

April 2002

**MODIFICATION REPORT
MODIFICATION PROPOSAL P50
Distribution of BM Aggregation
Report Data to Non-BSC Parties**

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

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I DOCUMENT CONTROL

a Authorities

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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
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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendation

On the basis of the analysis, consultation and assessment undertaken in respect of this Modification Proposal during the Assessment Phase, and the resultant findings of this report, the BSC Panel recommends that:

- (a) Neither the P50 Modification Proposal nor the P50 Alternative Modification should be made; and**
- (b) Should either the P50 Modification Proposal or the P50 Alternative Modification be made it should have an Implementation Date of the release date for BSC Systems which first occurs not less than 3 months after the date of the Authority's decision.**

The dates for the next planned BSC Systems releases are 13 August 2002 and 10 December 2002. Therefore, a positive Authority decision on or before 13 May 2002 would translate into an implementation date of 13 August. A positive Authority decision after 13 May 2002 and before 11 September 2002 would translate into an implementation date of 10 December 2002.

1.2 Background

Modification Proposal P50 was raised by UK Coal Mining Ltd on 8 November 2001. The Modification Proposal seeks to make the data contained within the 'BM Aggregation Report' (i.e. the 'Aggregated Data Report' cited in Annex V-1, Table 5) available to non-BSC parties. This report provides information on the metered volumes associated with each CVA-registered BM Unit for each Settlement Period, and is sent to BSC Parties, ELEXON and the Transmission Company.

The Modification Proposal stated that the information contained in the 'BM Aggregation Report' had been available to non-BSC parties under the Pooling & Settlement Agreement but that it was no longer available under NETA. Provision of the information to non-BSC Parties would improve transparency. During the Assessment Procedure an Alternative Modification was identified that would make both generation and demand data available to non-BSC parties. The Assessment Report submitted to the Panel meeting on 14 March 2002 recommended that the Modification Proposal should be rejected and that the Alternative Modification should be accepted. **The Modification Group was of the opinion that the Alternative Modification would provide the transparency sought by non-BSC parties because, unlike the Modification Proposal, it would make data on both generation and demand available.**

On the basis of the Assessment Report, the Panel decided to recommend rejection of both the Modification Proposal and the Alternative Modification. The Panel did not believe that an economic case existed for recommending either the Modification Proposal or the Alternative Modification.

1.3 Rationale for Recommendations

Although the Modification Group recommended rejection of the Modification Proposal and acceptance of the Alternative Modification, the Panel believed that the economic case for approval of either the Modification Proposal or the Alternative Modification had not been proven. Firstly, the Panel felt that **the only three non-BSC party parties were** known to be interested in either the Modification Proposal or the Alternative Modification **was the Proposer**. The only response received from a non-BSC party to the consultation carried out during the Assessment Procedure had stated that they would not be interested

in the reports provided by either the Modification Proposal or the Alternative Modification. Consultation responses from 11 non-BSC parties were received during the Report Phase, and only two explicitly supported either the Modification Proposal or the Alternative Modification – the others supported the principle of making more data available to non-BSC parties. Together with the Proposer, these two respondents are the only non-BSC parties to have registered their support. Secondly, the Panel felt that Parties, the majority of which had indicated that they would not be interested in either the Modification Proposal or the Alternative Modification, would have to take on the risk of under-recovering any development or operational costs incurred through implementation. One Panel member stated that, if a mechanism could be established so that the relevant data could be provided to the non-BSC party requesting it at no cost to Parties, the Panel might look more favourably on the Modification Proposal.

In addition, the Panel believed that, when considering the costs and benefits of a Modification Proposal, any wider public benefit had to be considered in addition to the impact on market participants.

In the light of these considerations, the Panel did not consider that either the Modification Proposal or the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives and recommended that they should be rejected. However, the Panel recognised that the Authority might decide that either the Modification Proposal or the Alternative Modification should be made. In this event, the Panel agreed that the Implementation Date should be the first release date for BSC Systems at least 3 months after the date of the Authority's decision.

2 INTRODUCTION

This Report has been prepared by ELEXON Ltd., on behalf of the Balancing and Settlement Code Panel ('the Panel'), in accordance with the terms of the Balancing and Settlement Code ('BSC'). The BSC is the legal document containing the rules of the balancing mechanism and imbalance settlement process and related governance provisions. ELEXON is the company that performs the role and functions of the BSCCo, as defined in the BSC.

This Modification Report is addressed and furnished to the Gas and Electricity Markets Authority ('the Authority') and none of the facts, opinions or statements contained herein may be relied upon by any other person.

An electronic copy of this document can be found on the BSC website, at www.elexon.co.uk

3 HISTORY OF MODIFICATION PROPOSAL

UK Coal Mining Ltd raised Modification Proposal P50 on 8 November 2001. The Modification Proposal seeks to make the data contained within the 'BM Aggregation Report' available to non-BSC parties. This report provides information on the metered volumes associated with each CVA-registered BM Unit for each settlement period, and is sent to BSC Parties, ELEXON and the Transmission Company.

ELEXON presented an Initial Written Assessment (IWA) to the Panel on 13 December 2001, and the Panel endorsed ELEXON's recommendation to submit the Modification Proposal to the Assessment Procedure. The Panel agreed that an Assessment Report should be presented to the Panel meeting on 14 February 2002.

The Modification Proposal was assessed by the Volume Allocation Modification Group ('the Group') which held its first meeting on 8 January 2002. The Group sought legal advice on potential legal issues, carried out an impact assessment of the potential delivery options for the Modification Proposal and consulted with BSC Parties on the Modification Proposal. Following consideration of the legal

advice received and the responses to the impact assessment and consultation, a further meeting of the Group on 5 February 2002 decided that the Modification Proposal would not better facilitate achievement of the Applicable BSC Objectives. As a consequence, the Group formulated an Alternative Modification that they believed would better facilitate achievement of the Applicable BSC objectives.

The Group requested a one-month extension to the Assessment Procedure, to consider the Alternative Modification, at the Panel meeting on 14 February 2002; the Panel agreed to this request. The Group then carried out an impact assessment and consultation on the Alternative Modification. The consultation included Directly Connected Demand Sites¹ (DCDSs) and Licence Exempt Generators (LEGs), via the relevant trade associations.

The Group met a final time on 5 March 2002 to consider the impact assessment and consultation responses. On the basis of the responses, and the principles established during previous meetings of the Group, the Group decided that the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives and should be approved.

At the 14 March meeting, the Panel decided to recommend rejection of both the Modification Proposal and the Alternative Modification. The Panel did not believe that an economic case existed for recommending that either the Modification Proposal or the Alternative Modification should be made – there appeared to be little demand amongst non-BSC parties and hence, Parties would face a significant under-recovery risk with the development costs.

After the meeting, a draft Modification Report was prepared, on the basis of the Panel's decision, and issued for consultation. **The results of the consultation were presented at the Panel meeting held on 18 April 2002. The Panel confirmed its recommendation to reject both the Modification Proposal and the Alternative Modification on the basis that no new substantive arguments had been made in the consultation responses.** The responses received are attached as Annex 1 and summarised in section 8 of this report.

4 DESCRIPTION OF MODIFICATION PROPOSAL

4.1 Description of the Modification Proposal

The Modification Proposal seeks to make the data contained within the 'BM Aggregation Report' (i.e. the 'Aggregated Data Report' cited in Annex V-1, Table 5) available to non-BSC parties. This report provides information on the metered volumes associated with each CVA-registered BM Unit for each settlement period, and is sent to BSC Parties, ELEXON and the Transmission Company. The report contains to generation data only and not demand data.

4.2 Description of the Alternative Modification

The concept behind the Alternative Modification is the provision of sufficient and appropriate metered volume data to non-BSC parties so as to increase market transparency, whilst at the same time protecting the anonymity of individual DCDSs.

The Alternative Modification would make a new report, based on the Transmission Company's variant of the Settlement Report (i.e. S0142), available to non-BSC parties. This report contains metered volume data relating to the entire market. The report would contain generation and demand data,

¹ Directly connected demand sites' is not a Code defined term and refers to directly connected importing BM Units (i.e. CVA registered) such as large industrial demand premises (i.e. BM Units where import exceeds export for all or the vast majority of Settlement Periods).

including the period, day and runs to which it pertains, and protect the anonymity of DCDSs data by aggregating their metered volumes to an anonymous level.

The new report would contain the following data:

- Generation metered volumes by BMU (including the relevant BM Unit ID)
- Demand metered volumes aggregated by supplier for each GSP Group (including the relevant Supplier ID)
- DCDS metered volumes aggregated into a single figure
- The date, day, period and run-types to which the metered volumes pertain

All other data items would be removed from the Settlement Report

5 RATIONALE FOR PANEL RECOMMENDATIONS

Although the Modification Group recommended rejection of the Modification Proposal and acceptance of the Alternative Modification, the Panel believed that the economic case for approval of either the Modification Proposal or the Alternative Modification had not been proven. Firstly, the Panel felt that ~~the~~ only three non-BSC ~~party parties were~~ known to be interested in either the Modification Proposal or the Alternative Modification ~~was the Proposer~~. The only response received from a non-BSC party to the consultation carried out during the Assessment Procedure had stated that they would not be interested in the reports provided by either the Modification Proposal or the Alternative Modification. ~~Consultation responses from 11 non-BSC parties were received during the Report Phase, and only two explicitly supported either the Modification Proposal or the Alternative Modification – the others supported the principle of making more data available to non-BSC parties. Together with the Proposer, these two respondents are the only non-BSC parties to have registered their support.~~ Secondly, the Panel felt that Parties, the majority of which had indicated that they would not be interested in either the Modification Proposal or the Alternative Modification, would have to take on the risk of under-recovering any development or operational costs incurred through implementation. One Panel member stated that, if a mechanism could be established so that the relevant data could be provided to the non-BSC party requesting it at no cost to Parties, the Panel might look more favourably on the Modification Proposal.

In addition, the Panel believed that, when considering the costs and benefits of a Modification Proposal, any wider public benefit had to be considered in addition to the impact on market participants.

In the light of these considerations, the Panel did not consider that either the Modification Proposal or the Alternative Modification would better facilitate achievement of the Applicable BSC Objectives and recommended that they should be rejected. However, the Panel recognised that the Authority might decide that either the Modification Proposal or the Alternative Modification should be made. In this event, the Panel agreed that the Implementation Date should be the first release date for BSC Systems at least 3 months after the date of the Authority's decision.

6 LEGAL TEXT TO GIVE EFFECT TO THE MODIFICATION PROPOSAL;

The changes to the legal text of the Code in the following sections are based on version 4.0 of Section V to the Code, which was implemented on 1 April 2002. This incorporates approved Modifications P30 and P49 (as version 3.0 released 27 March 2002) and P22. If the baseline of the Code changes prior to implementation of either the Modification Proposal or the Alternative Modification, or if other

Modification Proposals are to be implemented at the same time, the legal text may need to be amended.

6.1 Code Changes for Modification Proposal

Annex V-1, Table 5 shall be amended as indicated below:

Name of Report	Frequency	Recipient	General Description
Aggregated Data Report	For each Relevant Party and any Party (on request): Daily For any person (on request) who is not a Party: Once a week (in weekly batches for each day of the preceding week)	Relevant Party Any person (on request)	A report relating to the Registrant containing Metered Volumes for each BM Unit, Interconnector or GSP Group

6.2 Code Changes for Alternative Modification

Amend paragraph V3.2.7 to read as follows:

".... and providing (inter alia):

(a) for the payment ; and

(b) where the Panel so decides (having regard to whether Parties are bound by Section H4.2 in relation to such data), for obligations to BSCCo of confidentiality (equivalent to those binding on Parties pursuant to Section H4.2) on the part of such person in relation to such data.

Insert new paragraph 4.3.3 as follows:

4.3.3 The report entitled [External Aggregated Data Report] specified in Table 5 in Annex V-1 shall not be provided by the CDCA but shall be made available by BSCCo, by such means (taking account of paragraph 3.2.7(b)) as the Panel shall decide.

Insert new row in Annex V-1 table 5 after 'Aggregated Data Report':

[External Aggregated Data Report] <i>Note: the report is provided by BSCCo – see Section V4.3.3</i>	Weekly	Any person on request	A report containing Metered Volumes for each Production BM Unit, aggregated Metered Volumes for all Consumption BM Units directly connected to the Transmission System, and aggregated Metered Volumes by Supplier and GSP Group for other Consumption BM Units.
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7 ASSESSMENT

The Group, convened to assess the Modification Proposal, first met on 8 January 2002. At the meeting, the Group decided to seek impact assessments for the four potential delivery options identified², to seek advice on several potential legal issues discussed and consult BSC Parties on the merits of the Modification.

The Group considered the impact assessments, consultation responses and legal advice received at a meeting held on 5 February 2002. On the basis of the feedback received, the Group decided that the Modification as submitted would not better facilitate achievement of the Applicable BSC Objectives. As a consequence, an Alternative Modification was formulated that the Group believed would both rectify the defect identified by the original proposal and facilitate achievement of the Applicable BSC objectives.

Given that the Alternative had been formulated close to the next Panel meeting, the Group requested a one-month extension to the Assessment Procedure at the Panel meeting held on 14 February 2002. The Panel granted the extension, and the Group issued the Alternative Modification for impact assessment and consultation on 19 February 2002 – as part of the consultation exercise DCDSs and LEGs, via the relevant trade associations, were invited to comment on the proposal.

The Group met a final time on 5 March 2002 to consider the consultation responses and BSC Agent impact assessment received for the Alternative Modification. On the basis of the feedback and the principles established during previous meetings, the Group decided to recommend that the Alternative Modification be approved.

The Group believe that implementation of the Alternative Modification would rectify the original defect, by making generation metered volumes available to non-BSC parties, and facilitate achievement of the Applicable BSC Objectives, by creating a more competitive environment through an increase in market transparency. In addition, the competition-enhancing gain in transparency would not compromise either the discharge by the transmission licensee of its obligations, the efficient and economic operation by the licensee of the transmission system or the efficient implementation of the balancing and settlement arrangements.

The Group believed that the Modification Proposal should be rejected because, whilst rectifying the defect identified in the proposal, it would not facilitate achievement of the Applicable BSC Objectives – disclosure of information would be asymmetric and market transparency would not be significantly increased. Unlike the Alternative Modification, which would make generation and demand data available, the Modification Proposal as submitted would only make generation data available. Therefore, the original proposal would not make enough data available and interest enough non-BSC parties to significantly increase market transparency – data would only be released on certain portions of market activity.

² The four potential delivery options identified were as follows – report published on the BMRS, report made available by the BSC Agent over the Low Grade Service, ELEXON email the report to requesting non-BSC parties and the report published on the ELEXON website.

8 SUMMARY OF REPRESENTATIONS

A draft version of this report, summarising the findings of the Assessment Procedure and the Panel's provisional recommendation, was issued for consultation on 25 March 2002. Twenty responses were received, 9 from BSC Parties and 11 from non-BSC parties. All responses received are attached as Annex 1.

8.1 BSC Parties

The 9 responses received from BSC Parties represented a total of 50 Parties. Eight respondents, representing 49 Parties, supported the Panel's recommendation to reject both the Modification Proposal and the Alternative Modification. The respondents agreed that the economic case had not be proven, in particular, Parties would face a significant under-recovery risk because there appeared to be little demand amongst non-BSC parties for either of the reports. One respondent, representing 1 Party, made no comment.

8.2 Non-BSC Parties

Eleven responses were received from non-BSC parties, including consultancies, insurers, a fuel supplier, an aluminium smelter and an individual. All 11 respondents supported the principle of increasing market transparency through the release of appropriate data to non-BSC parties – the majority noting that aggregated generation data was available under the Pool and that NETA had consequently resulted in a reduction of transparency. Several respondents commented that there was widespread interest in receiving the data amongst non-BSC parties, in particular non-BSC generators and potential market entrants.

Two insurers responded, stating that the availability of data on generation patterns was essential to pricing the risks involved with insuring power producers. One warned that a lack of transparency would discourage insurers from providing services to the sector.

Two consultancies commented on the nature of the data to be released and the delivery mechanism. One recommended that the System Operator (SO) version of the Settlement Report should be made available to non-BSC parties – there would be “zero cost” given that the delivery infrastructure and report already exist. The other consultancy recommend that the data should be released by a third party on a commercial basis, indicating, by way of example, that it would be straightforward for them to perform that role.

Only two respondents explicitly supported either the Modification Proposal or the Alternative Modification. One expressed support for the Modification Proposal, because it would make the data previously available under the Pool available again, and the other expressed support for retrospective versions of either the Modification Proposal or the Alternative Modification.

The only non-BSC party to respond to the consultation carried out under the Assessment Procedure reiterated their commitment to the principle of releasing data to non-BSC parties and their belief that making the SO version of the Settlement Report available would be the most cost-effective means of doing so.

At the Panel meeting held on 18 April, at which the responses to the Draft Modification Report were considered, there was confusion over the response submitted by the Proposer. For some Panel members, it was not clear whether the Proposer was stating that they would be prepared to for pay the

total cost of the Alternative Modification or simply the portion established and agreed during the Assessment Procedure. The Proposer was contacted and indicated that it was the latter.

A summary and copies of the original representations received and considered by the Modification Group under the initial consultation on this Modification Proposal can be found in the Assessment Report. This Modification Report should be read in conjunction with that Assessment Report.

ANNEX 1 – REPRESENTATIONS

Responses from P50 Draft Modification Report Consultation
 Consultation issued 25 March 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	LE Group	P50_MR_001	4
2.	Cognant Consultants Limited	P50_MR_002	N/A
3.	Royal and Sun Alliance	P50_MR_003	N/A
4.	Crawford & Company	P50_MR_004	N/A
5.	UK COAL Mining Ltd	P50_MR_005	N/A
6.	Interim Energy Management Limited	P50_MR_006	N/A
7.	David Brewer, Commercial and Financial Consultant	P50_MR_007	N/A
8.	CLG Energy Consultants Ltd	P50_MR_008	N/A
9.	ILEX Energy Consulting	P50_MR_009	N/A
10.	Campbell Carr Limited	P50_MR_010	N/A
11.	EdF Trading Ltd	P50_MR_011	2
12.	Mitsui Sumitomo Insurance	P50_MR_012	N/A
13.	SEEBOARD Energy Limited	P50_MR_013	1
14.	TXU Europe	P50_MR_014	21
15.	GPU Power UK	P50_MR_015	1
16.	Innogy Group	P50_MR_016	9
17.	ScottishPower	P50_MR_017	5
18.	Scottish and Southern	P50_MR_018	4
19.	British Energy plc	P50_MR_019	3
20.	Alcan Smelting and Power UK	P50_MR_020	1

P50_MR_001 – LE Group

We agree with the Panel's view that the economic case has not been proved. In particular, as there is so little interest from Non-BSC Parties in the proposal, there would be a significant risk of a shortfall in the cost recovery of its development and operation. This would fall to BSC Parties, which we would find unacceptable.

As matters currently stand, we therefore agree with the Panel's decision that neither the Modification nor its Alternative should be taken forward. However we would be happy to reconsider if it was apparent that there was greater demand and therefore cost recovery was no longer an issue. We would also be happy to support a lower cost solution (such as using, or even adapting) an existing report - again, then cost recovery would be less of an issue.

Yours sincerely
Liz Anderson
General Manager, Energy Strategy & Regulation
LE Group

This response is made on behalf of the following BSC Parties:
London Electricity plc, SWEB Ltd, Jade Power Generation Ltd and Sutton Bridge Power Ltd.

P50_MR_002 – Cognant Consultants Limited

Cognant Consultants Limited is an Engineering Consulting Company specialising in the electricity generation industry. We are writing to make the following points with regard to the P50 modification, and as it is summarised in the Elexon Report MR012, dated 21st March 2002:

1. It is incorrect of the Panel to infer that '...UK Coal Mining Ltd is the only non-BSC party known to be interested...'. Cognant Consultants purchased half hourly metered generation from ESIS under the Pool system, and would be prepared to do the same under NETA, were the data available. Cognant also made earlier enquiries of Elexon about the purchase of such data prior to modification P30, and subsequently P50, being raised.
2. Given that the data covered by Modification P50 were in the public domain, and at modest cost, prior to NETA, it is in the interests of market transparency, as well as of natural justice, that they should be in the public domain at comparable cost under NETA.
3. There are many stakeholders (that is, organisations that have a legitimate commercial interest) in the Electricity Supply Industry who are not BSC signatories. These stakeholders include Insurers, Manufacturers, Suppliers of equipment and services, consultants, possible new market entrants and fuel suppliers. It appears to be a strange arrangement that denies such a group access to the fundamental information addressed in the P50 modification or alternative modification.

In view of the above, Cognant Consultants Limited strongly urges rejection of the recommendation given in Report MR012, and suggests that instead either the P50 Modification Proposal, or the P50 Alternative Proposal should be implemented. It is also suggested that it is essential that the availability of the data should be back-dated to the start of NETA in March 2001.

Mike Rowbottom
Dr M D Rowbottom
Cognant Consultants Limited

P50_MR_003 – Royal and Sun Alliance

I would like to make some response in respect to your report of March 2002 entitled "Distribution of BM Aggregation Report Data to Non-BSC Parties"

Royal and Sun Alliance, as a major UK Insurer of Power Plants have a vested in receiving the information detailed, which prior to NETA were available in the public domain, as part of our function in providing Business Interruption Insurance to UK Power Plants. The information currently available enables to provide a workable method of calculating BI terms to the benefit of power producers and in particular is used when trying to calculate losses following a failure.

It is my belief that NETA was intended to bring more transparency to the industry yet it would appear that the data that was previously available to us at little or no cost will now be kept from those who have a legitimate and useful interest in the electricity supply business.

I would be grateful if you could take these comments into account when looking at your final conclusions.

John Roberts
Manager UK Construction & Engineering

We would like to make a response in respect of your report dated March 2002

We, as a major Insurer of Power Plants have a vested in receiving the information detailed, which prior to NETA were available in the public domain, as part of our function in providing Business Interruption Insurance to UK Power Plants. The information currently available enables to provide a workable method of calculating BI terms to the benefit of power producers and in particular is used when trying to calculate losses following a failure.

It is our belief that NETA was intended to bring more transparency to the industry yet it would appear that the data that was previously available to us at little or no cost will now be kept from those who have a legitimate and useful interest in the electricity supply business.

I would be grateful if you could take these comments into account when looking at your final conclusions.

Colin J Foster
Business Delivery Manager-Royal & SunAlliance Engineering

P50_MR_004 – Crawford & Company

I strongly believe that it is in the public interest to have open access to the electricity market data in order to show that no cartels are again being formed against the public interest.

If we are to have an open electricity trading market that is to a model for other countries & which protects the customer's long term interests then the statistics that were available in the public domain when the Electricity Supply Industry was privatised, should be made available.

Kind Regards.
S.G.Barnes. CEng. MIEE.

P50_MR_005 – UK COAL Mining Ltd

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Consultation Document dated 21 March 2002

UK COAL is the proposer of the above modification and strongly supports the acceptance of this modification by the Authority. This would release metered generation data to non BSC Parties and improve the transparency of the market. This data was openly available to all under the old Electricity Pool arrangements and UK COAL was disappointed to find that under NETA this information was restricted to BSC parties only.

UK COAL is disappointed in the decision of the Panel to reject the modification on the grounds that they felt there would no other interest in this data apart from the proposer. This information would clearly be of value to fuel suppliers, consultants, as well as non-BSC Party generators, embedded generators and potential market entrants.

UK COAL believes that the responses received to previous consultations were in keeping with the distribution of the document to Parties alone. This modification would have little interest to Parties, as benefits would be felt in the main by non-Parties, the vast majority of which were unaware of the existence of the consultation.

UK COAL is prepared to meet the costs as laid out in the Assessment Report, but would obviously consider any alternative which would release this data at a lower cost. Therefore in order to improve transparency within the market I would urge the Authority to approve the release of this data to non BSC Parties and approve the modification.

P50_MR_006 – Interim Energy Management Limited

I write to support the proposal that data contained in the "BM Aggregation Report" be made available to non – BSC Parties. The metered volume information was available commercially under the Pool arrangements and in the interests of full transparency it should be available under NETA. This information was made available by Enron before the collapse late last year and I know that the published information was used by many, many organisations. It is totally wrong and inaccurate to state that only one Party was interested in the information. Unless an organisation was continually looking at the information on the Elexon Web-site, one would not have known that the Modification Proposal existed. I personally raised a similar matter in relation to Scottish Generation at an Ofgem public meeting in Glasgow in February of this year, and Callum McCarthy agreed to look into the matter.

Could you please explain how a prospective new entrant could possibly assess the risks associated with the BSC if he has no means of assessing the market and competitors. The Modification Proposal would allow a new entrant the ability to analyse the output patterns of similar plants before committing to a new project. By not making this information transparent members of the BSC could stand accused of blatant protectionism, by with-holding information that prevents increased competition. The requested information is not up to the minute information and would not be available until about a month after actual delivery. I see no reason why this information should not be made available on a commercial basis, to ensure that the most competitive environment is achieved with maximum transparency.

Would you please keep me informed on the progress of this Modification Proposal together with the date when it is to be submitted to Ofgem for determination.

Best Regards

John Cousins

Managing Director.

Interim Energy Management Limited.

P50_MR_007 – David Brewer, Commercial and Financial Consultant

I am an independent consultant and amongst my clients are a number of fuel producing companies. It has come to my attention that that Elexon has prepared the above report on behalf of the Balancing and Settlement Code Panel. It is of great concern to me and my clients that the report recommends that neither the proposed P50 Modification nor the P50 Alternative Modification should be made.

Under the Electricity Pool, a working party was set up to make information on BM Aggregation Data available to non Pool members from April 1997 in order to improve transparency. Under NETA, this information has been suppressed despite the fact that one of the objectives of the NETA reforms was to improve transparency. In my contacts with Ofgem, I have repeatedly requested that this information be made available. Ofgem have stated that it could only be done so via an amendment to the BSC. Now that such an amendment has been proposed, it is extremely frustrating to find that the BSC Amendments Panel is recommending that that the information should continue to be withheld.

One of the primary objectives of the BSC Panel, and a fundamental objective of the NETA reforms as a whole, is to increase competition. Generators' metered output data was particularly useful to potential market entrants and non-BSC generators, including embedded generators, as being essential information from which their potential or actual competitive position could be judged. If this invaluable information continues to be withheld, potential competitors will be disadvantaged.

I also understand that customer organisations and large individual customers also found the information useful.

I am therefore asking that the Panel reconsider their recommendation.

David Brewer, Commercial and Financial Consultant

P50_MR_008 – CLG Energy Consultants Ltd

I understand that you are considering Modification Proposal P50 concerning the release of aggregated data to non-BSC parties. As an independent consultant who was actively involved in the early days of the NETA reforms through lobbying of the Energy Minister and Professor Littlechild I have the following comments to make.

1. Under the old Pool arrangements details of generation levels at individual power stations were available from the Pool and monthly data was published in a number of journals including Power UK, UK Powerfocus and Coal UK(a separate journal and not to be confused with the company UK Coal).
2. Two of the key objectives of the reform of the electricity market trading arrangements were to improve market transparency and to avoid the discrimination. In January 1998, after a round of consultation, Ofgem proposed terms of reference for the review. It proposed that the new trading arrangements should
 - provide for transparency in the operation of the pricing mechanism and the market generally
 - avoid discrimination against particular energy sources.
3. The loss of access to market information by parties external to the BSC is clearly at odds with these objectives and should be corrected asap. Indeed I would argue that the aggregation and publication of generation station by station on a regular (weekly/monthly) level would significantly improve the transparency of the market for fuel suppliers and customers who are greatly affected by the performance of the electricity market but not necessarily market participants.
4. The nature of the fuel supply scene is such that many gas companies are market participants and therefore have access to the BSC data. I do not know of any coal suppliers that are BSC participants and therefore current restrictions discriminate against coal producers who are dependent upon the electricity market for 90% of their production.

Therefore I would argue that the electricity market in general and the BSC participants in particular should accept the duty to provide aggregated data to enable those outside the BSC club to assess the proper functioning of the market. Indeed I believe that the market operator should aggregate the data and publish it on their web-site.

Yours Sincerely
Colin Godfrey
Managing Director
CLG Energy Consultants Ltd

P50_MR_009 – ILEX Energy Consulting

Roger - a response from ILEX Energy Consulting to the latest BSC Modification P50 consultation.

I agree that the present proposal is insufficient and unworkable in its present form, but there is a very plausible alternative that should be considered that would cover far more data and be of more use to the non-BSC Parties (promoting the interests of competition and market efficiency).

The latest consultation paper makes a telling remark "if a mechanism could be established so that the relevant data could be provided to the non - BSC Party requesting it at no cost to Parties, the Panel might look more favourably on the modification Proposal."

The previous Alcan response to P50 suggested exactly such a mechanism - allow non-BSC Parties access to the existing "SO142" settlement report in full (rather than creating costly extracts). This report contains metered generation data as well as other vital information for non-BSC Parties (such as beer fund, imbalance positions and transmission loss data).

This SO142 report is presently distributed to BSC Parties by email and will in future be accessible as a download from a secure website - this could be made available to all at zero cost (or even at negative cost since it would not require a secure website, as opposed to the existing plans).

The issue of data confidentiality (for directly connected demand sites and single-BMU licence-exempt generators) has been shown not to be material, and none of the affected parties has objected to this release of data in any of the consultations to date. All BSC Parties are already entitled to see all this information.

The information would clearly be of value to consultants as well as non-BSC Party generators and embedded generators and potential market entrants.
If you would like to discuss this further then please don't hesitate to call me.

Kind regards

Stephen Woodhouse

Senior Consultant

ILEX

P50_MR_010 – Campbell Carr Limited

Campbell Carr are responding to the consultation on P50 in their role as a data user on behalf of, and data provider to, Parties to the BSC as well as to other organisations in the broader energy market.

We strongly support the concept of making appropriate electricity market data available to the energy market as a whole. Since all parts of the energy market interact with each other it is important that proper transparency be maintained for the benefit of regulators, analysts and participants.

The modification report expresses concern over the cost of providing the data and this is, rightly, a major factor in shaping the response. It is clearly necessary to consider the practical impact of any modification. However, we believe that it is not necessary to limit the options entirely to Logica and Elexon.

Generally, we understand that Elexon offer themselves as data providers as a foil to the relatively expensive Logica. This is admirable but limited, as Elexon are not specifically constituted as a data delivery organisation and are not in a position to take any commercial risk on data delivery. Elexon are required to enable the delivery, not necessarily undertake it themselves.

Following from this, it seems reasonable that Elexon could make arrangements with some other organisation which would undertake to deliver the data and take on the commercial risk. A raw data feed to such an organisation would be less costly than a more general solution and would allow the other organisation to structure the data and make the commercial arrangements. There would, of course, be appropriate restrictions on the delivery organisation to prevent sensitive data being published.

As a specific example, Campbell Carr operate a data repository and provide a web site with facilities for automatic delivery of data. It would be a straightforward matter to include the data from S0142 (as mentioned in the Modification Report) and make a suitable report available to subscribers.

In summary, we support the principle of the Mod, but would like to see other delivery mechanisms recognised and considered.

Mike Sandford

Campbell Carr Limited

P50_MR_011 – EdF Trading Ltd

On behalf of EdF Trading Ltd and EdF (Generation) please find some brief comments on the Modification P50, which seeks to make the data contained within the 'BM Aggregation Report' available to non-BSC parties.

With such little apparent interest from Non-BSC parties and the cost of implementation probably far exceeding any perceived benefits to BSC parties from the modification being made, then we would agree that the proposal and its Alternative should be rejected.

Regards
Steve Drummond
UK Market Adviser to EdF Energy Merchants Ltd

P50_MR_012 – Mitsui Sumitomo Insurance

Since the introduction of NETA in on March 28 2001, Underwriters and other interested parties in the Insurance industry have not been able to obtain details and accurate information regarding generation patterns of UK power stations and in particular the "half hour metered data" relating to individual generation units in England and Wales.

Since electricity privatisation back in the early 1990s there has been a huge increase in the demand for commercial insurance products to cover UK generators and power distributors. A major part of these requirements have been for business interruption insurance to cover losses in revenue/profit, following damage to power generation assets.

This requirement for revenue protection has been driven due to the huge increase in Bank funded infrastructure projects on behalf of the new breed of Independent Power Producers (IPP).

A major part of the underwriting process in respect to Business Interruption Insurance revolves around gaining a thorough understanding of the way the business works and how it earns its money. It has taken some time for underwriters to gain an understanding of how NETA works. It has then been necessary to ascertain how individual clients trade within the NETA framework.

In many cases generators will have fixed contracts to supply power at a fixed cost and a percentage of their portfolio may be committed in this way. Loss of such asset through accident cause would trigger a business interruption claim

However such claims may be mitigated by other assets of the insured which could provide replacement power, or by the client replacing the lost power through the spot market and leaving insures to pay the difference in costs.

Other generation assets may be involved in short term contracts and the balancing mechanism. Here the risks are more volatile as prices will vary considerably during the interruption periods.

Some generators are able to sell gas on and hence mitigate losses in this way.

In order to price risks accurately it is vital the insurers have a good understanding of the UK generation portfolio, when units are likely to be on outage, how much spare capacity there is in the market at any one time and at what marginal cost this would be.

This helps insurers to try to predict future costings and exposures for the risk that they are being asked to write.

In the last 18 months, and especially since Sept 11th, the Global insurance industry has been in turmoil with rapidly rising rates and excess levels. Insurance capacity has become a pure commodity and power companies are paying hugely increased premiums compared to previous years, much of these warranted buy poor loss experiences, but much of the rises driven by a pure shortage of capacity.

In order to provide capacity to the market Insurers are faced with a straight choice between which industry sectors to provide cover for. If the power generation industry appears to be acting in a secretive way, then insurers will naturally be suspicious and withdraw capacity from this industry sector, resulting in even higher rates and premium. This is obviously not in the interests of the power companies.

There can be no commercial reason not to supply the generation statistics to the wider world, competition between generators is not threatened as the generation figures are historical and all generators already have access to them anyway. Open access to such information can only be beneficial to all.

It would greatly help Insurance Underwriters if the "half hour metered data" were again available, as it was when the Electricity Pool of England & Wales was in operation. I am sure that I am not the only person within the Insurance industry to express this opinion.

I would be grateful of your views regarding the matter

Please do not hesitate to contact me should you wish me to elaborate in any way concerning any of the above.

David Phipp CEng MIMarE
Engineering Underwriter
Mitsui Sumitomo Insurance (London Management) Ltd.
Lloyds Syndicate 3210

P50_MR_013 – SEEBOARD Energy Limited

We agree with those recommendations within section 1.1 of draft modification report dated 21st March 2002.

Dave Morton
SEEBOARD Energy Limited

P50_MR_014 – TXU Europe

P50 Draft Mod Report Comments

We support the Panel's recommendation as contained in the draft Report that neither the Modification Proposal nor the Alternative should be made. We agree that there is a very high probability that BSC Parties will be required to pay for the system development costs as no non-BSC Parties are likely to take up the Alternative report (as it does not actually do what was intended).

Philip Russell
Market Development Manager
21 TXU Europe BSC Parties

P50_MR_015 – GPU Power UK

Please find that GPU Power UK response to P50 Consultation on Draft Modification Report is 'No Comment'.

Rachael Gardener
Deregulation Control Group &
Disribution Support Office
GPU POWER.NETWORKS (UK) plc

P50_MR_016 – Innogy Group

Innogy Group (Innogy plc, Innogy Cogen Limited, Innogy Cogen Trading Limited, Npower Limited, Npower Direct Limited, Npower Northern Limited, Npower Northern Supply Limited, Npower Yorkshire Limited and Npower Yorkshire Supply Limited) supports the Panel recommendations.

However, we believe it needs to be made clear that the Alternative Modification was to provide data at the (GSP Group, BSC Party ID) level, not (GSP Group, Supplier ID) as indicated in the paper.

Richard Harrison
Npower Finance - Commercial Services
NETA & BSC Issues Manager

P50_MR_017 – ScottishPower

I would like to thank you for this opportunity to comment on the Modification Report for P50.

After some consideration, we would reiterate the views that we expressed during earlier consultations on this matter and now fully support the Panel's recommendations to reject both Modification Proposal P50 and the Alternative Modification, as described in the Modification Report.

I trust you will find these comments helpful.

James Nixon

Calanais Ltd.
For and on behalf of: -
ScottishPower UK Plc.
SP Energy Trading Ltd.
SP Generation Ltd.
Scottish Power Energy Retail Ltd.
SP Transmission Ltd.

P50_MR_018 – Scottish and Southern

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

In accordance with our previous comments on this Modification proposal (P50), we agree with the Panel's recommendation to the Authority to reject both the original Modification and the Alternative Modification.

However, in the event that the Authority decides to 'accept' the matter in general, we would prefer that the Authority accept the Alternative Modification, rather than the original Modification.

Garth Graham
Scottish & Southern Energy plc

P50_MR_019 – British Energy plc

British Energy support the Panel recommendation that BSC proposal P50 to publish the BM Aggregation Report to non-parties and the alternative proposal to publish a modified version of the settlement SAA-I0142 report to non-parties should both be rejected. Releasing data to non-BSC Parties may have fringe benefits in better meeting BSC Objectives through transparency, but issues of cost and confidentiality of data associated with other non-BSC Parties (eg. directly connected sites) appear to outweigh the benefits.

Martin Mate
for
British Energy Power & Energy Trading Ltd
British Energy Generation Ltd
Eggborough Power Ltd

P50_MR_020 – Alcan Smelting and Power UK

Alcan has responded previously to the P50 consultations. The consultation makes a telling remark "if a mechanism could be established so that the relevant data could be provided to the non-BSC party requesting it at no cost to Parties, the Panel might look more favourably on the modification proposal."

The previous Alcan response suggested exactly such a mechanism-allow non-BSC access to the existing "SO142" settlement report, which contains metered generation data as well as other vital information(such as beer fund, imbalance positions and transmission loss data). This report is presently distributed to BSC Parties by email and will in future be accessible as a download from a secure website-this could be made available at zero cost.

The issue of data confidentiality (for directly connected demand sites and single-BMU licence- exempt generators) has been shown not to be material, and none of the affected parties has objected to this release of data in any of the consultations to date.

Bob Nicholson
Power Commercial Manager
Alcan Smelting and Power UK