P326 'Introduction of a non-Working Day adjustment to the Credit Cover Percentage calculation'

ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

This Assessment Procedure Consultation was issued on 18 December 2015, with responses invited by 22 January 2016.

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Haven Power	1 / 0	Supplier
E.ON	3 / 0	Generator, Supplier, Interconnector User, Non Physical Trader, ECVNA, MVRNA
Opus Energy Ltd	1 / 0	Supplier
SmartestEnergy	1 / 0	Supplier
Centrica Plc	10 / 0	Generator, Supplier
Good Energy	1 / 0	Supplier, ECVNA, MVRNA
Hudson Energy Supply UK Limited	1 / 0	Supplier
Everis obo ScottishPower	8 / 0	Generator, Distributor, Non Physical Trader, ECVNA, MVRNA
RWE Npower	1 / 0	Supplier
EDF Energy	9 / 0	Generator, Supplier, ECVNA, MVRNA

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Question 1: Do you believe that P326 would better facilitate the Applicable BSC Objectives compared to the current baseline and so should be approved?

Summary

Yes	No	Neutral/No Comment	Other
8	2	0	0

Responses

Respondent	Response	Rationale
Haven Power	Yes	We agree with the Workgroup that P326 better facilitates BSC Objective (c) as the current setup requires BSC Parties to potentially lodge unnecessarily high levels of Credit Cover. Reducing these levels to a more appropriate amount will result in savings across the industry which can be passed onto consumers and ease the barrier to entry for new parties.
E.ON	Yes	Yes because P326 would help suppliers reduce unnecessary costs caused by over-estimated credit cover. This will facilitate fair competition in the energy supply market.
Opus Energy Ltd	Yes	We believe that P326 would better achieve BSC 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. It would do this by reducing surplus credit held by parties due to an inaccuracy in the credit cover calculation. This inaccuracy is particularly felt by business suppliers who have lower weekend volumes and are therefore currently disproportionately affected.
SmartestEnergy	Yes	-
Centrica Plc	Yes	Yes. We that P326 better facilitates the Applicable BSC Objective (c) – promoting effective competition.
Good Energy	No	We consider that P326 has not been shown to better facilitate Applicable BSC Objectives (c) & (d) compared to the current baseline for the reasons set out below and is neutral to the other Applicable BSC Objectives. **Applicable BSC Objective (c)**

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Respondent	Response	Rationale
		Table 5 within the Detailed Assessment shows there to be an improvement in the accuracy of the calculation compared to the current arrangements but that this improvement is much less marked for the Independent & Renewable Supplier categories than for the Vertically Integrated category – thereby not better facilitating competition in the supply of electricity. The P326 solution appears to disadvantage suppliers such as ourselves with significant embedded generation who under the current arrangements apply for adjusted CALF values which are negative values. With negative CALF values the P326 solution would always have the effect of worsening the reported credit cover percentage and hence increase the likelihood of more credit having to be lodged. Conversely, for the majority of suppliers who have positive CALF values the P326 solution would always have the effect of improving their reported credit cover percentage and hence increase the likelihood of less credit having to be lodged than at present. One way of overcoming this would be to make the P326 solution optional rather than mandatory as proposed. **Applicable BSC Objective (d)** The analysis does not show that the costs associated with P326 will be exceeded by benefits in reduced credit cover. The improved accuracy of estimated CAQCE may have negligible impact on the level of credit cover but simply result in most cases in more headroom against credit default, particularly where credit cover is provided by a Letter of Credit, where once it is in place, the cost of changing it is unlikely to be cost effective. However, unless the P326 solution is optional, rather than mandatory as proposed, some parties will be disadvantaged by the change and may have to lodge more credit cover than at present.
Hudson Energy Supply UK Limited	Yes	P326 will improve the economy of the NTS insofar as Hudson is concerned, as we will no longer have to post credit cover that is unrepresentative of any realisable risk.
Everis obo ScottishPower	Yes	We agree that the Proposed Modification will help better achieve Objective c), allowing for the amount of Party indebtedness to be more accurately calculated. This has obvious benefits in ensuring that Parties are appropriately securitised.

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Respondent	Response	Rationale
RWE Npower	Yes	We agree that the solution proposed is better than the current baseline, and fully support the rationale – however we are not convinced by the current analysis that it is the best of the options that have been considered under P326.
EDF Energy	No	The proposal does not better meet BSC Objective (c) concerning competition, because: 1. It discriminates between Supplier BM Units with low demand on non-working days and other BM Units for which volumes are estimated using CALF for credit purposes. 2. It discriminates on an arbitrary basis between different types of BM Unit having regular patterns of working/non-working day demand (Supplier BM Units and suppliers' CVA BM Units). 3. There is no obvious reason why DCF value should be capped between 0 and 1. 4. It confuses errors originating from working/non-working day BM Unit profiles with errors resulting from inaccurate DC and changes in seasonal load factor. We think these considerations outweigh the potential benefits to competition achieved by effectively simply reducing the credit requirements arbitrarily for a subset of BM Units with a particular load profile. Lowering the estimated average volume over time just for those Supplier BM Units with low demand on non-working days is not an appropriate method of improving overall accuracy in the credit arrangements. These issues undermine the potential benefits to competition of more accurate non-discriminatory determination of estimated volume for credit indebtedness calculations, which an alternative proposal identified during assessment could provide. In particular, working and non-working day DCF values across all BM Units should provide a non-discriminatory method of improving representation of working/non-working day effects. If individual or systematic errors in DC or Seasonal CALF values are a concern, they should be addressed separately. It is not clear whether the proposal better meets BSC Objective (d) concerning efficient operation of

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Respondent	Response	Rationale
		the BSC arrangements because it has a central cost (estimated at about £157,000) and small operational costs, with no corresponding savings. There are savings for participants through reductions in provision of excess credit, but a risk these savings might not be distributed competitively as described above, or might give rise to excessive credit risks. There are savings in operational costs for participants not having to raise appeals, but it is not clear this would exceed the upfront central costs. The analysis doesn't appear to be looking at the correct measure of accuracy. For credit assessment, the volume over about 7 days is used for SVA BM Units (depending on settlement calendar, less for CVA BM Units). The absolute value of the errors in this, determined over each day of the season or year, would be a better estimate of the accuracy. However, even this could be misleading if reductions in SVA BM Unit estimated volume for some BM Units are reducing an error whose origin is actually elsewhere. For example, if there is over-estimation of volume because DCs are systematically too high and/or load factors are lower than historic CALF, then BM Units chosen to be reduced (those with low demand on non-working days) would be proportionally more reduced, simply because their error happens to be concentrated on non-working days. While overall accuracy may be improved, it should not be achieved by discrimination in favour of particular BM Units. It can be argued that forecasting of DC and accuracy of CALF is more difficult for BM Units with smaller load factors, but if so this should be addressed in its own right. The average estimated volume for those BM Units which qualify under this proposal could be systematically under-estimated. The proposal would reduce the estimated volume to below average for those qualifying Supplier BMUs with historically lower than average demand on non-working days. It would not, as far as we can see, make a corresponding increase in estimated volume to above average for working days. In extreme, a Supplier BM Unit with no demand on non-working days could have its estimated average/cumulative demand over the days for which CALF is used significantly and artificially reduced. Therefore the average indebtedness for those BM Units which

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Respondent	Response	Rationale
		qualify could be systematically under-estimated. If accurate DC values were submitted, and current seasonal load factors were the same as historic load factors from which CALF is determined: • there would be an error in the estimate of volume for credit assessment in each settlement period due to real variations in flow not matching the seasonal average flow. • The average error measured over a period of time for which CALF is determined would be zero; this is the basis of the current DC*CALF approach. • summing absolute errors for each Supplier BM Unit and each period over a year will give a large and relatively fixed error from year to year as observed in the analysis (eg. page 7 of the detailed assessment report), even though the average error is zero over a period of time (each season). • Reducing the error at times when the estimated average flow is systematically higher than the actual flow, as in the proposal, will naturally reduce the sum of absolute errors, as demonstrated in scenarios 1,4,7 and 10 at page 7 of the detailed assessment report. • However, reducing the error only at times of overestimate will cause the average error to increase and become an underestimate over time. This effect has apparently not been considered. For example, consideration of the average error over the rolling period of about a week for which an estimate is likely to be used in the credit calculation. • Reducing the error when the estimated average flow is systematically expected to be higher or lower than the average, as in the WD/NWD approach, should also reduce the sum of absolute errors, though possibly not as much (as observed in scenarios 13-16 at page 7 of the detailed assessment report), but should maintain the average error closer to zero. In reality, DC*CALF may not be a perfect reflection of average expected flow. If DC is higher than reality and/or outturn load factor is lower than CALF, there will be systematic error over-estimating the demand volume on average. In this case,

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Respondent	Response	Rationale
		measures which reduce the estimated volume, such as the proposal, might reduce the average error as well as the sum of absolute errors. However, in this situation it seems inappropriate to reduce the error only on non-workdays, and the proposal doesn't address the root of the problem. For DC, the value is in the hands of the participant. An over-estimate of maximum demand DC will magnify any inaccuracies in CALF, but systematic reduction on non-workdays does not seem an appropriate counter-measure. Load factors can and do change, but it seems inappropriate to generalise the cause as being over-estimation for non-workdays. Significant changes can be addressed through CALF appeal.

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Question 2: Do you believe that the draft legal text delivers the intention of P326?

Summary

Yes	No	Neutral/No Comment	Other
5	0	4	1

Responses

Respondent	Response	Rationale
Haven Power	Yes	-
E.ON	-	No comments on the legal text. The code administrator who understands the Elexon process should ensure the legal text to be accurate and fair.
Opus Energy Ltd	Yes	-
SmartestEnergy	No comment	-
Centrica Plc	Yes	We believe the draft legal text delivers the intention of P326.
Good Energy	-	We do not have a view on this.
Hudson Energy Supply UK Limited	Yes	The amendments to BSC are both clearly understood and address the concerns Hudson has with respect to the existing system.
Everis obo ScottishPower	Yes	-
RWE Npower	-	-
EDF Energy	-	Not checked in detail, but we make the following comments and suggestions: M1.5B.2: Additional BM Units and those CVA BM Units which are not credit-qualifying should be included. M1.5B.3 contemplates DCF values becoming effective within 20 days of being notified by BSCCo, while M1.5B.6 refers to re-determination requests by parties within 2 months, and M1.5B9 describes effect from the third business day following a Panel decision on a re-determination request. This means a value could become effective before being re-determined on request and that re-determination taking effect. M1.5B.8: Principles and Guidance have limited purpose if the Panel can ignore them.

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Question 3: Do you agree with the proposed implementation approach?

Summary

Yes	No	Neutral/No Comment	Other
9	0	0	1

Responses

Respondent	Response	Rationale
Haven Power	Yes	Whilst we would like to see the implementation of P326 as early as possible we agree with the approach and reasoning behind it.
E.ON	Yes	-
Opus Energy Ltd	Yes	-
SmartestEnergy	Yes	-
Centrica Plc	Yes	The proposed implementation approach is practical.
Good Energy	Yes	We accept the conclusion of the Workgroup that the February 2017 Release is the earliest viable Release that P326 can target based on the current progression timetable.
Hudson Energy Supply UK Limited	Yes	The implementation is straightforward, involves minimal systematic changes, and delivers the intention of P326.
Everis obo ScottishPower	Yes	-
RWE Npower	Yes	We are happy that the 23rd February 2017 is the earliest possible date that the change could be implemented from, given the 30 week lead time.
EDF Energy	-	Although we disagree with the proposal, implementation on 23 February 2017 would not create significant process impact provided at least 3 months firm notice, with details of revision to the CRA-I014 flow, is given, and no other flows are affected. As previously, we note that implementation to align with the usual CALF calculation, appeal and implementation timetable could reduce implementation effort.

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Question 4: Would you support the WD/NWD CALF values solution if it was shown to be more accurate than the DCF values solution?

Summary

Yes	No	Neutral/No Comment	Other
9	0	0	1

Responses

Respondent	Response	Rationale
Haven Power	Yes	We would support any alternative which was shown to be more accurate but believe the DCF values solution is the simplest and most cost effective one for the industry and will bring immense benefits.
E.ON	Yes	Yes because the WD/NWD CALF solution provides a simpler but might be more accurate way of calculating Credit Assessment Credited Energy Volume than the DCF values solution. In the DCF approach, CALF value is still part of the function and is calculated as a flat estimate of working day and non-working day demand. This might affect the accuracy of the non-working day value. If this can be proven statistically the CALF value solution should be adopted.
Opus Energy Ltd	Yes	Both solutions work and we are happy with whichever Elexon think gives the best balance between accuracy and implementation costs.
SmartestEnergy	Yes	-
Centrica Plc	Yes	We agree with the analysis presented in the consultation and support the use of the most accurate solution.
Good Energy	Conditional Yes	We could support the WD/NWD CALF values solution providing it could also be shown to not: • benefit vertically integrated parties more than independent/renewable suppliers; • result in systematic bias against suppliers with negative CALF values.
Hudson Energy Supply UK Limited	Yes	Both approaches offer a considerable improvement, and we definitely support greater accuracy where reasonable. So long as it did not increase the time it took to implement P326, we would be comfortable with a WD/NWD CALF approach.
Everis obo	Yes	As the objective of the modification is to more

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Respondent	Response	Rationale
ScottishPower		accurately model a Party's level of indebtedness, we should be using the most accurate calculation that we have available.
RWE Npower	Yes	We believe that it is only fair and valid to compare the two solutions in analysis that replaces the DC values with the maximum actual demand recorded by the relevant BM Unit for each season, i.e. simulating the perfect DC submission. The DCF solution may appear to be superior in analysis that uses DC values exactly as they were submitted (this follows from the notion that in general DC values tend to be overestimated, and the fact that the DCF solution skews working day BMCAICs to be lower) however to progress the DCF solution on this basis alone could then perversely incentivise, by penalising suppliers who submit more accurate DCs each season and benefitting those who do not. Whilst analysis performed using the actual maximum demand may only show a theoretical maximum improvement from each solution, it would at least assess each solution on a basis that is consistent with the intention of a DC submission, i.e. as a forecast of the actual maximum demand. Suppliers who forecast their maximum demand more accurately should in general expect a more reflective BMCAIC as a result, and this may not be the case if the DCF values solution is progressed.
EDF Energy	Yes	The WD/NWD method has a sound theoretical basis, in giving a more accurate day-by-day representation of estimated volume while maintaining an accurate average over longer periods, provided DC and CALF values themselves are accurate. Even if DC and CALF values are inaccurate, the WD/NWD method should improve overall accuracy in a rational non-discriminatory manner. As described at question 1, we think reductions in volume estimates on non-working days, as under the proposal, are an inappropriate method of correcting for errors in DC and CALF, and risk underestimating demand on average, therefore increasing the risk of under-collateralization. If inaccuracy in DC and CALF themselves are an issue (and this could be revealed if the WD/NWD method deliver lower aggregate accuracy than the simple DCF method despite a robust measurement of accuracy), then a method that is non-discriminatory between workdays and non-

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Respondent	Response	Rationale
		workdays, and between different types of BM Unit, should be devised.

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Question 5: Are there any areas that you believe would need to be considered further in order to progress the WD/NWD CALF values solution?

Summary

Yes	No	Neutral/No Comment	Other
3	6	0	1

Responses

Respondent	Response	Rationale
Haven Power	No	As stated in Question 4 we believe the DCF values solution is the better option.
E.ON	No	-
Opus Energy Ltd	No	-
SmartestEnergy	No	-
Centrica Plc	No	We have not identified any areas that need to be considered further.
Good Energy	Yes	Further analysis is needed to show that WD/NWD CALF values solution does not result in systematic bias against various categories of supplier such as those with negative CALF values.
Hudson Energy Supply UK Limited	Yes	Possible increases to the time it took to implement P326.
Everis obo ScottishPower	No	-
RWE Npower	Yes	Interaction with Holiday CALFs would need to be considered.
EDF Energy	-	The approach described on page 8 of the assessment report is straightforward and similar to the proposal. An analysis of over and under-estimates separately during the approximate 7 day period (subject to settlement calendar) in which estimates are used for credit assessment would better highlight the nature of the errors occurring, and the effect of changes on them.

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Question 6: Do you believe that P326 should be extended to include other types of BM Units?

Summary

Yes	No	Neutral/No Comment	Other
2	6	2	0

Responses

Respondent	Response	Rationale
Haven Power	No	-
E.ON	Yes	Other types of BM units include BM units for large demand sites such as steel factories and export BM units. Large demand sites should be considered in the extension of P326 because the energy consumption for such sites might be substantially different between working and non-working days. It is not very clear, however, why exporting BMs should be considered particularly if they do not use CALF value.
Opus Energy Ltd	No	This may be beneficial but further analysis would be required to determine the level of benefit and any other impacts. It may be sensible for this to be covered under a different modification unless Elexon feel it is particularly simple.
SmartestEnergy	No	-
Centrica Plc	Neutral	We do not see a need to extend P326 to other types of BM Units. We do not have any specific objections to P326 being extended if a benefit can be demonstrated, however we do not want to see implementation of P326 delayed. If this would likely delay P326, such extension should be proposed as a separate Modification.
Good Energy	No	We would prefer the P326 solution to be limited to Supplier BM Units in accordance with the scope of the original modification proposal and as proposed by the Workgroup.
Hudson Energy Supply UK Limited	-	We do not have any BMUs to which P326 would not apply, so we do not hold an opinion on such an extension.
Everis obo ScottishPower	No	-
RWE Npower	No	If there was evidence that other types of BM Units also exhibited enough of a Working day/non-

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Respondent	Response	Rationale
		Working day pattern to sufficiently benefit from the extension of P326, then we believe this should be raised in a separate modification that addressed the existence of a more general limitation to SMRS BM Units, i.e. applications for Holiday CALFs are also limited to only SMRS BM Units.
EDF Energy	Yes	There seems no reason why other BM Units exhibiting regular work-day / non-workday patterns should be excluded from the approach. It appears discriminatory to limit the proposal to Supplier (Base?) BM Units.

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Question 7: Do you agree that there are no other potential Alternative Modifications within the scope of P326 that would better facilitate the Applicable BSC Objectives compared to the Proposed Modification?

Summary

Yes	No	Neutral/No Comment	Other
6	3	0	1

Responses

Respondent	Response	Rationale
Haven Power	Yes	-
E.ON	Yes	-
Opus Energy Ltd	Yes	-
SmartestEnergy	No	The alternative should be that the solution is optional. Or rather, we think that the proposer should stick to the optional arrangement as the main proposal and the workgroup's preferred solution should be the alternative (on the basis that they think it is better). This will maximise the chances of a successful mod.
Centrica Plc	Yes	We agree there are no other potential Alternative Modifications that would better facilitate the Applicable BSC Objectives.
Good Energy	No	We consider that making the P326 solution optional would better facilitate the Applicable BSC Objectives compared to the Proposed Modification as explained in response to Question 1.
Hudson Energy Supply UK Limited	Yes	Any alternative modification (besides WD/NWD CALF) is likely to be more complicated, and would have to offer significant benefits over the existing proposal in terms of accuracy to be justified.
Everis obo ScottishPower	Yes	-
RWE Npower	No	We are reluctant to abandon the WD/NWD CALF values solution on the basis of the original analysis for the reasons mentioned in response to Question 4. In principle the WD/NWD CALF values solution has the ability to be better reflective for both Working days and non-Working days (whereas the DCF would skew the BMCAIC for Working days) and therefore would seem in principle to be a better

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Respondent	Response	Rationale
		solution.
EDF Energy	-	None that would not require considerable alternative analysis. Monthly working/non-working day CALFs might provide additional accuracy. Individual CALFs for each particular half-hour of working/non-working days of each season/month (ie. a BMU profile) might also provide additional accuracy, but given that volumes are aggregated over a week or so for BSC credit purposes and use a credit assessment price rather than actual prices, the benefit is uncertain. And behaviours can change from year to year anyway. Faster determination of actual metered volume would be the ideal solution, and smart metering may provide this in future.

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Question 8: Will P326 impact your organisation?

Summary

Yes	No	Neutral/No Comment	Other
9	1	0	0

Responses

Respondent	Response	Rationale
Haven Power	No	We do not envisage any significant issues with the implementation of P326.
E.ON	Yes	P326 will have impact on our supplier role. We are expecting to lodge less credit cover following the implementation of P326. To prepare for the implementation of P326 we will need to update our IT system and process to capture the new data requirement.
Opus Energy Ltd	Yes	The main impact will be a lower and more proportionate credit cover requirement on non-working days. We will have to make a few minor changes to spreadsheets. If credit cover flows are changed to incorporate new fields then minor IT changes will be required to process these.
SmartestEnergy	Yes	We believe this modification would only affect us in terms of the amount of credit required. We do not have a system which replicates the credit calculation.
Centrica Plc	Yes	Yes – our organisation would benefit from the improved Credit Cover calculation. We would have to make minor adjustments to our internal credit processes. The cost and time to implement these is negligible.
Good Energy	Yes	It may result in us having to lodge additional credit cover due to the impact of negative CALF values as explained in response to Question 1.
Hudson Energy Supply UK Limited	Yes	We will be able to post lower levels of credit cover and use the money better to grow our business.
Everis obo ScottishPower	Yes	ScottishPower actively manage and model our credit position, and this change will require some reworking of those internal calculations and processes. There will be the standard updating and

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Respondent	Response	Rationale
		refreshing of documentation associated with changes of this nature, however we do not feel that they will be onerous and believe that whichever solution finally adopted by the workgroup can be accommodated within the implementation window. Costs will be minimal.
RWE Npower	Yes	We will be positively impacted by P326 as it will mean that our calculated indebtedness is a better reflection of our actual indebtedness (particularly for the non-Working days within the CEI window), thus reducing the need to lodge excess credit cover. We therefore fully support the rationale of P326.
EDF Energy	Yes	Changes to internal procedures and ad-hoc processes for monitoring CALF values and forecasting credit requirements, and requesting holiday values or appeals where required. Overall, the proposal should save effort by reducing effort expended requesting holiday values. Minor system changes may be required to accommodate changes to the CRA-I014 report. The proposal could reduce the accuracy of the credit calculation, exposing ourselves or others to increased risk from payment defaults.

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Question 9: Will your organisation incur any costs in implementing P326?

Summary

Yes	No	Neutral/No Comment	Other
4	6	0	0

Responses

Respondent	Response	Rationale
Haven Power	No	-
E.ON	Yes	We will incur IT system change cost and business process change cost but they are not expected to be substantial. The change might be one-off and is for incorporating the new CALF or DCF factor into our existing model.
Opus Energy Ltd	No	Unless flow changes are required in which case there will be minor IT costs to update this part of the system, and a minimum lead time of 6 months will be needed.
SmartestEnergy	No	There will be no operational costs.
Centrica Plc	No	Implementation costs are one-off and negligible.
Good Energy	Yes	There are no one-off implementation costs but potential on-going costs of additional credit cover as mentioned above.
Hudson Energy Supply UK Limited	No	Changes to our reporting will be minimal and straightforwardly implemented; as a result, costs will effectively be non-existent.
Everis obo ScottishPower	Yes	Minor costs
RWE Npower	No	-
EDF Energy	Yes	See question 8. Minor process and one-off system changes may be required.

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Question 10: Do you believe that P326 would meet the Self-Governance Criteria and so should be progressed as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
6	3	1	0

Responses

Respondent	Response	Rationale
Haven Power	Yes	-
E.ON	Yes	P326 aims to improve the accuracy of the credit cover suppliers need to lodge. The inaccuracy is caused by the CEI calculation methodology instead of the fluctuation of the actual supply volume. P326 will improve the methodology and is unlikely to have a material impact on consumers, transmission systems, safety of suppliers, code of governance procedures etc. The analysis shown by Elexon shows that all suppliers benefit from this approach. We estimate P326 shouldn't discriminate between different classes of Parties.
Opus Energy Ltd	Yes	P310 "Revised Credit Cover for Exporting Supplier BM Units" is a modification with similar subject matter, which was progressed as a Self-Governance Modification. In addition, Ofgem's initial proposals under Code Governance Review Phase 3 increase the use of the Self-Governance route.
SmartestEnergy	No	Whilst the proposal is unlikely to discriminate between different classes of Parties any more than the current arrangements (the balance of how much participants pay in relation to one another just shifts) there is a change (and therefore a material effect) on competition in supply because of the shift.
Centrica Plc	Yes	We believe P326 meets the Self-Governance Criteria.
Good Energy	-	We do not have a view on this.
Hudson Energy Supply UK Limited	Yes	The only material impact on competition would likely be modest and good for customers.
Everis obo ScottishPower	No	On balance we think that this mod would probably fail test a.ii) impact on competition (as it better achieves Objective c) and b) as it only applies to

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Respondent	Response	Rationale
		Supplier BMUs.
RWE Npower	Yes	We not believe that P326 will have a material impact on any of the relevant areas.
EDF Energy	No	The unjustified discrimination in the proposal between Supplier BM Units with low demand on non-workdays and other Supplier BM Units, and between Supplier BM Units and other BM Units with regular patterns of workday/non-workday flow mean this proposal does not qualify for self-governance. If the proposal considered workday and non-workday flows and different BM Units in a non-discriminatory manner, it might qualify for self-governance. However, changes in credit assessment, credit lodged and credit risk might be sufficiently material that the criteria for self-governance are not met.

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Question 11: Do you have any further comments on P326?

Summary

Yes	No
3	7

Responses

Respondent	Response	Comments
Haven Power	No	-
E.ON	No	-
Opus Energy Ltd	Yes	We welcome the solution proposed in P326, due to the benefits it would create in terms of lower and more proportionate credit cover requirement on non-working days. This would help to promote effective competition in the market.
SmartestEnergy	Yes	The solution should be optional. The current arrangements favour domestic suppliers and a different mandatory solution would merely alter this balance. We do not believe that there is any interaction between participants' positions (i.e. one is not affected by the choice of another) so it does not matter if the solution is optional. Also, given how complex the credit calculation is it makes sense for suppliers to be able to make their own choices and reverse them if necessary. We do not believe that this would happen often but the option should be there.
Centrica Plc	No	-
Good Energy	No	-
Hudson Energy Supply UK Limited	Yes	For a small commercial supplier the current costs of credit cover are highly punitive. Implementing P326 would lower barriers to entry for new market participants and encourage competition between suppliers. Such changes can only be good for customers.
Everis obo ScottishPower	No	-
RWE Npower	No	-
EDF Energy	No	None at this time.

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