

Report Phase Consultation Responses

P315 'Publication of Gross Supplier Market Share Data'

This Report Phase Consultation was issued on 18 August 2015, with responses invited by 12pm on Wednesday 2 September 2015.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
SmartestEnergy Limited	1/0	Supplier
E.ON	7/0	Generator; Supplier; Non Physical Trader; Interconnector User
National Grid Electricity Transmission plc	1/0	Transmission Company
Cornwall Energy	0/1	Other
GDF SUEZ Energy UK	1/0	Supplier
Opus Energy Ltd	1/0	Supplier
EDF Energy	9/0	Generator; Supplier; Non Physical Trader

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Responses

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Version 1.0

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Question 1: Do you agree with the Panel's initial recommendation that the P315 Proposed Modification should be rejected?

Summary

Yes	No	Neutral/No Comment
4	1	2

Responses

Respondent	Response	Rationale
SmartestEnergy	No comment	-
E.ON	No [neutral]	We neither strongly support nor object to this proposal but overall are not convinced that it would be an improvement or the work or cost involved justified, especially when the industry has to cope with many forthcoming changes.
National Grid	Yes	<p>We believe that the Proposed Modification better facilitates the BSC Objectives than the baseline but that the Alternative Modification better facilitates the BSC Objectives than the Proposed Modification.</p> <p>This is because the Alternative Modification proposes publishing more information than the Proposed Modification and we cannot identify anything obviously detrimental against BSC Objectives (b) and (c) associated with this incremental increase in published information that outweighs the positives associated with it.</p>
Cornwall Energy	Yes	<p>We agree with the Panel's initial recommendation that the P315 proposed modification be rejected.</p> <p>a) In relation to objective B (The efficient, economic and co-ordinated operation of the National Transmission System) we do not agree with the panel members that BSC parties will be able to gain an advantage from the publication of the P315 data, data which BSC parties already have access to, in order to improve their forecasting and reduce the imbalance volume for the Transmission Company to access.</p> <p>b) We do agree that the Transmission Company would benefit from having greater visibility of SVA embedded generation, but benefits are likely to be more limited than suggested. Greater visibility will aid in forecasting but aiding in system efficiency and operability will require a step change in the behaviour of these market participants, also ignoring</p>

Respondent	Response	Rationale
		<p>the large number of unmetered generators embedded in the system. In addition we do not believe this modification is the best method for addressing the System Operator's lack of visibility, the cost of providing a market wide report is in excess of the benefit derived by the SO.</p> <p>c) The modification confuses two objectives of helping the System Operator balance better and forcing disclosure of commercially sensitive information. To aid the System Operator, confidential release to it of information by region, meter type or even supplier may be appropriate. A separate BSC modification to this end would better meet BSC objectives if it enables the SO to fulfil its balancing responsibilities better.</p> <p>d) In relation to objective C (Promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity) we agree with the panel members which remarked the market is already transparent compared with other industries and increased transparency is not necessary, with the information released potentially more useful to incumbents, leading to a negative impact on competition. We would also argue there is a difference between types of consumers being exposed for example the difference between participants with large shares of sticky or legacy customers and companies which have more engaged consumers won through competition in the retail market, it would be in the interest of the market to expose only the market share of consumers that have not switched within a defined period. Even then this modification ignores those consumers that switch tariffs at the same supplier and could send a distorted view of consumer engagement by making the market look less active than it actually is. This could be disadvantageous to new entrants by encouraging them to join a market that appears different to how it actually operates.</p> <p>e) Concerns remain about the demand for this modification, this information is currently commercially available from third party suppliers, the RPC report notes on page 28 a summary of consultation responses that favoured publication of P315 data. However it ignores the strong sentiment against the modification from independent suppliers, in the Assessment Consultation responses there</p>

Respondent	Response	Rationale
		<p>were 12 respondents, the seven in favour included two independents and three of the Big Six while those against included four independents.</p> <p>f) In relation to aiding new entrants, no confirmation has been provided of how this information would have helped any BSC parties which were going through the market entry process. It is cited that the cost of accessing this information from third party providers is a barrier to entry. However paying the licence to access the P315 data is a similar barrier as most prospective new entrants would be seeking this information before becoming BSC parties, with third party reports extra analysis and data segregation is provided making the data more useful. Therefore the current situation is better than the P315 solution and the modification is an expensive way of saving a supplier a subscription to a commercial report. The market already provides much of the envisaged information and the modification proposes to use consumer money (through Elexon charges) to replicate an already existing service for an at best marginal benefit and at worst competitive detriment.</p>
GDF SUEZ Energy UK	Yes	<p>We maintain our previous standpoint that P315 does not increase competition within the market place and in fact would have the opposite intended effect.</p> <p>The data would require additional resource requirements that companies in an embryonic state would be unlikely to be able to support. In addition, there has still never been reasonable evidence presented that there is an issue with the current level of information that is available to market participants.</p>
Opus Energy	Yes	Please see response to Question 2.
EDF Energy	[neutral]	<p>The materiality of benefits against BSC objectives, and the disbenefits claimed by some respondents to previous consultation, are uncertain. On balance, we think the uncertain net benefits probably outweigh the implementation costs (£80k), if only in avoiding effort expended across industry to estimate various market sector shares, and in making GSP Group aggregate data by various classes available more easily to a wider audience.</p> <p>Increased visibility of the numbers of customers/meters by broad type and size and their contribution to individual supplier electricity volumes should promote competition by allowing existing and prospective suppliers and other market participants to better</p>

Respondent	Response	Rationale
		<p>understand market opportunities and trends in the markets for electricity supply and licence exemptable generation.</p> <p>Increased visibility and prompt reporting of the numbers of customers/meters by broad type and size and their contribution to GSP Group totals should promote competition and efficient system operation by allowing market participants to better understand and forecast underlying levels of electricity demand and licence exempt generation within GSP Groups. Most of this information is already available to Suppliers, but the proposal would make it more readily available to other market participants.</p> <p>The benefits of transparency in meeting BSC objectives are hard to quantify. The BSC is already more transparent than most other market arrangements, and the value of additional transparency is uncertain. The net benefit of a particular level of transparency compared to the administrative cost of delivering it and using it is necessarily subjective. It is difficult to say definitively whether the benefits would outweigh the implementation costs (indicated as £80k), but on balance we think there is a good chance that BSC Objectives would be better met overall.</p>

Question 2: Do you agree with the Panel's initial recommendation that the P315 Alternative Modification should be approved?

Summary

Yes	No
3	4

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	-
E.ON	No [neutral]	The Alternative Solution adds more data request to the proposal. As discussed in Question 1 we neither strongly support nor object to the proposal because we are not convinced the benefits outweigh the costs involved. The alternative will involve more system and administration work and data publication than the proposal. Hence for the same reason as the proposal we stay neutral for Question 2.
National Grid	Yes	<p>We believe that the Alternative Modification better facilitates the BSC Objectives than both the current baseline and the Proposed Modification.</p> <p>We believe that the Alternative Modification better facilitates BSC Objective (b) compared to the current baseline as the additional information available will be beneficial to the Transmission Company (alongside our existing processes and data sources) both in relation to our demand forecasting and charge-setting activities. This is because it will allow better visibility of embedded generation impacts which are becoming increasingly relevant from a system operator perspective.</p> <p>We believe that Alternative solution better facilitates BSC Objective (c) compared to the current baseline as the increased transparency as a result of the additional data is likely to increase general understanding of how the market operates and thus support competition.</p>
Cornwall Energy	No	Please see answer to question 1
GDF SUEZ Energy UK	No	Despite the increased level in the removal of potentially sensitive market data within P315 Alternative, our main concerns raised in the response to Q1 remain.
Opus Energy	No	1) We do not agree with the proposer's reasons for raising this modification. There is no real justification provided, only a loose reason citing improved competition.

Respondent	Response	Rationale
		<p>2) The proposed information to be made available is commercially sensitive and so should not be made publically available but should remain confidential. For example, information currently available via consultants is pulled together from data that suppliers provide to those consultants but this is the supplier's choice and doesn't necessarily mean there is an argument for the data to be published.</p> <p>Although the Alternative Proposal has been amended, we do not believe that it sufficiently addresses those concerns raised in previous consultation stages.</p> <p>Our understanding is that no Supplier ID level information will be accessible at GSP level and that for any Supplier that has a small market share (approximately 1% of the respective domestic or non-domestic market shares) would not be published individually.</p> <p>For Suppliers exceeding the reporting threshold, it will show, by Supplier ID, but at a GB level rather than GSP level:</p> <ul style="list-style-type: none"> • The total volume of electricity per Supplier ID; and • The total number of MPANs registered per Supplier ID. <p>Although we recognise that the Workgroup have proposed these amendments in response to concerns raised in previous consultation rounds, we still firmly believe that larger Suppliers in particular, who would be best placed to have the required resources to do so, could potentially utilise the proposed information together with other data available in order to obtain a more granular view of competitive Supplier activity.</p> <p>The proposed reporting threshold which equates to approximately 1% market share is too low to "protect" all but the very smallest suppliers and would introduce a non-level playing field for data disclosure. In its current form, P315 would be most damaging to those independent suppliers that have been most successful in establishing themselves in the market. Once a supplier's market share exceeds the threshold, the disclosure of what is commercially sensitive data would lead to a greater likelihood of a response.</p> <p>The proposed solution seeks to resolve a matter for which there is no obvious defect.</p>
EDF Energy	Yes	The additional benefits are uncertain. On balance, given the small incremental cost over the proposal (104 £k vs

Respondent	Response	Rationale
		<p>80 £k) we think the potential benefits could outweigh the additional cost, although there is no certainty.</p> <p>Provision of historic GSP Group Consumption Component Class (export/import, metered/unmetered, HH/NHH, losses/non-losses) aggregate data to a wider audience not currently entitled to it (rather than just prevailing data as under the proposal) might assist forecasting by that audience, by helping to identify trends.</p> <p>Provision of GSP Group aggregate annualised matrix data (Profile Class, Standard Settlement Class, Time Pattern Regime, Line Loss Factor Class, Distributor) daily going forward from implementation might assist forecasting by making underlying trends clearer (eg. it is less sensitive to transient short term conditions such as time of day/week/year, weather, half-hourly corrections).</p> <p>Better forecasting of both underlying demand and licence exemptable generation by Suppliers individually and by the System Operator collectively should allow more efficient planning of generation operation and reduced short-notice balancing costs.</p>

Question 3: Do you agree with the Panel's initial recommendation that the P315 Alternative Modification is better than P315 Proposed Modification?

Summary

Yes	No
4	3

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	-
E.ON	No [neutral]	Following the same argument listed in Question 1 and 2 we are neutral in choosing between the proposal and the alternative.
National Grid	Yes	<p>We agree with the Panel's initial recommendation that the P315 Alternative Modification is better than the P315 Proposed Modification against BSC Objectives (b) and (c).</p> <p>We believe that, due to the increased amount of additional data that is made available under the P315 Alternative Modification, this better facilitates objective (b) compared to the Proposed Modification. This is because the breakdown of the data in the D0082 by NHH Profile Class may be useful to both our demand forecasting and charge-setting activities and we also support making two years' historical P0276 available upon implementation.</p> <p>In relation to objective (c) we consider the additional information provided under the Alternative (compared to the Proposed) to be beneficial in terms of increasing general understanding of both new and existing market participants and thus supporting competition.</p>
Cornwall Energy	No	BSC parties already have access to the additional data provided by the alternative solution, and the need for the additional data is only applicable to the System Operator and we believe there are more efficient solutions to providing the SO with the data.
GDF SUEZ Energy UK	Yes	Insofar that P315 Alternative increases data protection it still does not support the applicable BSC objectives.
Opus Energy	No	In line with our response to Question 2, we are opposed to both the Proposed and Alternative Solutions. Rather than meeting the BSC Objective to promote competition, in particular from an independent supplier perspective, publication of this data could act as a barrier to

Respondent	Response	Rationale
		competition. Adequate market share information is already available from other sources and is fit for purpose. We do not believe that potential benefits to participants exceed the costs.
EDF Energy	Yes	See response to question 2. The additional benefit is very uncertain, but the additional cost is relatively small, and the potential benefits could outweigh the additional costs.

Question 4: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P315?

Summary

Yes	No	Neutral/No Comment	Other
1	2	3	1

Responses

Respondent	Response	Rationale
SmartestEnergy	No comment	-
E.ON	No [no comment]	As we are neutral on the proposal hence we would not like to comment on the legal text for the proposal.
National Grid	[no comment]	-
Cornwall Energy	N/A	No Comment.
GDF SUEZ Energy UK	Yes	N/A
Opus Energy	No	No comment.
EDF Energy	Unsure	<p>It is disappointing that the existing misleading use of the word "consumption" in Section S of the BSC (and its associated annexes) to represent both import and export is further extended by the legal text for this proposal (eg. Quarterly Supplier Energy Consumption, Supplier Consumption Reporting Group). The BSC is sometimes criticised for complexity, and this misleading terminology inherited from a time when there was very little export to distribution systems does not help understanding. In particular, for a modification proposal specifically concerned with identifying export and import separately, use of the term consumption for classifying flows in both directions seems inappropriate.</p> <p>The terminology used for subscripts and superscripts and their relevance in summations is not consistent throughout the BSC. This is particularly apparent in section S, and due to this complexity we have not been able to complete further detailed review of the revised legal text in time for this response. Hopefully, even if there are ambiguities or inconsistencies in terminology in the legal text, the modification report itself is clear on the intent, and a solution meeting this will be delivered. The materiality of any misunderstanding of the legal text should be limited to potential IT costs; we wouldn't</p>

Respondent	Response	Rationale
		<p>expect there to be any material wider commercial impacts between participants.</p> <p>At Annex S-2, we are unsure whether the subscript N(c) and summations at 9A.1 and 9A.2 should be limited to CCCs representing “active import” (although only used for import Reporting Groups 1-3 at 9A.4(a)), and unsure about using the same nomenclature for both losses and non-losses CCCs.</p> <p>At 9A.4(b), clarity would be added by specifying the HH Groups within the brackets, as for the NHH groups.</p> <p>At 9A.5, there is a defined term d(q) in Table X-4 for the number of days in a calendar quarter, which could be used in the denominator of the expression and might be easier to understand. The term does not appear to be used anywhere else and could otherwise be removed from the proposal?</p> <p>We still think it inappropriate that there is no explicit legal text concerning reporting of CVA data as described in the modification report. We assume this can be relatively easily obtained from existing CVA data, but without explicit legal text it is not clear exactly what this data would be, who would determine it, and how it would be reported. Supplier Consumption Reporting Groups are only described and defined in terms of SVA values (eg. Annex S-2 and Table X-9).</p> <p>Annex V-1 Table 7: The report contains (according to section 9A) corrected consumption including losses; description just as “consumption plus losses” could be misleading.</p> <p>There is no description of how or where the GSP Group Market Matrix Report which would be made available to “Any person (on request)” under the alternative proposal (Annex V-1 Table 7) would be provided. Table 7 relates to reporting by SVAA, but the draft modification indicates it would be reported on the Elexon Portal.</p> <p>More generally, the relationship between SVAA (and SAA in relation to CVA data), Elexon and its websites and reporting to “any person” under P315 is unclear. Eg. Proposed Section V 4.2.12 simply says “...Data shall be published on the BSC Website”. By implication, this is Elexon acting on data provided by SVAA to it (rather than directly to any party), but this could be more explicit. Similarly for CVA data.</p>

Question 5: Do you agree with the Panel's recommended Implementation Date?

Summary

Yes	No
5	2

Responses

Respondent	Response	Rationale
SmartestEnergy	Yes	-
E.ON	Yes	-
National Grid	Yes	This is the earliest BSC System Release in which the changes can be made.
Cornwall Energy	No	The modification should not be implemented.
GDF SUEZ Energy UK	Yes	CONFIDENTIAL Due to the numerous industry changes at present (Project Nexus, P272 etc.) then the latter proposed implementation date of 3rd November 2016 would be preferable to ensure that P315 did not detract from successful delivery of additional MODs.
Opus Energy	No	Although it should be feasible to facilitate implementation by the dates stated, for the reasons specified above we do not support any of the options for this proposal.
EDF Energy	Yes	(30 June 2016, if the Authority's decision is received on or before 22 October 2015; or 3 November 2016 if the Authority's decision is received after 22 October 2015 but on or before 25 February 2016.) Yes, given there are no direct impacts on participant systems or processes, and central implementation costs have been determined according to this timetable.

Question 6: Do you have any further comments on P315?

Summary

Yes	No
4	3

Responses

Respondent	Response	Rationale
SmartestEnergy	No	-
E.ON	No	-
National Grid	No	n/a
Cornwall Energy	Yes	<p>Market share information is useful to market participants and observers where it illustrates market structure. The retail markets are dominated by large participants and releasing the market share of their smaller rivals will not bring any immediate benefits in terms of competition, and risks distorting competition.</p> <p>The modification group has been strongly biased by service providers seeking to leverage the BSC to the detriment of commercial market share reporters. Given these services already exist commercially, it is hard to see making the information available via a different route and at a new cost will increase market efficiency.</p>
GDF SUEZ Energy UK	Yes	<p>Despite numerous requests, there has still never been any evidence presented to suggest that current industry practice regarding market data is insufficient or anti-competitive.</p> <p>The fact that independent suppliers' market shares are increasing to the detriment of the Big 6 would suggest that the opposite situation is true.</p> <p>The increased data provided in P315/P315 Alternative would simply ensure that the larger suppliers, would have access to increased levels of information about smaller suppliers, and they would be the ones who would also have sufficient resources by which to interrogate this data.</p>
Opus Energy	Yes	<p>We do not believe that any of the perceived benefits from this proposal exceed the costs. Adequate market share information is already available from other sources and is fit for purpose.</p> <p>There is no real justification provided for the proposal, only a loose reason citing improved competition. The</p>

Respondent	Response	Rationale
		<p>follow up consultations did not fully address concerns raised by respondents; in particular those raised by independent suppliers who, in our opinion, are most likely to be disadvantaged by the proposals.</p> <p>Rather than facilitating competition, we share the views of a number of respondents to earlier consultation rounds that it could potentially hinder it by disclosing the supply bases of companies that have competed their way into the market over a number of years. There is a risk that larger Suppliers, with greater information processing resources could utilise the proposed information to gain a competitive advantage.</p> <p>The proposed reporting threshold which equates to approximately 1% market share is too low to “protect” all but the very smallest suppliers and would introduce a non-level playing field for data disclosure. In its current form, P315 would be most damaging to those independent suppliers that have been most successful in establishing themselves in the market. Once a supplier’s market share exceeds the threshold, the disclosure of what is commercially sensitive data would lead to a greater likelihood of a response from larger suppliers.</p> <p>A number of independent suppliers have expressed their concerns with the P315 proposals. Suppliers should be given the opportunity to opt out of the proposed information disclosure.</p>
EDF Energy	Yes	<p>No firm evidence has been provided to support concerns about reporting on smaller suppliers. Consequently, we think these concerns are exaggerated, that effort to anonymise data would be wasted, and that the proposed reporting would be discriminatory. Concerns that large suppliers could somehow use the data to the detriment of small suppliers, or that revealing a segmental breakdown of a small suppliers portfolio would harm it, are unsubstantiated. If thresholds are used nonetheless, they should be lower so that data for more than just a relatively few large suppliers is reported.</p> <p>Quarterly supplier market share data published 2 months after the end of each quarter is of limited use in a competitive market where supply circumstances can, at times, change daily. An electricity supplier must monitor and forecast wholesale and retail market conditions and competitive offerings much more quickly in order to remain competitive. Market share data long after the event may influence forward strategy decisions, but we think its use for this purpose, compared with other sources of information, would be limited.</p>

Respondent	Response	Rationale
		<p>Breakdown by individual overlapping market segments (eg. domestic, small business, larger business, HH/NHH, export/import) long after the event may assist performance and management reporting, and may inform future strategies, but would be very out of date by the time it is reported. It might help external financial analysts better estimate a company's margins (with better knowledge of activity in different market sectors), but it is unclear whether this would be material or what the consequences might be.</p> <p>New entrants are likely to compete with small participants, at least initially, and lack of information on the existing market segment make-up could act against new entry competition. Small suppliers are likely to be more "agile" than large suppliers, and more able to quickly take advantage of potential opportunities highlighted by more transparency. However, for existing small participants, there is risk that transparency information could be used by agile new entrants or other small participants to exploit opportunities at the expense of other small participants. This is the nature of competition. It is unclear how material this could be, or the effect on net competition, investment and consumers.</p> <p>The volume thresholds below which a supplier is considered "small", and its segment data anonymised, seem too high. Physical short-term forecast data for individual BM Units with capacity above a threshold defined in the Grid Code (50/30/10 MW dependent on location) must be provided to NGET and is published on BMRS. Seasonal forecasts of BM Unit maximum import and export must be provided under the BSC with thresholds for notifying change at 2 MW for small BM Units. There seems no obvious reason why domestic/non-domestic thresholds for reporting individual supplier market segment quarterly shares should be higher than these levels. This indicates thresholds should be less than half the values in the proposal. Note that half-hourly actual volumes are reported for all BM Units after the event.</p> <p>Concern that large suppliers may have more resource to make use of data than small suppliers does not mean that the data could not be used to better meet BSC objectives. Economies of scale are a natural source of efficiency.</p>