kwong Liu

Organisation: Calanais Ltd.

Response Provided on behalf of (BSC Parties): For and on behalf of: - *ScottishPower UK Plc.; SP Manweb Plc.; ScottishPower Energy Trading Ltd.; ScottishPower Generation Ltd.; Scottish Power Energy Retail Ltd.; Emerald Power Generation Ltd.; SP Transmission Ltd.*

With reference to the above, the whole of ScottishPower Group would offer our support to the proposed modification and its implementation timescales subject to the comments we have made (attached) particularly regarding import sites . We believe it betters the Applicable Objectives of the BSC. I have therefore attached the consultation response for your consideration.

Regards
Man Kwong Liu

Design Authority, Deregulation Services, Calanais Ltd. for ScottishPower/Manweb

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes Comments: This proposal provides an additional degree of flexibility to embedded generators in how they wish to sell their output. It also allows for the development of consolidation services. However, the extension to all HH sites, including import sites, would be problematic for Distribution businesses.
2	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes If Yes, which objective(s): Objective (a) Objective (b) Objective (c) Yes Objective (d) Comments: The processes outlined should lead to further development of liquidity in trading. However, also refer to our answer on question 4 regarding import sites.
3	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes Comments: This solution provides for the least change to processes and appears to be the most cost-effective method for settlement and registration systems. However, Distribution Business costs associated with these changes, particularly for import sites, could be significant, according to the number of sites taking advantage of these new features.

No.	Question	Response
4	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	No Comments: The splitting of import according to aggregation rules creates problems for Distributors because: • Changes are needed to connection agreements if capacities and technical conditions (reactive power constraints etc.) need to be split across MSIDs • Changes are needed to use of system agreements to incorporate new charging rules • Changes are needed to DUoS billing systems to cater for splitting of existing sites between two (or more) MSIDs • New billing rules etc to be incorporated into Condition 4 licence statements • No plans to split reactive data, but DUoS charges may be based on kVA calculated from kW and kVAr readings. We will be using kW and kVAr readings that are incompatible. For the Suppliers: The DUoS billing issue mentioned above will also affect Suppliers if they are not addressed. The Suppliers of any "split" import MPANs will have difficulty verifying data and the corresponding DUoS invoices unless the Distributor issues are addressed. Yes for generation, as while some of the above changes also apply to generation sites, the additional costs incurred by distributors in facilitating competition in generation can be justified, in view of the smaller number of sites and smaller impact on billing system changes involved if only generation sites are included in this modification.
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Yes Comments: We would be willing to consider the various additional options available.
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: required further assessment. Comments:

No.	Question	Response
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes Comments: Please note our comments on import sites.
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes Comments: • Manual recording systems always bring greater risk of error. • It will not be apparent to the distributor (except via manual records) which is the primary MPAN at a site.
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	No, in theory. If Yes, what limit: Comments: But in practice, 6 per site would be sensible.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: For the industry, there is the potential for Wind Generation to be economically traded in NETA by mitigating the effects of Imbalance charging on wind generation energy sales.
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: Impact is not significant and Timescales could be met on HHDC. For PDSO:- • Cost if generation only - additional administrative effort, probably in £10,000s but not £100,000s. The timescales could be met. • Cost if import too: - billing system changes could be £m - connection agreements could be £10,000s - £100,000s depending on number of sites affected. - manual recording £10,000s - £100,000s depending on numbers. If numbers high, system changes £100,000s to £ms. - cost of amending DUoS agreements and Condition 4 Statements £10,000s - £100,000s but if changes considered material, may require Ofgem approval and hence delays could be encountered making implementation in March 2002 difficult.

No.	Question	Response
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes Comments: Aggregation options 3 and 4 use the concept of virtual energy. The plan is to send data flows showing virtual HH readings rather than actual site readings. This corruption of data integrity is of major concern and needs to be considered more widely before decisions on aggregation at import sites is approved. These are not within the scope of the current modification, which aims to facilitate consolidation services. These do not require the transfer of virtual energy from import to export MPANs or vice versa.
	Legal drafting Comments	1) Sec. K 2.5.6 (c) and K 2.5.7(b) - replace "the Secondary Supplier" with "that Secondary Supplier" as it just reads better. 2) Sec. K 2.5.9 (a) (ii) – there are two options for the drafting set out in square brackets. Our preference is for the first option as it is more consistent with what has gone before, i.e. a Secondary Supplier is chosen to replace a Primary Supplier and, under this option, would take over the SVA Metering System Number(s) of the Primary Supplier while having its own disconnected. This is preferable to option two - the SVA Metering System Number(s) of the Primary Supplier are disconnected but the changeover of the Secondary Supplier into the Primary Supplier appears to take place outwith the systems process.

Annex 2B - Representations to Detailed Level Impact Assessment

Carried out by	Approve	Reject	Comments
Electricity Direct (UK) Limited	✓		
Northern Electric Distribution and Yorkshire Electricity Distribution.	✓		
TXU			No impact
National Grid	✓		Refer to consultation response
SEEBOARD			
Invensys			No impact
Western Power Distribution			
NPower			Refer to consultation response
GPU Power			
Siemens Metering Datacare (Ruddington - Nottingham)			No impact
Calanais Ltd. ScottishPower Manweb	✓		In addition refer to consultation response.

Below are the detailed responses to the Detailed Level Impact Assessment

Name: Gareth Swales

Organisation: Electricity Direct (UK) Limited

Response Provided on behalf of (BSC Parties): Electricity Direct (UK) Limited

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes Comments: From the options presented this is the most suitable way of developing. This will be good for the predictable Renewables but may have a detrimental effect towards the like of wind power. This may cause lower than market prices for the unpredictable sources.

No.	Question	Response
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes / No If Yes, which objective(s): Objective (a) Yes / No Objective (b) Yes / No Objective (c) No Objective (d) Yes / No Comments: c, it is another hurdle overcome and a step in the right direction but it still does not promote healthy competition for all LEGs. It does, however, assist suppliers
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes Comments:
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes Comments:
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Maybe Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes / No na Comments:
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes / No na Comments:

No.	Question	Response
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	No If Yes, what limit: Comments: Putting a limit on it will put restrictions on fairness and competition. If there is a large GC in a given GSP, only a limited number of 'players would be able to take advantage. Participants may only want to have a small share in GSP groups and by restricting the numbers they may not be authorized.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: It may allow us to take advantage of embedded benefits that were otherwise not available to us. To the Industry; it will help with the attractiveness of certain predictable embedded supplies (although may negate unpredictable sources).
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: Should not have a great impact.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	No Comments: To promote a sustainable and competitive future all types of Renewables should be able to compete on a level playing field. Further analysis should be set up to look at the 'Variable amounts' as these will not be market competitive.

Name: ***Brian Nichol***

Organisation: ***Northern Electric Distribution Ltd (NEDL)***

Response Provided on behalf of (BSC Parties): ***NEDL and Yorkshire Electricity Distribution***

No.	**Question**	**Response**
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	*Yes* Comments: *However, we do have serious concerns that PDSO's are being expected incur additional costs in order to solve a pronlem that is really a Settlements problem involving Generators and Suppliers, but which is of no tangible benefit to PDSO's.*

No.	Question	Response
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	*No opinion* If Yes, which objective(s): Objective (a) Yes / No Objective (b) Yes / No Objective (c) Yes / No Objective (d) Yes / No Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	*No* Comments: *We believe that an unlimited number of Secondary Suppliers will pose a significant risk to the Settlements process.* *We believe that for a period of a year, the number of Secondary Suppliers should be restricted to 1. After a year of satisfactory operation, the number could be increased progressively to an absolute limit of 9.*
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	*No* Comments: *We do not agree that there is any requirement for this technique to be used for Demand sites.* *We believe that it should be restricted to Export sites only, and in particular Licence Exempt Generator sites, for a period of at least 1 year.*
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	*Not applicable* Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	*Not applicable* Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as	*Yes* Comments:

No.	Question	Response
	a result of P67?	*1. We believe that PDSO's should be able to charge participating Suppliers for the additional costs that will be incurred by them because of this procedure regarding the creation of pseudo MPANs and the recording of the relationship between them, and that this income should be classed by Ofgem as 'exempt'.* *2. We believe there are issues surrounding 'Use of System Agreements' that have not been addressed by the papers.* *3. We believe that additional work is required regarding which values for Line Loss Factors (and LLF Classes) should be applied to pseudo MPANs.* *4. We believe PDSO's will need to introduce additional control procedures into their DUoS Billing systems in order to avoid erroneous billing on pseudo-energy, and that they should be compensated for the additional costs incurred.* *5. We believe there may be issues regarding a defaulting supplier that have not been fully thought through (e.g. similar to SoLR).*
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	*Yes* Comments: *1. We are strongly opposed to an unlimited number of pseudo MPANs being permissible. We believe that the absolute maximum should be 9 per site. We also believe that for the first year, a temporary restriction should apply so that only 1 secondary supplier can exist (hence only 1 pseudo MPAN). This is to give the concept of pseudo energy time to be proven.* *2. We do not believe that there should be more than 1 pseudo MPAN for the import side of a site, as we believe that all that is required is 1 Main Import MPAN plus 1 Variable (pseudo) Import MPAN.* *3. There are some errors in the workflow diagrams in BSCP550 in section 2.6 (De-energisation) regarding advising SMRA of "planned" dates.* *4. The cost of adapting our systems and procedures to record and validate the relationship between the Primary and Secondary MPANs will be of the order of £50,000 and we believe that we should be entitled to recover these costs from suppliers.*
8.	Do you believe that there should be a limit on the number of Suppliers who	*Yes*

No.	Question	Response
	could participate in the Multiple Fixed Block Method? If so, what limit should be established.	If Yes, what limit: Comments: *For the first year of operation, the limit should be 1 secondary supplier, per site. If the concept works correctly, the limit could be cautiously extended.* *However, we believe that there should always be a maximum of 9 pseudo MPANs for all sites. This would facilitate 1 Primary Supplier, 8 Secondary Suppliers plus 1 Variable Supplier, which should be enough for all sub-50 MW generators.*
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: *1. No benefit* *2. For others to decide*
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	*Yes* Comments: *The initial setup cost is of the order of £50,000. Annual running costs will depend on the number of sites involved and the number of participating Suppliers.* *The timescale for a full solution is 6 months. However if a limit of 1 pseudo MPAN is initially applied, then it will be possible to do this from 8th March by using manual procedures.*
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	*Yes* Comments: *1. Consideration needs to be given to DUoS Agreements and whether a Secondary Supplier can register for a pseudo MPAN if he does not have a DUoS Agreement with the PDSO.* *2. The de-energisation, de-registration and disconnection process needs some more detailed thought.* *3.The impact of transferring sites from SVA to CRA and possibly back again needs to be considered.*

Name: Phil Lawton
Organisation: National Grid
Response Provided on behalf of (BSC Parties): National Grid

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes Comments: This proposal would increase transparency by allowing the separation of energy and the associated imbalances.
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes If Yes, which objective(s): Objective (a) No Objective (b) No Objective (c) Yes Objective (d) No Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes Comments: This answer is based upon the advice given to the CWG and the Modification Group by Elexon.
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes Comments: We can see no justification for discriminating between generation and demand in this respect.
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	N/A Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	N/A Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	N/A Comments:

No.	Question	Response
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	N/A Comments:
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes / No If Yes, what limit: Comments: We are not in position to comment on either the restrictions that such a limit would place on market participants, or the costs on the associated systems of having a high limit/no limit
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: • No direct benefit to National Grid • The industry would benefit from greater transparency/price discovery for small players
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	No Comments: The impact of P67 is restricted to the SVA systems
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes Comments: From a charging perspective it is important that these arrangements are confined to operate within GSP groups. This is an important difference between the provisions of P67 and a MVRN in the Central Volume Allocation system.

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Supplier view on this issue is that this is very complicated and it is impossible to be sure of all impacts on us within these timescales. It should be noted that at this point in time we do not believe that these facilities would be of use to our company. However, we are unsure if systems will require changing even if we do not intend to use those facilities offered by this modification.

Distribution view is that this change will only lead to additional costs with no benefits. Current capped block method already provides a mechanism to separate predicable energy from unpredictable energy that we feel is sufficient for the majority of industry. Our HH DUoS Billing system operates on an individual MPAN basis and is driven from LLFC assigned to an MPAN. This means that splitting any import, and potentially export, at a site might require the creation of additional LLFC with the 40 day lead time implied by BSCP528 and the need to make MDD changes. It could also lead to more emergency MDD changes for the industry adding to complexity. It is almost certain that this will require amendment to Connection Agreements (between PDSO and the customer) and the Use of System Agreements (between PDSO and all Suppliers involved). These will need to be framed, subject to notice periods and agreed by all parties before effecting the pseudo MPANs. Further, it is likely that

the Condition 4 DUoS Charging Statements will need to be revised, these require five months notice of revision. There are no plans to split reactive data, this will result in the reactive kVArh being set against the Primary Suppliers import only. With regard to the comments on "virtual" energy it is worth reminding ourselves that Settlements as a whole operates partially on the principle of "virtual" energy. For example electricity generated on Teeside will not actually be delivered to a customer in Cornwall even if this is what is implied by Settlements. In the case of a fixed block allocation a PDSO is potentially being tasked to deliver energy to a site on behalf of supplier A and to take it away and deliver it to another site on behalf of supplier B. A PDSO should charge accordingly for providing this service. In practical terms a PDSO will not have access to the rules for allocation of energy and so will be unable to identify when this situation is occurring leading to problems in charging.

SMRS view is that this adds to the complexity of creating and managing pseudo MPANs. It requires manual record keeping, as there is no means of linking MPANs together on SMRS. It will not be apparent to the SMRS/Distributor which is the primary MPAN nor how may secondary MPANs exist for a site solely by reference to SMRS. This may be manageable for very small numbers of sites but, would not be appropriate for large number of sites (particularly import sites) or if there were large numbers of suppliers to each site. The cost of creating a set of pseudo MPANs is estimated at £1,200 per site. Similar costs would be incurred each time a further pseudo MPAN was added to an exiting set.

Name: Dave Morton

BCA/PACA

Organisation: SEEBOARD

Date: 7th February 2002

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Imserv does not currently provide Dual Supply Trading functionality within its HHDC systems. There are currently no plans to provide it or multi supplier trading functionality and therefore there will be no impact of this change on IMServ. IMServ is therefore neutral in respect to CPC00110

Name: Jonathan Griggs

PACA*

Organisation: IMSERV

Date: 7/2/2002

Name: Graham Smith

Organisation: Western Power Distribution

Response Provided on behalf of (BSC Parties): Western Power Distribution (South West) & Western Power Distribution (South Wales)

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable	Yes / No Comments: As we are not a trading party this modification has no benefit to us. However please

No.	Question	Response
	volume) and therefore support the business case for P67?	see comments for Q 6 to 10
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	Yes / No If Yes, which objective(s): Objective (a) Yes / No Objective (b) Yes / No Objective (c) Yes / No Objective (d) Yes / No Comments:
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	Yes / No Comments:
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	Yes / No Comments:
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	Yes / No Comments:
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	Number of Potential Sites: Comments:
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes Comments: Primarily there is potentially a significant effect on our use of system billing processes. Please see attached.
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	No Comments: This primarily impacts our Distribution Business
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes If Yes, what limit: 9 Comments:

No.	Question	Response
		We will be required to keep manual records and would prefer if the number of MPANS allocated to a metering system was kept in single figures.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	Comments: There is no benefit to us. Trading parties will potentially benefit
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes Comments: The costs and timescales will depend on how many sites are affected. If the take up of the meter splitting arrangement is low, say less than 20 sites across each of our two GSP group areas, and we can deal with it manually then the cost will be low and we could implement on 1st April 2002. Otherwise it is likely to take several months and an as yet undetermined cost to develop automated processed.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes / No Comments:

P67 Questionnaire part 6

The present arrangements for shared metering rely on the PDSO maintaining manual records of linked MPANS. Although manually intensive, the low volume of affected sites and the maximum of two potential suppliers registered to each of the import and export systems, have meant this is manageable.

The introduction of additional allocation methods, and the removal of the limit on the number of suppliers registered to each system, will greatly increase the complexity of the manual process. Depending on the take up by Suppliers it is possible that manual record keeping will become untenable.

The additional Allocation Methods create the potential for “virtual” import and export energy. It is not clear how the PDSO will be able to determine, from the dataflow sent by the HHDC, whether energy is real or virtual.

For import MPANS we would need to exclude virtual energy from DUoS charging. The only way this could be achieved would be if particular MPANS were used exclusively to record virtual demand. Any agreed capacity charges would need to be charged to the lead supplier who would have to make their own arrangements to recover any element due from associated Suppliers. Additionally, the apparent absence of an allocation schedule to split reactive meter data will threaten the accuracy of DUoS charges.

For export MPANS we rely on accurate data to manage network load and to monitor totals of power entering our network. The possible introduction of virtual export will complicate this process and, unless virtual exports can be identified, will distort the correct figures.

Overall, although P67 may offer significant benefits for parties wishing to trade imports and exports, it potentially adds an additional level of complexity to the processes and costs of the PDSO. Due to the short timescales allowed for assessment it has not been possible to fully assess or cost problems or potential solutions.

If P67 is approved we would recommend that a relatively low limit is placed both on the number of suppliers that can be registered against each metering system and on the number of such systems within each GSP group that can be subject to these arrangements. It is likely that development work will be needed to provide an automated solution if the modification results in a significant increase in the use of shared metering systems.

Name: Ben Willis

Organisation: Innogy plc

Response Provided on behalf of (BSC Parties):

Innogy, Innogy Cogen Ltd, Innogy Cogen Trading Ltd, Npower Ltd, Npower Direct Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd, Npower Northern Ltd & Npower Northern Supply Ltd.

Refer to comments provided to consultation.

Name: Craig Finn
Organisation: GPU Power Networks (UK) plc
Response Provided on behalf of (BSC Parties): GPU Power Networks (UK) plc, PDSO

No.	Question	Response
1.	Do you agree with the principles behind P67 ie. that predictable energy (ie. a fixed volume) should be separable from the unpredictable energy (variable volume) and therefore support the business case for P67?	Yes, if it is not to the detriment of PDSOs either commercially or in terms of safety of our network.

No.	Question	Response
2.	Do you believe that P67 better facilitates the achievement of Applicable BSC Objectives, as are set out in paragraph 3 of Condition C3 of the Transmission Licence. If so, which BSC Objective(s) and how?	No comment.
3.	Do you believe that the solution developed for P67 is the most cost-effective way of implementing Option 4?	No comment
4.	The solution developed for P67 applies to both generation and demand. Do you agree with this approach?	No. PDSOs have a need to know an individual site's true import and export measured in kVA. This is to enable an accurate UoS capacity charge for a customer, as it is based on the maximum import demand. It is also required for network load planning to ensure that load on the network is managed safely and in a controlled way. Providing data for active energy only, split between primary and pseudo MSIDs, means that this information will not be available.
5.a	If you are a Supplier, will you be utilising either or both of the additional optional Allocation Methods proposed for P67?	N/A

No.	Question	Response
5.b	If you are a Supplier and intending to utilise either or both of the additional optional Allocation Methods proposed for P67 how many potential sites will be affected?	N/A
6.	If you are a Public Distribution System Operator (PDSO), are there are any additional issues affecting the PDSO as a result of P67?	Yes. The implementation of P67, in it's current form would make the accurate billing of UoS charges for both primary Suppliers and all associated secondary Suppliers impossible. We propose that the HHDC sends data to PDSOs such that volume allocated by them to the primary Supplier is the **total** consumption (including reactive data) at site/customer level, as opposed to carving the data between the primary and associated pseudo MSIDs. This suggestion relates **only** to data sent to PDSOs and not data submitted to Suppliers/HHDAs. Reasons: 1. P67 does not consider how capacity (kVA) is charged, clearly because it is outside the scope of the BSC. However, capacity cannot be billed via primary and secondary suppliers (if P67 is implemented in it's current form) as the true customer demand will not be known. 2. PDSOs need to know a site's true demand so that load on the network is managed safely and in a controlled way. 3. It is a requirement of the Distribution Use of System Agreements that Suppliers provide metering data to enable PDSOs to both calculate UoS charges and for use in the operation and planning of the Distribution System. Failure to supply such data will place Suppliers in breach of their UoSA.

No.	Question	Response
7.	If you are a Supplier Meter Registration Agent (SMRA), are there are any additional issues affecting the SMRA as a result of P67?	Yes Registration systems do not currently have functionality that would enable the maintenance of a relationship between MSIDs. The implementation of such functionality will not come without associated cost and lead-time. We believe it essential that pseudo MSIDs are easily recognisable to the industry for many reasons – including the avoidance of potential for erroneous transfer – so propose that the MTC is used as a means to identify pseudo MSIDs. E.g. MTC 999 could be utilised. Also, the creation of pseudo MSIDs will be a manual, labour intensive process. This process will be undertaken at a cost to PDSOs. For that reason, we propose that the number of pseudo MSIDs associated with a primary MSID be limited. This would also make the maintenance and tracking of relationships between MSIDs far easier to manage.
8.	Do you believe that there should be a limit on the number of Suppliers who could participate in the Multiple Fixed Block Method? If so, what limit should be established.	Yes. See answer to question 7.
9.	What is the potential material benefit of implementing P67: • on your organisation? • to the industry?	There is no material benefit to PDSOs. This change will introduce manual processes and possible IT system changes to our organisation at a cost and for no material benefit. It will also create difficulties, if not impossibilities in respect of accurate UoS billing.

No.	Question	Response
10.	If P67 were to be implemented, does it impact your organisation? If so, what are the associated costs and timescales?	Yes. There is an impact on us both in terms of cost (definitely) and timescales (potentially). We have been given insufficient time to commit to a detailed impact analysis, but initial high level estimates for IT development and implementation indicate costs in excess of £30,000.
11.	Does P67 raise any other issues that should be considered as part of the Urgent Modification Procedure?	Yes - The submission of data from HHDCs to PDSOs in the circumstances of shared SVA metering. Please see response to Question 6. There are also a number of inaccuracies in the latest version of BSCP550.

CPC00110 - DLIA Request for Modification P67

Siemens Metering Datacare will not be implementing this proposed change, therefore there is no impact to S98 or the Business.

Name: Lina Shah

BCA/PACA*

Organisation: Siemens Metering Datacare (Ruddington – Nottingham)

Date: 7/02/02

CPC00110 - DLIA Request for Modification P67

Comments:

- Please note our response on P67 to Modification at Elexon (attached proforma). Our comments below assume our expectation of the implementation requirement for P67 (i.e. export sites only).
  - We support the changes and timescales for implementation as per our comments on P67.
  - There are minor impacts on our systems, but we could make the timescales as assumed above.

Please find below our comments on the documentation changes:-

BSCP531 - workflow diagrams are unreadable
The following points relate to BSCP550:

Section 1.2, 7th paragraph - change "...provided to the HHDC by to Gate Closure..." to "...provided to the HHDC by Gate Closure..."
Section 1.3, 3rd paragraph - remove the comma after "... the Primary Supplier will be the single Party...".
Section 1.3, 4th paragraph - should "method" have a capital "M"?
Section 1.3, 1st bullet point - remove "...or alternatively".
Section 2, general comment. Reference should be made to the creation of Import and Export MPANs for the Variable Supplier participating in a Multiple Fixed Block Method Allocation in order to allow the residual energy to be allocated correctly for both positive and negative allocations.
Section 2.1, boxes 3.1.13 and 3.1.14 should appear after 3.1.15 and 3.1.16. It is not possible for our agent systems to process a new appointment before the old one has been terminated.
Section 2.1, box 3.1.17 is not necessary and should be removed. This is already covered by 3.1.16.
Section 2.2.1, box 3.2.1.9 - change "both" to "all".
Section 2.2.1, boxes 3.2.1.16 and 3.2.1.17 should appear after 3.1.14 and 3.1.15. It is not possible for our agent systems to process a new appointment before the old one has been terminated.
Section 2.2.2, general comment. Shouldn't this section detail the obligations on the Old Suppliers as well as those on the New Suppliers (eg. Agent appointment termination).
Section 2.2.2, boxes 3.2.2.4 - add HHDA to the left hand box.
Section 2.2.3, box 3.2.3.4 - how does the Primary Supplier know who the new Supplier is? Should this section include an obligation on the New Supplier to contact the Primary Supplier? This would also include agreement on the new Allocation Schedule. 3.2.3.1 currently shows the new Allocation Schedule being agreed with the "Current Supplier" (presumably the one the New Supplier is replacing), however this should really be agreed with all the other Suppliers and not the Current Supplier.
Section 2.2.3, boxes 3.2.1.5 and 3.2.1.6 should appear after 3.2.1.7 and 3.2.1.8. It is not possible for our agent systems to process a new appointment before the old one has been terminated.
Section 2.2.3, boxes 3.2.3.9 and 3.2.3.10 - left hand boxes should appear under "OTHER PARTIES" rather than "NEW SUPPLIER", since the New Supplier is not necessarily the Primary Supplier.
Section 2.2.4, boxes 3.2.4.12 and 3.2.4.13 should appear after 3.2.4.14 and 3.2.4.15. It is not possible for our agent systems to process a new appointment before the old one has been terminated.
Section 2.2.5, general comment - replace "SSD" with "Effective to Settlement Date {REGI}" or some other relevant phrase.
Section 2.2.5, box 3.2.5.2 - should there be an obligation on the Primary Supplier to renegotiate the Allocation Schedule with the Secondary Suppliers in this scenario? I would suggest that this is a commercial decision to be taken by the Primary Supplier (and the associated Generator), and it should not be a regulatory obligation. Even if a Multiple Fixed Block Allocation Schedule is no longer appropriate because the number of Suppliers participating in the Shared Arrangements for this metering system has reduced to two, the Fixed Block Allocation Schedule provides for equivalent functionality and would be reverted to.
Section 2.2.5, boxes 3.2.5.8 and 3.2.5.9 - the De-registering Secondary Supplier should deappoint his Agents rather than the Primary Supplier.
Sections 2.3 and 2.4, general comment. Should there not be some activities at the start of these processes for the Primary and Secondary Suppliers to agree on the new Agent appointment. This is particularly relevant if one (or more) of the Suppliers would have to register an additional Supplier hub as a consequence of the change of Agent.
Section 2.3, box 3.3.2 - add "... and proceed according to BSCP501" to the end of this. The SMRA should notify HHDA of the new HHDC, but this can be achieved by referring to BSCP501 rather than adding it to this diagram.
Section 2.4, boxes 3.4.7 and 3.4.11 - left hand box should be in the "PRIMARY SUPPLIER" swimlane rather than "SECONDARY SUPPLIER".
Section 2.4, boxes 3.4.10 to 3.4.13 should appear before 3.4.6. It is not possible for our agent systems to process a new appointment before the old one has been terminated.
Section 2.5 - there should be a line between boxes 3.5.6 and 3.5.8.
Section 2.5, box 3.5.9 - replace "both" with "all"
Section 2.5, box 3.5.10 - words in the middle box should be the same as those in the left hand box. Remove HHDC as recipient of the energisation status (this comes from the MOP in 3.5.9).
Section 2.5, remove box 3.5.12 - box 3.5.9 covers the appropriate validation for HHDC.
Section 2.6 - all comments above on section 2.5 apply equally to 2.6 (replace 3.5.x with 3.6.x).
Section 2.7, box 3.7.4 - Supplier boxes should state "Resolve errors with PDSO".
Section 2.7, arrow into box 3.7.7 should say "From 3.2.6".

Section 2.7, box 3.7.7 - this shouldn't appear in the "SECONDARY SUPPLIER" swimlane for the Primary MSID.
Section 2.7, box 3.7.9 - this shouldn't appear in the "PRIMARY SUPPLIER" swimlane for the secondary MSIDs.
Section 2.8, box 3.8.2 - add HHDA as a recipient for this data.
Section 3 - relevant changes to section 3 should be made in line with the section 2 comments above.
Section 3.2.3 - the comment at the start of this section should apply to 3.2.3.4 in addition to 3.2.3.9.
Section 4.1 - First sentence doesn't make sense. Suggest replacing "...appointment to a Primary MSID of..." with "...appointment to a Primary MSID and..."
Section 4.1 - Second sentence of first paragraph doesn't relate to the first sentence and doesn't read properly in this context. Suggest that this sentence is moved as a standalone paragraph to the end of section 4.1.
Section 4.1 - numbered paragraphs do not make sense. Paragraphs numbered 1 and 2 relate to the initial appointment by the Primary Supplier to all Primary and Secondary MPANs. Paragraphs numbered 3 to 6 are then applied once the Primary Supplier appointments have been terminated and Secondary Suppliers have appointed HHDC to the Secondary MPANs.
Section 4.1 - in the paragraph numbered 3, change "...there is more than 5 WDs..." to "...there are more than 5 WDs...".
Section 4.1 - the last paragraph should also include guidance as to what the HHDC should do if he does not receive notification of appointment by a Secondary Supplier.
Section 4.4, paragraph numbered 3, replace "...actual demand and / or demand..." with "...actual generation and / or demand...". Also, should all references to "actual" in this paragraph be "allocated". It is my understanding that the actual energy metered at the metering system must always be allocated by the HHDC (ref. paragraph numbered 4 in this section), whereas this paragraph seems to imply that metered energy might be adjusted prior to splitting the consumption.
Section 4.6 - remove paragraph 8.
PSL130 - 1.6.1.1 is muddled. It talks about "...two or more Associated Suppliers..." and then goes on to refer to "... an Associated Supplier acting as Secondary Supplier..." (singular).
PSL130 - 1.6.2.7 - should the reference in this paragraph be to 1.6.2.9?
SACR, section 6 introductory page. The SACR applies to certification of HHDC service. The page makes references to "Questions 6.37x - y apply to Primary and Secondary Suppliers..." Suggest this is changed to "Question 6.37x - y apply to HHDCs offering the service to Primary and Secondary Suppliers...". In addition, presumably the Fixed Block and Multiple Fixed Block Allocation Methods can be used for Import / Export sites, so the explanation of how this is dealt with which is currently only detailed against the Percentage Allocation and Capped Block Methods should also apply to these cases.
SACR, 6.37i - it is not clear why the confirmation has to be sent post Gate Closure, which seems to run against the obligations in BSCP550 (eg in 3.5.14) which require the HHDC to send confirmation "as soon as practicable after receipt", which might be in advance of Gate Closure.
SACR Guidance Notes - replace "HHHDC" with "HHDC" on first page.

Name: Man Kwong Liu

BCA/PACA* BCA

Organisation: Calanais Ltd for and on behalf of ScottishPower/Manweb

Date: 7/2/02

ANNEX 3 – P67 MODIFICATION GROUP

Annex 3A - Membership

Peter Davies	ELEXON Chair
Paul Jones	Powergen (Proposer)
Nick Simpson	Ofgem
Ann Evans	Scottish Power/Manweb
Eric Graham	Scottish Power
Andrew McDonald	Concert Energy
Tony Bramley	Tanaris Energy Limited
Phillip Russell	TXU
Bob Brennan	Seeboard Power Networks
Maurice Smith	Campbell Carr
Tony Price	Innogy
Alex Green	Smartest Energy Limited
Phil Lawton	NGC
Ian George/ Nigel Knee	British Energy
Jill Ashby	MRASCo
Ben Willis	nPower

In attendance:

Nicola Holt	DWS
Ceri Hughes	ELEXON
Richard Grimsey	ELEXON
Duncan Jack	ELEXON
John Cunningham	ELEXON

Annex 3B – Attendance at Modification Group

Attendees at Modification Group Meeting on 30/01/02

Peter Davies	ELEXON Chair
Paul Jones	Powergen (Proposer)
Nick Simpson	Ofgem

Chris Pooley	Campbell Carr
Robert Owens	Smartest Energy Limited
Phil Lawton	NGC
Jill Ashby	MRASCo
Ben Willis	nPower

In attendance:

Rekha Patel	Dynegy
Ian Mullins	BP
Murray Dyer	Power Ex
Nicola Holt	DWS
Ceri Hughes	ELEXON
Richard Grimsey	ELEXON
Duncan Jack	ELEXON
John Cunningham	ELEXON

ANNEX 4 SUMMARY OF CONSULTATION RESPONSES

Organisation	Q1: Number of Parties	Q1: Agree with principles of P67 and support business case?	Q2: Better meets Objectives? Which ones?	Q3: Most cost effective implementation route?	Q4: Apply equally to generation and demand?	Q5a: If supplier will use new Methods?	Q5b: If supplier and using new Methods, how many sites?	Q6: If PDSO, any other issues?	Q7: If SMRA, any other issues?	Q8: Should there be a limit on the number of suppliers participating at a site?	Q9: Material benefit of P67; on organisation; on industry?	Q10: If implemented, organisation impacted?	Q11: Any other issues?
British Gas Trading	3	Yes, particularly for small Parties	Yes, c	Yes but short timescales to review	yes	Possibly, no current plans.	Can't say at present.	N/A	N/A	No, should be self limiting.	Very little; depends on take-up	yes, if choose to use it	
National Grid	1	Yes, increases transparency	Yes, c	Yes, based on advice from ELEXON.	yes	N/A	N/A	N/A	N/A		None; industry would benefit.	No	Should be restricted to GSP Group
Edison Mission Energy	1	Yes	Yes, c	yes							Will increase ability of small players to compete.		
TXU	14	Yes to principle, no to business case as available via MVRNs	No, not fully worked up.	No, due to cost of setting up an accredited Supplier hub (£55k)	yes	No	0	N/A	N/A	Does it make a practical difference?	None, never been asked for such a facility by a LEG	No, would use MVRN.	Can be done with MVRNs, to add a further option will only add complexity for smaller Parties
Alcan Smelting & Power UK	N/A	Yes	Yes, c		Yes						Will provide a further method of managing imbalance.	Yes, extra option to trade	
Powergen plc	4	Yes	Yes, c	Yes	Yes	Yes if economics of a generation scheme allow.	Not known, will be dependent on economics.	N/A	N/A	Yes, 4. Appropriate balance between facilitating competition and admin complexity.	Dependent on economics.	Yes if take on a site using facility.	No
SEEBOARD Energy Ltd	1	Yes	Yes, c	No view	yes	Unlikely		N/A	N/A	No view	Little or no value to Seeboard. Uncertain value to industry.	Probably no. Unable to carry out full impact assessment on software in time available.	What evidence that any HHDCs willing to offer service? What evidence that industry prepared to pay for such a service?
SEEBOARD Power Networks	1	No, capped method already allows for separation of energy.	No, adds complexity to administration of balancing and settlement arrangements.	No. Potential impact on PDSO/SMRS.	No. Fixed and Multiple Fixed Block methods increase costs significantly.	N/A		Additional LLFCs may be required (40 day lead time in BSCP 528). Changes to Connection Agreements, DUoS Agreements and Condition 4 of DUoS Charging Statements (5 months notice of revision). Splitting reactive power complex, could leave obligation on Primary Supplier.	Yes. Complexity of creating and managing pseudo MPANs, a manual process. Manageable for small number of generation sites. Cost per set of pseudo MPANs is £1200.	Yes, 2 as at present.	None whatsoever. Only adds to complexity and cost.	Yes (see Q6 and 7) Implementation timescales are 6 months minimum.	

Western Power Distribution	2	See Q6 to 10.	Yes.					Yes. Significant impact on DUoS billing.	Primary impact on DB	Yes, 9.	No benefit to us. Potential benefit to Trading Parties.	If take up low, can accommodate manually. If high, several months, undetermined costs for automated process.	
BP Gas	3	Yes	Yes, c but small generators will only truly benefit when they can migrate from SVA to CVA.	Yes	Yes but see Q2	N/A	N/A	N/A	N/A	No, would limit commercial options.	No benefit unless further reform for small generators.	No	Unless further reform to allow embedded benefits and CCL to be captured, no benefit. Must allow migration to CVA before fair price can be realised under P67.
LE Group	4	Yes but not clear that will really create more value.	On balance Yes. Yes, c but No, d.	Happy to take ELEXON's guidance.		Only if asked to by LEGs.		Not that we have seen in time available.	Not that we have seen in time available.	Yes, 10.	Uncertain about overall benefit.	May need to incorporate some form of checking to ensure that Distributors are not billing for virtual energy.	LECs and ROCs are based on the output from eligible generators. If some of output is virtual it should not attract LEC or ROC. Unless immediately apparent through Ofgem ROC and LEC processes, the risk that a supplier might have LEC or ROC removed may affect prices paid by suppliers to generators.
Innogy plc	9	Yes, would allow splitting but not clear that greater value achieved. No since P7 plus MVRNs would deliver same functionality.	No. P67 replicates functionality that exists in BSC through use of P7 and MVRNs.	No. P67 replicates functionality that exists in BSC through use of P7 and MVRNs.	Yes. P67 replicates functionality that exists in BSC through use of P7 and MVRNs.	No. P67 replicates functionality that exists in BSC through use of P7 and MVRNs.	N/A	N/A	N/A	No. But MVRNs can already cope with very complex reallocations.	None. The mod doesn't appear to give scope for additional products.	Yes, more cost for no more benefit.	The Mod Group should meet to discuss the full impact of P7.
Scottish & Southern	5	Concerned about MRASCo and DUoS problems. Also potential impact on other Suppliers in GSP Group.	Not clear.	Not clear.	Yes			Deeply concerned that impact on DUoS not addressed. Panel should consult Distribution Commercial Group before proceeding.		Should limit initial implementation to Fixed Block only with max 2 Suppliers. Primary would be Variable Supplier. If operating OK, extend to Multiple Fixed Block through further Mod.	No clear benefit or cost effectiveness.	Short timescales haven't allowed for proper impact assessment. Earliest implementation should be August 2002.	See Q1
Dynegy	1	Yes, vital for LEGs to be able to split output.	Yes, c	Yes	Yes	Yes	Cannot say at present.	N/A	N/A	No. Only consider limit if system or data flow problems.	Benefit to Dynegy as allows it to become consolidator. Competition for embedded generators.	No	No
ScottishPower UK plc	7	Yes but problematic for demand	Yes, c	Yes, but PDSO costs particularly for demand could be significant	No. Significant changes to DB and Supplier systems if applied to demand as well.	Yes	Further assessment needed.	Significant changes to PDSO systems if applied to demand as well.	Manual process prone to error. Difficult to identify original MPAN.	No in theory but 6 would be sensible.	Good for wind generation.	Yes, minimal for Supply but PDSO costs could be £10ks but not £100ks if gen only. Very significant costs if demand as well. Timescales may not be met if DUoS charging statement changes required.	Corruption of data integrity a major concern. Aggregation Options 3 and 4 do not require the transfer of virtual energy.