

## Responses from P139 Assessment Consultation

Consultation issued 28 October 2003

Representations were received from the following parties:

<b>No.</b>	<b>Company</b>	<b>File Number</b>	<b>No. BSC Parties Represented</b>	<b>No. Non-Parties Represented</b>
1.	Powergen	P139_ASS_01	14	0
2.	Campbell Carr	P139_ASS_02	0	1
3.	YEDL/NEDL	P139_ASS_03	2	0
4.	British Gas Trading	P139_ASS_04	5	0
5.	Barclays Capital	P139_ASS_05	1	0
6.	EDF Trading	P139_ASS_06	2	0
7.	Scottish Power	P139_ASS_07	6	0
8.	EDF Energy	P139_ASS_08	9	1
9.	Total Gas and Power	P139_ASS_09	1	0
10.	Scottish and Southern	P139_ASS_10	5	0
11.	Entergy Koch	P139_ASS_11	1	0

P139\_ASS\_001 – Powergen

<b>Respondent:</b>	Powergen
<b>No. of BSC Parties Represented</b>	14
<b>BSC Parties Represented</b>	Powergen UK plc, Powergen Retail Limited, Cottam Development Centre Limited, TXU Europe Drakelow Limited, TXU Europe Ironbridge Limited, TXU Europe High Marnham Limited, Midlands Gas Limited, Western Gas Limited, TXU Europe (AHG) Limited, TXU Europe (AH Online) Limited, Citigen (London) Limited, Severn Trent Energy Limited (known as TXU Europe (AHST) Limited), TXU Europe (AHGD) Limited and Ownlabel Energy Limited
<b>No. of Non BSC Parties Represented</b>	-
<b>Non BSC Parties represented</b>	-
<b>Role of Respondent</b>	Supplier, Generator, Trader & Exemptable Generator.

Q	Question	Response	Rationale
1.	Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives? <i>Please give rationale and state objective(s)</i>	No	<p>Whilst it would appear equitable to allow interconnectors to form Trading Units so that they can take advantage of netting of BSUoS, it is not clear that all users will be able do so. Interconnector users' flows are very volatile and can change in size and direction regularly. This means that it would be very difficult for most interconnector users to form stable enough Trading Units to take advantage of such a proposal. Changing Trading Units is not something that can be done period on period, or even day on day.</p> <p>Therefore, this would appear to be of benefit to large interconnector users only giving them an advantage in trading over the interconnector caused purely by the mechanics of charging for balancing services in England and Wales. This, we believe, will be detrimental to trading over the interconnector which will also effect competition in England and Wales.</p>

Q	Question	Response	Rationale
2.	Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i>	No	We would be more supportive if we were convinced that all users could take advantage of this. However, as we state above we do not think that this will be the case.
3.	If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i>	n/a	
4.	If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i>	n/a	
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i>	No	
6.	Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? <i>Please give rationale</i>	No	
7.	Are there any further comments on P139 that you wish to make?	No	

P139\_ASS\_02 – Campbell Carr

<b>Respondent:</b>	<i>Name</i>
<b>No. of BSC Parties Represented</b>	0
<b>BSC Parties Represented</b>	
<b>No. of Non BSC Parties Represented</b>	1
<b>Non BSC Parties represented</b>	Campbell Carr
<b>Role of Respondent</b>	<i>(Supplier/Generator/ Trader / Consolidator / Exemptable Generator / BSC Agent / Party Agent / other – please state <sup>1</sup>)</i> Consultant responding in the interest of an external party paying for the transit of power through the United Kingdom

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives? <i>Please give rationale and state objective(s)</i>	Yes	In terms of use of the transmission system, it is only the net flow at an interconnector that has any physical impact. This is especially the case given that all interconnector nominations effectively go through a single administrator. Therefore, it is discriminatory to allow Trading Units to be developed on other parts of the system but not at interconnectors.  The objective should be for interconnector parties to only be charged for their actual use of the transmission system without being required to enter into unnecessary trades outside the system boundary to obtain the same effect.

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Q	Question	Response	Rationale
2.	<p>Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i></p>	Yes	<p>The current limitation serves no necessary purpose. It affects how the system is charged for but without providing corresponding transmission services. Multiple BMU Trading Units are allowed at GSP Groups and so to disallow at interconnectors is discriminatory.</p>
3.	<p>If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i></p>	No	<p>A Trading Unit is essentially a commercial entity linking BMUs with the same use of the transmission system. In the case of GSP Groups, there has never been a requirement to match the Trading Unit to physically contiguous assets. A significant reason for this is that the affected Trading Parties have no control over which physical assets are used. The same applies for interconnector flows, especially for the Scottish interconnector, which flows into (and out of) two different GSP Groups. There is no systems reason why the interconnectors should be treated differently. Therefore, the Trading Unit should be all commercial flows through the interconnector connection point(s).</p>
4.	<p>If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i></p>		<p>A simple definition that interconnectors (already defined under the Code) form a Trading Unit would be efficient, easy to administer and would be unambiguous.</p>
5.	<p>Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i></p>	No	

Q	Question	Response	Rationale
6.	<p>Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure?</p> <p>Please give rationale</p>	Yes	<p>The Group seems to have failed to consider the underlying principles behind Trading Units, particularly as applied under P100, which clearly implies that Trading Units must be commercial entities designed to allocate the benefit of net use of the transmission system.</p> <p>In addition, the Group has ignored the EU dimension. This response is written with consideration of the needs of an overseas party wishing to transit electricity between France and Ireland. Therefore the EU Directive apply.</p>
7.	<p>Are there any further comments on P139 that you wish to make?</p>	No	

P139\_ASS\_03 – YEDL/NEDL

<b>Respondent:</b>	<i>Name Marina Blackburn</i>
<b>No. of BSC Parties Represented</b>	2
<b>BSC Parties Represented</b>	<i>YEDL and NEDL Distribution</i>
<b>No. of Non BSC Parties Represented</b>	
<b>Non BSC Parties represented</b>	
<b>Role of Respondent</b>	<i>Party Agent</i>

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives? <i>Please give rationale and state objective(s)</i>	Yes / No	I have no real comments at this moment in time but I do have reservations about how this may affect the way YEDL and NEDL Group Take is calculated.
2.	Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i>	Yes / No	As above
3.	If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i>	Yes / No	

Q	Question	Response	Rationale
4.	If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i>	Yes / No	
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i>	Yes / No	
6.	Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? <i>Please give rationale</i>	Yes / No	
7.	Are there any further comments on P139 that you wish to make?	Yes / No	

P139\_ASS\_04 – British Gas Trading

<b>Respondent:</b>	Mark Manley
<b>No. of BSC Parties Represented</b>	
<b>BSC Parties Represented</b>	British Gas Trading
<b>No. of Non BSC Parties Represented</b>	
<b>Non BSC Parties represented</b>	
<b>Role of Respondent</b>	

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives? <i>Please give rationale and state objective(s)</i>	No	BGT does not believe this modification will better facilitate the Applicable BSC Objective (c). BGT believes that if there is an inappropriate or inconsistent methodology for calculating BSUoS liabilities for Interconnector Users it should be resolved outside of the BSC. BGT view the other benefits delivered by the proposal as being negligible and do not believe they will better facilitate competition in the generation and supply of electricity.
2.	Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i>	Yes	BGT supports the removal of the current limitation that prevents Interconnector Users from forming Trading Units. If an Interconnector User can meet the same level of obligations that are currently placed on Parties when applying for Trading Unit status, it would seem unduly discriminatory for the restriction to remain. However in supporting the removal of the restriction, BGT believe it is essential the same high-level qualification criteria remain. This to ensure there is a consistency of treatment for all BSC Parties when applying for Trading Unit status. Also this will prevent a sudden flow of applications from Parties for Trading Unit Status.

Q	Question	Response	Rationale
3.	<p>If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives?</p> <p><i>Please give rationale</i></p>		<p>BGT agrees with the proposal to establish a new class of Trading Unit as it maintains the current requirement i.e. that BM Units are connected by contiguous or dedicated assets. However BGT is unsure if the removal of the restriction that forbids Interconnector Users forming Trading Units will better facilitate the Applicable BSC Objectives. The main benefit that appears to be derived from the creation of Trading Unit status is the BSUoS benefit. Whilst removing an inappropriate charging methodology for the derivation of Interconnector Users BSUoS liability will arguably improve competition BGT is unsure if this will better facilitate the Applicable BSC Objectives. BGT notes the P100 Assessment Report, which states that "TNUoS/BSUoS charges are outside of the vires of the BSC and Ofgem is responsible for ensuring consistency. Therefore BGT does not believe this modification will better facilitates the applicable BSC Objectives (c).</p>
4.	<p>If 'no' to Question No. 3, which other description of a Trading Unit should be adopted?</p> <p><i>Please give rationale</i></p>		<p>BGT agrees with the description of a Trading Unit.</p>
5.	<p>Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered?</p> <p><i>Please give rationale</i></p>	No	
6.	<p>Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure?</p> <p><i>Please give rationale</i></p>	No	
7.	<p>Are there any further comments on P139 that you wish to make?</p>	No	

**P139\_ASS\_05 – Barclays Capital**

<b>Respondent:</b>	Paul Dawson
<b>No. of BSC Parties Represented</b>	1
<b>BSC Parties Represented</b>	Barclays Capital
<b>No. of Non BSC Parties Represented</b>	0
<b>Non BSC Parties represented</b>	NA
<b>Role of Respondent</b>	Trader

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives? <i>Please give rationale and state objective(s)</i>	Yes	The proposal will better promote competition in the generation and supply of electricity (BSC objective c) by removing the current anomaly whereby several charging elements are levied "gross" on interconnector flows, despite physical flows netting off.
2.	Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i>	Yes	The current limitation on interconnector BMU units is arbitrary and discriminatory given that there is little electrical and commercial difference between the arrangements on interconnectors and sites that currently do qualify for trading unit status.
3.	If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i>	Yes	This appears a pragmatic definition

Q	Question	Response	Rationale
4.	If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i>	NA	NA
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i>	No	
6.	Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? <i>Please give rationale</i>	No	
7.	Are there any further comments on P139 that you wish to make?	No	

P139\_ASS\_06 – EDF Trading Ltd

<b>Respondent:</b>	EDF Trading Ltd
<b>No. of BSC Parties Represented</b>	2
<b>BSC Parties Represented</b>	EDF Trading Ltd and EdF (Generation)
<b>No. of Non BSC Parties Represented</b>	None
<b>Non BSC Parties represented</b>	N/A
<b>Role of Respondent</b>	Trader / Generator

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	<p>Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives?</p> <p><i>Please give rationale and state objective(s)</i></p>	Yes	<p>EDFT believe that P139 will better facilitates the achievement of Applicable Objective (c) "Promoting effective competition..." EDFT had thought that Objective (d) was also met, but on the advice from Elexon that it would need to reduce Elexon/administration costs, then it is accepted that Objective (d) would not necessarily be bettered.</p> <p>By removing the restriction on Interconnectors Users from forming BMU trading units, it would provide IUs similar opportunities to other users who can form trading units and it would reduce the unnecessary cost burden currently placed on them when there is superposition of trades taking place. This would therefore remove an area of undue discrimination and facilitate more effective and efficient competition in the market.</p>

Q	Question	Response	Rationale
2.	<p>Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i></p>	Yes	<p>EDFT agrees with the removal of the current limitation on interconnector BM Units from Section K of the BSC.</p> <p>This will remove of an unnecessary and unfair restriction on interconnector BMUs; allow similar treatment to other BSC Parties in their opportunities to form trading units and will allow the opportunity to 'net' BSUoS Charges, Transmission Losses and BSCCo Charges in similar fashion to the way the TNUoS charges are already treated.</p>
3.	<p>If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i></p>	Yes	<p>EDFT agree that it would be best to establish a new class of trading unit in this instance to avoid the unintentional consequences described in the report. Furthermore, of the approaches that were outlined in the consultation document EDFT agree that the BSC Objectives will be best achieved by a combination of the first and third approaches. Option 3 would definitely allow some flexibility as well as maintain the principles underlying Trading Unit status, but the wording could be changed so as to avoid any undue discrimination between different interconnectors and their BMUs. EDFT would therefore ask the SSMG to consider combining Option 1 with Option 3 or making it an either/or case for Trading Unit Status. If this were not possible then EDFT consider that it would be better to not discriminate between the interconnectors and therefore Option 1 would better meet the BSC Objectives (c).</p>
4.	<p>If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i></p>	N/A	

Q	Question	Response	Rationale
5.	<p>Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered?</p> <p><i>Please give rationale</i></p>	Yes	If possible an option that combines both Option 1 and Option 3 should be created, whilst still maintaining the general TU principles.
6.	<p>Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure?</p> <p><i>Please give rationale</i></p>	No	
7.	<p>Are there any further comments on P139 that you wish to make?</p>	Yes	<p>The original intention of the mod proposal was for Interconnector BMUs on a particular Interconnector to have the opportunity to form a TU. This has now been widened to include any other BMUs that exist at a single site, but this maybe at the expense of being discriminatory to those Interconnectors that have 'electrically remote assets', albeit that those assets form a single interconnector. Could 'contiguous and dedicated' be defined as such that it specifically includes interconnectors with 'electrically remote assets'?</p>

**P139\_ASS\_007 – Scottish Power**

<b>Respondent:</b>	Man Kwong Liu (SAIC Ltd)
<b>No. of BSC Parties Represented</b>	6
<b>BSC Parties Represented</b>	Scottish Power UK plc; ScottishPower Energy Management Ltd.; ScottishPower Generation Ltd; ScottishPower Energy Retail Ltd.; SP Transmission Ltd; SP Manweb plc.
<b>No. of Non BSC Parties Represented</b>	
<b>Non BSC Parties represented</b>	
<b>Role of Respondent</b>	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent

Q	Question	Response	Rationale
1.	<p>Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives?  <i>Please give rationale and state objective(s)</i></p>	<p>Not as currently drafted</p>	<p>The perceived defect in the BSC which the proposal seeks to address is the prohibition on Interconnector BM Units forming Trading Units. Removal of this prohibition would better facilitate Applicable BSC Objective (c) (Promoting effective competition...). ScottishPower believes that the minimum change required is to allow Interconnector BM Units on any Interconnector to combine to form Trading Units on that Interconnector. However, the SSMG appears to have sought an over-generalised solution and in doing so has produced drafting which remedies the defect only in respect of Interconnectors which have a single Boundary Point on the Total System. Such an approach merely changes one form of discrimination (against Interconnectors) into another (against certain types of Interconnector) and would not better facilitate achievement of the BSC Objectives. ScottishPower believes that the SSMG have lost sight of the defect which was to be addressed by the proposal and have misdirected themselves in respect of multi-circuit Interconnectors.</p> <p>Multi circuit Interconnectors, of which the Scottish Interconnector is a good example, can have a number of Boundary Points on the Total System. The Interconnector BM Units associated with such an Interconnector are all identical in that the deemed metered volumes all have the same notional share of energy transferred over each of the individual circuits which together constitute that Interconnector. The SSMG, in their discussion of the different definitions of Interconnector Trading Units on page 9 of the draft assessment report, appear to have concluded that Interconnector circuits which have different Boundary Points on the Total System are electrically remote and hence Interconnector BM Units on such an Interconnector would be classed as “electrically remote Interconnector BM Units” and would be prevented from forming a Trading Unit. Given that the BM Unit is the smallest unit of trade under the BSC and that Interconnector BM Units can, by definition, relate to an Interconnector which has a number of Boundary Points, ScottishPower submits that this interpretation is mistaken, that such Interconnector BM Units cannot be considered to be remote from themselves, that such Interconnector BM Units should be able to form Interconnector Trading Units <i>with each other</i>, and that only by allowing such Interconnector Trading Units to be formed will the perceived defect in the BSC be remedied and the Applicable BSC Objectives better facilitated.</p>

Q	Question	Response	Rationale
2.	Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i>	Yes	ScottishPower argued strongly before NETA Go-Live that the current limitation on Interconnector BM Units was discriminatory. We are glad to support its removal now <i>from all types of Interconnector</i> .
3.	If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i>	Yes, but not as currently drafted	A new class of Trading Unit will be required to cater for Interconnector BM Units. We are not convinced that the current drafting is satisfactory. As noted in our answer to Q1, the minimum required facility is for Interconnector BM Units on a given Interconnector to be able to form Trading Units with each other. If the definition can be extended to allow ordinary BM Units whose Boundary Point is connected by contiguous or dedicated assets to the Boundary Point of an Interconnector circuit to form Trading Units with Interconnector BM Units on that Interconnector then ScottishPower would regard that as a potential additional benefit which goes beyond the original intention of the proposal and is not necessary for the remedy of the underlying defect. We would not support a definition which allowed ordinary BM Units whose Boundary Points are electrically remote from each other to combine in a Trading Unit under cover of an Interconnector BM Unit.
4.	If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i>		ScottishPower's preferred definition is "Interconnector BM Units on an Interconnector" However, if the SSMG is determined to provide a generalised solution then this definition could be extended by adding "together with other BM Units which are themselves linked to each other and to the Interconnector by contiguous or dedicated assets. For the avoidance of doubt, other BM Units which are not linked to each other by contiguous or dedicated assets may not belong, either directly or indirectly, to the same Trading Unit"
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i>		Please see our answer to Q1 and Q3. The remedy to the perceived defect must allow Interconnector BM Units on any Interconnector to combine to form Trading Units on that Interconnector.

Q	Question	Response	Rationale
6.	Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	Yes	If it is the intention of the SSMG that the removal of the restriction on Interconnector BM Units from forming Trading Units should not apply to the Scottish Interconnector then this should be stated clearly in the Assessment Report and subsequent Modification Report.
7.	Are there any further comments on P139 that you wish to make?	Yes	Please see our answer to Q1 and Q3. The remedy to the perceived defect must allow Interconnector BM Units on any Interconnector to combine to form Trading Units on that Interconnector.

P139\_ASS\_08 – EDF Energy

<b>Respondent:</b>	EDF Energy
<b>No. of BSC Parties Represented</b>	9
<b>BSC Parties Represented</b>	EDF Energy plc, London Electricity plc, Jade Power Generation Ltd, Sutton Bridge Power Ltd, West Burton Power, London Power Networks plc, EPN Distribution Ltd, Seeboard Power Networks plc, Seeboard Energy Ltd,
<b>No. of Non BSC Parties Represented</b>	1 (this is a BSC Party Agent)
<b>Non BSC Parties represented</b>	ECS Metering & Data Services
<b>Role of Respondent</b>	Supplier / Generator / Party Agent / Distribution Business

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	<p>Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives?</p> <p><i>Please give rationale and state objective(s)</i></p>	Yes	<p>EDF Energy believe that P139 will better facilitates the achievement of Applicable BSC Objective (c) "Promoting effective competition..."</p> <p>Allowing interconnectors to form multiple BM Unit Trading Units would remove the discrimination due to the financial burden currently levied upon them and also allows interconnector users to have the same opportunities other users have available with Trading Units. This would facilitate more effective and efficient competition in the market.</p>

Q	Question	Response	Rationale
2.	<p>Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i></p>	Yes	<p>EDF Energy agrees with the removal of the current limitation on Interconnector BM Units.</p> <p>This will see the removal of an unnecessary and unfair restriction on Interconnector BM Units not being allowed to form Trading Units. This will allow interconnector users to be eligible to the same benefits in Transmission Losses, BSCCo Charges, BSUoS and TNUoS charges that are currently available to all other parties operating within Trading Units.</p>
3.	<p>If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i></p>	Yes	<p>EDF Energy agrees that the establishment of a new class of Trading Unit is the best way forward in order to achieve the Applicable BSC Objectives.</p> <p>Of the three approaches that were outlined in the consultation document EDF Energy agree that the Applicable BSC Objectives will be best achieved by the third approach:</p> <p>"Limit Interconnector BM Units to forming Trading Units with other Interconnector BM Units where flows onto or off from the interconnector are from contiguous or dedicated assets and other BM units linked by contiguous or dedicated assets."</p> <p>This approach maximises interconnector opportunities whilst retaining the fundamental principles by continuing to be closely aligned to the core criteria for BM Unit formation of Trading Units.</p>
4.	<p>If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i></p>	N/A	

Q	Question	Response	Rationale
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i>	No	
6.	Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P139 that you wish to make?	Yes	EDF Energy believe that in order to avoid discrimination between Interconnectors, those that are electrically separate but are treated as a single entity for the purpose of settlement, such as the Scottish Interconnectors, should also have the option of forming Trading Units to maximise their opportunities.

**P139\_ASS\_09 – Total Gas and Power**

<b>Respondent:</b>	Total Gas & Power Ltd
<b>No. of BSC Parties Represented</b>	1
<b>BSC Parties Represented</b>	Total Gas & Power Ltd
<b>No. of Non BSC Parties Represented</b>	None
<b>Non BSC Parties represented</b>	N/A
<b>Role of Respondent</b>	Trader / Supplier

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	<p>Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives?  <i>Please give rationale and state objective(s)</i></p>	Yes	<p>TG&amp;P believe that P139 will better facilitates the achievement of Applicable Objective (c) "Promoting effective competition...".                      By removing the restriction on Interconnectors Users from forming BMU trading units, it would provide IUs similar opportunities to other users who can form trading units and it would reduce the unnecessary cost burden currently placed on them when there is superposition of trades taking place. This would therefore remove an area of undue discrimination and facilitate more effective and efficient competition in the market.</p>

Q	Question	Response	Rationale
2.	<p>Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i></p>	Yes	<p>TG&amp;P agrees with the removal of the current limitation on interconnector BM Units from Section K of the BSC.</p> <p>This will remove of an unnecessary and unfair restriction on interconnector BMUs; allow similar treatment to other BSC Parties in their opportunities to form trading units and will allow the opportunity to 'net' BSUoS Charges, Transmission Losses and BSCCo Charges in similar fashion to the way the TNUoS charges are already treated.</p>
3.	<p>If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i></p>	Yes	<p>TG&amp;P agree that it would be best to establish a new class of trading unit in this instance to avoid the unintentional consequences described in the report. Furthermore, of the approaches that were outlined in the consultation document TG&amp;P agree that the BSC Objectives will be best achieved by a combination of the first and third approaches. Option 3 would definitely allow some flexibility as well as maintain the principles underlying Trading Unit status, but the wording could be changed so as to avoid any undue discrimination between different interconnectors and their BMUs. TG&amp;P would therefore ask the SSMG to consider combining Option 1 with Option 3 or making it an either/or case for Trading Unit Status. If this were not possible then TG&amp;P consider that it would be better to not discriminate between the interconnectors and therefore Option 1 would better meet the BSC Objectives (c).</p>
4.	<p>If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i></p>	N/A	

Q	Question	Response	Rationale
5.	Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i>	Yes	If possible an option that combines both Option 1 and Option 3 should be created, whilst still maintaining the general TU principles.
6.	Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? Please give rationale	No	
7.	Are there any further comments on P139 that you wish to make?	No	

**P139\_ASS\_010 – Scottish and Southern**

<b>Respondent:</b>	Scottish and Southern
<b>No. of BSC Parties Represented</b>	5
<b>BSC Parties Represented</b>	Scottish and Southern Energy, Southern Electric, Keadby Generation Ltd., SSE Energy Supply Ltd. and Medway Power Ltd
<b>No. of Non BSC Parties Represented</b>	None
<b>Non BSC Parties represented</b>	N/A
<b>Role of Respondent</b>	

Q	Question	Response	Rationale
1.	<p>Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives?</p> <p><i>Please give rationale and state objective(s)</i></p>	Yes	<p>Given that other Parties (in a similar situation) are permitted to 'create' BM Trading Units it would seem to be discriminatory if Interconnector BM Trading Units* were to be treated differently and, accordingly, we concur, on balance, with the initial view of the SSMG outlined at the bottom of page 19 of the consultation document.</p> <p>* Reading the consultation document it appears that the SSMG; in seeking to ensure that the definition of "Interconnector BM Trading Unit" is correctly defined to be only those BM Units associated with a particular Interconnector; have developed a definition that does not fully reflect the situation with the Scottish Interconnector (details on the configuration of which are provided in the documentation associated with Modification P125).</p> <p>For the avoidance of doubt we only provide our support to this Modification Proposal P139 on the basis that it seeks to ensure equitable and non discriminatory treatment for ALL Interconnectors and their associated BM Units.</p>
2.	<p>Do you agree with the removal of the current limitation on Interconnector BM Units?</p> <p><i>Please give rationale</i></p>	Yes	<p>Subject to the reasons outlined in our answer to Q1 above regarding the equitable and non discriminatory treatment for ALL Interconnectors.</p>

Q	Question	Response	Rationale
3.	<p>If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i></p>	Yes	<p>We concur, on balance, with the initial view of the SSMG outlined in approach 3 at the bottom of page 9/ top of page 10 of the consultation document that this is an appropriate way to proceed (subject to the reasons outlined in our answer to Q1 above regarding the equitable and non discriminatory treatment for ALL Interconnectors).</p>
4.	<p>If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i></p>	N/A	
5.	<p>Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i></p>	No	
6.	<p>Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? <i>Please give rationale</i></p>	No	
7.	<p>Are there any further comments on P139 that you wish to make?</p>	Yes	<p>The defect identified in P139 relates to ALL Interconnectors and the solution should equally ensure that this defect is resolved for ALL Interconnectors. It would appear that this may not be the case and that the Scottish Interconnector might be treated differently. The SSMG should carefully examine this matter to ensure that the equitable and non discriminatory treatment for ALL Interconnectors is achieved with any P139 solution.</p>

**P139\_ASS\_011 - Entergy-Koch**

<b>Respondent:</b>	<i>Adam Cooper</i>
<b>No. of BSC Parties Represented</b>	<i>1</i>
<b>BSC Parties Represented</b>	<i>Entergy-Koch Trading Limited</i>
<b>No. of Non BSC Parties Represented</b>	
<b>Non BSC Parties represented</b>	
<b>Role of Respondent</b>	<i>Trader</i>

<b>Q</b>	<b>Question</b>	<b>Response</b>	<b>Rationale</b>
1.	Do you believe Proposed Modification P139 better facilitates the achievement of the Applicable BSC Objectives? <i>Please give rationale and state objective(s)</i>	Yes	The modification would act to reduce the discriminatory treatment of interconnector BM units and this will promote effective competition in the generation and supply of electricity. Discriminatory charges act to disadvantage some parties, as they do not allow competition to occur on a level playing field. The modification also increases the efficiency of the interconnector by only applying the appropriate level of charges. The improved efficiency is likely to improve the balancing and settlement arrangements, as parties will be able to take actions without having to suffer unnecessary charges.
2.	Do you agree with the removal of the current limitation on Interconnector BM Units? <i>Please give rationale</i>	Yes	As noted above, there will be benefits from removing the current limitation in terms of the way in which parties can compete, and this should improve the flexibility and efficiency in the use of the interconnector.

Q	Question	Response	Rationale
3.	<p>If 'yes' to Question No. 2, do you agree that the establishment of a new class of Trading Unit (where the assets connecting the Boundary Points of the associated Interconnector and the other BM Units in the Trading Units are contiguous or dedicated) will better achieve the Applicable BSC Objectives? <i>Please give rationale</i></p>	Yes	<p>The new class of Trading Unit will better achieve the applicable BSC objectives by reducing discriminatory treatment, encouraging greater efficiency in asset use and by improving the competitive position of parties currently subject to high charging levels. The solution also takes a pragmatic approach in finding a reasonable balance in limiting the scope of the change, so that spurious BM trading units cannot be formed to the detriment of other system users.</p>
4.	<p>If 'no' to Question No. 3, which other description of a Trading Unit should be adopted? <i>Please give rationale</i></p>	Yes / No	
5.	<p>Do you believe there are any alternative solutions that the Modification Group has not identified and that should be considered? <i>Please give rationale</i></p>	No	
6.	<p>Does P139 raise any issues that you believe have not been identified so far and that should be progressed as part of the Assessment Procedure? <i>Please give rationale</i></p>	No	
7.	<p>Are there any further comments on P139 that you wish to make?</p>	No	