

Assessment Consultation Responses: P290 'Enabling ELEXON to participate in roles in support of the Smart Energy Code (SEC) Panel'

Consultation issued on 24 January 2013

We received responses from the following Parties

Company	No BSC Parties / Non-Parties Represented	Role of Parties/non-Parties represented
SmartestEnergy	1 / 0	Supplier / Consolidator
National Grid	1 / 0	Transmission Company
TMA Data Management Ltd	0 / 1	Party Agent
IBM UK Ltd for and on behalf of ScottishPower Group	7 / 0	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Distributor
Eggborough Power Limited	1 / 0	Generator
EDF Energy	10 / 0	Generator / Supplier / Party Agent / Consolidator / Exemptable Generator / Trader
RWE Npower	9 / 0	Supplier / Trader / Consolidator / Party Agent
Centrica	11 / 0	Generator / Trader / Supplier / BSC Party

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 Workgroup’s initial view that P290 does better facilitate the Applicable BSC Objectives than the current baseline?

Summary

Yes	No	Neutral/No Comment
4	4	0

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	In our opinion it better facilitates Objective D (“promoting efficiency in the implementation and administration of the balancing and settlement arrangements”). This is because we partly interpret the Objective more widely to refer to the efficiencies to be benefited by BSC Parties. This Modification would promote efficiency in the implementation and administration of the Settlement arrangements by ensuring that the SEC is delivered to the best quality and Settlement protected.
National Grid	No	<p>Whilst National Grid is not opposed to Elexon’s aspirations to undertake wider work, it considers that P290 would not help achieve the Applicable BSC Objectives, as explained below.</p> <p>P290 allows BSCCo to establish a subsidiary (SECACo) to carry out non-BSC activities within the BSC. National Grid considers that any BSC Modification that diverts the focus and resources of BSCCo or any of its subsidiaries away from the BSC activities could adversely impact the Applicable BSC Objective (d) of “promoting efficiency in the implementation and administration of the balancing and settlement arrangements”.</p> <p>Condition C3 of NGET’s licence requires that the BSC is a document “designed so that the balancing and settlement arrangements facilitate achievement of the objectives¹...”. As stated above, P290 is unlikely to facilitate Applicable BSC Objective (d) which means that it is likely to adversely impact the Applicable BSC Objective (a) of “the efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence”.</p>

¹ The 5 objectives in NGET’s licence are the same as the Applicable BSC Objectives.

Respondent	Response	Rationale
		National Grid considers that P290 is, in principle, similar to P289 which also proposed to expand the scope of the BSC beyond that which is currently set out in NGET's Licence. National Grid notes that P289 has been rejected by the Authority and one of the reasons for the rejection was the inconsistency with the Licence.
TMA Data Management Ltd	Yes	Applicable Objective d would be better facilitated by P290 thanks to the experience Elexon can apply during the bidding process and, should the bid successful, to the delivery of the SECA role.
IBM UK Ltd for and on behalf of ScottishPower Group	No	<p>ScottishPower does not agree with the Workgroup's initial view and believes that this modification in principle would not better facilitate the following Applicable BSC Objectives:-</p> <ul style="list-style-type: none"> • While the Transmission Licence describes the purpose and scope of the BSC and not BSCCo, the whole existence of BSCCo is because of the BSC, hence its unique structure, liability and funding arrangement. In our view, all activities of the BSCCo must necessarily relate to the BSC and, we therefore agree with National Grid that allowing BSCCo to pursue non-BSC activities in the way this modification proposes would detriment Objective (a) – efficient discharge of licence obligations. • Damages and liabilities involved in the SEC roles remain unclear and uncertain. This, along with the risk of potential service degradation and the imposition of non-BSC costs on BSC parties would be detrimental to Objective (c) – competition. • The identified 'benefit' is entirely conditional on SECACo winning the bid. However, while success in the endeavour is far from assured, failure could see the 'benefit' quickly turning into written off costs. We take the view that the risk outweighs the potential benefit in this case and the proposal therefore would not better facilitate Objective (d) – efficiency.
Eggborough Power Limited	No	<p>Eggborough Power Ltd (EPL) does not believe, given the rejection of P289, that this modification can be viable. It appears to face the same problems in terms of Grid's licence and the fact it opens BSC parties up to unjustified investments.</p> <p>The modification cannot better facilitate the BSC Objectives as the SEC, nor its operation, has a direct relationship with the BSC. The BSC uses a discreet</p>

Respondent	Response	Rationale
		set of rules for the purposes of operating the wholesale electricity market in an economic and an efficient manner.
EDF Energy	Yes	<p>Objective (d), promoting efficiency in the implementation and administration of the balancing and settlement arrangements, is relevant to the consideration of P289.</p> <p>In principle, we agree that Objective (d) would be better met against current baselines since:</p> <ul style="list-style-type: none"> • Elexon has an interest in ensuring the new SEC services are performed to a high standard in order to safeguard BSC Settlement. (We suspect there will be interactions between BSC requirements for timely and accurate data for settlement and the SEC requirements, although the extent of the interactions is currently unclear.) • If Elexon were to be successful in the SEC bid, BSCCo costs could be defrayed and also offset by revenue generated from the SEC activities. • Harmonised approaches for BSC and SEC administration could reduce participant costs in managing interfaces. <p>However, following Ofgem’s recent decision on P289, we believe this modification may also require an associated modification to National Grid’s Transmission Licence, in particular Condition C3 1(e), to explicitly permit BSCCo to undertake this additional activity. We note Ofgem’s comments on P289 that “BSC modifications should only be made for a purpose which is consistent with the scheme of Standard Condition C3, which concerns the proper execution of a balancing and settlement function; this does not include undertaking extraneous business activities, however profitable they may appear to be”. Ofgem appear to interpret the scope of the ‘balancing and settlement function’ as being tightly limited.</p>
RWE Npower	No	Whilst npower are supportive of ELEXON’s involvement in the SEC, we see these activities as sitting outside the BSC so find it difficult to see how P290 would better facilitate the BSC Objectives other than to their detriment with the risk that ELEXON’s focus would not solely be on BSC activities.
Centrica	Yes	Our comments in this consultation response reflect our views on P290 independent of potential objections against relevant objective a), the efficient discharge

Respondent	Response	Rationale
		<p>by the Transmission Company of the obligations imposed upon it by the Transmission Licence.</p> <p>We nonetheless note that Ofgem opined as follows on P289 in its recent <u>decision letter</u>:</p> <p><i>"BSC modifications should only be made for a purpose which is consistent with the scheme of Standard Condition C3, which concerns the proper execution of a balancing and settlement function; this does not include undertaking extraneous business activities, however profitable they may appear to be. National Grid's Transmission Licence would need to be amended (as was done in the case of the Warm Homes Discount scheme) to allow such additional business activities to be included in the BSC."</i></p> <p>Ofgem's comments on P289 would appear to have relevance to P290.</p> <p><u>Centrica views on P290 independent of potential objections against objective a)</u></p> <p>We believe P290 has relevance to objective (d), promoting efficiency in the implementation and administration of the balancing and settlement arrangements.</p> <p>P290 requires parties to take a view on whether the relatively certain costs (capped at up to £60k internal spend and up to £50k external spend) to BSCCo (ultimately BSC parties) of funding a SECACo bid are likely to be outweighed by the potential benefits of defrayed costs and accrual of shareholder returns – both of which would result in lower charges to BSC parties.</p> <p>Centrica believe that, provided Elexon carefully appraises the commercial attractiveness of the SEC support roles prior to incurring significant bid costs, the potential benefits of P290 can be considered probable enough to further objective d).</p> <p>We highlight two key factors in our support for P290:</p> <ol style="list-style-type: none"> 1. Elexon's skills and experience seem well matched to the SEC support roles and the roles are of a limited nature. There would therefore appear to be only a modest risk of the SEC support roles impairing business as usual BSC activities. We also note the additional resourcing protection for BSC parties in P290 arising from the proposed paragraph 3.5.2:

Respondent	Response	Rationale
		<p><i>"... BSCCo shall at all times act in a manner to ensure it has available to it such resources, including (without limitation) management and financial resources, personnel, fixed and moveable assets, rights, licences, consents and facilities, on such terms and with all such rights, as shall ensure that it is at all times able to discharge its powers, functions and responsibilities under the BSC in all respects."</i></p> <p>2. P290 would make SECACo a separate legal entity and limit BSC party exposure to bid costs of ≤£50k external expenditure and ≤£60k internal expenditure. Any services provided by BSCCo to SECACo following a successful SECA bid would be provided on normal commercial terms i.e. beneficial to BSC parties.</p> <p>Were P290 to expose BSC parties to greater costs and risks than what is in fact proposed, the benefit against objective d) would inevitably be reduced – and could even become null or negative. We therefore underscore the importance of the ring-fencing protections in P290, the cap on bid costs and the requirement for any services from BSCCo to SECACo to be on normal commercial terms.</p> <p>Finally, we note that the competitive pressure created by Elexon’s participation in any future SECA tender process will likely result in ancillary benefits to SECA customers, some of whom may also be BSC parties. Elexon’s participation in a SECA tender process would guarantee a level of service quality and price competitiveness of SECA services, which may not be forthcoming absent Elexon’s participation. We accept that the relevance of this point to the BSC objectives is arguable.</p>

Question 2: Do you agree with the Workgroup that the draft legal text delivers the intention of P290?

Summary

Yes	No	Neutral/No Comment
6	1	1

Responses

Respondent	Response	Rationale
SmartestEnergy	No comment	-
National Grid	Yes	-
TMA Data Management Ltd	Yes	-
IBM UK Ltd for and on behalf of ScottishPower Group	Yes	ScottishPower agrees that the legal text has been reviewed extensively under P289 and is appropriate for the intention of P290.
Eggborough Power Limited	No	11.1.1 – should this not say the maximum amount that can be paid? It should also specify that they will buy 100% and not a proportion or stake in a company. 11.2.1 – there should be no “credit”, it is a formal loan. 11.2.5 – this should be an audit by BSCCo so it can be seen by BSC parties.
EDF Energy	Yes	We believe the intention of P290 is captured in the draft legal text.
RWE Npower	Yes	-
Centrica	Yes	-

Question 3: Do you agree with the Workgroup's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment
7	1	0

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	1 working day is consistent with the normal approach for this sort of modification.
National Grid	Yes	National Grid agrees with Workgroup recommendation that P290 be implemented 1 Working Day after approval by the Authority.
TMA Data Management Ltd	Yes	As P290 is a Code only change, an implementation date of 1WD after the Authority's decision is adequate.
IBM UK Ltd for and on behalf of ScottishPower Group	Yes	ScottishPower agrees that in view of the expected SEC bid timescale, should this modification be approved, implementation should be at the earliest opportunity following the Authority Decision.
Eggborough Power Limited	No	The modification, if approved, should not be implemented until all of the documents relating to the SEC are put in place. Prior to being put in place they need to be consulted on. This should include documents such as the Shareholder Agreement and dividend policy.
EDF Energy	Yes	Given that P290 would be a Code-only change, with no impact on central systems or on BSC Parties or Party Agents, we agree P290 can be implemented 1 Working Day following the Authority's decision, if approved.
RWE Npower	Yes	-
Centrica	Yes	No BSC party system and process changes arise as a result of P290, so immediate implementation should be feasible.

Question 4: Do you agree with the Workgroup that there is no Alternative Modification within the scope of P290 which would better facilitate the Applicable BSC Objectives than the Proposed Modification?

Summary

Yes	No	Neutral/No Comment
7	1	0

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	We considered the option of Elexon seeking private investors as an alternative funding mechanism but came to the conclusion that it is not a feasible option as it is not an attractive investment. In addition, although BSC parties may lose the costs that the bid demands they would also lose control of some of Elexon's activities and miss out on the potential cost reductions.
National Grid	Yes	-
TMA Data Management Ltd	Yes	-
IBM UK Ltd for and on behalf of ScottishPower Group	Yes	ScottishPower notes the consideration by the workgroup of the potentials from P289 and agrees that due to the timescale involved, there is no other viable alternative. If more time were afforded, we believe an alternative via the P284 route could be pursued.
Eggborough Power Limited	No	The subsidiary could be set up by those BSC parties that wish to invest in a new business. The BSCCo could be a minor shareholder, but use the funds of those parties wishing to invest to make sure they cover the majority of the costs and carry the risks associated with a new business venture.
EDF Energy	Yes	As highlighted by the work group, we believe a private investor would want a share of the potential benefits, over and above recovery of its initial contribution. The 'private investor' proposal would therefore reduce the potential benefits to BSC Parties and does not appear to be a viable Alternative.
RWE Npower	Yes	The workgroup suggest that due to the timescales given for this modification there is no time to search for private investment.

Respondent	Response	Rationale
Centrica	Yes	We agree with the workgroup's discussion on potential alternatives, in particular the conclusion that none of them represented a better solution than P290.

Question 5: Do you agree with the Workgroup that, if ELEXON were to undertake the SEC activities, these should be carried out by a subsidiary company

Summary

Yes	No	Neutral/No Comment
8	0	0

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	The modification did not specify an approach but we are satisfied with this one.
National Grid	Yes	Notwithstanding our views that P290 is inconsistent with the NGET Licence, it would be more appropriate for a BSCCo subsidiary to carry out SEC activities as this approach would be more transparent (e.g. regarding risk exposure to SEC activities).
TMA Data Management Ltd	Yes	Given the assumption that the SECA role is similar in scale to the BSCCo role, the creation of a subsidiary company is more appropriate.
IBM UK Ltd for and on behalf of ScottishPower Group	Yes	ScottishPower agrees, noting the expected considerable efforts of SEC roles, that the subsidiary model (as compared to BSCCo carrying out the activities) would be preferred, as it would provide better protection against risks and liabilities for BSC parties. However, we believe a P284 contract model would be the best solution.
Eggborough Power Limited	Yes	However, the commercial arrangements around the relationship between BSCCo and its subsidiary need to be transparent and subject to industry consultation.
EDF Energy	Yes	Creation of a subsidiary company would help to create a clear distinction between BSC activities and SEC activities, in particular transparency of costs, particularly while the full scope and cost of SEC activities remains uncertain.
RWE Npower	Yes	-
Centrica	Yes	The establishment of a subsidiary company would allow the risks of SECACo to be properly ring-fenced and would facilitate arm's length commercial arrangements and accounting transparency between BSCCo and SECACo. These attributes are consistent

Respondent	Response	Rationale
		with the intended benefits of P290.

Question 6: Do you believe the funding arrangements for ELEXON participating in the SEC award process are appropriate?

Summary

Yes	No	Neutral/No Comment
3	5	0

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	As already mentioned we do not think seeking private investors is feasible.
National Grid	No	National Grid considers that keeping liabilities out of the BSC as much as possible would be preferable to retaining them within the BSC. This would also ensure that there are no cross-subsidies between BSCCo and SECACo, and that the BSC Parties are not mandated to provide funding for non-BSC activities.
TMA Data Management Ltd	No	We do not believe that the funding arrangements are appropriate but there is no other solution to allow Elexon to bid for the SECA work and use the years of experience of its role as BSCCo to the benefits of the Industry for Smart Metering.
IBM UK Ltd for and on behalf of ScottishPower Group	No	It is not appropriate to mandate BSC parties to fund this non BSC activity, particularly when there is a risk that there could be write off costs with no benefit and that some parties may not get their money back. Furthermore, Parties not involved in SMART industry may not want to invest in this area.
Eggborough Power Limited	No	Parties should be able to opt out of funding these sorts of arrangements if they wish to. Companies like EPL should not be forced to invest in non-core activities. We have no interest in the smart programme, though appreciate that others do. If suppliers, or other BSC parties do want to fund these arrangements that should be their choice.
EDF Energy	Yes	A provision for a maximum of £50k in third party costs and an estimated internal cost capped at £60k seem reasonable. We also note that these costs would be repaid to Parties should ELEXON win the SEC roles and that the costs would be written off if ELEXON was unsuccessful.
RWE Npower	No	Although the funding required for SEC participation is

Respondent	Response	Rationale
		lower than that needed for tendering for the DCC, we believe the same concerns we raised over P289 apply to P290. Specifically, the lack of transparency over the level of under spends that has been accrued over the financial year.
Centrica	Yes	See our response to Question 1.

Question 7: Do you believe there would be benefit in ELEXON participating in the SEC bid process?

Summary

Yes	No	Neutral/No Comment
6	2	0

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	We hope that ELEXON's participation in the award process would enhance any competition, leading to depressed tender prices and improve the offers of competing bidders (benefiting Government, electricity and gas suppliers and the consumer).
National Grid	Yes	<p>National Grid considers that there is benefit in BSCCo's participation in the SEC bid process as this has the potential to promote efficiency in the BSC arrangements. However, National Grid considers that these efficiencies are more likely to be realised at minimal risk to the BSC activities via P284 (i.e. the current baseline) than P290.</p> <p>National Grid does not consider that the wider benefits such as additional competition in the SEC tender process should form part of P290 assessment as these are not relevant to the Applicable BSC Objectives. Instead, these benefits may be considered by the Authority as part of its wider statutory obligations.</p>
TMA Data Management Ltd	Yes	The role of SECA, even if undefined at this stage, is likely to be extremely similar to the BSCCo. Elexon's is a valid contender to the SEC bid; therefore its participation is beneficial.
IBM UK Ltd for and on behalf of ScottishPower Group	No	As far as BSC parties are concerned, there is no benefit. Elexon is already actively involved in the development of the SMART arrangement through its SMIP programme. One could argue that there is more benefit to the wider (SMART) industry through more potential competition. However, one has to recognise that the majority of BSC parties have no direct involvement in the implementation of SMART metering.
Eggborough Power Limited	No	There is no benefit if it creates additional risks for the BSC parties, such as a potential degradation of BSC

Respondent	Response	Rationale
		<p>services and financial risks. While it may have been possible for Elexon to add to the competitive process under a contract model, the risks to parties like us is unacceptable.</p> <p>EPL generally feels that the SEC sits better with Elexon than the DCC did, but without seeing a robust business case, nor the commercial documents that are needed to protect BSC parties interest it feels like a process that is being undertaken on the hope of some profits at sometime in the future. This does not seem to be a very robust way to launch a new business.</p>
EDF Energy	Yes	<p>In principle, we believe Elexon’s participation in the competition for SEC administration/secretariat roles would increase competitive pressure and should increase the overall choice in quality and cost. Elexon has expertise and experience in code administration and providing secretariat support to industry arrangements. We also recognise the wider benefits of the knowledge, experience and expertise Elexon could bring to the role, if successful in a bid. These benefits to SEC parties are outside the scope of the BSC, and in addition to the BSC benefits identified in response to question 1.</p> <p>It is difficult to quantify the BSC benefits as the anticipated defrayed cost is currently unclear. In this regard, we acknowledge concerns raised by some work group members. However, on balance, we believe there is benefit in Elexon participating in the SEC bid process.</p>
RWE Npower	Yes	<p>Npower believe having ELEXON in the bidding process would add further competition and their expertise would be beneficial to the process.</p>
Centrica	Yes	<p>See our response to Question 1.</p>

Question 8: Do you believe that P290 meets the Ofgem Expansion Criteria?

- (a) BSC Parties should benefit from any diversification
- (b) The arrangements should not place disproportionate risk on BSC Parties
- (c) Standards of Service under the BSC should be maintained
- (d) ELEXON's BSC role should not give it any undue competitive advantage in a contestable activity

Summary

	Yes	No	Neutral/No Comment
(a)	5	3	0
(b)	4	3	1
(c)	5	3	0
(d)	5	1	2

Responses

Respondent	Response and Rationale
SmartestEnergy	<p>(a) Yes</p> <p>BSC Parties could potentially benefit from an annual reduction in costs.</p> <p>Benefit from protecting Settlement.</p> <p>(b) Yes</p> <p>The SEC roles are low risk activities, of limited financial value when compared to other smart opportunities, and also are very similar to the types of services already provided by Elexon. Risk reduced by using a subsidiary company.</p> <p>(c) Yes</p> <p>It is a very similar role to what Elexon already undertakes and Elexon would still have to answer to BSC parties.</p> <p>(d) Yes</p> <p>No more advantage than other central bodies which provide Code Administration services.</p>
National Grid	<p>(a) No</p> <p>Given the inconsistency of P290 with NGET's Licence, it is questionable whether such benefits should be considered at all. In rejecting P289, a proposal similar to P290, the Authority stated that: "In summary, BSC modifications should only be made for a purpose</p>

Respondent	Response and Rationale
	<p>which is consistent with the scheme of Standard Condition C3, which concerns the proper execution of a balancing and settlement function; this does not include undertaking extraneous business activities, however profitable they may appear to be.”</p> <p>(b) No</p> <p>National Grid considers that, although the SEC role is relatively small (e.g. when compared with the establishment of the DCCCo under P289) and the risks may be lower than those under P289, the two modifications are similar in principle. For example, both require the BSC Parties to pay for the bid process without certainty of any benefits. In National Grid’s view, this may amount to placing disproportionate risk on the BSC Parties. National Grid notes that the Authority expressed similar views in their decision letter for P289: “... we agree with the Panel that it is not appropriate effectively to mandate BSC parties to pay for a non-BSC service, when the potential benefits are uncertain and have not been quantified.”</p> <p>(c) No</p> <p>P290 may divert the focus and resources of BSCCo (in the form of SECACo resources) away from the BSC activities. This may adversely impact the high standards of service set by the BSCCo and may outweigh any benefits that may materialise from sharing of knowledge and resources between the BSCCo and SECACo.</p> <p>(d) Neutral</p> <p>National Grid has insufficient knowledge to assess whether P290 would give the BSCCo undue competitive advantage in a contestable activity.</p>
TMA Data Management Ltd	<p>(a) Yes</p> <p>The BSC parties will benefit from reduction of fixed costs, this will only be realised if the bid is successful.</p> <p>(b) Yes</p> <p>-</p> <p>(c) Yes</p> <p>-</p> <p>(d) Yes</p> <p>Elexon’s BSC role is an advantage in the bidding process but does not provide any undue competitive advantage.</p>
IBM UK Ltd for and on behalf of ScottishPower Group	<p>(a) Yes</p> <p>In theory, one expects benefits from defraying of costs and dividends payment. However, the magnitudes of these are unknown and uncertain and it would only benefit if the bid is successful. If the</p>

Respondent	Response and Rationale
	<p>bid fails, there would be a definite write off cost of £110k.</p> <p>(b) Neutral</p> <p>The arrangement could cost BSC parties £110k (if the bid fails). Without any measure of benefits, it is not possible to determine whether this risk is proportionate.</p> <p>(c) No</p> <p>There remains a potential risk that BSC service could degrade if there are resource (experience/expertise – not numbers) constraints and SEC roles take precedent due to their profit making nature.</p> <p>(d) Neutral</p> <p>While Elexon’s BSC role does not give any undue competitive advantage, one could argue that if P290 is approved, Elexon would gain undue advantage through special treatment and subsidy.</p>
Eggborough Power Limited	<p>(a) No</p> <p>EPL can see no benefit for those parties who have no interest in the SEC or what it does. There is no business plan for us to judge whether claims about benefits look reasonable. It is unfortunate that Elexon has not shared such plans with BSC parties.</p> <p>(b) No</p> <p>EPL does not want to face any risks from mandatory contractual arrangements. While the initial capital outlay is small, without a business plan we cannot tell if there is the potential to create additional risks in future for which parties like us will become liable.</p> <p>(c) No</p> <p>Again, without the copies of the contracts that would exist between BSC and SEC activities we cannot tell if service levels will be maintained or not.</p> <p>(d) No</p> <p>We suspect that the lack of a robust contracting regime means that the SEC may well benefit from use of BSCCo’s expertise and resources; creating an undue advantage.</p>
EDF Energy	<p>(a) Yes</p> <p>In principle, we believe BSC Parties could benefit from the diversification but we note that there is uncertainty.</p> <p>(b) Yes</p> <p>We do not believe the proposal will place a disproportionate risk on BSC parties because the proposal creates a separate legal entity for non-BSC activities.</p>

Respondent	Response and Rationale
	<p>(c) Yes</p> <p>There is a new obligation in the legal text to ensure that standards of service under the BSC will be maintained.</p> <p>(d) Yes</p> <p>Since within-group services will be at arms-length on commercial terms, we believe condition (d) will be met.</p>
RWE Npower	<p>(a) No</p> <p>There is a risk that the monies used to fund this will be lost if the tender is unsuccessful – therefore we cannot agree that P290 <u>will</u> provide a benefit to BSC Parties.</p> <p>(b) No</p> <p>There is a risk that the monies require to tender will be lost if ELEXON are unsuccessful.</p> <p>(c) Yes</p> <p>Only if there is transparency provided to BSC Parties on how the subsidiary would work and how staff will be allocated to each different business.</p> <p>(d) Yes</p> <p>-</p>
Centrica	<p>(a) Yes</p> <p>See our response to Question 1.</p> <p>(b) Yes</p> <p>See our response to Question 1.</p> <p>(c) Yes</p> <p>See our response to Question 1.</p> <p>(d) Yes</p> <p>-</p>

Question 9: Do you have any further comments on P290?

Summary

Yes	No
3	5

Responses

Respondent	Response	Comments
SmartestEnergy	No	-
National Grid	No	-
TMA Data Management Ltd	No	-
IBM UK Ltd for and on behalf of ScottishPower Group	Yes	<p>While the cost is limited to £110k, ScottishPower remains concerned that it would be very difficult for BSC Parties to refuse further funding as the process unfolds (once started).</p> <p>ScottishPower notes the Authority decision in rejecting similar proposal P289, in particular, its agreement (with National Grid) that such non-BSC activity would impact the Transmission Licence and that insufficient evidence has been presented to demonstrate that P289 better facilitates the Applicable Objectives. We believe, as the issues and arguments in P290 are the same as P289 that, apart from its detrimental effect on competition mentioned above, there is even less evidence presented to demonstrate that P290 better facilitates the Applicable Objectives, and that its impact on the Transmission Licence remains true as P289.</p>
Eggborough Power Limited	No	-
EDF Energy	Yes	<p>In the light of the P289 decision, Elexon management and the BSCCo Board could consider whether the P284 solution could be utilised, if the ultimate aim of Elexon management is to bid for the SEC. For example, the secretariat function (rather than the entire function of BSCCo under the BSC) could be outsourced to "New Elexon" provided that it could be demonstrated that this would offer good value for BSC Parties. New Elexon, as previously proposed, could then bid for the SEC or any new business development opportunity without the constraints of the BSC.</p>

Respondent	Response	Comments
RWE Npower	Yes	Following Ofgem's decision to reject P289, it is unclear how P290 differs in its arrangements from P289 other than the role and the sums of money involved.
Centrica	No	-