P259 Impact Assessment Responses

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

Impact Assessment issued on 15 June 2010

We received responses from

Company	Role of Parties/non-Parties represented
MRASCo Ltd	MRA
BritNed Development Ltd	Interconnector Administrator (IA), Interconnector Error Administrator (IEA)
RWE Supply & Trading GmbH	Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / Distributors / other – please state): Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor

The impact assessment was also used to ask the **Transmission Company** some specific questions. The responses to these questions are presented below, in a separate section.

Impact Assessment by BSC Parties

Question 1: Would any of the P259 solution options impact your organisation? If yes, please:

Identify which options impact your organisation; and

For each identified option provide a description of the impact(s), cost(s) and required implementation timescales (from the point of Ofgem approval) for your organisation.

Summary

Yes	No	Neutral/Other
2	2	0

Responses

Respondent	Response	Rationale
MRASCo Ltd	No	-
BritNed Development Ltd	Yes	Please see attached note. ***- see Appendix***
RWE Supply & Trading GmbH	Yes	We believe that the proposed options would have a limited impact on our systems and would have a very small administrative cost impact. The new information provided on Interconnector BMUs will need to be integrated in our systems. However we would not anticipate any significant costs associated with this.
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	No	-

Question 2: Would you be impacted by the requirement under some ABSVD solution options to register an additional BM Unit or pair of BM Units? If so please identify the impact.

Summary

Yes	No	Neutral/Other
1	2	1

Responses

Respondent	Response	Rationale
MRASCo Ltd	No	-
BritNed	Yes	Option 2 - No

Respondent	Response	Rationale
Development Ltd		Option 4a – Yes (Please see response to Q1) Option 4b – Yes (Please see response to Q1)
RWE Supply & Trading GmbH		We may be required to register additional BMUs under the required ABSVD solutions if we were to provide frequency response. However, we believe that the impact of this is limited and in any event the additional administrative costs would only be incurred if the benefits outweighed these.
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	No	-

Question 3: Do you believe any of the ABSVD solution options would impact the ability to conduct trading over Interconnectors via implicit auctions? If so please identify the relevant solution option(s) and the impact.

Summary

Yes	No	Neutral/Other
0	2	2

Responses

Respondent	Response	Rationale
MRASCo Ltd	No	-
BritNed Development Ltd	No	No – However there are some solutions (not listed here) which would simplify implicit auctions. Please See other any other comments Q4
RWE Supply & Trading GmbH		The proposed solutions may facilitate trading over interconnectors via implicit price auctions. However, since the detailed rules for such auctions have not been finalised so that it is difficult to provide a definite comment on this issue.
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	N/A	-

Question 4: Would you like to make any further comments on P259?

Responses

Respondent	Response	Rationale
MRASCo Ltd	No	-
BritNed Development Ltd	Yes	All the solutions proposed appear to need some decision point, and therefore some IS functionality development on the part of the TSO or Elexon. The need to develop such functionality inevitably leads to significant IS costs. In such circumstances we would ask that a simpler alternative is considered. One option to consider would be to allocate all ABSVD volumes, contract volumes and imbalance positions to the Interconnector Error Administrator (IEA) production account and leave the consumption account dormant. Such an option would remove the need for any IS decision making functionality and would appear a proportional solution for the existing defect. This can be a voluntary decision on the part of interconnectors so as not to compromise existing interconnectors, or future interconnectors if they prefer to utilise both energy accounts. Such a solution would also remove the potential discrimination between interconnectors and other parties, obliged to provide mandatory frequency responses, that may exist under the current proposals. A single BMU and consequential energy account would allow the interconnector to take advantage of netting any shortfall of response against any over generation from its normal operation in all circumstances. This is the netting advantage enjoyed by all other mandatory service providers when delivering mandatory or enhanced commercial response services
RWE Supply & Trading GmbH	No	-
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	No	-

Impact Assessment by the Transmission Company

Question 1: For each of the ABSVD solution options please:

Confirm whether there is any impact on the Transmission Company; and

Provide a description of the impact(s), cost(s) and required implementation timescales (from the point of Ofgem approval).

Response

The current process for calculating and providing ABSVD is as follows:

- provisional ABSVD is calculated on operational data stored on National Grid's database, NED.
- these volumes are updated with more accurate information using the I014 file
- volumes are calculated per BMU level
- volumes are sent to the SAA with the designated BMU ID

The systems are currently developed to facilitate this process. Therefore, any deviation from this process will result in the requirement to change the systems.

Of the options outlined in the 'P259 Draft Solution to Identify Impacts 1.0' document, the following options would require a change to the systems:

Option 2 – it is assumed under this option that the SAA receives the interconnector BMU ABSVD as now i.e. data sent with a specific BMU ID passed to the same location as all other ABSVD information.

Option 4 a & b – this option requires the ABSVD to be sent to the Interconnector Administrator (IA) and so this data would be required to be sent to a different location than all other ABSVD information. This would require the information to be sent via additional communications route to the IA. In addition, for option 4b), additional system changes would be required to accommodate the decision making on which BMU ID to send the ABSVD.

Option 5 b – it is assumed that National Grid would not need to determine which of the two accounts the ABSVD would need to be sent.

The implementation timescales for the various options are all the same. This is because the development work required to calculate ABSVD (work outside of this modification costing approximately £380k) for interconnectors will not be completed until **November 2011**. Therefore, any additional work for Options 4a & b will be wrapped up within this timescale.

The incremental IS costs of each proposed solution are:

Option 2 – £0k

Option 4a – £100k

Option 4b – £190k

Option 5b – £0k

The costs of providing a manual work around for National Grid depends on the process used, the amount of time the interconnector is selected to provide mandatory frequency response and how many interconnectors there are. The range of costs per year for one interconnector is £14k - £55k. This cost range can be multiplied by the amount of interconnectors providing response. In addition to this, there will be costs imposed upon the interconnector administrator as they have to perform additional manual checking to determine whether the ABSVD has been correctly allocated. These interconnector costs are not included here.

Question 2: For the BMRS solution please:

Confirm whether there is any impact on the Transmission Company; and

Provide a description of the impact(s) and required implementation timescales (from the point of Ofgem approval).

Response

To compile the required proxy data for the interconnector requires the setting up of a proxy interconnector BMU within National Grid's systems and the compilation of the relevant data to this proxy BMU; the systems need to be developed so that this proxy BMU does not interact with any other processes and data streams.

In addition, some mapping of National Grid's proxy interconnector BMU would need to be made to the proxy BMU on the BMRS.

The costs associated with setting up the proxy BMU are captured in the baseline costs associated with the development of the systems to calculate ABSVD volume as outlined in our response to question 1. The incremental cost in providing this data to the BMRA / BMRS is minimal.

Question 3: For the BMRS solution please confirm that National Grid can provide its existing FPN, MEL and SEL equivalent data to the BMRA without breaking any confidentiality restrictions regarding its use of the data (e.g. any legal restrictions which may exist under the Grid Code or other agreement).

Response

CUSC amendment proposal CAP182 considers changes to the CUSC to facilitate the provision of mandatory frequency response from interconnectors. Within this proposal are a number of information definitions such as equivalents for [MEL and FPN] for interconnectors are being developed.

These defined CUSC parameters will be used when considering the most economic frequency response providers. Therefore, National Grid believes that it will be able to provide interconnector equivalent data for FPN, MEL and SEL. However, if there is a significant change in the equivalents defined in the CUSC, there may be further changes required to the systems to accommodate these. The assumption at this point is that there will be no significant developments. We will need to formally agree with the interconnector on what the equivalent of SEL will be provided.

It is believed that this data is openly available and so there is no confidentiality issues with the provision of the data listed above.

Question 4: For the BMRS solution please confirm whether changes to National Grid's systems are required in order for you to be able to provide the equivalent data to the BMRA and, if so, how long National Grid would need to make these changes.

Response

To compile the required proxy data for the interconnector requires the setting up of a proxy interconnector BMU within National Grid's systems and the compilation of the relevant data to this proxy BMU; the systems need to be developed so that this proxy BMU does not interact with any other processes and data streams.

In addition, some mapping of National Grid's proxy interconnector BMU would need to be made to the proxy BMU on the BMRS.

As indicated in question 1, the implementation timescales would likely to be November 2011.

Question 5: For the BMRS solution please provide, for each of the 3 equivalent data items, an overview of what National Grid's existing data is, how often you would submit this to the BMRA, and what BMRS users will be able to tell from this data.

Response

There are currently no interconnectors that provide mandatory frequency response, and so there has been no specific definition of FPN, MEL and SEL for interconnectors at present.

It is envisaged that for new interconnectors, the following data would be provided:

FPN – minute by minute delivery program resubmitted following any change in the program

MEL – the interconnector capability submitted as and when a change occurs

SEL – the lower stable limit for power imports into GB submitted as and when a change occurs

Question 6: For the BMRS solution we assume that the pseudo-FPNs for the pseudo-BM Units would not form part of any other BMRS data which is calculated using FPNs/PNs – for example, National Grid's calculation of IMBALNGC (the difference between the Transmission System Demand forecast and the sum of all PNs for exporting BM Units). Please confirm the validity of this assumption.

Response

National Grid would not use the pseudo BMU data as part of any other calculation. This forms part of the work as defined earlier in question 1; the work to develop the IS systems to represent interconnectors as any other generator will ensure that the data is not used for any other calculations.

Appendix: Impact of P259 on BritNed Commercial System

Thursday, 24 June 2010

1. Purpose

The aim of this note is to provide indicative costs, impacts and implementation lead times associated with the implementation of options proposed under draft 'P259- Provision of Applicable Balancing Services Volumes for Interconnectors'.

It makes the following assumptions in relation to ownership and responsibility of different parts of this proposed functionality

1. There will not be any decision points in the BritNed systems. When NGET sends the ABSVD file to BritNed the information will include the exact BMU that the ABSVD should be assigned to.
2. BritNed will assign a Deemed Metered Volume (DMV) equal to the ABSVD to the explicit BMU that NGET has defined. BritNed will not have to make the decision of which BMU in the pair it should be assigned to.
3. BritNed will not be responsible or liable for establishing any new communications links or developing any new communications protocol to receive this ABSVD file form NGET. In the event that we are liable our likely costs will rise accordingly

The option 2 and 5 does not seem to have any impact on BritNed systems as these options would only require additional capabilities or modifications by NGET and the SAA.

2. Impact of Option 4

2.1 Work required

The high-level activities required for the implementation of option 4 are listed below.

Requirement 1: Creation of additional new BM Unit (or BM Unit pair) for every Interconnector User

Requirement 2: No impact on Kingdom

Requirement 3: Development of Data flows with NGET to receive energy that needs to be allocated to an IU BM Unit (or BM Unit pair)

Requirement 3: Development of capability to allocate the energy volumes to IU BM Unit (or BM Unit pair) and associated validation checks

Requirement 4: Modification of existing Data flows with SAA to include these energy volumes in Interconnector Metered Volume

Requirement 5: No impact on Kingdom

The initial assessment suggests that the effort required for the implementation of either option 4a or 4b will not differ considerably.

2.2 Cost

The indicative cost for implementing option 4 will be from 100,000 GBP to 120,000 GBP.

2.3 Timescales

The indicative time required for implementation will be from 6 months to 9 months.