

Responses from P58 Urgent Modification Report Consultation

Representations were received from the following parties:

No	Company	File Number
1.	London Electricity on behalf of: London Electricity South Western Electricity Jade Power Sutton Bridge Power	P58_UMR_001
2.	SEEBOARD on behalf of: SEEBOARD Energy Limited SEEBOARD Power Networks plc	P58_UMR_002
3.	BP on behalf of: BP Gas Marketing Limited Great Yarmouth Power Limited BP Chemicals Limited	P58_UMR_003
4.	Teeside Power	P58_UMR_004
5.	Powergen on behalf of: Powergen UK Powergen Energy CDC Diamond Power	P58_UMR_005
6.	British Gas Trading on behalf of: BGT Accord Centrica King's Lynn Centrica Peterborough	P58_UMR_006
7.	SSE Group on behalf of: SSE Energy Supply Ltd Keadby Generation Ltd Southern Electric Power Distribution plc	P58_UMR_007
8.	TXU Europe	P58_UMR_008

**P58 Consultation Questions –
Responses due back by 9am, 4th December 2001**

Respondent: Liz Anderson
Representing: (Please list all parties the respondent is replying on behalf of) (London Electricity, South Western Electricity, Jade Power and Sutton Bridge Power)

		Yes /No
Q1	Please indicate whether you support the Modification Proposal P058	Yes
Rationale: We support modification P058 as we believe that it better gives effect to the panel's intentions.		
Q2	Please indicate whether you believe P058 better facilitates the Applicable BSC Objectives	Yes
<p>We believe that P058 better facilitates the following objectives :</p> <p>(c) Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity;</p> <p>(d) Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.</p> <p>- not to have P058 in place would constitute an inefficient outcome to the way that an event of Default is handled in the code, and in respect of the Panel's powers in these circumstances. We believe that this Modification will improve the orderliness of the market, and market confidence, in circumstances of default.</p>		
Q3	Do you agree that the accompanying legal text gives full and correct affect to the Modification Proposal?	Yes
Q4	Do you have any further comments to make with respect to this Modification Proposal? --	

**P58 Consultation Questions –
Responses due back by 9am, 4th December 2001**

Respondent: Dave Morton
Representing: (Please list all parties the respondent is replying on behalf of) SEEBOARD Energy Limited and SEEBOARD Power Networks plc

		Yes /No
Q1	Please indicate whether you support the Modification Proposal P058	Yes
Rationale: The only concern we have is how this will impact on NGC's ability to balance and if there are any knock on effects on other trading parties. We do not see any problems but have not been able to fully consider this issue.		
Q2	Please indicate whether you believe P058 better facilitates the Applicable BSC Objectives	
Rationale: This can really only be answered by NGC as if it stops them from operating efficiently in balancing then it would be counter the BSC objectives.		
Q3	Do you agree that the accompanying legal text gives full and correct affect to the Modification Proposal?	Yes
Q4	Do you have any further comments to make with respect to this Modification Proposal?	
Optional comments: 		

**P58 Consultation Questions –
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Respondent:
Representing: (Please list all parties the respondent is replying on behalf of) BP Gas Marketing Limited, Great Yarmouth Power Limited, BP Chemicals Limited

		Yes /No
Q1	Please indicate whether you support the Modification Proposal P058	Yes
Rationale: Limits the liabilities of parties that could potentially have very negative effects upon the NETA markets.		
Q2	Please indicate whether you believe P058 better facilitates the Applicable BSC Objectives	Yes
Rationale: If not applied effective competition within the market (B1.2.1 b iii) could be seriously undermined.		
Q3	Do you agree that the accompanying legal text gives full and correct affect to the Modification Proposal?	Yes
Q4	Do you have any further comments to make with respect to this Modification Proposal?	
Optional comments:		

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Respondent: Teesside Power Limited
Representing: (Please list all parties the respondent is replying on behalf of) Teesside Power Limited

		Yes /No
Q1	Please indicate whether you support the Modification Proposal P058	Yes
Rationale:		
Q2	Please indicate whether you believe P058 better facilitates the Applicable BSC Objectives	
Rationale:		
Q3	Do you agree that the accompanying legal text gives full and correct affect to the Modification Proposal?	
Q4	Do you have any further comments to make with respect to this Modification Proposal?	
Optional comments:		

**P58 Consultation Questions –
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Respondent: Tim Johnson
Representing: (Please list all parties the respondent is replying on behalf of) Powergen UK, Powergen Energy, CDC, Diamond Power

		Yes /No
Q1	Please indicate whether you support the Modification Proposal P058	Yes
Rationale: It is a reasonable short term solution to the unanticipated consequences of an urgent problem.		
Q2	Please indicate whether you believe P058 better facilitates the Applicable BSC Objectives	Yes
Rationale: It is not an efficient trading environment if parties disentangle themselves from contracts in which the other party has defaulted.		
Q3	Do you agree that the accompanying legal text gives full and correct affect to the Modification Proposal?	Yes
Q4	Do you have any further comments to make with respect to this Modification Proposal?	Yes
Optional comments: Powergen recognises that the modification has to be made to resolve the current problem, but considers that the modification should be given a short life and that it should be replaced by a wider modification that recognises the the rights that parties have under the GTMA. Single notification using daily net quantities will mean that some Parties will not be the notifier for a counterparty that has defaulted under the GTMA. These parties should have a simple route to allow them to unwind that relationship. This route exists in the URS (p38 1.d.2) but is denied in the BSC (P 2.2.5).		

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Respondent: Danielle Lane
Representing: (Please list all parties the respondent is replying on behalf of) BGT, Accord, Centrica King's Lynn, Centrica Peterborough

		Yes /No
Q1	Please indicate whether you support the Modification Proposal P058	NO
<p>Rationale: Parties were aware from 4pm on Friday 30 November that ECRTL and ECP had gone into Default. Parties thus had the opportunity to clear their positions with the defaulting Parties. This modification will over ride the Panel's resolution with regards to dis-applying trades. It also raises the potential of Parties getting free energy by notifying opportunistically.</p>		
Q2	Please indicate whether you believe P058 better facilitates the Applicable BSC Objectives	No
<p>Rationale: Since Parties were aware of the default (as in Q1 above) this mod proposal would not better facilitate the applicable BSC Objectives.</p>		
Q3	Do you agree that the accompanying legal text gives full and correct affect to the Modification Proposal?	Yes
Q4	Do you have any further comments to make with respect to this Modification Proposal?	No
<p>Optional comments:</p>		

**P58 Consultation Questions –
Responses due back by 9am, 4th December 2001**

Respondent: Andrew Colley
Representing: (Please list all parties the respondent is replying on behalf of) SSE Energy Supply Ltd. Keadby Generation Ltd. Southern Electric Power Distribution plc.

		Yes /No
Q1	Please indicate whether you support the Modification Proposal P058	YES
Rationale: It provides a common sense solution in addressing the effects of the time delay between notification of default and determination of applicable action under Section H by the BSC Panel, i.e. Party actions to reverse a position. This in turn provides increased clarity to Trading Parties as to how the default process will be implemented, which will remove uncertainty in operations, reduce volatility and reduce risk.		
Q2	Please indicate whether you believe P058 better facilitates the Applicable BSC Objectives	YES
Rationale: We support the rationale of the proposer – in particular we feel it will promote efficiency by allowing Trading Parties to better manage their imbalance volumes.		
Q3	Do you agree that the accompanying legal text gives full and correct affect to the Modification Proposal?	NO
Q4	Do you have any further comments to make with respect to this Modification Proposal?	YES
Optional comments: Q3 – The legal text needs to be more explicit in defining that time that applies for disapplication, i.e. could the current wording be construed to mean when a fax was sent, in which case what would happen in the case of comms. Failure Q4 – The modification should be retrospective to allow for notifications to be cleared as at 30th November when a notice of default was served on Enron.		

From: phil.russell@txu-europe.com[SMTP:phil.russell@txu-europe.com]
Sent: 04 December 2001 09:07
To: ELEXON-Modifications
Cc: nikki.lea@txu-europe.com
Subject: Re: Consultation on Urgent Modification Proposal P58

We (think) we support the principle of the Mod - where we seem to differ is in whether the original Panel Resolution actually achieved what the Panel (and we believe Participants) wanted - we believe that it does actually achieve this and that Dynegy's Mod is unnecessary.

As long as the Mod is drafted in terms of an "option" that the panel "may" do something, then this would cover all the bases and we can contemplate a revised resolution if necessary in a more manageable timescale.

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