

## Responses P76 Assessment Consultation

Consultation issued 5 June 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	Electricity Direct	P76_ASS_001	1
2.	Coryton Energy Company Ltd	P76_ASS_002	4
3.	TXU	P76_ASS_003	21
4.	Aquila Networks	P76_ASS_004	1
5.	SEEBOARD	P76_ASS_005	1
6.	London Electricity	P76_ASS_006	6
7.	Scottish Power	P76_ASS_007	5
8.	British Gas Trading	P76_ASS_008	1
9.	Innogy (late response)	P76_ASS_009	6
10.			

P76\_ASS\_001 – Electricity Direct

**P76 ASSESSMENT CONSULTATION 1 - PROFORMA**

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	<i>Gareth Swales</i>
<b>Responding on Behalf of</b>	<i>Electricity Direct (UK) Limited</i>
<b>Role of Respondent</b>	<i>BSC Party</i>

	<b>Question</b>	<b>Response</b> <i>(delete as appropriate)</i>
Q1	<p>Please state which of the Modification Proposal and two Alternative Options (as set out in the attached paper) do you believe better facilitates the applicable BSC objectives?</p> <p>Please give rationale for choice.</p>	Option 2
<p>Rationale: From the findings and discussions in the risk assessment pack and with the imminent implementation of modification P2 we support the findings of the working group.</p>		
Q2	<p>Do you have any further comments on Modification Proposal P76 that you wish to make?</p>	No
<p>Please state your comments</p>		

P76\_ASS\_002 – Coryton Energy Company Ltd

**P76 ASSESSMENT CONSULTATION 1 - PROFORMA**

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	<i>Clara Anderson</i>
<b>Responding on Behalf of</b>	<i>Coryton Energy Company Limited</i> <i>Intergen Trading and Shipping Limited</i> <i>Spalding Energy Company Limited</i> <i>Rocksavage Power Company Limited</i>

<b>Role of Respondent</b>	<i>Commercial Operator</i>
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	Question	Response <i>(delete as appropriate)</i>
Q1	Please state which of the Modification Proposal and two Alternative Options (as set out in the attached paper) do you believe better facilitates the applicable BSC objectives?  Please give rationale for choice.	Modification Proposal / Option 1/ <b><u>Option 2</u></b>
Rationale:  <b>Provides an efficient method of ensuring that a party in payment default remains in credit default and cannot accumulate more trading charges which may remain unpaid. This provides protection to other participants.</b>		
Q2	Do you have any further comments on Modification Proposal P76 that you wish to make?	<b><u>Yes</u></b> / No
Please state your comments  <b>Would like to see this modification remain in force after the P2 implementation date regardless of the changes to energy indebtedness calculations.</b>		

P76\_ASS\_003 – TXU

## P76 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	<i>Nicola Lea</i>
<b>Responding on Behalf of</b>	<i>TXU Europe Energy Trading Ltd; Anglian Power Generators Ltd; Citigen; Peterborough Power Ltd; Shotton CHP Ltd; TXU Direct Sales Ltd; TXU Europe (AH Online) Ltd; TXU Europe (AHG) Ltd; TXU Europe (AHGD) Ltd; TXU Europe (Partington) Ltd; TXU Europe Drakelow Ltd; TXU Europe Energy Trading BV; TXU Europe High Marnham Ltd; TXU Europe Ironbridge Ltd; TXU Europe Merchant Generation Ltd; TXU Europe Rugeley Ltd; TXU UK Ltd; Norweb Energi Ltd; Western Gas Ltd; Midlands Gas Ltd; Severn Trent Ltd; OwnLabel Energy Ltd. (21 parties)</i>
<b>Role of Respondent</b>	<i>BSC Parties</i>

	Question	Response <i>(delete as appropriate)</i>
Q1	Please state which of the Modification Proposal and two Alternative	Modification

	Options (as set out in the attached paper) do you believe better facilitates the applicable BSC objectives? Please give rationale for choice.	Proposal / Option 1 / Option 2
<b>Rationale:</b> Least cost option achieving similar results.		
Q2	Do you have any further comments on Modification Proposal P76 that you wish to make?	Yes / No
Please state your comments		

#### P76\_ASS\_004 – Aquila Networks

Please find that Aquila Networks response to P76 Assessment Consultation is 'No Comment'.

regards  
Rachael Gardener

Deregulation Control Group &  
Distribution Support Office  
AQUILA NETWORKS

#### P76\_ASS\_005 – SEEBOARD

### P76 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	<i>Dave Morton</i>
<b>Responding on Behalf of</b>	<i>SEEBOARD Energy</i>
<b>Role of Respondent</b>	<i>Supplier</i>

	Question	Response <i>(delete as appropriate)</i>
Q1	Please state which of the Modification Proposal and two Alternative Options (as set out in the attached paper) do you believe better	Modification Proposal /

	<p>facilitates the applicable BSC objectives?</p> <p>Please give rationale for choice.</p>	<p>Option 1/ Option 2</p>
<p><b>Rationale:</b></p> <p>The evidence of the Risk Assessment indicates Option 2 is the most effective fix to the anomaly identified by P76. It also suggests that this anomaly is somewhat theoretical and unlikely to arise in normal operations in which case it is doubtful applicable BSC objectives can be satisfied unless implementation costs are insignificant.</p>		
Q2	<p>Do you have any further comments on Modification Proposal P76 that you wish to make?</p>	<p>No</p>
<p>Please state your comments</p>		

P76\_ASS\_006 – London Electricity

## P76 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	<i>Liz Anderson (LE Group)</i>
<b>Responding on Behalf of</b>	<p><i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i></p> <p><i>London Electricity Plc, SWEB Ltd, Jade Power Generation Ltd, Sutton Bridge Power Ltd, London Power Network Plc and Eastern Power Network Distribution Ltd.</i></p>
<b>Role of Respondent</b>	<p><i>(BSC Party/Other – please state)</i></p> <p><i>Supplier and Generator</i></p>

	Question	Response <i>(delete as appropriate)</i>
Q1	<p>Please state which of the Modification Proposal and two Alternative Options (as set out in the attached paper) do you believe better facilitates the applicable BSC objectives?</p> <p>Please give rationale for choice.</p>	<p>Option 1</p>
<p><b>Rationale:</b></p> <p>Based on the information presented, this option offers the most accurate representation of Parties' payment default and estimated charges as a percentage of the amount of credit cover underwritten by their banks (Letter of credit). As a result, LE Group believes, at this time, that it is the most efficient method in which to administer credit cover.</p>		

Q2	Do you have any further comments on Modification Proposal P76 that you wish to make?	Yes
<p><b>Please state your comments</b></p> <p>The information provided within the consultation does not give enough detail on the administration and cost of adopting option 2. It is not fully understood how the process will deal with Parties' credit when it goes to zero. Further information would have been useful in the determination of question 1.</p>		

P76\_ASS\_007 – Scottish Power

### P76 ASSESSMENT CONSULTATION 1 - PROFORMA

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	Man Kwong Liu
<b>Responding on Behalf of</b>	<i>Please list all Parties responding on behalf of (including the respondent company if relevant).</i> Scottish Power UK Plc.; Scottish Power Energy Trading Ltd.; Scottish Power Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.
<b>Role of Respondent</b>	<i>(BSC Party/Other – please state)</i> BSC parties

	Question	Response <i>(delete as appropriate)</i>
Q1	<p>Please state which of the Modification Proposal and two Alternative Options (as set out in the attached paper) do you believe better facilitates the applicable BSC objectives?</p> <p>Please give rationale for choice.</p>	Alternative Option 2
<p><b>Rationale:</b> Alternative Option 2 is the lowest cost solution. This ensures that there can be no credit cover percentage lower than 0% by altering the definition of Credit Cover in the BSC. It appears to have no cost in terms of a systems change. There is also the possibility that once P2 has been implemented, the more timeous notification of Parties' energy indebtedness renders the problem of negative Credit Cover Percentages, and hence a solution to it, redundant.</p>		
Q2	Do you have any further comments on Modification Proposal P76 that you wish to make?	No
<p><b>Please state your comments</b></p>		

P76\_ASS\_008 – British Gas Trading

**P76 ASSESSMENT CONSULTATION 1 - PROFORMA**

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	<i>Danielle Lane</i>
<b>Responding on Behalf of</b>	<i>British Gas Trading Ltd</i>
<b>Role of Respondent</b>	<i>BSC Party</i>

	<b>Question</b>	<b>Response</b> <i>(delete as appropriate)</i>
Q1	<p>Please state which of the Modification Proposal and two Alternative Options (as set out in the attached paper) do you believe better facilitates the applicable BSC objectives?</p> <p>Please give rationale for choice.</p>	Option 2
<p><b>Rationale:</b></p> <p>This option can be implemented at least cost to the industry and once P2 is in place provides as much protection as the more expensive options. We therefore believe this will better facilitate applicable BSC Objectives c and d.</p>		
Q2	<p>Do you have any further comments on Modification Proposal P76 that you wish to make?</p>	No
<p>Please state your comments</p>		

P76\_ASS\_009 – Innogy

**P76 ASSESSMENT CONSULTATION 1 - PROFORMA**

BSC Parties are invited to provide their response on the questions below.

<b>Respondent:</b>	Ben Willis
<b>Responding on Behalf of</b>	Innogy plc, Innogy Cogen Trading Ltd, Npower Ltd, Npower Direct Ltd, Npower Northern Ltd, Npower Yorkshire Ltd.
<b>Role of Respondent</b>	BSC Party

	Question	Response <i>(delete as appropriate)</i>
Q1	<p>Please state which of the Modification Proposal and two Alternative Options (as set out in the attached paper) do you believe better facilitates the applicable BSC objectives?</p> <p>Please give rationale for choice.</p>	Option 2
<p><b>Rationale:</b></p> <p>Option 1 gives the correct solution, by ensuring that the ECVAA is aware of all debts, invoiced and un-invoiced, outstanding against a party, and thus covered by their credit provision, when assessing the latest credit position. This fulfils relevant objective (c). However, the consultation states that the extra security provided through Option 1 will not be any greater than the lower cost Option 2. Consequently, it seems that Option 2 fulfils objectives (b), (c) and (d). Hence we support Option 2, on the grounds that it is the most efficient method of delivering the required functionality.</p>		
Q2	<p>Do you have any further comments on Modification Proposal P76 that you wish to make?</p>	No
<p>Please state your comments</p>		