

# Pricing Issues Modification Group 2nd November 2001

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# Agenda

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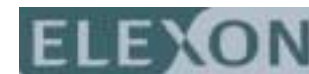
- P15/P18
  - Consultation
  - Modification Group Discussion
  - Way forward
- P18A Review & P38
  - Urgent Review Process & Timetable
  - P18A Performance
  - CAD Definitions
  - Timeliness of Price Reporting
  - Implementation
  - 1st Consultation

# Consultation Questions - 1



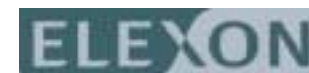
1	Do you believe that this definition "P15 Increasing P18A" better separates Energy Balancing Actions from System Balancing Actions?
2	Do you believe that this definition "P15 Increasing P18A" is capable of better facilitating the achievement of the Applicable BSC Objectives?
3	Do you believe that this definition "P15 Reducing P18A" better separates Energy Balancing Actions from System Balancing Actions?
4	Do you believe that this definition "P15 Reducing P18A" is capable of better facilitating the achievement of the Applicable BSC Objectives?
5	Do you believe that there is any merit in undertaking any further detailed analysis of the effect of P15 on the current baseline in order for you to form a clearer view with respect to Questions 1-4? If so what further analysis do you believe is necessary?
6	Do you believe that P18B is capable of better facilitating the achievement of the Applicable BSC Objectives?
7	Do you believe that there is any merit in undertaking any further detailed analysis of the effect of P18B on the current baseline in order for you to form a clearer view with respect to Question 6? If so what further analysis do you believe is necessary?

# Consultation Questions - 2



8a	Do you believe further assessment of P15 is necessary? If so please state your rationale and areas of further assessment required?
8b	If NOT Do you believe that P15 should be taken to the Report Stage with a recommendation to Reject the Modification Proposal?
9a	Do you believe further assessment of P18B is necessary? If so please state your rationale and areas of further assessment required?
9b	If NOT Do you believe that P18B should be taken to the Report Stage with a recommendation to Reject the Modification Proposal?

# Consultation Results



Name	1	2	3	4	5	6	7	8a	8b	9a	9b
NGC	N	N	N	N	N	N	N	N	Y	N	Y
Williams Energy Marketing and Trading Europe Ltd	Y	Y	N	N	N	N	Y	N	N	Y	N*
TXU Europe Energy Trading Ltd	N	N	N	N	N	N	N	N	Y	N	Y
Conoco	Y	Y	N	N	N	N	Y	N	N	Y	N*
SEEBOARD	N	N	N	N	N	?	Y	N	Y	Y	N*
British Energy Power & Energy Trading	N	N	N	N	N	N	N	N	Y	N	Y
British Gas Trading	N	N	N	N	N	N	N	N	Y	N	Y
Enron Europe	N	N	N	N	N	N	N	N*	Y*	N*	Y*
Powergen UK plc	N	N	N	N	N	N	N	N	Y	N	Y
Slough Energy Supplies Ltd	Y	Y	N	?	Y	?	?	Y	N*	?	?
Scottish & Southern	N	N	N	N	N	Y	N	N	Y	N	N
Innogy	N	N	N	N	N	N	N	N	Y	N	Y
Scottish Power	N*	N*	N*	N*	N*	N*	N*	N*	Y*	N*	Y*
Dynegy	N	N	N	N	N	N	N	N	Y	N	Y
TotalFinaElf	N	N	N	N	N	?	Y	N	Y	Y	N
London Electricity	N*	N*	N*	N*	N*	N*	N*	N*	Y*	N*	Y*
<b>Majority Response</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>N</b>	<b>Y</b>	<b>N</b>	<b>Y</b>
<b>Total in favour of majority response</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>12</b>	<b>11</b>	<b>15</b>	<b>13</b>	<b>11</b>	<b>10</b>
<b>Total against majority response</b>	<b>3</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>6</b>

\* Indicates where the questionnaire had not been completed and this was the response interpreted from the associated textual explanations.

# Consultation Summary



- P15
  - Limited support for “P15 Increasing P18B”
  - No support for “P15 Reducing P18B”
  - Lack of clarity of how “P15 Increasing P18B” would work.
- P18B
  - In terms of achieving BSC Objectives - little support
  - Less clear on whether P18B should be progressed further
  - Recognition that P18B is related to wider pricing issues

# Additional Comments



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- Too early to perform accurate analysis post P18A
  - General message about a wider review of pricing
  - Concern over piecemeal approach and associated pressure for quick change
  - Suggestion to return to first principles

# Way Forward



- Take both P15 and P18B to Report Phase with recommendation to Reject
- Note concerns about underlying pricing issues and take these forward into Review of P18A
- Next steps.....