

P198 TRANSMISSION COMPANY ANALYSIS AND IMPACT ASSESSMENT – RESPONSE PRO-FORMA

In accordance with paragraph F2.8 of the Code, please respond to the following questions concerning P198 (including the rationale for each response):

Q	Question	Response
1	Please outline any impact of the Proposed Modification on the ability of the Transmission Company to discharge its obligations efficiently under the Transmission Licence and on its ability to operate an efficient, economical and co-ordinated transmission system.	We do not presently foresee any impact on our ability to discharge our obligations under the Transmission Licence at this time.
2	Please outline the views and rationale of the Transmission Company as to whether the Proposed Modification would better facilitate achievement of the Applicable BSC Objectives.	We remain neutral as to whether the proposal better facilitates the Applicable BSC Objectives.
3	<p>Please outline the impact of the Proposed Modification on the computer systems and processes of the Transmission Company, including details of any changes to such systems and processes that would be required as a result of the implementation of the Proposed Modification.</p> <p>Please include estimated lead times and effort for the following activities:</p> <ul style="list-style-type: none"> - Development of initial list of Nodes as part of P198 implementation; - Subsequent ad-hoc updates to list of Nodes on an operational basis; - Support to Panel in development of Network Mapping Statement as part of P198 implementation; - Support to Panel in initial allocation of BM Units to Zones as part P198 implementation; - Subsequent ad-hoc support to Panel in allocation of new BM Units to Zones on an operational basis; - Annual provision of Network Data to BSCCo; - Support to Panel in initial determination of Load Periods and Sample Settlement Periods as part of P198 implementation; and - Subsequent annual support to Panel in review of Load Periods and Sample Settlement Periods. 	<p>Provision of Initial Network Data and Generation and Demand Network Mapping information will require a minimum of six weeks to develop and complete BMU/GSP and Node ID consistency check. This includes any development of the Network Mapping Statement and initial allocation of BMU units to Zones as part of P198 implementation. The same minimum timescales will apply for the Annual provision of Network Data and Network Mapping Data. Subsequent ad hoc updates to list of Nodes on an operational basis will be dependent on scope and volume of changes, but average seven day minimum for completing updates. The same timescales will apply for adding new BMU Units to Zones. The initial determination of Load Periods and Sample Settlement Periods and the subsequent annual review will be a decision for Elexon. National Grid can liaise and advise on the choices made by Elexon. The associated minimum timescales will depend on the nature of the advice sought.</p>
4	Please outline any potential issues relating to the security of supply arising from the Proposed Modification.	In theory the introduction of a zonal transmission losses scheme will provide a market signal for generation and demand to locate

Q	Question	Response
		<p>closer to each other. Given the long lead times commonly associated with transmission investment and the construction of new generation and demand plant, any affect to security of supply may not be seen for some years. However, in the wider context that investment decisions are taken in and notwithstanding National Grid's wider obligations, transmission losses are in of themselves only one factor that will influence future investment decisions that may affect the configuration of the transmission network and in turn security of supply. In terms of short term despatch it is difficult to quantify whether transmission losses in of themselves will affect generation availability and demand, given that transmission losses are only one factor against which generation plant availability and demand turn down will be assessed against.</p>

Q	Question	Response
5	Please provide an estimate of the development, capital and operating costs (broken down in reasonable detail) which the Transmission Company anticipates that it would incur in, and as a result of, implementing the Proposed Modification.	<p>Costs of providing the required information and support are based on preliminary investigations and estimates and should only be considered as indicative:</p> <ul style="list-style-type: none"> 2 Transmission Engineers to provide initial intact network data – £20,000 1 Transmission Engineer to provide initial network mapping information - £10,000 1 Transmission Engineer to provide annual intact network data - £10,000 2 Transmission Engineers to provide annual network mapping information - £20,000 <p>Cost of providing support to the Panel on implementation – £10,000 Ongoing annual updates and on ad hoc operational basis - £10,000 If a system change is required to provide network data and network mapping information in a specified file format that we do not currently have, costs will need to be assessed depending on the Transmission Losses Agent’s file format requirements. It should be noted that National Grid is undertaking a significant development to its network modelling systems this summer, this could impact on what file formats the network data can be provided in and our ability to provide initial network data in indicated timescales.</p>
6	Please provide details of any consequential changes to Core Industry Documents and/or the System Operator Transmission Owner Code that would be required as a result of the implementation of the Proposed Modification.	<p>We have not identified any changes that may be required to either the CUSC, Grid Code, or STC.</p> <p>We have not identified any changes to the Transmission Network Use of System and Balancing Services Use of System Charging Methodologies. It is worth noting that potential changes in European Legislation may affect the treatment of transmission losses across the interconnectors which could result in additional costs needing to be recovered for any losses payments made. This is however still in development and precise information cannot be provided on this at this time.</p>

Q	Question	Response
7	Please provide details of any interaction between the Proposed Modification and the Transmission Company's Transmission Network Use of System Charging.	We have not identified any direct interaction between the zonal transmission losses and use of system charging. They are comparable to the extent that zonal transmission losses are intended to provide a location based signal for generation and demand plant.
8	The original P82 legal text used the term 'authorised area under the Transmission Licence', which has since been removed from the Transmission Licence following BETTA Go-Live. Please therefore outline any views of the Transmission Company regarding the most appropriate replacement term.	Alternative drafting could refer to Schedule 1 of National Grid's Transmission Licence which states the Specified Area. Further advice on drafting on this point can be provided.
9	Any other comments on the Proposed Modification.	

Please send your response by **5pm on Monday 27 February 2006** to modifications@elexon.co.uk. Any queries regarding the analysis should be addressed to Kathryn Coffin on 020 7380 4030 or email address kathryn.coffin@elexon.co.uk.