

Responses from P186 Draft Report Consultation

Consultation Issued 19 April 2005

Representations were received from the following parties

No	Company	File number	No BSC Parties Represented	No Non-Parties Represented
1.	Total Gas & Power Ltd	P186_dMR_001	1	0
2.	Utility Link	P186_dMR_002	1	0
3.	EDF Energy	P186_dMR_003	9	0
4.	Scottish Power	P186_dMR_004	6	0
5.	EDF Trading	P186_dMR_005	2	0
6.	British Energy *	P186_dMR_006	5	0
7.	British Gas Trading *	P186_dMR_007	1	0
8.	SSE Energy Supply Ltd *	P186_dMR_008	6	0
9.	Npower *	P186_dMR_009	10	0

* Late Response

P186 REPORT PHASE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	<i>Gareth Evans</i>
No. of Parties Represented	1
Parties Represented	<i>Total Gas and Power Ltd (TGP)</i>
No. of Non Parties Represented	
Non Parties represented	
Role of Respondent	<i>(Supplier / Trader / Party Agent)</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	The alternative modification will better facilitate the relevant objectives more than the proposed modification, as it will have a great effect in reducing the resources expended by Parties and Elexon in redeclaring its GC and DC values after minor breaches.
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	Yes	The analysis undertaken by Elexon indicates that the proposed alternate modification will have a greater beneficial effect than the proposed modification.
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	We share the reservations made by some members of the group not the proposed legal drafting is not as clear as possible, but we feel that the proposed legal text delivers the proposed change.

Q	Question	Response Error! Bookmark not defined.	Rationale
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	The lack of any systems change further than changes to internal Elexon processes lends itself to a short implementation timescale.
5.	Are there any further comments on P186 that you wish to make?	No	

Please send your responses by **12:00 noon** on **Wednesday 27 April 2005** to modification.consultations@elexon.co.uk and please entitle your email '**P186 Report Phase Consultation**'. Please note that any responses received after the deadline may not receive due consideration by the Panel.

Any queries on the content of the consultation pro-forma should be addressed to Kathryn Coffin (lead analyst) on 020 7380 4030, email address kathryn.coffin@elexon.co.uk.

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Respondent:	Alan Goodbrook
No. of Parties Represented	1
Parties Represented	UTILITY LINK LTD
No. of Non Parties Represented	
Non Parties represented	
Role of Respondent	Supplier/ Party Agent

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	The 2MW limit will eliminate the significant administrative effort required at present in monitoring and re-declaring GC/DC values where the amounts involved are not material.
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	Yes	It does not address the issue of the high number of breaches made by small BM units with very low impact on the level of credit cover provided.
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	No party is disadvantaged by the proposal. Immediate implementation maximises the cost savings achievable.
5.	Are there any further comments on P186 that you wish to make?	No	

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P186 REPORT PHASE CONSULTATION QUESTIONS

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Respondent:	EDF Energy
No. of Parties Represented	9
Parties Represented	EDF Energy Networks (EPN) plc; EDF Energy Networks (LPN) plc EDF Energy Networks (SPN) plc; EDF Energy (Sutton Bridge Power) Jade Power Generation Ltd; EDF Energy (West Burton Power) Ltd; EDF Energy plc; London Energy plc; Seeboard Energy Limited
No. of Non Parties Represented	0
Non Parties represented	N/A
Role of Respondent	Supplier / Generator / Trader

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	We feel that the Alternative addresses issues we have with the original modification. It further reduces redeclaration of minor problems by introducing a minimum threshold. We see this minimum threshold as being a key aid to reducing redeclaration due to issues that have an insignificant effect on the market.
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	Yes	
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	We have reviewed the legal text for both the Modification and the Alternative and are content with both.
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	
5.	Are there any further comments on P186 that you wish to make?	No	

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Consultation. Please note that any responses received after the deadline may not receive due consideration by the Panel.

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P186 REPORT PHASE CONSULTATION QUESTIONS

BSC Parties (“Parties”) and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	Man Kwong Liu (SAIC Ltd)
No. of Parties Represented	6
Parties Represented	Please list all Parties responding on behalf of (including the respondent company if relevant). Scottish Power UK plc ; ScottishPower Energy Management Ltd. ; ScottishPower Generation Ltd ; ScottishPower Energy Retail Ltd. ; SP Transmission Ltd ; SP Manweb plc .
No. of Non Parties Represented	0
Non Parties represented	Please list all non Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state ¹) Supplier / Generator / Trader / Consolidator / Exemptable Generator

Q	Question	Response ¹	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	We agree with the Panel's provisional recommendation that the Alternative Modification should be made. Alternative Modification will deliver a reduction in the number of GC/DC breaches and administrative effort required by parties in redeclaring supporting BM Unit Metered Volumes, and therefore better facilitates BSC Objectives (c) and (d).
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	Yes	We agree with the Panel's provisional recommendation that the Proposed Modification should not be made.
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	The legal text appears appropriate.
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	P186 Alternative Modification should be implemented as soon as possible.

¹ Delete as appropriate – please do not use strikeout, this is to make it easier to analyse the responses

Q	Question	Response ¹	Rationale
5.	Are there any further comments on P186 that you wish to make?	Yes	While we still believe a Cap is unnecessary, we support this recommended Alternative and the provision of a Cap as a prudence measure if it offered additional reassurance to Parties (in view of the industry consultation responses), and thus further better facilitates BSC Objective (c) - competition.

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P186 REPORT PHASE CONSULTATION QUESTIONS

BSC Parties ("Parties") and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	<i>Steve Drummond</i>
No. of Parties Represented	2
Parties Represented	<i>EDF Trading Ltd & EDF (Generation)</i>
No. of Non Parties Represented	None
Non Parties represented	<i>N/A</i>
Role of Respondent	<i>Trader/Generator</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	The Alternative Mod P186 addresses all the concerns of the Mod Group and is fairer to all parties, as well as avoiding any potential credit cover risk. It will also avoid unnecessary monitoring and resource by parties and Elexon.
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	Yes	The 1% proposal is in itself discriminatory and introduces some additional risks and, although better than the current baseline, is not as good as the Alternative P186 developed by the Mod Group.
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	
5.	Are there any further comments on P186 that you wish to make?	No	

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P186 REPORT PHASE CONSULTATION QUESTIONS – GC/DC SUBMISSION

BSC Parties (“Parties”) and other interested parties are invited to respond to this consultation expressing their views or provide any further evidence on any of the matters contained within this document. In particular views are sought in respect of the following questions. Parties are invited to supply the rationale for their responses.

Respondent:	British Energy Power & Energy Trading Ltd
No. of Parties Represented	5
Parties Represented	British Energy Power & Energy Trading Ltd, British Energy Generation Ltd, British Energy Direct Ltd, British Energy Generation (UK) Ltd, Eggborough Power Ltd
No. of Non Parties Represented	-
Non Parties represented	-
Role of Respondent	<i>Supplier/Generator/Trader/Consolidator/Exemptable Generator/Party Agent</i>

Q	Question	Response	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	As an improvement on the existing arrangement. The present baseline gives parties with GC/DC values greater than 50MW only 0.5MW margin for error in meter volume estimates used for credit purposes. This places an unnecessary administrative burden on these Parties and BSCCo. Although not ideal, the alternative reduces this administrative burden while only slightly reducing the protection provided by the credit arrangements. We do not believe the proposal will solve the problem of parties deliberately or negligently mis-estimating data. In fact, it increases scope for this.
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	No	1% seems a sensible level for larger BM Units, but could create unnecessary work in connection with small BM Units. Nevertheless we would support the original proposal over the current baseline. A preferable option which has not been proposed would be to change the existing rules to a threshold of 'greater of 1% and 0.5 MW' instead of 'either of 1% and 0.5 MW'. This would limit errors on larger units to 1% while avoiding unproductive effort on small units. We do not believe the proposal will solve the problem of parties deliberately or negligently mis-estimating data. In fact, it increases scope for this.

Q	Question	Response	Rationale
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	
5.	Are there any further comments on P186 that you wish to make?	Yes	See below.

We are surprised at the length of time both parties and Elexon spend on re-submission and investigation respectively.

The analysis shows there is systematic non-adherence to the BSC rules. While the proposals may reduce the volume of re-submission for parties making good estimates, they will not reduce the volume for parties deliberately or negligently making bad estimates. Another potential modification would be to impose change to GC or DC on the basis of recorded meter data. This could be done automatically in software, but this would probably be prohibitively expensive. Or it could be done by authorising Elexon or a BSC Agent to modify GC/DC according to prescribed rules. Or by adding a specific measure available to the Panel in the event of default of this type.

We note that GC and DC are used in the determination of P/C status of BM Units and Trading Units, and also in NGC's determination of whether a BM Unit should be required to submit PN and data. Increasing the allowable margin of error in GC/DC could slightly increase uncertainty about the 'true' status of a BM/Trading Unit.

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ELEXON Limited
4th Floor
350 Euston Road
London
NW1 3AW

Millstream East
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Tel. (01753) 431137
Fax (01753) 431150
Our Ref.
Your Ref.
28 January 2005

Dear Sirs,

Re: Modification Proposal P186 – Rationalising the criteria for the submission and redeclaration of Demand and Generation Capacities

Thank you for the opportunity of responding to this draft modification report considering Modification Proposal P186. British Gas Trading (BGT) agrees with the Panel's provisional recommendation that the Alternative Modification should be made.

BGT believe that the proposed and the Alternative Modification proposals are better than the current baseline. However the Alternative is better as it captures a larger percentage of the breaches. Removing the requirement to re-submit for small breaches will improve the efficiency of the process and thereby better facilitate Applicable BSC Objective (d).

BGT agrees with the proposed implementation date.

If you have any questions regarding this response please contact me 01753 431137.

Yours faithfully

Mark Manley
Contract Manager

A *centrica* business

British Gas Trading Limited Registered in England No.3078711. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD
www.gas.co.uk

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Respondent:	<i>Andrew Colley</i>
No. of Parties Represented	6
Parties Represented	<i>SSE Energy Supply Ltd, SSE Generation Ltd, Keadby Generation Ltd, Medway Power Ltd, Southen Electric Power Distribution plc, Scottish Hydro-Electric Power Distribution Ltd</i>
No. of Non Parties Represented	0
Non Parties represented	
Role of Respondent	<i>Supplier/Generator/Trader/LDSO</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	The alternative modification proposal delivers the required efficiency gains for large Parties as well as Elexon, whilst providing for a cap and a collar on the absolute variance that can occur between declared capacity and outturn volumes. This provides a better control than the proposed modification, which could allow significant variations to develop without remedy.
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	Yes	See 1.
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	
5.	Are there any further comments on P186 that you wish to make?	No	

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Respondent:	<i>Ben Willis</i>
No. of Parties Represented	10
Parties Represented	<i>RWE Npower plc, RWE Trading GmbH, Npower Cogen Ltd, Npower Cogen Trading Ltd, Npower Ltd, Npower Direct Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd, Npower Northern Ltd & Npower Northern Supply Ltd.</i>
No. of Non Parties Represented	
Non Parties represented	
Role of Respondent	<i>Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent</i>

Q	Question	Response Error! Bookmark not defined.	Rationale
1.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Alternative Modification P186 should be made?	Yes	As stated in the Assessment Consultation, we believe that the Alternate Modification better fulfils the relevant objectives than the current baseline.
2.	Do you agree with the Panel's provisional recommendation to the Authority, as set out in the draft Modification Report, that the Proposed Modification P186 should not be made?	Yes	However, as we still believe that the Proposed Modification is better than the current baseline and should be implemented if the Alternative is rejected.
3.	Do you agree with the Panel's view that the legal text provided in the draft Modification Report correctly addresses the defect or issue identified in the Modification Proposal?	Yes	
4.	Do you agree with the Panel's provisional recommendation concerning the Implementation Date for P186, as set out in the draft Modification Report?	Yes	Since there are no systems changes required, the only relevant lead-times are those of BSCCo and BSC Parties themselves.
5.	Are there any further comments on P186 that you wish to make?	No	

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