

P259 Consultation Responses

Consultation issued on 13 July 2010

We received responses from the following Parties

| Company | No BSC Parties / Non-Parties Represented | Role of Parties/non-Parties represented |
|---|--|---|
| MRASCo | 0/1 | MRASCo Ltd |
| BritNed Development Ltd | 1/0 | Interconnector Error Administrator, Interconnector Administrator. |
| Accenture Services Limited (for and on behalf of ScottishPower) | 7/0 | Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor |
| RWE Supply & Trading GmbH | 10/0 | Supplier/Generator/ Trader / Consolidator / Exemptable Generator / Party Agent |
| National Grid | 1/0 | Transmission Company |
| Scottish and Southern Energy | 9/0 | Supplier / Generator / Trader / Consolidator / Exemptible Generator |
| E.ON UK | 6/0 | Supplier / Generator / Trader / Consolidator / Exemptable Generator |
| Centrica | 10/0 | Supplier/Generator/Trade |
| National Grid Interconnectors Limited | 1/0 | Interconnector owner/operator |
| EDF Energy | 13/0 | Supplier/Generator/Trader/Consolidator/Exemptable Generator/Party Agent/Distributor |

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

Question 1: Would Proposed Modification P259 help to achieve the Applicable BSC Objectives compared to the current baseline?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 9 | 1 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|--|
| MRASCo | Yes | Interconnectors built after 1 April 2005 will need to be able to provide Mandatory Frequency Response, but the Transmission Company is not able to accurately submit related volume data to Settlement for Interconnectors. P259 would ensure volume data is correctly assigned and related Interconnector information is reported. This would align with applicable BSC Objective d. |
| BritNed Development Ltd | Yes | Better facilitates Objective B as it allows the Transmission System Operator to be more effective in utilising Interconnectors for the provision of mandatory frequency response when they are the most economically efficient response provider. Better facilitates Objective C in that it increases the level of effective competition in the mandatory frequency response market by allowing a new provider to operate on an equal footing with existing providers |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes | ScottishPower agree with the views that P259 Proposed would help the Transmission Company a) to efficiently discharge its license by removing the need for manual workaround; b) to efficiently and economically in co-ordinating operation of the national electricity transmission system by having the Interconnector providing MFR; c) it promotes effective competition by reducing costs to interconnectors in line with other frequency response service providers; and d) it promotes efficiency in the administration of the balancing and settlement arrangements by reducing the timescales and improving accuracy of settlement runs through automation. |
| RWE Supply & Trading GmbH | Yes | P259 replaces the requirement for manual workarounds and enables enduring administrative arrangements for frequency control over interconnectors to be introduced to the balancing and |

| Respondent | Response | Rationale |
|------------------------------|----------|---|
| | | settlement code. Consequently, the modification better meets Objective d. By facilitating the provision of frequency response by interconnectors the modification proposal will also enhance competition and better meet Objective C. |
| National Grid | Yes | <p>As outlined in the modification proposal, we believe that implementing modification proposal P259 will better facilitate applicable BSC Objectives (b), (c) and (d) for the following reasons;</p> <ul style="list-style-type: none"> - Objective (b); By allowing the System Operator to utilise Frequency Response services which are provide by Interconnectors where they are the most economical provider. Failure to implement the proposed changes will result in Interconnectors being unable to provide such services efficiently. - Objective (c); By promoting competition for Mandatory Frequency Response provision services. The proposed changes with the modification allow Interconnectors to compete with other parties by providing them with certainty that they will not incur Imbalance Charges (provided they deliver the correct volumes). - Objective (d); By removing any inconsistencies between the Grid Code and the BSC by clarifying the arrangements around the provision of Frequency Response by Interconnectors, reducing the risk of confusion and/or error in the administration of the ABSVD arrangements. <p>In addition, we also believe that the modification will facilitate BSC objective (a) as the proposal will ensure that all parties obliged to provide mandatory frequency response are treated in a non-discriminatory manner.</p> |
| Scottish and Southern Energy | Yes | <p>We note the comments on page 10 of the consultation, namely "P259 argues that the Code should be amended so that Interconnectors that provide Frequency Response have the same certainty that they will not incur Imbalance Charges (provided they deliver the correct volume) that other providers of Frequency Response already have."</p> <p>It should be made clear that P259 is brought forward on the basis of 'Mandatory' Frequency Response (rather than 'Commercial' Frequency Response) and relates only to post 2005 Interconnectors (rather than all Interconnectors). On this basis, the arguments for P259 does have merit.</p> <p>In terms of Applicable Objective (a) there is a danger that some of the perceived benefits, because they accrue to 'National Grid PLC' are, erroneously, assumed</p> |

| Respondent | Response | Rationale |
|------------|----------|---|
| | | <p>to be of benefit to the “Transmission Licence”. This is not always the case. Elexon should clearly differentiate between those benefits that directly relate to the “Transmission Licence” and those benefits that go to National Grid PLC, be that in its capacity as a shareholder of BritNed or otherwise (be that as SO or TO).</p> <p>In terms of Applicable Objectives (b) and (c) we note the comments, under ‘Rationale’ on page 11, namely:-</p> <p>“By allowing the System Operator to effectively utilise Frequency Response provided by Interconnectors where they are the most economic provider. If the proposed changes are not made Interconnectors will not be able to provide Frequency Response efficiently”</p> <p>and</p> <p>“By promoting competition in the market for Mandatory Frequency Response provision. ”</p> <p>Given that the defect, which P259 is purported to address, relates to ‘Mandatory’ Frequency Response (the ‘price’ for which, from the SO perspective, is known - so the SO can make the necessary economic judgement) we do not agree with Proposer’s rationale in this respect. Furthermore, if it is a ‘Mandatory’ requirement how can the Interconnectors NOT provide frequency response? The rationale suggests that P259 is actually, in the mind of the Proposer, designed to address a defect relating to ‘Commercial’, rather than just to ‘Mandatory’, Frequency Response.</p> |
| E.ON | Yes | <p>P259 supports all of the Applicable BSC Objectives to some extent though essentially (d), as the obligation that it is facilitating already exists under the Grid Code. However it is necessary to provide equitable treatment for Interconnectors with other providers of Mandatory Frequency Response; thus as the Group identified it will better achieve Objectives (a) and (c) than the current baseline by preventing any such discrimination and enhancing competition in provision of Mandatory Frequency Response. It will also support Objective (b) by removing National Grid workaround costs to utilise Interconnector Mandatory Frequency Response where they would be the most economic provider; Objective (d) by harmonising the BSC with the Grid Code requirements and enabling efficient settlement of such energy volumes by ensuring they are correctly assigned</p> |

| Respondent | Response | Rationale |
|---------------------------------------|----------|--|
| | | in the first place. |
| Centrica | Yes | Centrica supports the documented arguments provided by the modification group. |
| National Grid Interconnectors Limited | No | All comments included within response to Question 5. |
| EDF Energy | Yes | <p>BSC objective (b) relating to efficient system operation and (c) relating to competition would not be better met if the delivery of mandatory frequency response via a post-2005 interconnector led to uncompensated imbalance for the party held responsible under the BSC for that imbalance, while other parties are protected from such imbalance by existing arrangements. The particular approach proposed to be adopted by BritNed and National Grid for the treatment of mandatory frequency response carries a risk of this occurring, and the proposed solution is one way of avoiding this risk, at a cost. This cost would be a disadvantage for BSC objective (d) relating to efficient BSC administration. The proposal would better meet BSC objectives overall, subject to this cost.</p> <p>On balance we provisionally support the proposal, but we have some concerns that in pursuing the proposed solution, BSC parties could incur costs (£75k) which exceed those of the interconnector operator and National Grid in operating a workaround (£14k-50k/year), particularly if further developments in interconnector arrangements render the proposed change redundant.</p> <p>There are other solutions which we consider should be more cost-effective and consistent with the existing principles implicit in BSC treatment of interconnectors, described later</p> |

Question 2: Would the potential Alternative Modification P259 help to achieve the Applicable BSC Objectives compared to the **current baseline**?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 8 | 1 | 1 |

Responses

| Respondent | Response | Rationale |
|------------|----------|---|
| MRASCo | Yes | Volume data is assigned and Interconnector information is reported. |
| BritNed | Yes | Better facilitates Objective B as it allows the |

| Respondent | Response | Rationale |
|---|----------|---|
| Development Ltd | | <p>Transmission System Operator to be more effective in utilising Interconnectors for the provision of mandatory frequency response when they are the most economically efficient response provider.</p> <p>Better facilitates Objective C in that it increases the level of effective competition in the mandatory frequency response market by allowing a new provider to operate on an equal footing with existing providers</p> |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes | While ScottishPower are not convinced that the potential P259 Alternative would give any additional benefits when compared to P259 Proposed but at the expense of some fundamental principles as highlighted by the Mod Group, we still believe, assuming no other issues or risks are raised, that the solution would still fulfil the purpose of P259 Proposed and better facilitates the same applicable BSC Objectives. |
| RWE Supply & Trading GmbH | Yes | P259 replaces the requirement for manual work arounds and enables enduring administrative arrangements for frequency control over interconnectors to be introduced to the balancing and settlement code. Consequently, the modification better meets Objective d. By facilitating the provision of frequency response by interconnectors the modification proposal will also enhance competition and better meet Objective C. |
| National Grid | Yes | For the same reasons discussed above (Question 1). |
| Scottish and Southern Energy | Yes | As noted in our comments under Q7 below, there is merit in treating BSC Parties in a similar manner and therefore we believe that the Alternative better achieves the Applicable Objective. |
| E.ON UK | Yes | The potential Alternative would deliver the same benefits as the Proposed in furthering Objectives (a) (b) (c) and (d), primarily Objective (d). As simpler and potentially less costly, it could be more beneficial under (d). We are unaware of any potential negative impacts that could arise from leaving the Consumption IEA BMU/Energy Account dormant. |
| Centrica | Yes | Centrica believes that the same arguments as the proposed can be applied. |
| National Grid Interconnectors Limited | No | All comments included within response to Question 5. |
| EDF Energy | Yes/no | As described in response to question 1, a solution to the imbalance issues raised by the particular approach proposed to be adopted by BritNed and National Grid for the treatment of mandatory frequency response has potential to better meet BSC objectives (b) and (c), |

| Respondent | Response | Rationale |
|------------|----------|--|
| | | subject to cost (objective (d)). Provided the potential alternative solution is restricted to use by Interconnector Error Administrators solely for errors between actual volumes and intended volumes including the provision of frequency response, we are provisionally, subject to confirmation of costs, supportive. Further consideration would be needed if this approach were proposed to be extended to the results of interconnector implicit auctions or other intended volumes. |

Question 3: Would the potential Alternative Modification P259 help to achieve the Applicable BSC Objectives compared to the Proposed Modification?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 2 | 5 | 3 |

Responses

| Respondent | Response | Rationale |
|-------------------------|----------|--|
| MRASCo | No? | Hard to determine, but with the Consumption IEA BM Unit/Energy Account dormant it may not be the most comprehensive manner in which to assign volume data. |
| BritNed Development Ltd | Yes | <p>We believe that both solutions work adequately to solve the defect. We prefer the alternative as we feel that the solution requires fewer decision points within the process and so is less prone to error, both in any work around and the enduring solution.</p> <p>We also feel that the alternative would make the development of future Interconnectors' capacity management systems simpler for the management of frequency volumes.</p> <p>Although not a defect in itself we also believe that the alternative solution would also simplify the development of IS systems to manage implicit auctions (A likely requirement for all new interconnections) and would be consistent with the way most interconnector volumes are handled on the continent and within existing and proposed European wide market coupling initiatives.</p> <p>Therefore as long as the costs of implementation are comparable with the original proposal and no significant issues are identified we believe the alternative solution is a more efficient, effective solution.</p> |

| Respondent | Response | Rationale |
|---|-------------|--|
| | | It should be highlighted that our support for the alternative solution is based on the assumption that all interconnector metered output and all trades derived via the implicit auction will be allocated to a single BMU and hence energy account. If our understanding in this matter is incorrect we would not support the alternative proposal. |
| Accenture Services Limited (for and on behalf of ScottishPower) | No | Unless there are new evidence to show otherwise, ScottishPower are not convinced that the potential P259 Alternative would give any additional benefits when compared to P259 Proposed but at the expense of some fundamental principles as highlighted by the Mod Group. |
| RWE Supply & Trading GmbH | No | The simplest solution is provided for in the original modification proposal which is also consistent with the treatment of frequency response for other users where the ABSVD volume is designed to correct an imbalance in the relevant account after the calculation of the imbalance. |
| National Grid | No | We believe both the Proposed and Alternative Modifications achieve the same Applicable BSC Objectives for the reasons set out in our response to question 1. |
| Scottish and Southern Energy | Yes | For the reasons noted under Q2 and Q7. |
| E.ON UK | Potentially | As the simpler and least cost option the Proposed is the preferable solution from the other options explored by the group. However depending on confirmation of no negative impacts, if costs are indeed lower as anticipated for the simpler potential Alternative, this could be preferable to the Proposed. Any ramifications from utilising only one Account need to be understood, though there may be a wider case for viewing the logic behind all Parties having two Energy Accounts anyway. If costs are equal this would still seem the simplest solution for all concerned and if the potential Alternative could deliver further benefits to Interconnectors then though strictly outside of the P259 solution this should not be ignored. |
| Centrica | - | As both the proposed and alternative resolve the defect and neither have any detrimental impact that has been thus far identified, this will depend on the costs for the potential Alternative. Centrica would prefer the more cost effective solution. |
| National Grid Interconnectors Limited | No | All comments included within response to Question 5. |
| EDF Energy | Yes/No | A response to this question is dependent on (a) relative |

| Respondent | Response | Rationale |
|------------|----------|---|
| | | costs and (b) further consideration of consequential effects on interconnector imbalance. |

Question 4: Do you agree with the Group's recommended implementation approach? If not, what is your preferred implementation approach and why?

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 8 | 1 | 1 |

Responses

| Respondent | Response | Rationale |
|---|----------|---|
| MRASCo | Yes | n/a |
| BritNed Development Ltd | Yes | - |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes | ScottishPower agree with the views that it should be implemented as soon as possible, particularly as there are minimal additional costs. |
| RWE Supply & Trading GmbH | Yes | - |
| National Grid | Yes | We agree with the Group's recommended implementation as long as we can be confident that there will not be an increase in Elexon implementation costs. |
| Scottish and Southern Energy | - | <p>We note the comments on page 4 of the consultation document, namely:-</p> <p>"It is not a standard BSC Release, but the Group does not believe this is an issue because there is no impact on Parties and the project costs are not materially higher."</p> <p>This clearly sets a precedent for the implementation of future Modifications; namely that they can be implemented outwith the BSC standard release. We expect Elexon not to discriminate in the future by ensuring that this option (of implementing a particular Modification outwith of the standard BSC release) is brought to the attention of future Modification Groups in case they wish to avail themselves of this option.</p> |

| Respondent | Response | Rationale |
|---------------------------------------|----------|--|
| E.ON UK | Yes | The group's recommended Settlement Day implementation approach seems practical and 01/04/11 if possible desirable. |
| Centrica | Yes | - |
| National Grid Interconnectors Limited | No | All comments included within response to Question 5. |
| EDF Energy | Yes | Given that costs would apparently not be significantly higher with release on 1 April 2011 rather than a later release, we are comfortable with the implementation approach, notwithstanding other reservations about the proposal. Note that other/all parties will be impacted by changes to BMRS. |

Question 5: Are there alternative solutions that the Modification Group has not identified that it should consider? If so please describe the solution(s), including your rationale.

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 1 | 9 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|--|
| MRASCo | No | - |
| BritNed Development Ltd | No | - |
| Accenture Services Limited (for and on behalf of ScottishPower) | No | ScottishPower are satisfied that the Mod Group seemed to have considered all potential viable options. |
| RWE Supply & Trading GmbH | No | - |
| National Grid | No | We believe that the Group has already explored all of the possible alternatives through the work already undertaken. |
| Scottish and Southern Energy | No | - |
| E.ON UK | No | - |
| Centrica | No | - |

| Respondent | Response | Rationale |
|---------------------------------------|----------|---|
| National Grid Interconnectors Limited | Yes | <p>Whilst National Grid Interconnectors Limited (NGIL) is not required to provide the mandatory frequency response service across the French Interconnector, NGIL welcomes the opportunity to respond to P259.</p> <p>NGIL believes that existing BSC provisions can accommodate the provision of frequency response across Interconnectors without the Interconnector Error Administrator (IEA) necessarily being exposed to imbalance charges associated with the delivered response volume.</p> <p>Under BSC R7.5, the volume associated with Balancing Services across an Interconnector (“system to system flow”) is allocated to the Transmission Company’s BM Units, and hence not to the IEA’s BM Units. In the absence of a Bid-Offer Acceptance facility across the Interconnector, this Transmission Company BMU mechanism since NETA has provided the means for correct imbalance provisions for all types of Interconnector-provided Balancing Service.</p> <p>NGIL has not been party to all P259 discussions and is therefore unaware to the extent that these existing provisions have been debated. There appears to be no direct reference in the assessment consultation of this current process, with the apparent suggestion that a ‘do-nothing’ approach would inherently leave imbalance effects unaddressed (which NGIL believes would not necessarily be the case).</p> <p>Although NGIL is not required to provide mandatory frequency response from the French Interconnector, it is considering the future possibility of making frequency response available as a commercial service. Even if the P259 outcome is either as per the proposal or the alternative, NGIL may prefer that future frequency response volume across the French Interconnector is considered as System to System Flow and thereby allocated to the Transmission Company’s BM Units, in the same way as volume associated with all other Balancing Services across the French Interconnector. NGIL notes and welcomes the P259 acknowledgement that those Interconnectors that are not mandatory providers of frequency response may adopt a different process to the proposal and the alternative described in P259, should either be implemented.</p> <p>NGIL believes that under likely 3rd Package outcomes, the current BSC provisions should continue to be applicable for System to System Flows across Interconnectors.</p> <p>NGIL may also conduct implicit auctions in future. The full requirements for this have not yet been specified and it is possible that the treatment of volumes associated with NGIL’s implicit auction is different from that envisaged in the P259 assessment. An alternative may be that volumes resulting from an implicit auction are allocated to the BM Unit(s) of the parties who took part in the auction and not to those of the IEA.</p> |
| EDF Energy | No | None at this time. |

Question 6: Do you agree that the solutions and implementation approach developed by the Group take as much account of the Third Package as is reasonably possible? If not, please identify what further action you believe the Group should take.

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 10 | 0 | 0 |

Responses

| Respondent | Response | Rationale |
|---|----------|---|
| MRASCo | Yes | - |
| BritNed Development Ltd | Yes | <p>BritNed is a signature to the CUSC and as such must adhere to the relevant obligations identified in the Grid Code. At present the Grid Code demands that BritNed has the capability to provide frequency response upon instruction by the System Operator. Currently the CUSC and to a certain extent the BSC hampers our ability to fulfil this obligation.</p> <p>We are aware that the EU 3rd Package legislation will probably be translated into GB law as of March of 2011. It is unclear the impact that this will have on our obligations under the domestic Industry codes. In the absence of any direction in these proposed changes and cognisant of the fact that we have existing domestic code obligations to meet we believe that the Group is taking the most pragmatic view on how to proceed.</p> |
| Accenture Services Limited (for and on behalf of ScottishPower) | Yes | In view of the uncertainty with the 3rd package, ScottishPower agree with the cheapest, least impact and earliest option approach. |
| RWE Supply & Trading GmbH | Yes | The consequences for interconnector administrative arrangements following implementation of the third package remain uncertain at this time. We would expect that further modifications may be required if the third package requirements impact on interconnectors. It is difficult therefore to design P259 solutions that can cover all of the potential outcomes. |
| National Grid | Yes | As there is no firm indication of how the EU's Third Package may be implemented in the GB market, it seems sensible to develop the proposed solution and implementation approach in line with the current Code baseline. |

| Respondent | Response | Rationale |
|---------------------------------------|----------|---|
| | | It is also worth pointing out that if the mandatory frequency response obligation is removed for Interconnectors, the Proposed and Alternative Modification will allow Interconnectors to participate in the commercial frequency response market in the same manner as generators should they wish too. |
| Scottish and Southern Energy | Yes | The comments on page 7 of the consultation document indicate a significant degree of uncertainty that could materially impact on the 'defect'. In other words; depending upon the outcome of the Third Package; the defect might, in the near future, 'evaporate'. However, that having been said, we must proceed on the basis of the baseline and defect at the time and, therefore, we agree with the approach being taken. |
| E.ON UK | Yes | While mindful of Third package implementation, as the Group has identified there is considerable uncertainty regarding the manner in which it will be implemented in GB, including the possibility that interconnectors could be exempt from the requirement to provide Mandatory Frequency Response if designated as TSOs. Care has been taken to avoid conflict with outcomes that seem likely but we cannot be certain that any solution would be future-proof. Consequently P259 Proposed/potential Alternative have to be assessed against the current Code requirements and seem practical, relatively low cost solutions that can be implemented promptly. |
| Centrica | Yes | The proposed solution appears robust. |
| National Grid Interconnectors Limited | Yes | - |
| EDF Energy | Yes | Uncertainty remains on detailed aspects of the Third Package and how exactly how it will affect GB interconnectors. The proposed solution to the immediate issue of frequency response from new interconnectors represents a pragmatic and relatively low cost workaround rather than an ideal solution. As such, it does not preclude or provide barriers to future change which might be required for detailed implementation of Third Package, or other developments. |

Question 7: Do you believe that there are any issues or risks associated with the potential P259 Alternative solution due to its use of only the Production IEA BM Unit/Energy Account, with the Consumption IEA BM Unit/Energy Account dormant? If so, please identify them below.

Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 1 | 5 | 4 |

Responses

| Respondent | Response | Rationale |
|---|----------|---|
| MRASCo | - | - |
| BritNed Development Ltd | No | <p>The group did not appear to identify any significant risks or issues associated with the alternative proposal and we are also unable to identify any significant issues.</p> <p>It is fair to say that the alternative proposal does go some way to change the precedent established at the inception of the BSC where parties have separate energy accounts, and associated BMU, for generation and supply activities. We are soon likely to go through a period of considerable change in the market with the expansion of on shore wind, offshore wind and European interconnection. Indeed the EU has suggested that each electricity control area should establish interconnection capacity in the amount equivalent to 10% of its peak demand. IN GB terms this equates to between 6 and 7 GW of interconnection capacity. This move towards a more integrated European energy market will probably lead to a number of other changes which do not absolutely align with existing conventions. We do not believe reluctance to move from existing conventions should be used as a barrier to developing the most efficient administrative market rules to manage an evolving market structure.</p> <p>We would also highlight that the proposed alternative does not confer any operational or commercial advantage on the Interconnector Error Administrator in its dealings within the electricity market.</p> |
| Accenture Services Limited (for and on behalf | Yes | ScottishPower acknowledge the issue that fundamental principle of IEA BM Units/Energy Accounts structure should be considered and assessed more fully before changing these arrangements, but are not aware of |

| Respondent | Response | Rationale |
|---------------------------------------|----------|---|
| of ScottishPower) | | any specific issues and risks relating to the suggested use by P259 Alternative, except that it would mean non standard arrangement for existing parties and future interconnectors, which could disadvantage the existing parties. |
| RWE Supply & Trading GmbH | No | We note that the alternative arrangements would require changes to the allocation of imbalance as well as frequency response ABSVD volumes. We do not believe that this change is required to implement the modification proposal. |
| National Grid | No | No further comments. |
| Scottish and Southern Energy | No | Given the arguments made with respect to treating Mandatory Frequency Responders equally (in terms of existing providers; e.g. generators; and Interconnectors) then there is logic in the Production account being treated in the way suggested. |
| E.ON UK | No | Not that we are aware of. |
| Centrica | - | - |
| National Grid Interconnectors Limited | - | All comments included within response to Question 5. |
| EDF Energy | - | - |

Question 8: Are you associated with an existing (pre-2005) Interconnector Error Administrator? If so, do you believe there would be benefits of opting in to the P259 Alternative solution, and what would they be?

Summary (associated with an existing (pre-2005) IEA)

| Yes | No |
|-----|----|
| 1 | 9 |

Summary (benefits of opting in to the P259 Alternative solution)

| Yes | No | Neutral/Other |
|----------------|----|---------------|
| 1 ¹ | 1 | 8 |

Responses

| Respondent | Response | Rationale |
|------------|----------|-----------|
| MRASCo | No | - |
| BritNed | No | - |

¹ Respondent **not**

| Respondent | Response | Rationale |
|---|----------------------------|---|
| Development Ltd | | |
| Accenture Services Limited (for and on behalf of ScottishPower) | No | - |
| RWE Supply & Trading GmbH | No (IEA) Yes (benefits) | There may be benefits in providing an opt in arrangement if existing pre 2005 Interconnectors or future interconnectors provide frequency response services in the future and ABSVD is calculated with respect to that interconnector. |
| National Grid | No | No further comments. |
| Scottish and Southern Energy | No | - |
| E.ON UK | No | - |
| Centrica | No | - |
| National Grid Interconnectors Limited | Yes (IEA) No (benefits) | In the event of future provision of frequency response across the French Interconnector as a commercial service, NGIL may wish to use the current Interconnector methodology for avoiding imbalance associated with response volume. (See also response to q5.) |
| EDF Energy | - | - |

Question 9: Do you have any further comments on P259?

Responses

| Respondent | Response |
|---|--|
| MRASCo | No |
| BritNed Development Ltd | No |
| Accenture Services Limited (for and on behalf of ScottishPower) | ScottishPower acknowledge that the proposed 'pseudo BMU' and utilising existing screens BMRS reporting solution is the simplest, most cost effective approach. We also agree that it should show the same information as for generators and that flexibility should be built in such that the data required (rather than currently suggested FPN, MEL, SEL) be detailed under the CUSC/Grid Code (as still being discussed in CAP182), as well as being applicable for any Interconnector to cover both Commercial and Mandatory Frequency Response. |
| RWE Supply & Trading GmbH | No |
| National Grid | No |

| Respondent | Response |
|-------------------------------------|--|
| <p>Scottish and Southern Energy</p> | <p>We note the comments on page 11, namely:-</p> <p>“National Grid needs to complete its own IS development work to support Mandatory Frequency Response by Interconnectors. This will be necessary whether or not P259 is approved, and therefore falls outside the BSC. National Grid will not complete this work till November 2011, but if CAP182 is approved National Grid will have the ability to manually instruct the provision of Mandatory Frequency Response by any Interconnector obligated to be able to provide this service (i.e. BritNed) prior to National Grid’s IS changes being implemented.”</p> <p>We expect National Grid to use its ‘best endeavours’ to inform the market on all occasions when it “manually instruct the provision of Mandatory Frequency Response by any Interconnector obligated to be able to provide this service (i.e. BritNed) prior to National Grid’s IS changes being implemented”. Otherwise there is a potentially serious risk that the frequency response market could be materially distorted and a ‘false’ market created (to the material advantage of National Grid).</p> <p>We note the comments on page 25, namely:-</p> <p>“[The Group] agreed that it would be best to not restrict under the BSC what information National Grid can report for the pseudo-BM Units registered for Interconnector reporting. This would give flexibility to report other quantities that may be considered useful in future by allowing National Grid to determine what quantities should be reported.”</p> <p>We are concerned that its being left to National Grid “to determine what quantities should be reported” when they, corporately, are a party materially affected by the disclosure. In the interest of openness and transparency National Grid should commit, if P259 is approved, to full (and speedy) disclosure of all frequency response actions taken over the Interconnector(s) to which P259 applies. Secrecy in this regard leads to distortions in the frequency response market and thus fails to better achieve the Applicable BSC Objectives.</p> <p>We note the ‘zero’ indicative industry costs shown on page 20. This is incorrect. There is an industry cost associated with attending Mod Group meetings, reviewing (and responding to) consultation documents etc., and these should be included as indicative costs for P259, otherwise inaccurate information is provided, by Elexon, to BSC Parties and the Authority. We have provided Elexon, in the recent past, with a methodology for calculating this indicative industry cost and are disappointed that Elexon have failed to take this forward. We hope that Elexon will correct this manifest error at the earliest opportunity.</p> |
| <p>E.ON UK</p> | <p>No</p> |

| Respondent | Response |
|---------------------------------------|--|
| Centrica | No |
| National Grid Interconnectors Limited | No |
| EDF Energy | <p>In our view, a preferable and more enduring solution would be for the relevant frequency response to be allocated by the Interconnector Administrator (IA) to an Interconnector User BM Unit so as to be considered a metered volume, with a corresponding ABSVD volume allocated by National Grid so that imbalance is avoided (Option 4a/4b). This would be consistent with allocation of intended volumes by the IA to other interconnector users. It would also be directly analogous to the appearance of frequency response from a generator as a metered volume in settlement, with a corresponding ABSVD volume. Error volumes for the two error BM Units would continue, as now, to represent the difference between the flow intended by users (including the interconnector operator itself for the delivery of frequency response or other services, and system operators for system to system services) and the actual flow.</p> <p>This approach would require a simple change to BSC legal text to explicitly allow more than one interconnector BM Unit pair per BSC Party in certain circumstances. The same approach would provide flexibility for handling BSC interconnector implicit auctions or other special forms of interconnector use, while providing transparency and consistency. It would require National Grid and the relevant Interconnector Administrator(s) and Interconnector users to determine and notify the relevant volumes to settlement. It is disappointing that the costs indicated by NG and the IA for this approach are prohibitive.</p> <p>Another preferred solution would be allocation by the IA of interconnector frequency response volume to the National Grid interconnector user BM Units. National Grid is not subject to imbalance, so no ABSVD adjustment would be necessary, and no changes to the BSC or BSC systems or processes would be required. It is disappointing that Elexon consider this approach out of scope because the interconnector operator MUST be held responsible for the frequency response deemed to be provided by the DC converter.</p> |