

## P271 'NETSO Consultation in relation to any potential changes to the BSC which takes place in forums other than the BSC Panel' Consultation Responses

Consultation issued on 15 August 2011

We received responses from the following Parties

| Company   | No BSC Parties / Non-Parties Represented | Role of Parties/non-Parties represented                                      |
|---|--|--|
| Drax Power Limited                                  | 1/0                                      | Generator  |
| EDF Energy  | 10/0                                     | Supplier/ Generator/ Trader/ Consolidator/ Exemptable Generator/ Party Agent |
| E.ON UK   | 6/0                                      | Supplier/ Generator/ Trader/ Consolidator/ Exemptable Generator              |
| IBM UK Ltd on and behalf of ScottishPower plc       | 7/0                                      | -  |
| National Grid Electricity Transmission plc ("NGET") | 1/0                                      | Transmission Company   |

What stage is this document in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

Question 1: Do you agree with the Panel's view that the Proposed Modification should be rejected?

### Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 3   | 2  | 0             |

### Responses

| Respondent         | Response | Rationale   |
|--------------------|----------|---|
| Drax Power Limited | No       | We disagree with the Panel's view that the proposed modification is unworkable for both National Grid and the industry. We believe that both the proposed modification and the alternative better facilitates objectives C and D and should be approved. However, we have a preference for the alternative modification (reasons provided in answer to question 2). |

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| Respondent                                    | Response | Rationale   |
|---|----------|---|
| EDF Energy                                    | Yes      | On the basis that the alternative better achieves the applicable BSC objectives – please see our comments to Question 2.  |
| E.ON UK                                       | No       | We believe that both the Proposed and Alternative P271 are better than the baseline.<br><br>Though Section 10 refers to „discussions between National Grid and their legal team which highlighted why the Proposal would not be workable“, it would not seem impossible to forward to the Panel and parties when appropriate a summary of matters discussed outside the Panels that might lead to Code impacts. To identify other areas as required but oblige feedback only when National Grid are there as NETSO would seem reasonable and prevent the need for any future modification to expand the scope of P271 Alternative. Indeed 4.16 confirms that National Grid considers that the Proposed is achievable, albeit requiring more resource. |
| IBM UK Ltd on and behalf of ScottishPower plc | Yes      | We believe that between them, the Alternative provides the best balance of clear communication and access to National Grid, against the required effort on the part of National Grid.   |
| National Grid Electricity Transmission plc    | Yes      | We agree with the Panel that the scope of P271 Proposed Modification is too wide and therefore unworkable for both NGET and the industry. On these grounds, we consider that P271 Proposed would particularly <b>not</b> facilitate Applicable BSC Objective (d) to promote efficiency in the implementation and administration of the balancing and settlement arrangements.   |

## Question 2: Do you agree with the Panel's view that the Alternative Modification should be approved?

### Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 4   | 1  | 0             |

### Responses

| Respondent         | Response | Rationale  |
|--------------------|----------|--|
| Drax Power Limited | Yes      | We believe that both the proposed modification and the alternative better facilitate BSC objectives C and D. The proposed and alternative modification will increase transparency of European Network Code (ENC) developments and National Grid's participation in the process. Both proposals will also provide |

| Respondent | Response | Rationale  |
|------------|----------|--|
|            |          | <p>market participants with the opportunity to better engage with ENC developments and provide an educative function for all market participants. But the most important element of the two proposals is that it will place a requirement on National Grid to engage with market participants and to give due consideration to their views.</p> <p>All these benefits will in our opinion improve market participants' understanding and ability to influence the future development of the electricity market. An improved knowledge of future market development is important to allow market participants to make the necessary business decisions to drive efficient competitive behaviour. Greater visibility of market developments will also allow those parties who are considering market entry to make more efficient decisions, thus also increasing the contestability of the electricity sector.</p> <p>However, we believe that the alternative modification is the better of the two proposals. As the alternative is limited in scope to Third Package developments that will affect the BSC, CUSC and Grid Code, we believe this constitutes a more practical solution. As such the alternative should allow National Grid to more efficiently meet the obligations being placed on it. As such we believe that the alternative modification better meets BSC objective D as it is the most efficient method of National Grid of meeting its obligations.</p> |
| EDF Energy | Yes      | <p>We support the intent of the original modification proposal and subsequent obligation on NGET as the NETSO which has remained largely unchanged under the alternative proposal. We support that it is efficient to provide clarity around the scope of topics and forums to which the proposals would apply to NGET. This could improve the efficiency by which NGET discharge their licensee obligations. On this basis we believe that the alternative would better enable this end and overall would therefore better facilitate the Applicable BSC objectives.</p>  |
| E.ON UK    | Yes      | <p>We believe that either the Proposed or Alternative should be implemented, both being better than the baseline. More useful information might be forthcoming via the Proposed by not limiting the topics to ENTSO-e discussions only. However ENC development is of critical interest to parties and even if the Proposed was implemented might be expected to form the bulk of communications in the near future. Consequently, for now focusing on these</p>   |

| Respondent                                    | Response | Rationale  |
|---|----------|--|
|   |          | matters through the more specific Alternative would be beneficial to parties while allaying NGET concerns over resource requirements.  |
| IBM UK Ltd on and behalf of ScottishPower plc | Yes      | See above.   |
| National Grid Electricity Transmission plc    | No       | <p>We do not agree with the Panel that the Alternative Modification should be approved. Our view is that neither P271 Proposed nor the Alternative Modification better facilitate the Applicable BSC Objectives.</p> <p>With regard to objective (a), the existing licence obligation on NGET is not relevant in the case of BSC P271, as the licence focuses on modifications which have been proposed to the BSC and not modifications relating to European Network Codes, particularly given that these Codes are not yet in existence.</p> <p>With regard to objective (c), we agree that greater certainty regarding the impact and development of the European network codes is beneficial. For this reason, NGET, on behalf of the industry, proposed the establishment of the Joint European Standing Group (JESG) to the BSC, CUSC and Grid Code Panels. The high-level aims of the JESG are for National Grid to share information with the industry on development of European Network codes as early as possible in the process and for industry parties to provide their views to National Grid on issues raised during that process. The first meeting of the JESG was held on 10<sup>th</sup> August 2011 and was well attended. As the JESG is a Panel-established body, it cannot be dissolved at the whim of NGET and is subject to the Terms of Reference agreed by the BSC, CUSC and Grid Code Panels. NGET cannot vary the Terms of Reference of the JESG without the express permission of the joint Panels. NGET therefore believes that placing a further obligation on NGET through the BSC is an unnecessary and inefficient step.</p> <p>With regard to objective (d), we refer to the views of the NGET Panel Member recorded in the Draft Modification Report that both P271 Proposed and Alternative Modifications would be inefficient.</p> |

## Question 3: Do you agree with the Panel's suggested Implementation approach?

### Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 5   | 0  | 0             |

### Responses

| Respondent                                    | Response | Rationale  |
|---|----------|--|
| Drax Power Limited                            | Yes      | We agree that the Panel's suggested implementation approach of 10 working days following an Authority decision is reasonable. We also agree that a single implementation date across the codes would be optimal to ensure consistency in the regulatory framework. However, we disagree with the view of one Panel member that the Authority should consider delaying a decision until the JESG has become more established (if the Authority finds it difficult to come to a decision). We see no reason why the Authority should delay its decision on P271 especially considering that the European Network Codes are developing at a rapid rate. |
| EDF Energy                                    | Yes      | We are satisfied with the implementation approach of 10 Working Days following an Authority Decision and an alignment of the implementation dates across the 3 Code proposals.   |
| E.ON UK                                       | Yes      | P271 should be implemented as soon as possible.  |
| IBM UK Ltd on and behalf of ScottishPower plc | Yes      | -  |
| National Grid Electricity Transmission plc    | Yes      | Although we do not support implementation of either P271 Proposed or the Alternative Modification, if they were to be approved, we would support the suggested implementation approach.  |

## Question 4: Do you agree that the legal text delivers the intention of P271?

### Summary

| Yes | No | Neutral/Other |
|-----|----|---------------|
| 4   | 0  | 1             |

### Responses

| Respondent         | Response | Rationale |
|--------------------|----------|-----------|
| Drax Power Limited | Yes      | -         |

| Respondent                                    | Response | Rationale  |
|---|----------|--|
| EDF Energy                                    | Yes      | -  |
| E.ON UK                                       | Yes      | On the understanding that a 'proposal' does not restrict the communications expected from National Grid to published European proposals only but also includes more informal discussions that NGET believe might subsequently result in formal papers being raised.  |
| IBM UK Ltd on and behalf of ScottishPower plc | Yes      | -  |
| National Grid Electricity Transmission plc    | -        | With regard to both the text for P271 Proposed and the Alternative, we have concerns over the use of the term "proposal", given the potential subjective nature of this term, as discussed at some length by the Workgroup. Other than this concern, we agree the text delivers the intention of P271.<br>We would like to thank ELEXON for their efforts in drafting the text, given the difficulties involved. |

## Question 5: Do you have any further comments on P271?

### Summary

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

### Responses

| Respondent                                    | Response | Rationale  |
|---|----------|--|
| Drax Power Limited                            | No       | -  |
| EDF Energy                                    | No       | -  |
| E.ON UK                                       | Yes      | Merely to reiterate that it is desirable to guarantee that such regular communication with BSC Parties as initiated through the first well-attended JESG 10/08/11 will continue by implementing this requirement through P271. |
| IBM UK Ltd on and behalf of ScottishPower plc | No       | -  |
| National Grid Electricity Transmission plc    | Yes      | NGET would like to commend the joint Workgroup process used for P271 and its equivalent CUSC and Grid Code changes to the BSC Panel.   |