

# Assessment Procedure Consultation Responses

## P443 'To Cap NGESO Interconnector Trades at the Value of Lost Load (VoLL)'

This Assessment Procedure Consultation was issued on 9 February 2023, with responses invited by 1 March 2023.



### Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

### Consultation Respondents

Respondent	Role(s) Represented
Northpool b.v.	Interconnector User, Non Physical Trader
Triton Power	Generator
Uniper UK Ltd	Generator, Interconnector User, Non Physical Trader, ECVNA, MVRNA
EPEX SPOT SE	ECVNA
ElecLink Limited	Interconnector Administrator, Interconnector Error Administrator
National Grid Ventures	Interconnector Administrator, Interconnector Error Administrator
RWE Supply & Trading GmbH	Generator
Electricity System Operator (ESO)	NETSO

P443  
Assessment Consultation  
Responses

8 March 2023

Version 1.0

Page 1 of 41

© Elexon Limited 2023

Question 1: Do you agree with the Workgroup's initial majority view that the P443 Proposed Solution (cap Interconnector actions to VoLL in the Imbalance price calculation) does not better facilitate the Applicable BSC Objectives and is not better than the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
7	1	0	0

## Responses

Respondent	Response	Rationale
Northpool b.v.	Yes	No rationale provided.
Triton Power	No	<p>Very expensive trading over the interconnectors in the last year has illustrated that the trading of electricity across the interconnectors is an opaque activity. NGESO clearly believes that it has the right to take any actions at any costs to secure the system, despite less expensive alternative options being available. It also seems to favour interconnector trading over trying to use smaller GB based generators to help them balance the market. The implication being that NGESO believe that customers will buy power at any cost, which we do not believe is true. Were it to be true then the market arrangements would have no need for any VoLL figures to be used. Further, the Government would not have capped energy prices if they believed that customers should pay any price for energy.</p> <p>We believe that this modification, and the potential alternatives, better fulfils BSC applicable objectives (c) and (d).</p> <p>(c) Ofgem directly regulates the behaviour of generators in the GB energy market, recently considering a cap on BM offer prices. However, they have no power over the parties selling power from the EU into the GB market. Until Ofgem or DESNZ directly address the behaviour of NGESO when trading over interconnectors, the best we can do is ensure that such trades do not damage the rest of the market. It therefore seems reasonable to set a market limit on the price of power that can set imbalance when it is being bought from parties not</p>

Respondent	Response	Rationale
		<p>directly regulated by Ofgem. The exclusion of out of the market prices from cash-out will have no material impact on NGESO's trading activity, but it would clearly indicate that Ofgem is trying to protect the interests of customers by ensuring they cannot forced to buy power at a price above VoLL.</p> <p>There are also energy products available in the UK that NGESO could use to provide the energy at lower prices than they have bought power across the interconnectors at. For example, they could secure reserve energy at prices below VoLL by doing more buying of reserve day ahead, if necessary with regional markets to compete directly with the interconnectors. As noted in the working group meetings, NGESO's interconnector trading is opaque, with no published price, emergency assistance notified but not with which overseas System Operator they are working, etc. If NGESO cannot trade transparently with these parties then it should not trade with them at all. Competitive markets rely on information to operate efficiently and it cannot be in the interests of customers that NGESO does "secret" trades with any parties, let alone other monopolies.</p> <p>While we recognise that the July 22 issues were as a result of transmission constraints, we note that the NOA process is also owned by NGESO. So we believe Ofgem should be concerned that NGESO's failure to address constraints with the TOs in a timely manner is resulting in customers paying more than is necessary for energy. Relieving constraints would make the market work more efficiently.</p> <p>(d) The BSC is designed to deliver a competitive market that in turn delivers the lowest cost power to customers. However, in recent years we have seen significant Supplier defaults as energy prices escalates, liquidity reduces and parties have been left struggling to manage their imbalance risk. Reducing the probability of cash-out prices that could be disastrous for short portfolios would improve the operation of the BSC. It would also not be in the interests of customers to see generators defaulting because their plant has tripped and they are also left potentially exposed to cash-out prices at VoLL that NGESO has deemed acceptable to use.</p> <p>We cannot stress enough to Ofgem that the role of the interconnectors needs to be reviewed, the way that they are traded, the prices and the</p>

Respondent	Response	Rationale
		transparency surrounding trades or other interconnector actions, such as emergency actions. The current regime is not in the best interests of the GB parties & consumers.
Uniper UK Ltd	Yes	We have sympathy with the views put forward by the proposer of this modification. We are generally uncomfortable about capping prices in the market, however, even imbalance prices. Imbalance prices provide important signals to the market both in balancing timescales and those prior to this, and should where possible properly reflect the costs of actions taken. This should help ensure that parties are appropriately incentivised to trade in timescales prior to gate closure to prevent inefficient short positions being taken into gate closure timescales and so that security of supply is maintained.
EPEX SPOT SE	Yes	Referring to objective (c) setting a cap does not help promote effective competition. From the PX point of view, we have price caps which are set not to frustrate trading opportunities. We apply those caps to protect against erroneous orders and to allow the management of credit positions. However, PXs are only one route to market. If the price cap is set to protect against an abuse of market power, then Ofgem should have sufficient powers to investigate. We would welcome further explanation about the limit to Ofgem's powers to investigate market abuse in this example.
ElecLink Limited	Yes	Insufficient evidence of clear consumer benefit has been provided to justify this market intervention. Further to the points effectively summarised in section 7 of the consultation paper, we would re-emphasise our concern that the focus on interconnector actions only in the Proposed Solution appears discriminatory, contrary to BSC Objectives (c) and (e).
National Grid Ventures	Yes	<p>AGREE. Main areas of concern are around Applicable Objectives a), d), e).</p> <p>Even if all balancing actions are permitted, by adjusting the financial effects via the proposed solution is not clear that in all scenarios the outcomes are necessarily a fair reapportionment of the costs for taking the actions.</p> <p>Furthermore the TCA encourages free price formation, that does not set technical limits on</p>

Respondent	Response	Rationale
		pricing. It is unclear that the proposed solution satisfies this requirement.
RWE Supply & Trading GmbH	Yes	We note that the proposer believes the solution should only apply to Interconnectors because all GB Generators/Traders/Suppliers are licenced and regulated by Ofgem and can be investigated if prices are believed to no longer be cost reflective and/or go beyond scarcity pricing. We do not quite agree. Not all market participants are licenced and neither are DSR customers. We would expect NGESO actions and trades with these entities to be used in the imbalance calculation. Therefore we cannot see a justification for applying a cap to specifically Interconnector actions in the imbalance calculation.
Electricity System Operator (ESO)	Yes	<p>The ESO agrees that the proposal does not better facilitate the Applicable BSC Objectives and is not better than the current base line. There is the possibility that the exclusion of trades above VoLL over the interconnectors would impact the marginal price in a particular settlement period as this would not reflect the true cost of energy at that time impacting Objective (b) and (d).</p> <p>Whilst the proposal still allows trades at prices above and below VoLL to be accepted over the interconnector, it excludes them in the cashout calculation for that imbalance settlement period. These costs are still passed through to the consumer in the BSUoS recovery mechanism. Whilst limiting to VoLL does limit exposure to parties who are short in a particular settlement run, there is the risk that this could de-incentivise parties to maintain their reported position (PN's) or pose a disbenefit to those parties who are long. This risk has possible implications of affecting system security forecasting and has a negative impact on Objective (c).</p> <p>As part of retained EU law within the Electricity Balancing Guidelines (EBR), excluding trades from cashout over a certain value will impact the imbalance and settlement prices in a particular period. This could impact EBR objective (a) Fostering effective competition, non-discrimination and transparency in balancing markets; and (b) enhancing efficiency of balancing as well as efficiency of European and national balancing markets, and (e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for</p>

Respondent	Response	Rationale
		new entrants, fosters the liquidity of balancing markets while preventing undue distortions within the internal market in electricity;. Similarly, there are also references within The Trade and Cooperation Agreement provisions within Article 304 to require wholesale pricing to reflect the actual price for supply and demand and also ensuring that the wholesale market encourages free price formation. Taking these general objectives into account, the effect of this change could result in the true cost of energy not being reflected at a particular settlement period.

Question 2: Do you agree with the Workgroup's initial majority view that the P443 Potential Alternative Solution 1 (cap all actions to VoLL in the Imbalance price calculation) does not better facilitate the Applicable BSC Objectives and is not better than the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
7	1	0	0

## Responses

Respondent	Response	Rationale
Northpool b.v.	Yes	No rationale provided.
Triton Power	No	<p>The VoLL is meant to be a representation of the price cap up to which customers are prepared to pay for energy, and as noted above, the potential risks from prices above VoLL outweighs any benefit that could be achieved in terms of investment signals.</p> <p>However, there seems no need to cap prices within the GB market as the parties are regulated by Ofgem and the UK's competition laws. The issue with the parties NGESO is trading across the interconnectors is that they are not regulated in anyway within the GB market. Ofgem has no powers to protect GB customers from anti-competitive behaviour by such parties and the modification was designed to act as a safety net for customers rather than a wider interference with the efficient operation of the market.</p> <p>Further, we note that Ofgem has ruled out a price cap on GB generators only recently so we believe that this alternative would put in place a cap that would only ever be applied to interconnectors as we cannot envisage GB generators operating at that level.</p>
Uniper UK Ltd	Yes	For similar reasons as mentioned in our response to question 1. However, we do believe this would be a more appropriate solution to P443 and if the modification were to be implemented this would be our preferred solution. It is more consistent to cap all actions to VoLL in the imbalance price calculation, not just those for interconnectors, on the basis that this is the price at which involuntary demand control is priced.

Respondent	Response	Rationale
EPEX SPOT SE	Yes	Yes. Whilst applying it to all seems a fair way to promote competition, it should be assessed whether VoLL is set to the right level. Or the use of VoLL for this purpose.
ElecLink Limited	Yes	The broad application of Alternative Solution 2 mitigates the discrimination concern noted above, but the wider objections as captured in section 7 of the consultation paper and above still apply, noting the need for clear evidence of consumer benefit to support a market intervention of this kind.
National Grid Ventures	Yes	<p>AGREE. Main areas of concern are around Applicable Objectives a), d), e).</p> <p>Even if all balancing actions are permitted, by adjusting the financial effects via the Alt 1 solution it is not clear that in all scenarios the outcomes are necessarily a fair reapportionment of the costs for taking the actions.</p> <p>Furthermore the TCA encourages free price formation, that does not set technical limits on pricing. It is unclear that the proposed solution satisfies this requirement.</p>
RWE Supply & Trading GmbH	Yes	If all actions were capped in the imbalance price calculation at VoLL, the wholesale market would in effect also be capped at VoLL. This is because market participants are likely to choose to go short into cashout at a price up to VoLL rather than buying in the wholesale market above it, and may also sell volume in the wholesale market as soon as, and if, the price did go above VoLL. In this scenario, NGESO are likely to have to dispatch a very large proportion of generators and/or interconnectors in the balancing mechanism and through Schedule 7a trades to cover a very large amount of demand.
Electricity System Operator (ESO)	Yes	<p>The ESO agrees that the proposal does not better facilitate the Applicable BSC Objectives and is not better than the current base line as there is the possibility that the exclusion of trades above VoLL in the imbalance price calculation would impact the marginal price in a particular settlement period as this would not reflect the true cost of energy at that time impacting BSC Objective (b) and (d).</p> <p>As with all Ancillary Services, costs are recovered through BSUoS (including Response, Reserve, Constraints, Intertrips, Black Start, Interconnectors) plus any Electricity trading costs and BOA;s- meaning the costs for any such trades over VoLL</p>



Respondent	Response	Rationale
		<p>will still be recovered through BSUoS and in turn the end consumer so this is not positively impacting BSC Objective (c).</p> <p>As with the proposed this solution also impacts the same elements of retained EU Law.</p>

Question 3: Do you agree with the Workgroup's initial majority view that the P443 Potential Alternative Solution 2 (prevent NGESO taking actions with Interconnector Users above VoLL) does not better facilitate the Applicable BSC Objectives and is not better than the current baseline?

## Summary

Yes	No	Neutral/No Comment	Other
7	1	0	0

## Responses

Respondent	Response	Rationale
Northpool b.v.	Yes	A very strong Yes
Triton Power	No	<p>This seems a sensible solution while there is no direct regulation of parties selling power into the GB market and the interconnector actions remain opaque. This is not so much about the promotion of competition as it is about the protection of customers.</p> <p>The Government (via the CM) and Ofgem (via the BSC) has decided that there is a price (VoLL) at which customers are unwilling to buy power. As the cost of living crisis bites, we agree that the system operator should be cognisant that customers simply cannot afford to pay just any price.</p> <p>NGESO also has other tools at its disposal that it could use before defaulting to accepting energy at any price:</p> <ul style="list-style-type: none"> <li>• It could secure more reserve energy from non-BM parties to use to compete with EU traders and GB generators within the day;</li> <li>• It could do more to alleviate system constraints to ensure that available power can get to market;</li> <li>• It could make BM access easier for smaller parties to increase the energy options available to it in real time; and</li> <li>• It could raise a CM Rule change to give it more flexibility in calling CM Warnings to prompt a response in tight periods, including from the interconnectors who have CM obligations (though we remain sceptical about their ability to deliver).</li> </ul>

Respondent	Response	Rationale
Uniper UK Ltd	Yes	It may be necessary for the ESO to take high priced actions for short periods of time across interconnectors in order to maintain security of supply or stability on the system. We do not believe that it would be appropriate to prevent this from occurring and risk involuntary demand control as a consequence.
EPEX SPOT SE	Yes	Tend to agree not to discriminate across technologies. Presumably if the policy is to promote technologies over reliance on interconnection flexibility then this could be achieved in other ways.
ElecLink Limited	Yes	Further to the concerns effectively summarised in section 7 of the consultation paper, we would emphasise our strong view that Alternative Solution 2 both (a) would be discriminatory against interconnectors and interconnector users, without suitable justification, and (b) would likely have the effect of making OC6 demand control and rota disconnections more likely, the socio-economic impacts of which would be wide-ranging and significant. We would welcome a wider debate on VoLL, but do not consider that a BSC workgroup is the appropriate forum for this to happen.
National Grid Ventures	Yes	<p>AGREE. Areas of concern are around Applicable Objectives a), b), c), e).</p> <p>By disallowing the NETSO from entering into Interconnector Trades, which might genuinely be the next action to take in cost order, it could lead to other actions being taken which would be more expensive, thereby creating inefficiency, as well as discriminating against certain industry parties. There is a presumption underlying the proposal that prices of Interconnector trades are not formed based on genuine market dynamics. However if the auction with interconnector Users as described in the consultation document is a sufficiently competitive process (and the consultation document implies that it is) then the proposal would remove a useful option from the ESO, and could take the network operation a step closer to demand control. Whilst the Proposer raises a valid question that there could be a price beyond which consumers may wish to pay, it would seem to be beyond the scope of the BSC to make such a judgement, whether resulting from trades from one or all classes of trading party.</p>

Respondent	Response	Rationale
		There is also a question against TCA compliance, by potentially discriminating against cross-border trading compared within GB trades.
RWE Supply & Trading GmbH	Yes	If NGESO are not able to take actions with Interconnector Users above VoLL, demand control may be necessary as an alternative where adjacent markets are priced higher than VoLL. As we understand it, NGESO are currently permitted to take actions at any price, suggesting that there is no cost too great for the consumer to bear. We think the VoLL arrangements and principles require an in depth review.
Electricity System Operator (ESO)	Yes	<p>The ESO has obligations under its licence to balance the electricity transmission system and to operate it safely and securely within certain standards. In taking any actions/using tools to achieve this. To do this we use balancing services and the ESO has an obligation to do this in an efficient and coordinated economic manner.</p> <p>Trades over the interconnector are one of the tools available to ESO and the effect of this solution would be to limit the availability of this based on an artificially derived price cap, rather than as today against an assessment of what is the efficient, cost effective and appropriate tool available to address the system or balancing issue at that time.</p> <p>This solution does not reflect the ESO licence conditions and any changes to those are out of scope of the BSC. Whilst the BSC can drive change, any changes to the licence conditions or the way in which the ESO operates the system should be considered as a change in policy. This change in policy would need to be reviewed by the Regulator and absent such review this solution would be in conflict to BSC Objective (a).</p> <p>BSC objective (b) stipulates 'the efficient, economic and co-ordinated operation of the national electricity transmission system', therefore by limiting the available actions for the ESO to operate the system in this manner means that the BSC would not be fulfilling its own conditions. It is for these reasons that the ESO does not feel that the potential alternate is in scope of the BSC. The current baseline allows the ESO to fulfil its licence obligations to operate in an efficient, economical and co-ordinated manner, using commercial actions in merit order to maintain demand. This can be</p>

Respondent	Response	Rationale
		<p>through domestic action or by trading via the interconnectors.</p> <p>The consequence of not being able to trade at prices above VoLL means that some commercial actions available to the ESO (i.e. trading actions) are excluded from the total merit order of actions list, therefore conflicting with the principles of ESO's transmission licence. There is also the risk that setting a cap on prices for ESO instructed interconnector trades creates artificial and inflated prices for alternative actions, such as expensive alternative actions in the Balancing Mechanism, Emergency Instructions and/or demand control prices which could spike higher than the cap at VoLL of £6k/MWh. This could result in, for example, the ESO taking actions in the BM at a price greater than that which is available through interconnector trading.</p> <p>The ESO also believes that there is an impact on the obligations within the retained European Network Codes (Regulation (EU) 2019/943 of the internal market for electricity). The obligations are in Article 3 (a) and (b) Regulation (EU) 2019/943 of the internal market for electricity- specifically;</p> <p>3(a) prices shall be formed on the basis of demand and supply;</p> <p>b) market rules shall encourage free price formation and shall avoid actions which prevent price formation on the basis of demand and supply;</p> <p>Proposed Alternative 2 could impact the Trade and Cooperation Agreement provisions within Article 304 to require wholesale pricing to reflecting the actual price for supply and demand and also ensuring that the wholesale market encourages free price formation whilst not introducing technical limits on pricing to restrict trade.</p> <p>Implementing this change would go against the above requirements, as NGESO would have to exclude trades from cashout over a certain value which will then impact the imbalance and settlement prices in a particular period, therefore, not reflecting the true cost of energy at a particular settlement period. This would therefore negatively impact BSC Objectives (c) and (e).</p>

Question 4: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P443 Proposed 1a and 1b?

## Summary

Yes	No	Neutral/No Comment	Other
5	0	4	

## Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	Yes	No rationale provided.
Uniper UK Ltd	Yes	No rationale provided.
EPEX SPOT SE	No response	No opinion.
ElecLink Limited	No response	No rationale provided.
National Grid Ventures	Yes	AGREE that it would, although this is academic given the fundamental concerns with the proposal.
RWE Supply & Trading GmbH	Yes	No comment.
Electricity System Operator (ESO)	Yes	No rationale provided.

## Question 5: Do you agree with the Workgroup's recommended Implementation Date (whether or not you agree with P443)?

### Summary

Yes	No	Neutral/No Comment	Other
2	2	3	1

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	Yes	No rationale provided.
Uniper UK Ltd	Yes	No rationale provided.
EPEX SPOT SE	No response	No opinion.
ElecLink Limited	No response	No rationale provided.
National Grid Ventures	No	DISAGREE – given the fundamental concerns raised with the proposal.
RWE Supply & Trading GmbH	No	The use of a workaround solution will require some systems development at RWE before implementation. Given that we do not agree with the proposal, we do not agree that this work would be an efficient use of our resources.
Electricity System Operator (ESO)	N/A	N/A as the ESO does not believe that implementation of P443 is better than the baseline.

Question 6: Given that an enduring solution cannot be put in place until summer 2024, do you agree that it is better to implement an interim workaround solution for winter 2023/24, even if this means the workaround will not be able to apply the cap until Settlement timescales (but an enduring solution will)?

## Summary

Yes	No	Neutral/No Comment	Other
1	4	3	1

## Responses

Respondent	Response	Rationale
Northpool b.v.	No	We would prefer there is always as much clarity to the market as possible. Therefor we would prefer if any changes get implemented it gets implemented correctly and with clarity right away.
Triton Power	Yes	<p>It is disappointing to see that NGESO has been unable to price up a solution to implement this rule change if approved. It is difficult for parties to weigh up the costs and benefits of any modification without the necessary information.</p> <p>We raised this modification because of the cost of living crisis that many in the UK are facing. As an industry we believe we have an obligation to try to protect the interests of customers. We do not believe that those interests are best served by NGESO taking actions at any price. People, including those in the communities where we all live and work, are making difficult decisions about heating and eating, and energy prices will only go up if NGESO takes energy actions at any price when there are alternatives.</p> <p>We support the original and second alternative, as pragmatic solutions, and we are grateful for the support of the working group in trying to find ways to protect customers. As a matter of principle we do not support price caps, but also believe that when traders are offering power to the GB market above VoLL, knowing the regulator has no powers to come after them for anticompetitive behaviour, that is not interest of GB customers.</p> <p>Ofgem has recently expressed concerns about generators being paid c£4,000/MWh in the BM. This is less than half the £9,000/MWh that GB customers paid to EU parties last July. It cannot be right that</p>



Respondent	Response	Rationale
		Ofgem is seeking to influence the behaviour of parties in GB without addressing the behaviour of Parties in EU which are active in the GB market. Ofgem cannot directly regulate them, but must be seen to be doing something and it can stop NGESO from trading with them at any price.
Uniper UK Ltd	No	We do not support the modification so would not support an early implementation.
EPEX SPOT SE	No response	No opinion.
ElecLink Limited	No response	No rationale provided.
National Grid Ventures	No	DISAGREE – given the fundamental non-support of the proposal.
RWE Supply & Trading GmbH	No	See Question 5.
Electricity System Operator (ESO)	N/A	N/A as the ESO does not believe that implementation of P443 is better than the baseline.

Question 7: Do you believe Potential Alternative Solution 1 (cap all actions to VoLL in the Imbalance price calculation) or Potential Alternative Solution 2 (prevent Interconnector trades above VoLL), or a potential other Alternative Modification is better than the Proposed (cap Interconnector actions to VoLL in the Imbalance price calculation)?

## Summary

Yes	No	Neutral/No Comment	Other
2	5	0	1

## Responses

Respondent	Response	Rationale
Northpool b.v.	No	<p>We believe the proposed solution and Alternative solution 1 will both have equal effect.</p> <p>We believe Potential Alternative Solution 2 will be worse and will potentially cause an unnecessary increase in demand responds and Rota disconnections.</p>
Triton Power	Yes	<p>We still support the original modification, as we believe it is most likely to be acceptable to Ofgem, by still allowing NGESO to trade above VoLL, but limit any impact on customers and GB electricity companies. At the same time as accepting the change, Ofgem could take the opportunity to fully review the operation of interconnectors and the transparency around the way NGESO uses them. We would also like to see DESNZ review whether it is appropriate for the interconnectors to be in the CM given the way that interconnector trading and emergency arrangements operate.</p> <p>Having said that, capping the price of trades across interconnectors at VoLL may send a clearer message to EU parties that the GB customers will not pay for energy at any price. We see no need to cap GB parties' prices as Ofgem can investigate any prices that they are worried about and can penalise parties found to be in breach of competition law. As Ofgem has recently ruled out capping offers from GB generators, that would appear to send a clear signal that they would be unlikely to support such a modification. However, they have yet to address the behaviour of interconnector users based in third party countries.</p>

Respondent	Response	Rationale
Uniper UK Ltd	Yes	Solution 1 - capping all actions in the imbalance price calculation, would be a better solution to the original proposal, as outlined in our answer to question 2.
EPEX SPOT SE	No	Potentially we could support Alternative 1 if the value of VoLL is set to a level that does not frustrate trades. Capping prices to minimise cost distorts the price signals and could impact the confidence and liquidity in the market. High prices would indicate scarcity or market power.
ElecLink Limited	No	We do not consider that either of the Alternative Solutions better facilitate the Applicable BSC Objectives than the current baseline.
National Grid Ventures	Potential Alternative Solution 1 – Yes  Potential Alternative Solution 2 - No	NGV considers that Alternative solution 1 is marginally less problematic than the proposed solution, in that, if the principle that underlies the original proposal is to protect consumers from high prices, then the consumer is unlikely to be concerned just by prices originating from a certain class of trading party, and it would likely expect a blanket protection (notwithstanding any different ability of Ofgem to investigate excessive generator pricing). Concerns remain though whether the Alternative solution 1 creates a better reappportionment of costs from the current baseline.  NGV does NOT consider that Alternative 2 is better than the proposal, given the points made under Q3.
RWE Supply & Trading GmbH	No	Please see answers to Questions 2 & 3.
Electricity System Operator (ESO)	No	Please refer to above comments in Q1, 2 and 3 for reason why these solutions are not better than the baseline.

## Question 8: Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?

### Summary

Yes	No	Neutral/No Comment	Other
5	0	3	0

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	Yes	No rationale provided.
Uniper UK Ltd	Yes	No rationale provided.
EPEX SPOT SE	No response	No opinion.
Eleclink Limited	No response	No rationale provided.
National Grid Ventures	Yes	AGREE that if implemented, it would be low risk that BSC did not achieve the correct calculations as required by the modification.  Concerns remain as to risk that reapportionment of costs would be a fair and appropriate outcome.
RWE Supply & Trading GmbH	Yes	No comment.
Electricity System Operator (ESO)	Yes	No rationale provided.

Question 9: Do you agree with the Workgroup's assessment that P443 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

## Summary

Yes	No	Neutral/No Comment	Other
7	0	1	0

## Responses

Respondent	Response	Rationale
Northpool b.v.	Yes	No rationale provided.
Triton Power	Yes	We would take this opportunity to urge DESNZ to get rid of this retained EU legislation that results in the GB energy rules being unable to make necessary changes in a timely manner.
Uniper UK Ltd	Yes	No rationale provided.
EPEX SPOT SE	No response	No opinion.
Eleclink Limited	Yes	As noted in the consultation paper.
National Grid Ventures	Yes	AGREE. (see points made under Q10).
RWE Supply & Trading GmbH	Yes	We do not think the capping of interconnector actions in the imbalance calculation facilitates competition because of the inconsistency in the treatment of these actions compared with other actions with unlicensed entities.
Electricity System Operator (ESO)	Yes	No rationale provided.

## Question 10: Do you have any comments on the impact of P443 on the EBGL objectives?

### Summary

Yes	No	Neutral/No Comment	Other
4	3	1	0

### Responses

Respondent	Response	Rationale
Northpool b.v.	No	No rationale provided.
Triton Power	Yes	<p>We note that there are concerns about the different treatment of interconnector trades could be seen as anticompetitive. However, there are many different ways the GB market now trades with interconnected markets. For example, the EU has stopped the UK from participating in the TERRE market, which arguably may have added to competition and reduced the need for this type of price capping. Likewise EU generators usually do not pay network charges as GB generators do, but Ofgem has not removed these charges in order to ensure that the GB generators are in the same competitive position at EU gencos. We therefore do not believe, on balance, that this modification will have any significant impact on EU competition.</p> <p>We would note that the GB market is the only market where interconnectors are treated like generators in our Capacity Market, but do not face the charges gencos face such as TNUoS. While this confuses the interconnectors with energy market participants, which is at best unhelpful, it does seem to imply some moral obligation to ensure that any trades across them are in the interests of customers. Customers support the interconnector's with both a cap and floor regime to protect their income and via direct Capacity Market payments. This is above the level of support mechanisms even regulated monopolies secure.</p> <p>We would also note that the EBGL objectives include transparency. As noted above, we do not believe that the way the SO trades across the interconnectors is in anyway transparent. We would therefore urge Ofgem to review these arrangement as a matter of urgency to make sure that they are far more consistent with the general obligations around competition and transparency. It is often</p>

Respondent	Response	Rationale
		noted at the ECNN meetings that NGESO seems to ignore many EU obligations, for example around REMIT reporting of constraints, which could have allowed for increased competition in resolving constraints rather than taking excessively priced energy actions from EU countries.
Uniper UK Ltd	No	No rationale provided.
EPEX SPOT SE	No response	No opinion.
ElecLink Limited	Yes	The key likely impact on the EBGL objectives is effectively summarised in the consultation paper, but we would emphasise in particular (i) the likely breach of the non-discrimination provisions in the EBGL objectives for the Proposed Solution and Alternative Solution 2, (ii) the hampering of market-based price formation, and (iii) the potential for undue distortion of the balancing market as a result.
National Grid Ventures	Yes	Concerns around Objectives a), b), d) for Proposed and Alternative 1) around efficiency of Balancing (which we are assuming relates to Settlement also). And regarding Alternative 2 additional concerns against Objective c) given the security of supply implications.
RWE Supply & Trading GmbH	No	No comment.
Electricity System Operator (ESO)	Yes	The Proposed Alternate 2 could be perceived as discriminatory to interconnected parties. As part of retained EU law within the Electricity Balancing Guidelines (EBR), this impacts objectives (a) Fostering effective competition, non-discrimination and transparency in balancing markets; and (b) enhancing efficiency of balancing as well as efficiency of European and national balancing markets, and (e) ensuring that the procurement of balancing services is fair, objective, transparent and market-based, avoids undue barriers to entry for new entrants, fosters the liquidity of balancing markets while preventing undue distortions within the internal market in electricity;.

## Question 11: Will P443 impact your organisation?

### Summary

Solution	High	Medium	Low	None	Other
Proposed	1	1	5	1	0
Potential Alternative 1	2	1	4	1	0
Potential Alternative 2	4	1	2	1	0

### Responses

Respondent	Response	Rationale
Northpool b.v.	Low/Low/High	No rationale provided.
Triton Power	High	All of these changes would help to protect GB energy companies and their customers from excessive energy prices.
Uniper UK Ltd	Low	There is likely to be low impact to our processes and systems.
EPEX SPOT SE	No impact	As a PX our price limit is set at the value of VoLL so we do not expect any impact. Typically, in a well organised market changing the Price Limit is a straightforward task.
ElecLink Limited	Low for Proposed and Potential Alternative Solution 1, higher for Potential Alternative Solution 2	The direct impact of the Proposed Solution and Alternative Solution 1 is likely to be low on ElecLink, although further assessment would need to be conducted in this respect. Alternative Solution 2 would likely have a materially higher impact on ElecLink as it would increase the likelihood of NGESO relying on emergency actions over interconnectors, or other services offered by interconnectors, to help ensure that GB security of supply is maintained.
National Grid Ventures	Low	No significant implementation or operational impacts on NGV. Alternative 2 would potentially lead to different flow transfers, however no more difficult to facilitate than flows that would occur under the current baseline.
RWE Supply & Trading GmbH	Proposed – Low	We do not think interconnector trades will set settlement prices above VoLL very often if at all. Alternative 1 will have a significant impact on the wholesale market during times of high prices above VoLL, as described above. Alternative 2 will make



Respondent	Response	Rationale
	Potential Alternatives 1 and 2 – High	supply emergencies and market suspension more likely in our view.
Electricity System Operator (ESO)	Proposed and Potential Alternative 1 – Medium  Potential Alternative 2 – High	There is likely to be impacts to the internal operating process within the trading team and the control room. This will also require system changes should the proposed alternative be recommended and implemented. There will also be an impact to the settlement team process and possible system changes will be required depending on the preferred method to capture the changes to the BSAD files.

## Question 12: How much will it cost your organisation to implement P443?

### Summary

Solution	High	Medium	Low	None	Other
Proposed	0	1	2	3	2
Potential Alternative 1	0	1	2	3	2
Potential Alternative 2	0	0	0	5	3

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	No	We would not expect there to be any costs to GB parties except Elexon and NGESO.
Uniper UK Ltd	Low	There could be a small cost if the SAA-I014 file is changed. Otherwise we are likely to see little cost.
EPEX SPOT SE	No impact	No expected cost.
ElecLink Limited	To be determined	It is not possible to confidently estimate the cost of implementation for ElecLink at this stage, but beyond this it is important to consider the wider socio-economic impacts of Alternative Solution 2 in particular. As above, if implemented this would make demand disconnection more likely, with significant wider impacts on consumers and the economy more broadly. These impacts should be taken into account.
National Grid Ventures	None	No implementation costs foreseen.
RWE Supply & Trading GmbH	Proposed and Potential Alternative 1 – Low  Potential Alternative 2 – None	A small amount of systems development is likely to be required in the Original and Alternative 1.
Electricity System Operator (ESO)	Proposed and Potential	The values included in the table above are the costs associated annually and ongoing to the ESO. Potential Alternative 2 costs will need to consider

Respondent	Response	Rationale
	Alternative 1 – £125k +  Potential Alternative 2 – To be determined if adopted as an alternate	the operational costs if ESO is not able to maintain operational system requirements. It will also be important to consider the cost of making regulatory changes allowing the ESO to potentially not take all available actions therefore risking security of supply. There is also a question to answer about the cost to consumers for any loss of supply.

## Question 13: What will the ongoing cost of P443 be to your organisation?

### Summary

Solution	High	Medium	Low	None	Other
Proposed	0	0	2	2	4
Potential Alternative 1	0	0	2	2	4
Potential Alternative 2	0	0	1	2	5

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	No responses	No rationale provided.
Uniper UK Ltd	Low to none	Likely to be little to no ongoing cost.
EPEX SPOT SE	No impact	No expected cost.
ElecLink Limited	To be determined	See answer to question 12.
National Grid Ventures	No impact	No change to operational costs, other than the potentially different imbalance costs that would result from each of Proposed and Alternative solutions.
RWE Supply & Trading GmbH	Unknown	No comment.
Electricity System Operator (ESO)	Proposed and Potential Alternative 1 – £100k  Potential Alternative 2 – To be determined if adopted as an alternate	The values included in the table above are the costs associated annually and ongoing to the ESO. Potential Alternative 2 costs will need to consider the operational costs if ESO is not able to maintain operational system requirements. It will also be important to consider the cost of making regulatory changes allowing the ESO to potentially not take all available actions therefore risking security of supply.

## Question 14: How long (from the point of approval) would you need to implement P443?

### Summary

0-6 months	6-12 months	>12 months	Other
1	0	1	6

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	No impact	We do not believe this rule change will have any material impact on any parties but Elexon and NGESO.
Uniper UK Ltd	At least 1 month	If any changes to the SAA-I014 settlement file were to be made than we would need at least a month's notice for implementation and for an example file to be provided in the new format, so that we could test loading it into our systems.
EPEX SPOT SE	No response	No opinion.
ElecLink Limited	No response	No rationale provided,
National Grid Ventures	No impact	No implementation tasks that involve any lead time.
RWE Supply & Trading GmbH	No response	Specifics are not known at this stage, but we would expect to need to make some small systems changes.
Electricity System Operator (ESO)	> 12 months	This will be dependent on the solution that requires implementing but due to the other ongoing development of ESO systems we expect that a significant lead time of over 12 months would be required.

Question 15: Would you want to see both the capped and uncapped trade value in the SAA-I014 (Settlement Report) file, taking into consideration the additional costs and impacts this will have?

## Summary

Yes	No	Neutral/No Comment	Other
5	1	2	0

## Responses

Respondent	Response	Rationale
Northpool b.v.	Yes	No rationale provided.
Triton Power	Yes	As noted above information is critical to the efficient operation of the market. However, there are other changes that we would value more than this, for example NGESO making available all data on transmission constraints as they arise, providing information on the state of the system, etc.
Uniper UK Ltd	No	We agree with the workgroup that it would not be necessary. It may be better to have the uncapped trade value alone included in the file. Participants will know that any prices which are above VOLL will be capped. If the capped price is included in the file then participants wouldn't know what the pre capped value was.
EPEX SPOT SE	No response	No opinion.
ElecLink Limited	No response	No rationale provided.
National Grid Ventures	Yes	Whilst not in support of the proposal, if implemented then we would like to see all trade values (capped and uncapped) in the SAA file.
RWE Supply & Trading GmbH	Yes	Full transparency will be important to facilitate effective market competition.
Electricity System Operator (ESO)	Yes	NGESO would like to see both the capped and uncapped trade values in this report.

## Question 16: Do you agree with the Proposer's views on the impacts P443 will have on the environment and consumers?

### Summary

Solution	Yes	No	Neutral/No comment	Other
Proposed	2	4	2	0
Potential Alternative 1	1	4	2	0
Potential Alternative 2	1	4	2	0

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	Yes	No rationale provided.
Uniper UK Ltd	No	Not fully. Short term effects would be to reduce imbalance prices on occasion, but it is not clear that this will result in lower costs to customers. The imbalance price is borne by parties out of balance and it is not clear that this would automatically result in lower costs being seen by customers, particularly if the mechanism is only used rarely. Additionally, imbalance prices should accurately reflect costs incurred so that parties take action to minimise the size of the imbalance being covered and the resulting costs which arise from this and are recovered through BSUoS. If those incentives are reduced, the balancing costs incurred, and the resulting BSUoS costs, could be higher than necessary.
EPEX SPOT SE	No response	No rationale provided.
ElecLink Limited	No	We share the proposer's strong desire to help consumers in a cost of living crisis, but consider that the consumer benefits of the Proposed Solution and Alternative Solution 1 have not been sufficiently evidenced. We also consider that there is clear potential consumer detriment arising from Alternative Solution 2, i.e. in the form of more likely demand control and rota disconnection. It may be that consumers would accept these demand control measures in those circumstances, but we do not have evidence that this is the case.

Respondent	Response	Rationale
National Grid Ventures	No	Unclear that the reduced imbalance charges will be beneficial or even neutral to consumers, depending how costs are reapportioned under the proposed and Alternative solutions.  Alternative 2 has further consumer risk with potential for higher priced options to be taken than under the current baseline and/or putting security of supply at risk.
RWE Supply & Trading GmbH	Yes for Proposed	Evaluation has only been provided for Original.
Electricity System Operator (ESO)	No	Respondent provided their own assessment of the impacts that they believe P443 Proposed Solution, Potential Alternative Solution 1 and Potential Alternative Solution 2 have on the environment and consumers. This will be shared with the P443 Workgroup.



## Question 17: Should the solution only apply to Interconnector Users?

### Summary

Yes	No	Neutral/No Comment	Other
2	5	1	0

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	Yes	As noted above, the reason we proposed the change as only applying to interconnector is because they are not regulated by Ofgem. There is no way for Ofgem to protect the interests of customers if they believe EU parties are acting anti-competitively. In the last year GB power prices went to c£4,000/MWh and a number of parties were investigated for breach of the TCLC, NGEOS launched a review of the BM and subsequently Ofgem has proposed a new licence condition on inflexible plant. Interconnector trades, in a constraint period, went to £9,000/MWh, but Ofgem has done nothing and as far as we can tell, not even launched a review of interconnector arrangements. The prices seen, on the face of it, looks a lot like parties taking advantage of a constraint in a way that GB generators are explicitly prevented from doing. It is simply not in the interest of customers that such behaviour is allowed to continue unchecked.
Uniper UK Ltd	No	If implemented, then the alternative to cap all costs in the imbalance calculation would be preferable.
EPEX SPOT SE	No	However, we'd like to understand why IC trades were the ones that were procured by the ESO and not local assets. We'd agree that the separate market for the ESO and IC capacity users is unusual and would welcome greater transparency and oversight on these arrangements.
Eleclink Limited	No	As noted above and as referred to in the consultation paper, in our view the focus on interconnector users lacks the necessary justification and as such is likely to be discriminatory.
National Grid Ventures	No	If the objective as stated by Proposed is to protect the consumer from high prices then that would seem to be a generic matter, whether or not it is

Respondent	Response	Rationale
		sourced via I/C or other GB party. Even if there is an Ofgem process to ensure GB-generator prices are not excessive, that does not prevent them from being high in extreme circumstances, and a generic approach is more even-handed and scenario-proofed than singling out a certain category of trading party.
RWE Supply & Trading GmbH	Yes	See above.
Electricity System Operator (ESO)	No	The ESO does not support the proposed or the alternates. Additionally applying only to interconnectors could be seen as discriminatory – as highlighted above.

## Question 18: Do you agree with the principle of using VoLL as a parameter to set the cap?

### Summary

Yes	No	Neutral/No Comment	Other
3	4	1	0

### Responses

Respondent	Response	Rationale
Northpool b.v.	No	In accordance with the calculation of BEIS actual VoLL should be £17,000. Recently ACM calculated the VoLL for the Netherlands, and calculated it at 68.887 €/MWh. In any regard the current used VoLL price in UK is not a correct indication, and therefore an unsuitable bench mark.
Triton Power	Yes	It is the value set by DESNZ and Ofgem as the value at which customers are prepared to buy power up to. As this is a BSC mod we would propose using the BSC VoLL value. However, Ofgem could review this if it decides to.
Uniper UK Ltd	Yes	If it is implemented yes VOLL is the appropriate value to use. It may be worth reviewing the current value of VOLL to see if it is still at the correct level.
EPEX SPOT SE	No response	Unclear. We don't really understand the purpose of VoLL if the ESO is going to bid through it.
ElecLink Limited	No	Our view is that a cap should not be set through P443 at all. That said, we would welcome a wider policy discussion on VoLL, outside the confines of a BSC working group.
National Grid Ventures	Yes	A difficulty in using VOLL is the fact that it is an administrative value and may not reflect all, or even any, consumers' preferences about the value of disconnection, and hence its implementation could lead to undesirable consequences.
RWE Supply & Trading GmbH	No	No, not in its current form. VoLL is different for different users, and the current term "VoLL" is used to describe an estimated average value, which we do not believe is appropriate as both a cap and a floor. We think the VoLL arrangements and principles require an in depth review.
Electricity System Operator (ESO)	No	As a concept VoLL was not introduced as price cap. VoLL was introduced to suggest an economic and fair value of energy. The study conducted for VoLL

Respondent	Response	Rationale
		<p>was conducted over 10 years ago. The value of VoLL in the BSC as it stands today is £6k/MWh and may not be reflective or representative of the current market.</p> <p>The Clean Energy Package Article 11, (2) Value of Lost Load states</p> <p><i>The relevant authority shall update its estimate of the value of lost load at least every five years, or earlier where it observes a significant change. As this value was determined some time ago, and the reference to the above legislation, the ESO would support a review of this value.</i></p>

## Question 19: Should the solution include Emergency Actions within scope of any cap?

### Summary

Yes	No	Neutral/No Comment	Other
3	2	2	1

### Responses

Respondent	Response	Rationale
Northpool b.v.	No response	No rationale provided.
Triton Power	Yes	<p>This is actually impossible to answer as we do not know the pricing of these actions. In theory emergency actions are “special” being used to maintain the system security more acutely. It seems unlikely they would set cash-out, though that remains slightly unclear. This is a good illustration as to why these arrangements need to be made transparent as a matter of urgency.</p> <p>Last time NGESO asked for emergency assistance (25/1/23) it did not tell the market which interconnector(s) were being asked, if it was a system or energy issues, the volume or the price. It is unconceivable that NGESO would be allowed to agree such arrangements with a generator in the GB market? This is a case of two or more monopolies making secret arrangements between themselves and then providing minimal information to the market. The result will always be rumour, speculation and an inefficient market response. This must be stopped by Ofgem as a matter of urgency.</p>
Uniper UK Ltd	Yes	All actions should be capped if it is implemented.
EPEX SPOT SE	No response	No opinion.
ElecLink Limited	No	NGESO’s stated position is currently to prioritise maintaining GB security of supply if at all possible, with emergency actions forming a key part of this. Given recent market volatility it is sensible to consider whether the cost of maintaining security of supply should be a more prominent decision-making parameter for NGESO, but this should be a wider industry debate, rather than a BSC working group discussion.
National Grid Ventures	Yes – only under Alternative 1.	If the reservation over trades with I/C parties is the concern over the origins of the price basis, it is unclear that the same concerns apply for

Respondent	Response	Rationale
		<p>emergency I/C trades which tend to be via SO-SO arrangements. SOs are of course licensed entities (equivalent in EU albeit different terminology) and hence unlikely therefore that prices for SO-SO trades would be outside justifiable market levels.</p> <p>Emergency Actions could therefore be relevant only under Alternative 1, (which relates to all trades above VOLL being limited to the VOLL cap in cash-out). However note the fundamental concerns over this generally, as set out in Answer to Q2.</p>
RWE Supply & Trading GmbH	Yes	There is no transparency of these Emergency Action prices, so it is unreasonable to expose market participants to the cost of these actions.
Electricity System Operator (ESO)	No	<p>Emergency actions are by their nature emergency actions and are not taken on a BAU basis. The action of trading on the Interconnector is a standard action in the commercial order of actions, as are Balancing Mechanism (BM) actions. Emergency Actions are only considered once all the BAU available actions have been exhausted and ESO has no other way of maintaining the system requirements. Therefore, Emergency Actions are only used when ESO has no alternative basis and cannot be planned for. Where an Emergency Action is taken for system reasons this action is NIV tagged and removed from the cashout calculation (unless this is representative of the current costs for energy in that given settlement period where Elexon will remove the tag).</p>

Question 20: Do you believe there are any unintended consequences of the Proposed Solution (cap Interconnector actions to VoLL in the Imbalance price calculation), Potential Alternative Solution 1 (cap all actions to VoLL in the Imbalance price calculation) and Potential Alternative Solution 2 (prevent Interconnector trades above VoLL)?

## Summary

Yes	No	Neutral/No Comment	Other
6	1	1	0

## Responses

Respondent	Response	Rationale
Northpool b.v.	Yes	C (Potential Alternative Solution 2): In tight situations in the continent this can cause the NGESO to not be able to do the NG trades the system needs, and there by increasing the amount of demand responds and Rota disconnections.
Triton Power	No	We believe that NGESO has the ability to look for more economic solutions than buying through energy offers at any price. A few ideas have been given above.
Uniper UK Ltd	Yes	Preventing interconnector trades from being undertaken could result in involuntary demand control being undertaken which should be avoided if possible. Occasional instances of high prices are likely to be preferable for customers.
EPEX SPOT SE	No response	No opinion.
Eleclink Limited	Yes	As above, while we share the proposer's desire to enhance GB consumer benefit wherever possible, particularly in light of recent market conditions, our view is that (a) the consumer impact of P443 is not sufficiently well understood at this stage, and (b) Alternative Solution 2 in particular would negatively impact GB security of supply. It may be that this reflects overall GB consumer and industry sentiment, but P443 would represent a significant policy shift in this respect and so requires wider industry discussion and debate.
National Grid Ventures	Yes	Under a) (Proposed Solution) and b) (Potential Alternative Solution 1) certain or all high priced ESO balancing actions would not be reflected in the cashout mechanism. This discrepancy potentially means the effectiveness of the pricing signal is lost.

Respondent	Response	Rationale
		<p>Whilst no-one wants to see extreme prices passed through to residential consumers and business, the right way to avoid it is for the ESO to invest in new services and tools (e.g. Demand Flexibility).</p> <p>Under c) (Potential Alternative Solution 2) ESO would be unable to accept certain balancing actions above VOLL. What happens if this is the only available action? Presumably the high-priced actions on the 20th July were required to ensure the system remained intact. Given that VOLL is only an administrative value and has been shown to not reflect consumers actual preference in terms of the value of disconnection, basing a cap on this level (or any other) could lead to undesirable impacts.</p>
RWE Supply & Trading GmbH	Yes	<p>As described above, if all actions were capped in the imbalance price calculation at VoLL as per Alternative Solution 1, the wholesale market would in effect also be capped at VoLL. This is because market participants are likely to choose to go short into cashout at a price up to VoLL rather than buying in the wholesale market above it, and may also sell volume in the wholesale market as soon as, and if, the price did go above VoLL. In this scenario, NGESO are likely to have to dispatch a very large proportion of generators and/or interconnectors in the balancing mechanism and through Schedule 7a trades to cover a very large amount of demand.</p>
Electricity System Operator (ESO)	Yes	Please see responses above.



## Question 21: Do you have any further comments on P443?

### Summary

Yes	No
2	6

### Responses

Respondent	Response
Northpool b.v.	<p>Any form of price cap can disincentivise the market to make the proper investments to provide what the system needs. And can therefor cause the opposite of what intended.</p> <p>Also we believe VoLL price should be changed to correctly display the actual cost of load shedding.</p>
Triton Power	No further comments.
Uniper UK Ltd	No further comments.
EPEX SPOT SE	No further comments.
ElecLink Limited	No further comments.
National Grid Ventures	No further comments.
RWE Supply & Trading GmbH	No further comments.
Electricity System Operator (ESO)	<p>Proposed and the Proposed alternative 1 do not restrict the operational tools that the ESO has available, however, these both do not comply with the retained legislation.</p> <p>Alternate 2 is likely to see increases in costs either through ESO having to take more expensive actions to resolve system imbalances due to the providers being less incentivised to deliver as nominated (by reducing the imbalance charges to providers) or through ESO having to take more expensive actions through the BM or Emergency Actions when a cheaper alternative (Interconnector trades) were available. Also, alternative 2 risks ESO's ability to meet the GB system requirements resulting in the potential for increased demand disconnection and loss of consumer supplies. The industry should always be working to reduce costs to the consumer and increase the security and guarantee of supplies. ESO believes P443 will do the opposite of this.</p>