ANNEX B - P80 CONSULTATION RESPONSES

Responses from P80 Assessment Consultation

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	Williams Energy	P80_ASS_001	1
2.	British Gas Trading	P80_ASS_002	1
3.	Powergen	P80_ASS_003	4
4.	Immingham CHP	P80_ASS_004	1
5.	SEEBOARD	P80_ASS_005	1
6.	Aquila Networks	P80_ASS_006	1
7.	AEP Energy	P80_ASS_007	1
8.	Edison Mission	P80_ASS_008	2
9.	YEDL/NEDL	P80_ASS_009	2
10.	Innogy	P80_ASS_010	7
11.	NGC	P80_ASS_011	1
12.	Scottish Power	P80_ASS_012	5
13.	Scottish and Southern	P80_ASS_013	4
14.	LE Group (late response)	P80_ASS_014	4
15.	British Energy (late response)	P80_ASS_015	3
16.	Teesside Power Ltd (late response)	P80_ASS_016	1

The following questions were asked:

Q1 Do you agree that there is a spectrum ranging from system constraints at one end, through to generator intertrip schemes and onto system faults at the other end, which should be reflected in any default compensation arrangements for such instances? (Section 2 and 4, Table 4.1)

Q2 Do you believe that P80 (System Faults) and P87 (Intertrips) should be treated in a consistent manner?

Q3 Which potential solution do you believe best facilitates the Applicable BSC Objectives for P80 with respect to Production BM Units? (Section 4.3 and 5.3)

- **PS1** - No correction to Settlement and no Extra Cashflow
- **PS2** - No correction to Settlement plus Extra Cashflow
- **PS3** - Compensation using Bid Offer Prices in BMWP
- **PS4** - QABC Correction in the BMWP plus Extra Cashflow
- **PS5** - BOA Correction with determined prices
- **PS6** - QABC Correction potentially enhanced by Extra Cashflow

Q4 Which potential solution do you believe best facilitates the Applicable BSC Objectives for P80 with respect to Consumption BM Units? (Section 4.3 and 5.3)

- **PS1** - No correction to Settlement and no Extra Cashflow
- **PS2** - No correction to Settlement plus Extra Cashflow
- **PS3** - Compensation using Bid Offer Prices in BMWP
- **PS4** - QABC Correction in the BMWP plus Extra Cashflow
- **PS5** - BOA Correction with determined prices
- **PS6** - QABC Correction potentially enhanced by Extra Cashflow

Q5 If a potential solution requires compensation from the "Extra Cashflow" do you believe that this should be determined within the BSC or outside the BSC? (Section 4.3)

Q6a Do you believe that compensation for P80 (Transmission System faults) should be limited to directly connected BM Units?

Q6b Do you believe that compensation for P80 (Transmission System faults) should include embedded BM Units? (Section 4.3.8)

Q7 P80 did not propose the inclusion of a 'sunset clause'. As P80 has been assessed in parallel with P87, do you believe that there should be a 'sunset clause' that removes the compensation arrangements for system faults for system faults (P80) on the introduction of Transmission Access arrangements? If your answer is yes, please explain what the specific trigger should be activate such a clause. (Section 4.4)

Q8 Are there any further comments on Modification Proposal P80 that you wish to make?

P80_ASS_001 – Williams Energy

Respondent name	Williams Energy
BSC Party	YES
Responding on Behalf of	Williams Energy

Q	Response	Rationale
1	No	Each is distinctly different. System constraints are generic transmission limitations, which are generally known fairly well in advance and can be resolved in timely manner from a variety of options and are quite clearly within the realm of the BM and Balancing Services. Intertrip schemes are related to very specific/localised transmission limitations and again can be commercially resolved well in advance of need and should fall under Balancing Services. System faults however are an actual transmission event which whilst you can prepare to a degree, in practice are only able to react to them as they occur. Consequently each should be covered by appropriate bespoke compensation arrangements and it is really only system faults which needs some "default" arrangement.
2	No	The former imposes an unexpected detriment to a BSC party and thus deserves greater compensation than the latter where it is a bilateral commercial agreement between NGC and a BSC party and thus that party has both the opportunity to negotiate terms and plan how to react.
3	PS5	It removes extreme Energy Imbalance Price risk and it provides the affected party with appropriate compensation in a transparent manner. It should be possible to set appropriate levels for different parties (e.g. production vs. consumption).
4	PS5	It removes extreme Energy Imbalance Price risk and it provides the affected party with appropriate compensation in a transparent manner. It should be possible to set appropriate levels for different parties (e.g. production vs. consumption). Whilst it is recognised there are particular issues associated with consumption, it is still felt that PS5 provides a better solution than PS1 for demand and that there are ways to overcome difficulties.
5	N/a	Preferred solution does not require extra cashflow
6a	No	Compensation should be made to those who pay for use of the transmission system through TNUoS. This includes both directly connected BMUs and some embedded BMUs.
6b	Yes	
7	Yes	Quite simply the trigger should be Transmission Access Go Live date/time!
8		P80 is distinct from P87 in that it deals with a forced event rather than a pre-agreed bilateral commercial arrangement. Thus it appropriate it should be dealt with within the vires of the BSC and PS5 provides the best proposed solution which fulfils this criteria. It seems that there is still some further thinking which can be done in addressing the consumption issues within PS5.

P80_ASS_002 – British Gas Trading

Respondent name	British Gas Trading
BSC Party	YES
Responding on Behalf of	

Q	Response	Rationale
1	Yes	We agree that this is a reasonable conceptualisation of the level of management options and competition available to the Transmission Company.
2	Yes	
3	PS4	In our view, under the current governance structure there are three distinct parts to this issue: imbalance risk, contract risk and system access. If transmission system fault occurs and causes a BM Unit to suffer imbalance then it is appropriate that this imbalance exposure is removed. This adjustment must be carried out under the BSC. However, the compensation due to the party for lack of access to the transmission system should be dealt with under CUSC. Parties should be able to manage their contract risk through trading. PS4 will better facilitate competition in the generation and supply of electricity by reducing the risks associated with system faults. If participants are confident that they will not be exposed to imbalance prices and receive an appropriate level of compensation in the event of a system fault this should feed through into the Bid-Offer prices seen in the BM.
4	PS4	As above.
5	Outside of BSC	It has previously been clearly established that the BSC only deals with the actions within the BM window. Compensation should be for the duration of the fault which may extend beyond the BM window, therefore under the current governance arrangements the only appropriate way to ensure that the correct level of compensation is obtained is through arrangements outside of the Code.
6a	No	If embedded BM Units who pay TNUoS charges are constrained off the system due to a transmission system fault then they should be compensated for this interruption to service.
6b	Yes	
7	No	Modification proposals are meant to be assessed against the current BSC baseline. If it is believed that this proposal better facilitates the Applicable BSC Objectives then the modification should be made. If, in the wider context of the electricity industry, a change occurs that means these arrangements are no longer required a further modification proposal can be raised. This will ensure the proper assessment is made. In addition, it has been suggested that the sunset clause will act as an incentive to the industry to put enduring arrangements in place. However, there is little evidence to suggest that this issue is being effectively dealt with elsewhere. We also believe there are problems with finding an appropriate 'drop dead date' without needing to define 'Transmission Access' in the Code or establish some kind of precedence between the CUSC and BSC.

Q	Response	Rationale
8		Although we recognise the need for an appropriate compensation mechanism for system faults we are not convinced that the best place for these arrangements is under the BSC, particularly using deemed BOAs.

P90_ASS_003 – Powergen

Respondent name	Paul Jones
BSC Party	YES
Responding on Behalf of	Powergen UK plc, Powergen Retail Limited, Diamond Power Generation Limited & Cottam Development Centre Limited

Q	Response	Rationale
1	Yes	The range reflects the amount of choice and control NGC has in taking action. For constraints, NGC normally have a reasonable number of choices of who to constrain off or on. They can look at the associated bids and offers of those parties and choose to accept those which leads to the lowest cost solution to resolve the constraint. For transmission faults, NGC obviously have no choice in the matter except in how long they take to correct the fault. Somewhere in between there are intertrips which give NGC a degree more choice in that they can choose when to arm the intertrip, but do not know whether or when it will actually trip. Whilst we are in theory supportive of using bid offer acceptances (BOAs) for paying compensation for all three instances, we appreciate that there are concerns regarding its appropriateness for situations when there is little choice in whether or not to accept. These relate to the possibility of extreme bid prices being accepted, which were not made to recover compensation associated with faults or intertrips, which could result in extremely large amounts of money being paid to the party concerned. What this suggests is that the further you move down the spectrum of events from constraints towards faults the more the likelihood that extreme bids will be accepted as there is less that NGC can do to avoid them. Therefore, it could be argued that accepting bids is not appropriate, or that some form of safeguards should be put in place to avoid the effects of extreme bids translating into windfall payouts to parties.
2	Yes	This does not mean that we necessarily believe that faults and intertrips have to be compensated through an identical mechanism, but that the mechanisms should be consistent with each other. In other words if it is deemed appropriate to accept bids for system faults, it would be inconsistent to not accept them for intertrips over which NGC has more control. However, it may not be inconsistent to accept bids for intertrips, but not for faults, if it is deemed that the risk of extreme bids being accepted is too high in this instance. On balance, we have decided that the same solution out of those listed in 3 below would be most appropriate for both types of event.

Q	Response	Rationale
3	PS6	As a system fault is clearly a system action outside of a generator's control, it would be inappropriate to expect the generator to pay SBP as a result of it being put into imbalance by the fault. PS6 deals with the problem of imbalance by removing it, effectively at a bid price of zero. This would avoid large negative bids causing windfall payments which would be paid for through BSUoS charges. We believe that PS6 provides the best balance of protection to generators and BSUoS payers for the relatively rare event of a system fault tripping off a generator.
4	PS1	The problem with altering QABC is that it does not work for demand BMUs. These would be disadvantaged in comparison to where they are now as they would be unable to spill and gain SSP. Therefore, it would be sensible to restrict this solution to generation BMUs, especially as it is not likely to be required often for demand BMUs.
5	Outside of BSC	Any additional compensation should be a matter between NGC and the generator under the CUSC. The matter that concerns the BSC is the removal of the imbalance caused by the failure.
6a	No*	*Compensation should be based on whether the relevant volumes are subject to transmission charges as this is how the right to use the transmission system is acquired. It is not appropriate to pay compensation for loss of the transmission system to those who have not acquired the right to use it.
6b	Yes*	
7	No	All BSC clauses stand until they are modified or removed. It isn't necessary to include a clause which explicitly states this. If the modification is deemed to better meet the relevant BSC objectives, then it should be seen as a permanent change.
8	Yes	Under PS6, the generator should have QABC reduced by the FPN for the relevant BMU. Generators should be allowed to continue submitting values for the BMU as if it hadn't been tripped off by the system fault. Safeguards may have to be in place to avoid gaming, but this should be manageable especially for the small number of instances that it would be required.

P90_ASS_004 – Immingham CHP

Respondent name	Conoco/Immingham CHP
BSC Party	YES
Responding on Behalf of	Conoco/Immingham CHP

Q	Response	Rationale
1	Yes	A Party that is forced to deviate from FPN due to a "system fault" is likely to be commercially disadvantaged as a result of any actions it takes to rectify its physical position. The Party should be compensated for the full period of the forced deviation.
2	Yes	Irrespective of the reason for the deviation, they can have the same commercial effect.

Q	Response	Rationale
3	PS4	PS4 appears to be the best option. "Windfall gains" are avoided but the Party is not exposed to imbalance during the BMWP because its contract notification would be corrected. Any costs associated with trading out of imbalance can be reclaimed via the "Extra Cashflow". This solution negates the need for Transmission Company management outside BMWP inherent in PS6 and also the significant negative impact on other Parties of PS3. A further advantage of this solution is that it does not require new administered prices for BSC Systems. We also believe warrants further consideration. This is because not all parties would be able in all circumstances to trade out imbalances in the period after the BMWP has expired but whilst eh transmission failure endures. This is because either there is insufficient liquidity or the party does not have a trading capability (as is the case for many small players). In such circumstances it is clearly appropriate that further compensation is available to the distressed party. We would suggest parties should be obliged to use 'Reasonable endeavours'; to mitigate losses during this period but only to the extent that do not suffer a commercial loo.
4	PS1	This is not an ideal solution but better than any of the others. Option 3, 4, 5 & 6 would result in no real compensation as the Party would retain contract liabilities but not receive any real compensation.
5	Within BSC	This is a marginal preference. The important outcome is that the problem should be dealt. Over the longer term, as a facet of transmission access, it is likely an enduring solution will be provided by CUSC.
6a	No	All BM Units would potentially be exposed to imbalance and therefore should be compensated. At the same time we recognise that the calculation of compensation could be rather more difficult for embedded generators than for those directly connected to the transmission system.
6b	Yes	
7	Yes	We agree that compensation arrangements should be automatically removed on the introduction of Transmission Access arrangements *provided* there is a seamless transition. The trigger should be full implementation of equivalent arrangements under CUSC.
8	-	It is clearly inequitable that BSC parties can be placed in imbalance by failures on the transmission system, and we support both modification proposals. There is an expectation that these matters will be dealt with on an enduring basis through changes to CUSC with implementation of a transmission access regime. There remain, however, significant question marks over the form and timing of an access regime, and these changes proposed by NGC need to be progressed expeditiously to provide for relief during the interim period.

P80_ASS_005 – SEEBOARD

With respect to above mentioned modifications. We have no further comments to add to those raised during definition stage of P80 and have no strong views on option to take forward. We have no views on P87.

Dave Morton
SEEBOARD Energy Limited

P80_ASS_006 – Aquila Networks

Please find that Aquila Networks Plc response to P80 & P87 Assessment Consultation is 'No Comment'.

regards
Rachael Gardener

Deregulation Control Group &
Distribution Support Office
AQUILA NETWORKS

P80_ASS_007 – AEP Energy

Respondent name	Mick Walbank
BSC Party	YES
Responding on Behalf of	AEP Energy Services

Q	Response	Rationale
1	Yes	System constraints should be defined (broadly) as those events outside of the control of the generator and relating to faults occurring on NGC's connection or use of system assets. Two types of inter-trips should be defined. First, Inter-trips at generators who have agreed a connection agreement (with a derogation) that does not meet NGC's planning standards. Second inter-trips at generators with complaint connection agreements. This distinction should be made as the first category of generators has already received compensation, as they will have paid lower connection charges.
2	No	No. Generators should be compensated when a system faults occurs to ensure that NGC has appropriate incentives to maintain and operate the system efficiently. Generators with connection agreements that do not meet normal planning standards should not receive any compensation for inter-trips. They have already received compensation through lower connection charges. Generators with compliant connection agreements should receive compensation.
3	PS4	The BM unit's owner cannot influence the repair policy taken by NGC as the fault (and its rectification) is outside of their control. Implementation of the modification will provide stronger incentives on NGC to develop, maintain and operate an economic and efficient transmission system. It will therefore further the objective of the efficient discharge of the licencee's obligation. (As an interim measure) Calculated correction will allow the participant to receive adequate compensation and provide NGC with an incentive to repair the fault.

Q	Response	Rationale
4	PS4	Compensation should be paid, as with a generator, the consumption BM unit cannot affect the repair process taken by NGC. Compensation from NGC will encourage NGC to return lost transmission circuits in a practicable time period
5	Outside of BSC	Any compensation paid by NGC to users should be paid out of price-controlled revenue to ensure that NGC has appropriate incentives to maintain and invest in a reliable system. User should not fund compensation payments through the BSC. The modification should clearly distinguish between compensation payments and how they are recovered.
6a	No	There should not be any discrimination. If a transmission fault restricts an embedded BM Unit then compensation should be applicable
6b	Yes	
7	No	Yes, any compensation arrangements should be removed when transmission access arrangements are put in place. Under transmission access, compensation will be paid to users who are denied their firm access rights in the event of a system fault.
8		Discussions should be held with NGC to determine whether this issue is best dealt with through a modification to the CUSC, BSC or charging methodology.

P80_ASS_008 – Edison Mission

Respondent name	Cathy McClay
BSC Party	Yes
Responding on Behalf of	First Hydro Company, Edison First Power Ltd.

Q	Response	Rationale
1	Yes	System constraints, intertrips and system faults are all mechanisms by which a BM Unit is prevented from delivering to or off-taking from the transmission system. In effect, a system fault or intertrip can be viewed as an extreme constraint. As such, EME believe that constraints, intertrips and system faults should be treated in a consistent manner.
2	Yes	As system constraints, intertrips and system faults are all mechanisms by which a BM Unit is prevented from delivering to or off-taking from the transmission system, EME believe they should be treated in a consistent manner.

Q	Response	Rationale
3		As already stated, EME believes that constraints, intertrips and system faults should all be treated in a consistent manner. Constraints are currently managed on the system by acceptance of bids and offers and so this approach should be extended to system faults and intertrips. However, EME recognises that participants regularly submit extreme bids and offers to indicate a desire not to deviate from the FPN and acceptance of these prices in the event of a system fault would result in extreme cash flows. EME therefore believe that a version of PS5 is the most appropriate solution. Disconnection offer and bid prices should be determined by each participant to reflect all lost income resulting from disconnection, rather than simply removing imbalance. The bid and offer prices should be set for a predetermined period, say one year. This would allow the system operator to refer any prices it considered inappropriate to the regulator and should prevent gaming of faults. Bid or offer volumes would be determined by reference to the FPN, which would be updated as normal. Requiring a disconnection price to be specified a year in advance, prevents participants from gaming a fault by altering prices within the duration of the fault. This ensures the efficient, economic and co-ordinated operation of the Licensee of the Licensee's Transmission System. The use of disconnection prices is a simple solution and therefore promotes efficiency in the implementation and administration of the balancing and settlement arrangements
4		EME believes that if possible, the same solution should be used for production and consumption BM units. The approach described above is equally suited to consumption accounts.
5	Within BSC	The approach recommended by EME does not require any extra cash flows. However, if extra cash flow is required, to simplify the governance arrangements, this should be within the BSC.
6a	No	Compensation should be payable to all BM units which are paying TNuoS, including embedded units. An embedded unit that pays TNUoS is paying to use the transmission system as such should be compensated in the same way as a directly connected unit.
6b	Yes	
7	No	EME does not believe that there should be a sunset clause as this would impose a hierarchy of documentation. Alterations to the BSC should not be made by documents outside the governance of the BSC.

Q	Response	Rationale
8		Key criteria that must form part of any solution are: • generators are compensated for the entire duration of fault. Participants will not attempt to recover all losses within the BM window and so prices should be cost reflective • disconnection prices should be known in advance to provide stability and allow challenge from NGC • there should not be discrimination against players who trade close to gate closure or against participants who do not make the majority of income from trading • given the likelihood of occurrence, the solution should be simple. The method for determining the FPN level for PS5 needs further clarification. The Consultation Paper is ambiguous on this point. In particular (as suggested in 5.1), if a daily PN position was 'frozen' as at the time of the system fault, this, would not necessarily provide adequate compensation going forward. for instance where the BMU was on a brief outage at the beginning of the system fault. Parties should therefore be allowed to update their PNs and FPNs as normal on an ongoing basis throughout the fault to determine the baseline from which bids/offers are accepted at the administered price.

P90_ASS_009 – YEDL/ NEDL

Due to holidays we have not been able to assess the two modification proposals.

Sue Calvert
Distribution Change
System Investment

P80_ASS_010 – Innogy

Respondent name	Innogy
BSC Party	YES
Responding on Behalf of	Innogy plc, npower Limited, Innogy Cogen Trading Limited, Innogy Cogen Limited, npower Direct Limited, npower Northern Limited, npower Yorkshire Limited

Q	Response	Rationale
1	Yes/No	We agree system constraints, generator intertrip and system faults should be treated in a similar fashion with respect to default compensation arrangements for energy imbalance costs incurred. However, since provision of inter-trip is essentially a service provided by the generator for the benefit of the system operator it should be subject to a commercial ancillary services arrangement. Furthermore, we believe that NGC should be obliged to enter into such agreements with providers of inter-trip should NGC require the service.
2	Yes/No	'Yes' with respect to compensation for imbalance but 'no' with respect to compensation for the additional costs incurred by generators for the provision of an inter-trip service.
3	PS3	We support PS3 as compensation using Bid Offer Prices will facilitate economic assessment of a number of means of resolving system constraints. It will therefore better facilitate the BSC Objective of the efficient, economic and co-ordinated operation of the Transmission System by the Transmission Company. We believe that the compensation should cover the whole of the system fault duration and also honour a BM Unit's dynamics period beyond the wall. BOAs relating to system faults should therefore be treated consistently with all other BOAs with respect to honouring a BM Unit's dynamics beyond the wall as outlined in the Balancing Principles Statement.
4	PS3	We support PS3 as a solution for both production and consumption BM Units for the reasons stated above. Both types of BM Unit are exposed to forced deviations from FPN as a result of transmission system faults and should therefore be compensated consistently.
5		N/A
6a	No	Both directly connected and embedded BM Units are exposed to forced deviations from FPN as a result of either transmission or distribution system faults. Embedded BM Units should therefore be compensated in the same way as directly connected BM Units for such faults.
6b	Yes	
7	Yes / No	It is not appropriate to include a 'sunset clause' that removes the compensation arrangements on the introduction of Transmission Access arrangements. If changes to the BSC are required upon introduction of these arrangements they can be proposed through a subsequent modification at the time.
8		Please give your comments:

P87_ASS_011 – NGC

Respondent name	The National Grid Company Plc
BSC Party	NO
Responding on Behalf of	

Q	Response	Rationale
1	Yes	We believe that system constraints, intertrips and system faults may be considered in terms of a spectrum where one end of the spectrum has no competition and any compensation should be considered in terms of losses incurred and the other end of the spectrum reflects potential competition and may form compensation within the Balancing Mechanism.
2	Yes	Whilst we agree that intertrips and systems faults should be considered in a consistent manner we do not believe that this necessarily leads to the compensation being identical.
3	PS4	PS1 this represents no change to the current arrangements so can not better facilitate the BSC objectives. PS2 although it addresses the compensation for losses it leaves the disconnected party in imbalance. PS3 gives rise to a potential windfall gain to the disconnected party and may distort BM prices (reason for raising P87) PS4 we believe best facilitates the BSC objectives as it will remove imbalance from the affected party in the most economic manner. PS5 / PS6 these are both Ultra vires as they deal with compensation outside the governance of the BSC.
4	PS1	The proposal for Supplier BM Units is a local (GSP based) risk sharing scheme, however, in effect the GSP groups are currently operating a local risk sharing scheme due to the assumptions in allocating SVA metering to specific suppliers. The low potential risk for suppliers can be shown by the following calculation; the average MWhr lost in the last two financial years is approx. £500MWhr, even if this is compansated at £100/MWhr (figure chosen as worst case estimate of domestic per unit price) this only equates to £50 000. This is shared out on a volume weighted basis ie. A Supplier supplying 30TWhr annually (Annual Total = £300TWhr) would receive only £5 000. So we propose excluding SVA BM Units and let them rely upon the local risk sharing scheme rather than incurring costs for the very limited benefit of a National scheme.
5	Outside of BSC	We believe that only compensation due for the duration of the Balancing mechanism window should be considered within the BSC. Any other compensation required would be outside the vires of the BSC
6a	No	We believe that compensation to recover losses incurred due to disconnection from the Transmission system should be limited to those parties who pay for the Use of the Transmission System via TNUoS. Broadly this would include directly connected BM Units and some large embedded generators.
6b	Yes	
7	Yes	In the same way as P87 we believe that any BSC changes due to P80 should be subject to a Sunset Clause that recognises that compensation may be dealt with under the remit of Transmission Access and that when/if this is established these terms should take precedence.
8		No

P80_ASS_012 – Scottish Power

Respondent name	Man Kwong Liu
BSC Party	YES
Responding on Behalf of	ScottishPower UK Plc; ScottishPower Energy Trading Ltd.; ScottishPower Generation Ltd.; Scottish Power Energy Retail Ltd.; SP Transmission Ltd.

Q	Response	Rationale
1	Yes	We would agree with the Modification Group that there is a spectrum of fault incidents which, to some extent, reflects the level of control which NGC can exercise in its management of the Transmission system. In the case of a system constraint, NGC has greater ability to manage the fault, compared to an instance of a system fault, where it has no notice of the fault. This spectrum, however, should not be reflected in the compensation arrangements (see our comments in Qu 2).
2	Yes	When considering the consistency of treatment of system faults and intertrips, it is important to distinguish between the position of NGC and the position of affected Parties. For NGC, an intertrip can be distinguished from a system fault due to the degree of control it may be able to exercise over either type of incident. An intertrip is a manifestation of NGC constraint management and, therefore, more attributable to NGC's actions. However, NGC has neither notice of nor control over a system fault incident. This may suggest that an inconsistent treatment of each type of incident would be appropriate when considering compensation. However, for affected Parties, there is no distinction to be drawn between the source for either type of incident, whether NGC has actively been involved or not. This lack of distinction ought to be reflected in the applicable compensatory regime. We would argue that a consistent approach to compensation is appropriate regardless of the type of incident.
3	PS6	Option PS6 ensures that Production BM Units have their imbalances negated by NGC action and does not leave them financially exposed to unmanageable risk. It will also ensure that NGC's requirement to manage the Transmission system efficiently and economically is brought into sharp focus. PS6 also ensures that the affected BMU is compensated for the duration of the system fault and not just for the BMWP.
4	PS6	Option PS6 provides Consumption BM Units with some form of compensation for incidents over which they have no control and which would pose an unmanageable risk. Otherwise, Consumption BM Units would lose as a result of having their imbalances negated through NGC action. It will again ensure that NGC's requirement to manage the Transmission system efficiently and economically is brought into sharp focus. PS6 also ensures that the affected BMU is compensated for the duration of the system fault and not just for the BMWP.
5	Within BSC	This would ensure that there is transparency and an effective governance structure within which to determine the terms of the formula to be adopted in calculating any "Extra Cashflow" compensation to be paid.
6a	No	In our response to the P80 Definition consultation, we were supportive of compensating any Party impacted by a system fault so long as it was paying TNUoS charges. Therefore, compensation for embedded BM Units should be restricted to those paying TNUoS and participating in the BM at the time of the system fault.

Q	Response	Rationale
6b	Yes	
7	No	The circumstances under which a compensation scheme may operate in respect of Transmission Access have not been fleshed out in any great detail to date. It would, therefore, be premature to adopt a sunset clause requiring a firm date to be set for an end to compensation under the BSC when a firm date for compensation to start under Transmission Access has not been established. It would be for BSC Parties to indicate, by way of a future BSC modification, whether they wish to dispense with compensation under the BSC.
8		None.

P80_ASS_013 – Scottish and Southern

Respondent name	
BSC Party	Yes
Responding on Behalf of	Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd. and SSE Energy Supply Ltd.

Q	Response	Rationale
1	No	
2	Yes	They should both be rejected.
3	PS1	This is the most appropriate potential solution as it ensures that there is no cost for faults falling on other participants in the industry We believe that none of the other potential solutions better facilitate the BSC objectives.
4	PS1	This is the most appropriate potential solution as it ensures that there is no cost for faults and intertrips falling on other participants in the industry. We believe that none of the other potential solutions better facilitate the BSC objectives.
5		Whilst we do not agree with a potential solution that requires compensation; if there is to be one it should be outside the BSC and be freely determined commercially between a Party and their Connection provider, as appropriate.
6a		We not believe there should be compensation within the BSC for; either (a) directly connected BM Units; or (b) embedded BM Units.
6b		
7		Whilst we do not agree with this Modification Proposal, we feel that if it is approved and implemented that it should be reviewed as part of any introduction of Transmission Access arrangements.

Q	Response	Rationale
8		Given the availability in the market of Business Interruption Insurance (BII), we feel that BSC Parties have the mechanism available to them to cover their perceived risks commercially. We do not feel it is appropriate for all BSC Parties to provide BII to those parties that commercially choose not to take up the option to purchase BII. The cost of purchasing BII is reflected in a Party's Bid/Offer prices. Those that choose to purchase BII, in theory, have slightly higher Bid/Offer Prices reflecting the cost of BII; whilst those that choose not to have BII have, in theory, lower Bid/Offer Prices. Why should those parties that purchase BII have to also pay, in effect, for BII for those parties that commercially choose not to purchase BII.

P80_ASS_014 – LE Group (late response)

Respondent name	Rupert Judson on behalf of Liz Anderson
BSC Party	YES
Responding on Behalf of	LE Group Plc (London Electricity Plc, Jade Power Generation Ltd, Sutton Bridge Power, West Burton Generation Ltd)

Q	Response	Rationale
1	Yes	There are similarities in all three situations but also important differences. Each of the three situations are influenced to differing degrees by the activities of the SO and TO and this should be borne in mind when developing solutions.
2	Yes	Treatment of faults and intertrips should be consistent where possible but key differences should also be taken into account.
3	PS1	We believe that an enduring solution will be best provided by Transmission Access arrangements currently being developed under the CUSC and do not therefore believe that any change should be made to the BSC in isolation from the development of Transmission Access arrangements.
4	PS1	We believe that an enduring solution will be best provided by Transmission Access arrangements currently being developed under the CUSC and do not therefore believe that any change should be made to the BSC in isolation from the development of Transmission Access arrangements.
5	Yes / No	N/A
6a	Yes / No	N/A
6b	Yes / No	
7	No	We believe that an enduring solution will be best provided by Transmission Access arrangements currently being developed under the CUSC and do not therefore believe that any change should be made to the BSC in isolation from the development of Transmission Access arrangements.
8		This modification raises the issue of split governance. The same issues are currently being considered under two different governance structures but in complete isolation from each other when in fact the eventual solution will probably impact both the BSC and the CUSC as well as other transmission documents. Given that the main debate on Transmission Access is taking place under the CUSC we do not think that it would be appropriate to make any modification to the BSC on this issue at this time.

P80_ASS_015 – British Energy (late response)

Respondent name	Rachel Ace
BSC Party	YES
Responding on Behalf of	British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, Eggborough Power Ltd

Q	Response	Rationale
1	Yes	All the events listed result in a departure from intended BMU operation for transport/transmission system reasons.
2		Ideally yes. But P87 deals with Production BMU's exclusively while P80 is intended to deal with Production and Consumption BMU's.
3		At first sight PS6 seems to be the best choice as it avoids difficulties with extreme bids but does require corrections to be effective beyond BMWP. It would also be consistent with P87 However, it fails to deal with consumption BMU's hence overall PS5 is likely to be preferred choice.
4		PS5 would appear to be the most beneficial to consumption BMU's as it allows the user to be properly compensated for the interruption.
5	Within BSC	Ideally internal to the BSC for reasons of transparency and governance.
6a	Yes/No	Compensation should be available to all BMU's who incur TNUoS charges. Where embedded BMU's incur TNUoS they too should be compensated.
6b	Yes / No	
7	No	No guarantee that Transmission Access reform will deliver compensation for settlement imbalances incurred under the BSC. More likely that transmission access will compensate only for the transmission rights paid for via equivalent of TNUoS.
8		Separate solutions for Production and Consumption BMU's should not be discounted. We object strongly to the comment in section 5.3 of the consultation paper that in relation to P80 "the current arrangements did not represent a significant risk to all parties". While the potential losses may not be high for some parties, the risk of significant loss is very significant for parties with large capital investment relying on high volume operation.

P80_ASS_016 – Teesside Power (late response)

Respondent name	Teesside Power Limited
BSC Party	YES
Responding on Behalf of	

Q	Response	Rationale
1	Yes	The effect on the participant of each constraint, intertrip and system fault is similar however the causes and management of each are subtly different.
2	Yes	Constraints, system faults and intertrip operation, all have potential to leave a participant out of balance. The industry should provide a mechanism whereby the participant is held whole for the duration of the constraint/fault/inter-trip and for any period thereafter where normal operation has been affected as a consequence of such constraint/fault/inter-trip.
3		We feel that a number of the options give potential solutions, however, prior to selecting one option, further clarification on the following would be required: (1) How would 'Extra Cashflow' be determined for PS4? (2) Assuming that the QABC transaction is cashless between NGC and the participant, how would the cost of extra offers required as a result of the intertrip be allocated across the industry? (we would argue that such offers should be excluded from the calculation of SBP (perhaps in a similar manner to those which are currently tagged as system rather than energy balancing actions) in order to avoid inflated SBP to any other shortfalling participants?) (3) How would the return to service profile for a generator to return from a fault in PS5 and PS6 be determined or would this be open ended until the generator returns to PN?
4		
5	Within BSC/ Outside of BSC	We believe that further clarification of the what would be included in 'Extra Cashflow' is required prior to deciding whether this should be determined in or out of the BSC
6a	Yes / No	
6b	Yes / No	
7	Yes / No	
8		We believe that another round of consultation will be required when the Modification group has decided which potential solution should be developed. Answers to the questions raised in Q3 would also need to be answered