

Assessment Procedure Consultation Responses

P385 'Improving the efficacy and efficiency of the Section H Default provisions'

This Assessment Procedure Consultation was issued on 1 August 2019, with responses invited by 21 August 2019.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Npower	6/0	Supplier
Scottish Power	3/0	Supplier, Generator, Non Physical Trader ECVNA, MVRNA
Drax Group plc	3/0	Supplier, Generator

Question 1: Do you agree with the Workgroup's initial unanimous view that P385 does better facilitate the Applicable BSC Objectives than the current baseline?

Summary

Yes	No	Neutral/No Comment	Other
3	0	0	0

Responses

Respondent	Response	Rationale
Npower	Yes	<p>BSC objective C - This Modification would not prevent failure from happening but may help to protect BSC Parties from an increasing debt burden</p> <p>BSC objective D - reduce unnecessary delays in the defaults process</p>
Scottish Power	Yes	<p>We agree with this view and it's clear that the proposal would better facilitate objectives (c) and (d).</p>
Drax Group plc	Yes	<p>We agree with the Workgroup's initial view that P385 does better facilitate the Applicable BSC Objectives.</p> <p>BSC Applicable Objective (c) – Positive</p> <p>Some parties are not acting in good faith and are continually paying charges late. This modification is likely to deter such behaviour and level the playing field. The proposed Events of Default should provide increased foresight of failing parties. Panel will be able to apply Section H 3.2 resolutions sooner and reduce other parties' exposure to the costs of failure.</p> <p>BSC Applicable Objective (d) – Positive</p> <p>Deterring parties from not acting in good faith and continually paying charges late will reduce administrative burdens on ELEXON and promote efficiency in the implementation of the BSC.</p>

Question 2: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P385?

Summary

Yes	No	Neutral/No Comment	Other
2	0	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	Yes	We agree that the text is appropriate.
Drax Group plc	Yes	The legal text delivers the intention of P385.

Question 3: Do you agree with the Workgroup that the redlined changes to the Code Subsidiary Documents in Attachments B and C deliver the intention of P385?

Summary

Yes	No	Neutral/No Comment	Other
2	0	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	Yes	No rationale provided
Drax Group plc	Yes	The redlined changes deliver the intention of P385.

Question 4: Do you agree with the Workgroup's recommended Implementation Date?

Summary

Yes	No	Neutral/No Comment	Other
3	0	0	0

Responses

Respondent	Response	Rationale
Npower	Yes	Immediate benefit to implementing this as soon as reasonably possible
Scottish Power	Yes	It is important that the modification is implemented as soon as possible and we agree with the implementation proposal.
Drax Group plc	Yes	After the Self-Governance window expires is in line with usual practise and seems sensible.

Question 5: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P385 which would better facilitate the Applicable BSC Objectives?

Summary

Yes	No	Neutral/No Comment	Other
2	0	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	Yes	We are not aware of any Alternative Modifications that would better facilitate the relevant objectives.
Drax Group plc	Yes	No rationale provided

Question 6: Do you agree that P385 meets the Self-Governance Criteria and so should be progressed as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
3	0	0	0

Responses

Respondent	Response	Rationale
Npower	Yes	We believe it meets self-governance criteria
Scottish Power	Yes	No rationale provided
Drax Group plc	Yes	P385 will not have a material impact and therefore meets the Self-Governance criteria.

Question 7: Will the implementation of P385 impact your organisation?

Summary

Yes	No	Neutral/No Comment	Other
0	2	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	No	We expect no impact
Drax Group plc	No	No rationale provided

Question 8: Will your organisation incur any costs in implementing P385?

Summary

Yes	No	Neutral/No Comment	Other
0	2	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	No	No additional costs are anticipated.
Drax Group plc	No	No rationale provided

Question 9: How long (from the point of Ofgem approval) would you need to implement P385?

Responses

Respondent	Response
Npower	No comments provided
Scottish Power	No lead time required as we are not impacted by the proposed changes.
Drax Group plc	No comments provided We do not require any time to implement P385.

Question 10: Do you agree with the Workgroup that parameters for Events of Default within scope of P385 should be removed from the Code and placed under Panel control?

Summary

Yes	No	Neutral/No Comment	Other
2	0	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	Yes	We agree with this proposal. Removing the modification process for Event of Default parameters would allow for a more reactive change process. However, it's important that any changes are published and easily accessible for all parties.
Drax Group plc	Yes	Removing the parameters from the code will enable a more agile and responsive process to set rates for Events of Default. The panel will consult with industry and set appropriate rates without the need for a Modification.

Question 11: Do you agree with the Workgroup that the parameters for Relevant Credit Default Series should be reduced to 3 or more occasions in a rolling 6 month period?

Summary

Yes	No	Neutral/No Comment	Other
2	0	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	Yes	We agree with this change and it will be more effective than the current rule.
Drax Group plc	Yes	This could flag failing parties sooner and encourage parties to act in good faith.

Question 12: Do you agree with the Workgroup that parameters for Events of Default within scope of P385 should be removed from the Code and placed under Panel control?

Summary

Yes	No	Neutral/No Comment	Other
2		1	

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	Yes	We agree with the addition of this Event of Default, particularly in light of recent supplier failures. This change would enable Elexon to react quickly when triggered.
Drax Group plc	Yes	This could flag failing parties sooner and encourage parties to act in good faith

Question 13: Do you agree with the Workgroup that the Event of Default triggered by non-payment of outstanding BSCCo Charges should be reduced from 15 to 5 Working Days, with an additional trigger if the Party has not paid such amount on 3 occasions within a rolling 12 month period?

Summary

Yes	No	Neutral/No Comment	Other
2	0	1	0

Responses

Respondent	Response	Rationale
Npower	Neutral/No Comment	No rationale provided
Scottish Power	Yes	We agree with this proposal. Removing the modification process for Event of Default parameters would allow for a more reactive change process. However, it's important that any changes are published and easily accessible for all parties.
Drax Group plc	Yes	Removing the parameters from the code will enable a more agile and responsive process to set rates for Events of Default. The panel will consult with industry and set appropriate rates without the need for a Modification.