

January 2002

ASSESSMENT REPORT
MODIFICATION PROPOSAL P60 –
Amendment to Obligation to
Register Metering Systems in
Relation to Trade Sales

Prepared by the Volume Allocation Modification
Group on behalf of the Balancing and Settlement
Code Panel

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I DOCUMENT CONTROL

a Authorities

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1.0	8/2/02	Trading Operations		Issue for Panel Approval

Version	Date	Reviewer	Signature	Responsibility
0.1	7/2/02	ELEXON Trading Strategy		Review before issue to Panel
1.0	14/02/02	Panel		Approval

b Distribution

Name	Organisation
BSC Panel	
BSC Parties	
BSC Agents	
The Authority	
National Electricity Consumers Council	
Core Industry Document Owners	
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1 SUMMARY AND RECOMMENDATIONS

1.1 Recommendations

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

- Modification Proposal P60 should proceed to the Report Procedure in accordance with section F2.7 of the Balancing and Settlement Code (the Code) for presentation to the Panel meeting on 14 March 2002.
- The Draft Modification Report should contain a recommendation to the Authority that the modification be approved, with a proposed “calendar day” implementation effective from an implementation date 2 Working Days after the Authority decision.

1.2 Background

Modification Proposal P60 was submitted on 5 December 2001 by British Gas Trading Limited. The proposal seeks, in the circumstances of a Trade Sale to a single Replacement Supplier, to remove the obligation on the single Replacement Supplier to re-register Metering Systems and appoint Party Agents as soon as reasonably practicable and within 3 months after the Appointment Day of that Replacement Supplier. The Modification Proposal places the responsibility on the single Replacement Supplier to decide whether they can best meet their other Balancing and Settlement Code (Code) obligations by re-registering their Metering Systems or not.

The Panel endorsed the recommendation to progress Modification Proposal P60 to the Assessment Procedure (as defined in section F2.6 of the Code). Details of the consultation and assessment undertaken during the Assessment Procedure can be found in the following sections of this report:

- Section 4 describes in detail Modification Proposal P60. It also discusses the extent to which the proposal would better facilitate the achievement of the Applicable BSC Objectives.
- Sections 5 to 7 assess the impact of P60 on the Code and Code Subsidiary Documents, BSC Systems, Core Industry Documents, ELEXON and Parties and Party Agents.
- Section 8 describes a legal issue raised from consultation that has been resolved with revised legal drafting.
- Section 9 summarises the representations made by parties to the consultations undertaken during the Assessment Procedure, and the views and comments of the Modification Group in respect thereof.

1.3 Rationale for Recommendations

It was the clear opinion of the Modification Group that this proposal protects the stability and integrity of the Trading Arrangements and that the Replacement Supplier is in the best position to make the decision as to whether they can best meet their Code obligations by re-registering their Metering Systems.

In particular, it is the consensus of opinion in consultation responses that the Modification Proposal will meet applicable objective C3(3) (d) to promote efficiency in the implementation and administration of the balancing and settlement arrangements.

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.

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

3 MODIFICATION GROUP DETAILS

This Assessment Report has been prepared by the Volume Allocation Modification Group. The BSC Panel meeting on 17 January 2002 agreed that the standard Modification Group Terms of Reference should apply with a request that a member of the Performance Assurance Board (PAB) attend and with consideration given to the implication of a trade sale if a sub-set of assets was purchased. Paul Chesterman from PAB attended the meeting.

Members and attendees at the Modification Group meeting on 24th January 2002 were as follows:

Name	Organisation	Role
Peter Davies	ELEXON	Chairman
Jason Brogden	ELEXON	Lead Analyst
Richard Clarke	ELEXON	Secretary
Paul Chesterman	London Electricity	Mods Group Member
Bob Brown	St. Clements Services	Mods Group Member
Richard Harrison	Npower	Mods Group Member
Neil Magill	Scottish Power	Mods Group Member
Phil Russell	TXU	Mods Group Member
Katherine Bergin	Scottish and Southern	Mods Group Member
Chris Pooley	Campbell Carr	Mods Group Member
Andrew Latham	British Gas Trading	Proposer
Anthony Morris	Siemens Metering	Attendee
Chris Groucott	WPD NHHDC	Attendee
Patrick Smart	Ofgem	Attendee
Karen Lee	St. Clements Services	Attendee
Richard Hartley	YEG	Attendee
Jill Ashby	MRASCo	Attendee
Catherine Forrester	ELEXON	Attendee

It should be noted that all meetings of the Modification Group to date have (with the agreement of the Chairman and Members) been open to all parties, and all attendees have been free to participate in the discussions.

4 DESCRIPTION AND ASSESSMENT AGAINST THE APPLICABLE BSC OBJECTIVES

4.1 Original Modification Proposal

Modification Proposal P60 seeks to improve the failing Supplier process, as described in section K7 of the Code. The impact of the Modification Proposal is to place the responsibility on the single Replacement Supplier to decide whether they can best meet their other Code obligations by re-registering their Metering Systems, or not.

The proposal states that this modification will ensure that the stability and integrity of the Supplier Volume Allocation (SVA) Trading Arrangements and Settlement data is maintained and is not unnecessarily undermined.

The issues involved in respect of a Trade Sale differ from that of the Supplier of Last Resort scenario and therefore it is proposed that the original obligation to re-register Metering Systems within 3 months will remain in place for the execution of the appointment of a Supplier of Last Resort.

The Modification Proposal states that the original obligation to re-register Metering Systems within 3 months will also remain in place where multiple Replacement Suppliers exist. This is supported by the fact that there are constraints within the existing BSC Systems that will not permit separate reporting of SVA assets by Replacement Supplier in the circumstances of multiple Replacement Suppliers.

The Modification Group discussed these potential improvements in their meeting on 24 January 2002.

4.2 Potential Alternative Modifications

The Modification Group considered two potential Alternative Modifications during the Assessment Procedure. It was the view of the Modification Group that neither of these potential alternatives better facilitated the applicable BSC objectives and therefore no Alternative Modification is proposed.

The first potential alternative proposal was to introduce a control point within the process. In accordance with the principle described above, the Modification Group made a clear recommendation that there should be no control or decision point in the process.

The second potential alternative proposal introduced additional monitoring of the performance of the Replacement Supplier and was also discussed by the Modifications Group. It was a clear recommendation of the Modification Group that the existing arrangements for monitoring Supplier performance, as defined in the Performance Assurance Framework (PAF), are sufficient and that any additional monitoring was not appropriate. Indeed, in the judgement of the Modification Group, any additional monitoring would call into question the principles of the current PAF.

4.3 Assessment Against the Applicable BSC objectives

The Modification Group agreed that this proposal will better facilitate the achievement of the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, because this proposal protects the stability and integrity of the Trading Arrangements. These conditions refer to 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'.

The Modification Group agreed that it is the Replacement Supplier who is in the best position to make the decision as to whether they can best meet their Code obligations by re-registering their Metering

Systems. The respondents to the consultation paper added that there is more weight to support the better facilitation of Condition (d) than there is Condition (c).

4.4 Modification Group Conclusions

The Authority have informally investigated the impact of this Modification Proposal on the Supply licence and it is expected that the circumstances described in the Modification Proposal would not place a Supplier in conflict with the standard conditions of the Supply licence.

The Modification Group recommended that:

- Modification Proposal P60 be progressed through a compressed consultation exercise in order to canvass the opinion of Parties; and
- Implementation should be immediate following Authority determination.

5 IMPACT ON BSC AND BSCCO DOCUMENTATION

5.1 BSC

Draft legal text to implement Modification Proposal P60 can be found in Annex 1. In summary, the changes required add a new paragraph to Section K7.6 to remove the obligations in paragraph 7.6 (those obligations that relate to the registration of Metering Systems) where the Lead Party transfers its interests in relation to all its BM Units to a single Transferee.

There is no further impact on the Code, Code Subsidiary Documents or BSC Systems.

5.2 Impact on ELEXON

The proposal would have no impact on BSCCo systems although internal procedures would need updating to reflect the Code changes.

6 IMPACT ON PARTIES AND PARTY AGENTS

6.1 Parties

The Modification Proposal removes the requirement for the Replacement Supplier to execute a Change of Supplier process for all Metering Systems registered to the SVA Supplier ID of the Failing Supplier. The implication of this is that the Replacement Supplier may need to operate old Failing Supplier processes and systems to meet Code obligations.

The Modification Proposal also gives the potential to remove the need to close and re-register customer accounts, although this is not a BSC requirement.

6.2 Party Agents

The Modification Proposal removes the requirement for the Party Agents of the Failing Supplier to process a Change of Supplier for all Metering Systems registered to the Supplier Volume Allocation (SVA) Supplier ID of the Failing Supplier.

7 SUMMARY OF TRANSMISSION COMPANY ANALYSIS

The Modification Group believes that implementation of Modification Proposal P60 will have no impact on the Transmission Company's systems or processes.

8 LEGAL ISSUE

One legal issue was raised from the consultation on P60 during the Assessment Procedure.

This issue related to the fact that the Replacement Supplier Registration Date is defined under paragraph K7.6. If this paragraph does not apply in the circumstances described by this Modification Proposal, then there is ambiguity introduced into paragraphs K7.4.5, K7.4.6 and K7.4.7, which use the Replacement Supplier Registration Date.

This issue has been addressed by the revised legal drafting from the BSCCo's legal advisors, attached in Annex 1, which refers explicitly to paragraphs K7.4.5, K7.4.6 and K7.4.7 and retains the obligations to operate within the performance assurance framework for the BSC.

The original legal text from the P60 Assess Consultation Paper is attached in Annex 2 for information only.

9 SUMMARY OF REPRESENTATIONS

9.1 Consultation

Following the Modification Group meeting on 24 January 2002, draft legal text together with a proforma summarising the issues, on which responses were sought, was issued for assessment and consultation.

There were responses from 13 recipients of the consultation paper representing 49 Parties and the responses are reproduced in Annex 3.

This section summarises the responses received and seeks to provide a response to issues raised.

9.2 Positive & Qualified Responses

27 Parties, represented by 7 respondents, agreed that Modification Proposal P60 better facilitates the BSC Objectives in Condition C3(3)(c) and (d). Furthermore, 1 respondent acting for 14 Parties stated that this possibly facilitated the objectives, with the explanation that they were more comfortable that this was the case for Condition (d) than (c). The view that more weight should be applied behind Condition (d) was also supported by another positive respondent.

One respondent representing 3 Parties had no objections to the Modification Proposal, provided that any additional BSC costs arising from a Party holding more than one Party ID are borne by that Party. This Modification Proposal relates specifically to SVA Supplier ID and not Party ID, as stated in this response. As part of the assessment of the impact of this proposal, ELEXON have identified no additional BSC costs arising from this Modification Proposal relating to a Party holding additional SVA Supplier IDs. However, it should be noted that Modification Proposal P57, which relates to a Party holding more than one Party ID, has a complex set of implications which will be outlined in the Urgent Modification Report presented to the Panel on 14 March 2002.

9.3 Negative Responses

3 respondents representing 3 Parties disagreed that Modification Proposal P60 better facilitates the applicable BSC Objectives in Condition C3(3)(c) and (d). The issues associated with these responses are discussed separately below.

One respondent did not dispute the rationale for allowing a competent Party to operate 2 Supplier IDs, but gave the opinion that the Modification Proposal has the effect of undermining the performance assurance framework of the Code. Their issue is with the legal drafting and is described in Section 7 of this paper. Alternative legal drafting that addresses this issue has been included in Annex 1.

One respondent did not believe that Modification Proposal P60 better facilitates the applicable BSC Objectives in Condition C3(3)(c) and (d). Their rationale is that having different arrangements for a trade sale to a single party and for Supplier of Last Resort situations or a trade sale to multiple parties would result in a set of arrangements where Suppliers cannot follow a single method of operation, thus compromising the efficiency in administrating these arrangements. Allowing increased flexibility in the failing Supplier process is one of the drivers for the proposal. The respondent raised the issue that a Supplier could re-register at any time or not at all and that this could give problems for SMRS service providers because they lose the knowledge of a specific timeline for these issues to be solved and how to resource specific areas of operation accordingly. One of the consequences of this Modification proposal is that the additional effort required by SMRS providers will be reduced if there is no requirement to re-register.

One respondent replied that Modification Proposal P60 should state that the Market Identifier of the failing Supplier should be included in the trade sale. This is an issue with the current failing Supplier process and not the Modification itself, therefore this issue might be better progressed by a further Modification Proposal if necessary. The current principle of section K7 of the Code is to provide a robust failing Supplier process that can be used to transfer assets in the circumstances of a distressed trade sale. Any considerations outside the process can be resolved as operational issues.

Notwithstanding the scope of the Modification Proposal, there is an explanation of how the SVA Supplier ID can be deemed to be part of the failing Supplier process and that is described in some detail below for completeness.

The trade sale process effectively transfers the Affected BM Units of the failing Supplier to the Replacement Supplier and both Parties must sign a written submission to BSCCo that the Affected BM Units are transferring. Practically, purchasing the assets allowing the transfer of Affected BM Units will include the SVA Supplier ID because of the way that these assets are configured in the Trading Arrangements. The Replacement Supplier becomes the Lead Party for the Affected BM Units and is deemed to become the responsible party for Imports and Exports and the Registrant for the Metering Systems within the Affected BM Units. The mechanism for the relevant Metering Systems to be allocated to the transferred BM Units is the SVA Supplier ID, therefore by implication, the SVA Supplier ID must be part of the assets acquired by the Replacement Supplier. This needs to be taken into account as part of due diligence associated with the trade sale, rather than defined as a rule in the Code.

10 PROJECT BRIEF

The only changes required in order to implement this Modification Proposal are to the Code. These can be implemented within 2 Working Days of the Authority decision.

ANNEX 1 – PROPOSED LEGAL TEXT TO MODIFY THE BSC

The following legal text has been prepared against version 1.1 of Section K.

The following new paragraph 7.6.8 shall be inserted in Section K:

- "7.6.8 In the case of a relevant transfer made pursuant to paragraph 7.2, where the Lead Party transfers its interests in relation to all its BM Units (subject to paragraph 7.2.3) to a single Transferee:
- (a) the provisions of this paragraph 7.6 shall not apply;
 - (b) paragraphs 7.4.5 and 7.4.6 shall not apply, and in paragraph 7.4.7 the reference to the relevant Replacement Supplier Registration Date shall be disregarded."

ANNEX 2 – LEGAL TEXT FROM P60 CONSULTATION PAPER

The following legal text has been prepared against version 1.1 of Section K.

The following new paragraph 7.6.8 shall be inserted in Section K:

- "7.6.8 In the case of a relevant transfer made pursuant to paragraph 7.2, the provisions of this paragraph 7.6 shall not apply where the Lead Party transfers its interests in relation to all its BM Units (subject to paragraph 7.2.3) to a single Transferee."

ANNEX 3 – REPRESENTATIONS MADE BY PARTIES – CONSULTATION

Responses from P60 Assessment Consultation

Consultation issued 29 January 2002

Representations were received from the following parties:

No	Company	File Number	No. Parties Represented
1.	Western Power Distribution	P60_ASS_001	2
2.	TXU Europe	P60_ASS_002	14
3.	British Gas Trading	P60_ASS_003	1
4.	Northern Electric plc	P60_ASS_004	1
5.	London Electricity Group	P60_ASS_005	4
6.	GPU Power UK	P60_ASS_006	1
7.	SEEBOARD Power Networks plc	P60_ASS_007	1
8.	SEEBOARD Energy Limited	P60_ASS_008	1
9.	Scottish and Southern Energy	P60_ASS_009	4
10.	British Energy plc	P60_ASS_010	3
11.	Powergen UK plc	P60_ASS_011	1
12.	ScottishPower	P60_ASS_012	7
13.	Npower Limited	P60_ASS_013	9

P60_ASS_001 – Western Power Distribution

Respondent: Western Power Distribution

Please list all Parties represented by Respondent:

- Western Power Distribution South West
- Western Power Distribution South Wales

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	No	WPD believe that the Modification Proposal P60 should state that the Market Identifier of the "failing" Supplier should be included within the Trade Sale. This is key in ensuring smooth transition from a Supplier, Customer and Balancing and Settlement Agreement point of view.
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	No	See above.

P60_ASS_002 – TXU Europe

Respondent: TXU Europe companies

Please list all Parties represented by Respondent: 14 TXU Parties

The following table summarises the issues raised in the P60 Modification Proposal. You are invited to provide a response with your views on the issues raised:

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	Possibly	More comfortable that (d) is true rather than (c).

	Question	Yes/No	Rationale
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	

Additional Comments

We agree with the comments set out in the Consultation paper and in particular we agree with the Mod Groups comments that the legal advise should effectively be “over-ruled”. The replacement Supplier drafting was inserted into the Code with very little consultation just prior to go-live. The assumption that a Supplier goes bankrupt and therefore into default because of poor systems – which was the original justification for the re-registering of Metering Systems – has always been debateable at best.

We agree that the revised legal drafting achieves the purpose of the Mod Proposal and note that such drafting does not preclude and replacement Supplier re-registering Metering Systems when / if they want to.

P60_ASS_003 – British Gas Trading

Please find below the assessment consultation response from British Gas Trading for Modification P60. We support this Modification as it will better facilitate two BSC Objectives of the Transmission Licence, namely ‘promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity’, and ‘promoting efficiency in the implementation and administration of the balancing and settlement arrangements’.

As proposers of the modification, we would reiterate the arguments contained within the original proposal. In addition we would concur wholeheartedly with the views of the Modification Group, as quoted in this consultation document:

“It was the clear opinion of the Modification Group that this proposal protects the stability and integrity of the Trading Arrangements and that the Replacement Supplier is in the best position to make the decision as to whether they can best meet their Code obligations by re-registering their Metering Systems.”

Finally, we agree with the recommendation of the Modification Group that the existing Performance Assurance Framework be sufficient assurance that settlement is not adversely impacted by this Modification.

Regards,
 Rob Cullender
 Senior Account Manager

Respondent: British Gas Trading

Please list all Parties represented by Respondent: British Gas Trading

The following table summarises the issues raised in the P60 Modification Proposal. You are invited to provide a response with your views on the issues raised:

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	Yes	Restricting a supplier's options regarding how to operate its newly acquired business may act as a deterrent to such purchases in future and may prevent new entrants from entering the market. In addition, forcing a supplier to perform a large number of Change of Supplier transactions is, at best, inefficient, and, at worst, a potential settlement destabilizing factor.
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	

P60_ASS_004 – Northern Electric plc

Our pro-forma response to the P60 consultation paper is to support it, viz:

Question A YES

Question B YES

Thank you
 Brian Nichol
 Compliance Manager
 Phone 0191-333-7347
 e-mail brian.nichol@nedl.co.uk

P60_ASS_005 – London Electricity Group

Respondent: London Electricity Group

Please list all Parties represented by Respondent: 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.

The following table summarises the issues raised in the P60 Modification Proposal. You are invited to provide a response with your views on the issues raised:

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	Yes	We would put more weight behind "promoting efficiency in the implementation and administration of the B & S arrangements" ... since it is the integrity of Settlement that we are most concerned with.
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	

from

Liz Anderson
Energy Strategy & Regulation Manager
London Electricity Group.
01 February 2002

P60_ASS_006 – GPU POWER UK

Please find that GPU POWER UK response to P60 Assessment is 'No Comment'.

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

P60_ASS_007 – SEEBOARD Power Networks plc

Respondent: Dave Morton

Please list all Parties represented by Respondent: SEEBOARD Power Networks plc

The following table summarises the issues raised in the P60 Modification Proposal. You are invited to provide a response with your views on the issues raised:

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	No	<p>With respect to condition C3(3)(c). We do not see how this proposal better meets this BSC objective. Whichever method of operation exists is unlikely to prevent a trade sale being progressed. In fact having different arrangements for a trade sale to a single party and for Supplier of Last Resort situations or a trade sale to multiple parties could be construed as being counter to this condition. If this proposal were progressed then Suppliers cannot follow a single method of operation in these cases. Allowing different processes also suggests that the efficiency in administering these arrangements could be compromised. This suggests that condition C3(3)(d) would not be better facilitated by this proposal. Wherever possible we need to maintain consistency in processes so that the industry knows how each situation will be handled. If this proposal is progressed then a Supplier could re-register at any time or not at all. This could give problems for SMRS service providers because they lose the knowledge of a specific timeline for these issues to be solved and how to resource specific areas of operation accordingly. Problems with this service would certainly not better facilitate BSC objectives with respect to competition.</p>

	Question	Yes/No	Rationale
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	

P60_ASS_008 – SEEBOARD Energy Limited

Respondent: Dave Morton

Please list all Parties represented by Respondent: SEEBOARD Energy Limited

The following table summarises the issues raised in the P60 Modification Proposal. You are invited to provide a response with your views on the issues raised:

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	Yes	We feel that details within P60 Assessment document provides a convincing case that BSC objectives would be better facilitated by this proposal.
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	

P60_ASS_009 – Scottish and Southern Energy

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 two questions listed in the Industry Consultation Paper contained within your note of 29th January 2002 concerning Modification P60, our comments are as follows:

A Yes

B We have no particular comment on the accuracy or otherwise of the legal text. However, we are apprehensive about the concern of the legal advisors that the effect of this Mod may be to undermine the integrity of the rules and the systems. We would ask that this matter be specifically addressed at the next stage of the consultation process for this Mod.

Regards
 Garth Graham
 Scottish & Southern Energy plc

P60_ASS_010 – British Energy plc

British Energy has no objections to modification P60 provided any additional BSC costs arising from a party holding more than one Party ID are borne by that Party.

Rachel Ace
 On behalf of
 British Energy Generation
 British Energy Power and Energy Trading
 Eggborough Power Ltd

P60_ASS_011 – Powergen UK plc

Please find attached our response to the above. We believe that there is a significant problem associated with this modification which probably can be addressed by an alternative modification. (See attached file: PG P60 assess comments.doc)

P60 – Consultation Response: Powergen

Question	Yes/ No	Rationale
<p>Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?</p>	<p>No</p>	<p>Whilst we do not necessarily dispute the proposer's rationale for allowing a competent Party to operate 2 supplier Ids, in our opinion the form that the modification proposal takes has the effect to undermine the performance assurance framework for the BSC. This has the potential to have a significant detrimental effect on supply competition and the efficient operation of the balancing and settlement arrangements.</p> <p>Paragraph K 7.4.5 releases the new supplier from many of its responsibilities relating to a metering system for which it has become responsible as a Replacement Supplier until the Replacement Supplier Registration Date for that metering system. This date is defined under K 7.6.4 as the date that the metering system is registered to its normal supplier ID. Such responsibilities include the requirement to use a valid supplier hub or the requirements relating to the accuracy of settlement data for that metering system.</p> <p>Likewise, paragraph K 7.4.6 does not allow the new supplier to allocate a metering system to another BMU until the Replacement Supplier Registration Date for that metering system.</p>

Question	Yes/ No	Rationale
		<p>The proposed text states that 7.6 does not apply in the context of a trade sale. Therefore, as Replacement Supplier Registration Date is defined under that paragraph, this leaves as K7.4.5, K7.4.6 and K7.4.7 ambiguous at best.</p> <p>It may be interpreted that the replacement supplier is relieved from its obligations until the metering system is reregistered. As there is no requirement for the metering systems to be reregistered within any particular time, this would potentially leave a gap in the performance assurance arrangements for an unlimited duration.</p> <p>The performance assurance arrangements are important to ensure that suppliers are incentivised to perform to the required standards. Failure to do so can affect other suppliers' volumes through the GSPG Correction Factor and ultimately their imbalance positions. It can also affect the ability of other suppliers to register the relevant metering systems under the change of supplier process thereby having a detrimental effect on supply competition.</p> <p>Rather than reject the proposal, perhaps the group should consider an alternative proposal which ensures that the Replacement Supplier's responsibilities are maintained in respect of all metering systems. This would probably mean a small change to the legal drafting.</p>
Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	It reflects the changes documented in the paper, but we do not agree that the legal text would better achieve the objectives of the Code and would lead to them being met to a lesser extent.

P60_ASS_012 – ScottishPower UK plc

Respondent: Man Kwong Liu

Please list all Parties represented by Respondent:

- ScottishPower UK Plc.*
- SP Manweb Plc.*
- ScottishPower Energy Trading Ltd.*
- ScottishPower Generation Ltd.*
- Scottish Power Energy Retail Ltd.*
- Emerald Power Generation Ltd.*
- SP Transmission Ltd.*

The following table summarises the issues raised in the P60 Modification Proposal. You are invited to provide a response with your views on the issues raised:

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	Yes	We agree that P60 meets the relevant Applicable BSC Objectives. We also agree with the Modification Group that the current Performance Assurance Framework provides adequate safeguards for monitoring the Replacement Supplier's performance regardless of whether that Supplier decides to re-register the affected BMUs at some time in the future or not.
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	The suggested legal text is more watertight in outlining the circumstances in which the proposed modification will operate.

P60_ASS_013 – Npower Limited

Respondent: Richard Harrison, Npower Limited

Please list all Parties represented by Respondent: 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

The following table summarises the issues raised in the P60 Modification Proposal. You are invited to provide a response with your views on the issues raised:

	Question	Yes/No	Rationale
A	Do you believe that Modification Proposal P60 (as described in this consultation paper) better facilitates the BSC Objectives in Condition C3(3)(c) and (d) of the Transmission Licence, i.e. 'promoting effective competition in the generation and supply of electricity and promoting such competition in the sale and purchase of electricity', and 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements'?	Yes	
B	Do you believe that the legal text accurately reflects the required changes documented in this consultation paper?	Yes	On the basis that the relevant clauses in Version 1.1 seem to be the same as the current version, this seems OK.