

Report Phase Consultation Responses

P373 'Reversing the changes relating to Approved Modification P297'

This Report Phase Consultation was issued on 15 October 2018, with responses invited by 26 October 2018.



Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
National Grid Electricity System Operator	1/0	Transmission Company
SSE plc	3/0	Generator, Supplier, Interconnector User

P373
Report Phase Consultation
Responses

1 November 2018

Version 1.0

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Question 1: Do you agree with the Panel's initial unanimous recommendation that P373 should be approved?

Summary

Yes	No	Neutral/No Comment	Other
1	1	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	<p>As proposer of P373, we believe that its implementation and reversing changes relating to P297 is the best solution for industry. It is not possible to implement P297 at this stage as it is reliant on data received as part of the implementation of a corresponding Grid Code Modification, GC0068. GC0068 implementation is linked to the full go-live of the Electricity Balancing System (EBS), the date for which is currently unclear.</p> <p>We have proposed P373 alongside committing to undertake a Cost Benefit Analysis to understand if there are any consumer benefits to bringing forward the implementation of changes originally proposed as part of P297 and GC0068 through alterations to our existing systems and architecture, rather than wait for EBS to be delivered. As part of this Cost Benefit Analysis we will be engaging with Industry to ensure that stakeholder views are fed into our assessment of potential consumer benefits. More information for this can be found in our open letter published at https://www.nationalgrideso.com/sites/eso/files/documents/GC0068-P297%20CBA%20Open%20letter%20Oct-18_Final.pdf</p> <p>In terms of modification P373 itself, we believe the change is positive against BSC Objectives (a) and (d) and neutral against the others.</p> <p>Objective (a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence</p> <p>Under the requirements of P297, the ESO was to provide to BSCCo a new and revised set of dynamic data items that it would receive from customers through the implementation of GC0068. As GC0068 is not implemented due to delays with the delivery</p>

Respondent	Response	Rationale
		<p>of EBS the ESO is unable to deliver this data to BSCCo to facilitate the implementation of P297 in November 2018.</p> <p>Objective (d) Promoting efficiency in the implementation of the balancing and settlement arrangements</p> <p>The uncertainty around the delivery date of EBS is impacting the ability of market participants and BSCCo to make plans in their businesses for implementation. This is against a backdrop of wider changes in market arrangements and the implementation of European programmes such as Project TERRE. In addition, BSCCo will be in a position of non-delivery due to it not receiving the data from the ESO. Removing this uncertainty completely from market participants and BSCCo would lead to better promoting efficiency in the implementation of the balancing and settlement arrangements.</p>
SSE plc		<p>SSE recognises the Panel’s intent to remove uncertainty from the market by reversing the approved changes set out in modification P297. Certainty would be welcome to allow change programme resources to be efficiently allocated.</p> <p>SSE also accept that National Grid ESO has publicly stated that it cannot provide the data anticipated in P297 due to underlying systems changes not being delivered, so there is no immediate prospect of P297 providing any of the anticipated benefits.</p> <p>However, SSE are concerned about the precedent being set by allowing an approved modification to simply be abandoned and reversed because of a failure to deliver underlying systems changes by a key participant. Would the Panel take the same view if underlying systems changes to support P344 failed to materialise?</p> <p>It may be more appropriate to retain the P297 obligations, allowing Panel and the Authority to seek remedy for subsequent non-compliance. This may allow a more effective approach to retaining pressure on National Grid ESO to deliver the core changes required to achieve compliance; and/or a means of compensation for inefficiently incurred costs.</p>

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P373?

Summary

Yes	No	Neutral/No Comment	Other
2	0	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	-
SSE plc	Yes	-

Question 3: Do you agree with the Panel's recommended Implementation approach?

Summary

Yes	No	Neutral/No Comment	Other
1	1	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	-
SSE plc	No	<p>The proposed implementation approach (of 1st November) fails to take account of the need for the EBGL Articles 4, 5, 6 and 10 processes to be followed by the TSO and NRA.</p> <p>SSE believe that adherence to these Articles is required for this proposal because the legal text amends Sections Q, Annex V-1 and Annex V-2 of the BSC, which (along with other parts of the BSC and other industry documents), form part of the terms and conditions for balancing as proposed by the TSO in accordance with Article 18 of the EBGL.</p> <p>Amendments to the Article 18 terms and conditions for balancing should henceforth follow the steps set out in EBGL Articles 4, 5, 6 and 10, which has not been the case for P373. This would mean that when the NRA approves the Article 18 proposal (submitted by the TSO in June 2018 to be effective immediately), then changes introduced by P373 would not have complied with European Law.</p>

Question 4: Do you agree with the Panel's initial view that P373 should not be treated as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
2	0	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	Yes	-
SSE plc	Yes	Modification P297 was approved (with subsequent extensions to the implementation date) by the Authority as being beneficial for competition 4.5 years ago. It is appropriate therefore that the Authority consider whether modifications should be abandoned with seemingly little or no consequence to those that have failed to deliver the underlying change required to realise benefits.

Question 5: Have you incurred material costs/impacts to date relating to the development of P297 provisions that will be redundant should P373 be approved?

Summary

Yes	No	Neutral/No Comment	Other
1	1	0	0

Responses

Respondent	Response	Rationale
National Grid Electricity System Operator	No	To clarify, we have not incurred any costs specifically in relation to the requirements of P297. P297 requires the pass through of data that would be made available under GC0068 and facilitated by EBS changes. EBS has not delivered the full functionality required to implement the requirements of GC0068 therefore P297 implementation has not yet commenced.
SSE plc	Yes	<p>SSE have incurred costs to date relating to the development of P297, including some spend on IT systems which has had to be shelved.</p> <p>It is not clear what is meant by material from the consultation document as no benchmark is set; however we would not characterise our costs to date as significant.</p> <p>SSE are not sure that it is relevant as to whether the costs incurred are material or not. The fact remains that investment made to date will be stranded due to National Grid ESO's inability to deliver its own change programme.</p> <p>Market participants therefore have incurred inefficient costs in the expectation that an approved modification deemed to be beneficial to competition would be implemented, which will ultimately be paid for by consumers.</p> <p>Were this modification to be approved, SSE believe that all costs incurred to date, whether material or not, ought to be compensated by National Grid ESO through the most efficient means available.</p>