

Responses from P141 Assessment Consultation

Consultation issued 19 September 2003

Representations were received from the following parties:

No	Company	File Number	No. BSC Parties Represented	No. Non-Parties Represented
1.	EDF Energy	P141_ASS_001	9	0
2.	Aquila Networks	P141_ASS_002	1	0
3.	Scottish Power	P141_ASS_003	6	0
4.	Scottish and Southern	P141_ASS_004	4	0
5.	Innogy/Npower	P141_ASS_005	9	0
6.	Powergen	P141_ASS_006	15	0
7.	Centrica	P141_ASS_007	1	0

P141_ASS_001 – EDF Energy

Respondent:	Paul Chesterman
No. of BSC Parties Represented	9
BSC Parties Represented	EDF Energy Networks (EPN) plc; EDF Energy Networks (LPN) plc EDF Energy Networks (SPN) plc; EDF Energy (Sutton Bridge Power) EDF Energy (Cottam Power) Ltd; EDF Energy (West Burton Power) Ltd; EDF Energy plc; London Energy plc; Seeboard Energy Limited
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent	Supplier / Generator / Party Agent / Distribution Business

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	
2.	When the P106 legal text was assessed by your organisation did you consider that the way in which you submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale	yes	Yes we did think about it, but thankfully no material action has yet been taken.
3.	Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?	No	

Q	Question	Response	Rationale
4.	Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale	Yes	It was never intended that Serials and Standards would be reported on a Supplier basis, so it would be very sensible to remove completely the effect of P106 on Serials and Supplier Charges.
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale	No	
6.	Does P141 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P141 that you wish to make?	No	

P141_ASS_002 – Aquila Networks

Respondent:	Rachael Gardener
No. of BSC Parties Represented	
BSC Parties Represented	Aquila Networks Plc
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent	

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes / No	No comment
2.	When the P106 legal text was assessed by your organisation did you consider that the way in which you submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale	No	Aquila Networks Plc continued to submit data on a supplier ID basis. In many cases, although suppliers are owned by one company, operationally, they are still run 'as separate entities' and reporting by supplier ID better facilitated this.
3.	Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?	No	
4.	Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale	Yes	Aquila Networks Plc have no reason to reject this date, as we already operating to the standard proposed by P141

Q	Question	Response	Rationale
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale	No	
6.	Does P141 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P141 that you wish to make?	No	

P141_ASS_003 – Scottish Power

Respondent:	<i>Name</i> John W Russell (SAIC Ltd)
No. of BSC Parties Represented	6
BSC Parties Represented	<i>Please list all BSC Parties responding on behalf of (including the respondent company if relevant).</i> Scottish Power UK plc; ScottishPower Energy Management Ltd.; ScottishPower Generation Ltd; ScottishPower Energy Retail Ltd.; SP Transmission Ltd; SP Manweb plc.
No. of Non BSC Parties Represented	
Non BSC Parties represented	<i>Please list all non BSC Parties responding on behalf of (including the respondent company if relevant).</i>
Role of Respondent	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	<i>Qualified Yes - ScottishPower agrees with the mod proposer that P141 has been raised in order to address an error in the P106 implementation. The interpretation of the BSC prior to P106 was that Supplier Charges should be applied at a Supplier Id level, and therefore to make changes to this would result in requirements to implement system changes that were not envisaged as part of P106. There is no evidence to suggest that Supplier level Supplier Charges are any more efficient or desirable than Supplier Id level charges, and since this was not the intention of P106, rejecting P141 would be against Applicable BSC Objective (D). We therefore believe that P141 better facilitates Applicable BSC Objective (D), however, we would qualify this with the proviso that the P141 implementation date can be backdated to the P106 implementation date (refer to question 4).</i>

Q	Question	Response	Rationale
2.	<p>When the P106 legal text was assessed by your organisation did you consider that the way in which you submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale</p>	No	<p><i>ScottishPower does not believe that P106 changes the basis on which Serials data should be submitted. The BSC does not explicitly state whether data should be provided at a Supplier Id or Supplier level; this is contained within BSCP533 and the MIRT which does require data to be provided at a Supplier Id level. However, ScottishPower does recognise that P106 changes the basis on which Supplier Charges are calculated centrally by ELEXON, and this is the unintentional error that should be addressed by P141.</i></p>
3.	<p>Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?</p>	No	<p><i>Refer to comments in question 2. - ScottishPower does not believe that P106 (even with the unintentional error) requires Suppliers to make changes to their systems.</i></p>
4.	<p>Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale</p>	Yes	<p><i>P106 should not have introduced changes to the Supplier Charges framework. P141 should only be accepted if it can be backdated to avoid the situation where the Supplier Charges framework is required to change as a result of the unintentional error in P106, and then subsequently changed back when P141 is implemented. In the event that P141 cannot be backdated, it is questionable whether introducing P141 would be improve efficiency of the BSC and therefore whether the Applicable BSC Objectives are better facilitated.</i></p>
5.	<p>Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale</p>	No	

Q	Question	Response	Rationale
6.	Does P141 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P141 that you wish to make?	No	

P141_ASS_004 – 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 relation to the seven questions listed in the Consultation Paper, contained within your note of 23rd September 2003 concerning Modification Proposals P141, we have the following comments to make:-

Q1 Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)

Yes. It is clear that there was an unintentional effect arising from the approval of Modification Proposal P106 and that leaving it unchanged would have a number of detrimental effects. Therefore we do believe that Modification Proposal P141 does better facilitates the achievement of the Applicable BSC Objectives.

Q2 When the P106 legal text was assessed by your organisation did you consider that the way in which you submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale

No

Q3 Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?

No

Q4 Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale

Yes. Whilst generally we are not supportive of retrospective changes to the Code it is clear that the approval of Modification Proposal P106 had a number of unintentional consequences that were not anticipated by the Modification Group, the Panel, the Authority and market participants in general. Backdating the implementation of Modification Proposal P141 will therefore be appropriate in these very limited, and hopefully unique, circumstances.

Q5 Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale

No

Q6 Does P141 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale

No

Q7 Are there any further comments on P141 that you wish to make?

Nothing further at this time.

Regards

Garth Graham
Scottish and Southern Energy plc

P141_ASS_005 – Innogy/Npower

Respondent:	<i>R Harrison, Npower Ltd</i>
No. of BSC Parties Represented	<i>9</i>
BSC Parties Represented	<i>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</i>
No. of Non BSC Parties Represented	<i>none</i>
Non BSC Parties represented	<i>N/A</i>
Role of Respondent	<i>Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	No	We cannot see how it is consistent with Applicable Objective (d), since it unavoidably creates uncertainty about the correct interpretation and application of Serials and Supplier Charges prior to the P106 implementation date, bringing the risk of legal challenge, and also because of its retrospective impact on the obligations of Suppliers with multiple Supplier IDs. It could also be argued that it is inconsistent with Applicable Objective (c) (as well as the 'non-discrimination' objective in paragraph 1.2.1 (c) of Section B of the Code), because it would set standards separately in relation to parts of certain Suppliers' demand in a GSP Group, which would act as an additional requirement/constraint on their performance/actions. (This would be an additional burden on Suppliers integrating processes following acquisitions or following a Trade Sale or Supplier of Last Resort appointment.)
2.	When the P106 legal text was assessed by your organisation did you consider that the way in which you	No	Paragraph 2.7.1 of Annex S-1 states that: "A Supplier shall deliver, or procure the delivery of, its Routine Performance Monitoring Report ... <u>in</u>

Q	Question	Response	Rationale
	<p>submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale</p>		<p><u>accordance with the relevant BSC Procedure, ..."</u></p> <p>The relevant BSC Procedure is BSCP533, which incorporates the "PARMS Data Provider File Format – Suppliers" (Appendix 4.14). This indicates clearly that the data should be provided on the basis of Market Participant Identifier (Supplier ID), which is a text field limited to 4 characters. (Presumably the same is the case for the reports from the SVAA, which are the basis of other Serials.)</p> <p>This BSC Procedure was not changed as part of (or in conjunction with) the implementation of P106, and no change to this was identified as part of Elexon's impact assessment on P106. Therefore, there was no reason for Suppliers with multiple Supplier Ids (or their Agents) – or any other Suppliers – to make or plan changes to their systems.</p> <p>We would acknowledge that, for some of the Serials, this means that the PARMS system may not be able to calculate the required outputs on a "Supplier" basis directly from this input, but we do not believe this to be a problem given appropriate pre-processing (at least for the Serials on which Supplier Charges are based), since "counts" are provided as well as percentages. This would appear to be a deficiency in the PARMS system (or the surrounding Elexon business process) rather than a defect in the Code or the Code Subsidiary Document or an issue of precedence requiring some Suppliers to submit data in a format other than that defined by the BSC Procedure.</p>
3.	<p>Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?</p>	No	<p>This question should really be addressed to Elexon in respect of the PARMS process.</p>

Q	Question	Response	Rationale
			For the reasons stated in response to question 2 above, we do not believe there was any identified impact on the obligations of Suppliers in respect of Performance Assurance reporting.
4.	Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale	Qualified Yes	From a pragmatic point of view, we would agree with this as the least bad date for implementation of this or a suitable alternative Modification, since it minimises the impact on the PARMS process, the P99 PARMS specification and the retrospective impact on Serials and Supplier Charges. However, it does not resolve the issue re interpretation and application of these in respect of the period prior to P106 implementation.
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale	Yes	<p>A possible Alternative Modification would be to apply Annex S-1 on a Supplier ID basis (backdated to the P106 implementation date), but disapply Supplier Charges in respect of the period between the commencement of their application under NETA and P106 implementation, on the grounds that these are now seen to be unsound.</p> <p>There is a clear precedent for such disapplication in the waiving of outstanding Supplier Charges in respect of the Pooling & Settlement Agreement. However, there might be an issue about the treatment of Supplier Charges already levied and re-distributed under the Code.</p> <p>This Alternative Modification would arguably better facilitate Applicable Objective (d), since it will avoid the costs of administration and will reduce the risk of potentially costly challenge to Supplier Charges applied on an unsound basis in respect of the period prior to P106 implementation.</p> <p>Since it has been noted that Supplier Charges appear to have had little effect on performance to date, and in any case this is all in the past, the impact of this on the Performance Assurance Framework must surely be</p>

Q	Question	Response	Rationale
			minimal.
6.	<p>Does P141 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please give rationale</p>	Yes	<p>It is stated in the Consultation document that "It has been agreed that this effect of P106 on Standards, Serials and Supplier Charges was unintentional ...". We would question who this has been agreed by and on whose part it was unintentional. Surely, the important opinions here are those of the P106 Modification Group and the Panel (as well as those who were consulted on P106). It appears that at least some of these parties have not been consulted prior to making this statement in this Consultation. They should be consulted on this.</p> <p>A key question is whether there was in fact an "effect" at all, if "Supplier" in Annex S-1 is interpreted in strict accordance with the Annex X-1 definition prior to implementation of P106, i.e. "a <u>Party</u> which holds a Supply Licence and is responsible for Exports and/or Imports for which such Party is required, by virtue of Section K, to register one or more SVA Metering Systems". If there was no "effect", then it is more a question of whether there was an "unintentional non-effect".</p> <p>Potential impacts on both Annex S-1 and PARMS were identified in Elexon's Initial Written Assessment (Panel Paper 52/016 attachment). However, the specific implications of Suppliers with multiple Supplier Ids for the PARMS system (and the business process surrounding it), as well as for the application of the Serials and Supplier Charges, were not identified to the P106 Modification Group, consultees and the Panel, who were therefore unable to form a view on the issues. Had these issues been drawn to the attention of the Modification Group, it is possible that a different view would have been taken on the interpretation of "Supplier" in Annex S-1 and that this would have resulted in different legal text. However, we cannot be</p>

Q	Question	Response	Rationale
			certain of this or what the relevant legal text would have been.
7.	Are there any further comments on P141 that you wish to make?	Yes / No	<p>It appears that this Consultation has suffered from the decision not to circulate it to the VASMG for comment/verification before formal issue. I would draw attention to the following points as examples:</p> <p>There are a number of matters which are stated or implied as having been agreed by the Modification Group, on which there was in fact a differing minority opinion, which is not reported.</p> <p>There are a number of statements (in section 3 "Modification Group discussion" in particular) which I do not recognise from the discussion of the VASMG, and which appear to be extracts from other documents or assertions of an opinion from Elexon. Given the apparent role of Elexon in the problem which P141 is seeking to address, we believe this raises serious questions about Elexon's role in the Modification process, which may need to be addressed by the Governance Standing Modification Group.</p> <p>There is a statement in the first paragraph under "Backdated Implementation Date" that "The VASMG decided that the Implementation Date for P141 should be backdated to the 24 June 2003 ..." – This is clearly inaccurate, since the VASMG does not have the power to "decide" this.</p> <p>I would observe that this is not the normal way in which Modification Group discussions have traditionally been reported in Assessment Consultation documents.</p>

P141_ASS_006 – Powergen

Respondent:	Afroze Miah
No. of BSC Parties Represented	15
BSC Parties Represented	Powergen UK plc, Powergen Retail Limited, Diamond Power Generation Limited, Cottam Development Centre Limited, TXU Europe Drakelow Limited, TXU Europe Ironbridge Limited, TXU Europe High Marnham Limited, Midlands Gas Limited, Western Gas Limited, TXU Europe (AHG) Limited, TXU Europe (AH Online) Limited, Citigen (London) Limited, Severn Trent Energy Limited (known as TXU Europe (AHST) Limited), TXU Europe (AHGD) Limited and Ownlabel Energy Limited
Role of Respondent	Supplier

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	This is a tidy up exercise for a possibly unintentional consequence of the implementation of P106. This modification seems to achieve the Applicable BSC Objective (d).
2.	When the P106 legal text was assessed by your organisation did you consider that the way in which you submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale	No	We believed then as we believe now that modification P106 would not change the way we would submit data related to Serials and Standards and the associated supplier charges. We expected to continue to send data on a Supplier ID basis and NOT on a Supplier basis. It would be business as usual as far as we were concerned.
3.	Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?	No	See our comments under question 2) above.
4.	Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale	No	We do not support retrospective changes. As the impact to date of this perceived inconsistency has been zero we do not see why P141 should retrospectively change this inconsistency to the date of implementation of P106.

Q	Question	Response	Rationale
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale	Yes	The alternative solution would be to implement P141 without backdating it to the implementation of P106. See our response to question 4) above.
6.	Does P141 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	However, more consideration should be given to whether it is better to make retrospective or prospective changes as a result of implementing P141.
7.	Are there any further comments on P141 that you wish to make?	No	

P141_ASS_007 – Centrica

Respondent:	<i>Claire Walsh</i>
No. of BSC Parties Represented	
BSC Parties Represented	Centrica
No. of Non BSC Parties Represented	
Non BSC Parties represented	
Role of Respondent	<i>Supplier</i>

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P141 better facilitates the achievement of the Applicable BSC Objectives? Please give rationale and state objective(s)	Yes	P141 would remove the unintended effects of P106 and return the Code to Supplier Charges at Supplier id level, thereby facilitating efficiency in the implementation and administration of the code.
2.	When the P106 legal text was assessed by your organisation did you consider that the way in which you submitted data as regards Serials and Standards and Supplier Charges would be changed? Please give rationale	No	As the effect on SC's was excluded from the impact assessment within P106, we did not affect any changes to the provision of data and maintained the submission of SC's at Supplier Id level.
3.	Have you taken any material action to implement reporting of serials on a Supplier rather than a Supplier ID basis?	No	As per Q2.
4.	Do you agree with an Implementation date for P141 that is backdated to 24 June 2003? Please give rationale	Yes	This Modification must be implemented as a retrospective change as a preventative measure to mitigate the potential scenario whereby SC's need to resubmitted for the period post 24 th June at Party Level, and then resumed at Supplier Id level (should P141 be approved with an implementation date in the future). Should P141 not be approved as a

Q	Question	Response	Rationale
			retrospective MOD, the transparency and complexity with the submission, calculation, validation and redistribution of SC's would be negatively affected.
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered to address the defect identified within P141? Please give rationale	No	
6.	Does P141 raise any issues that you believe have not been identified so far and that should be progressed as pare of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P141 that you wish to make?	No	