

Report Phase Consultation Responses



P406 'Temporary disapplication of Supplier Charge Serials SP08 and SP04 due to COVID-19'

This Report Phase Consultation was issued on 14 April 2020, with responses invited by 20 April 2020.

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

Consultation Respondents

Respondent	Role(s) Represented
ENGIE	Supplier
Haven Power Ltd	Supplier
Npower Group	Supplier
Opus Energy Ltd	Supplier
SSE Energy Supply Ltd	Supplier

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Question 1: Do you agree with the Panel's initial unanimous recommendation that P406 should be approved

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
ENGIE	Yes	We agree with the arguments presented in the proposal documentation.
Haven Power Ltd	Yes	<p>Due to of the COVID-19 lockdown; Suppliers and their Party Agents have suspended Meter reads, Meter fixes, Smart/AMR installations and commissioning.</p> <p>This will inevitably lead to adverse Settlement Performance which in turn may lead to failure to meet Settlement performance standards in the future.</p> <p>As such we agree with the Panel's unanimous recommendation that P406 is approved urgently.</p> <p>This recommendation is Positive to Relevant Objective (d): 'Promoting efficiency in the implementation of the balancing and settlement arrangements.'</p>
Npower Group	Yes	Suspension and restriction of normal supplier and agent activity as a result of COVID-19 is impacting suppliers' ability to comply with BSC obligations and achieve desired settlement performance. We therefore agree that it is right to implement P406 and suspend SP04 and SP08 charges for a temporary period, as it would be inefficient to continue to apply these under the current circumstances.
Opus Energy Ltd	Yes	The GB energy market is facing unexpected and unprecedented challenges outside of its control as a result of COVID-19 lockdown. In accordance with Government guidelines on social distancing, Suppliers and their Party Agents have suspended Meter read collection activities, Meter fixes, Smart/AMR installations and Commissioning on grounds of health and safety. This has resulted in adverse impacts to Settlement Performance, for

Respondent	Response	Rationale
		<p>which failure to meet Settlement performance standards is expected to occur quickly.</p> <p>We therefore agree with the Panel's unanimous recommendation that P406 is approved urgently, this recommendation being positive to Relevant Objective (d) Promoting efficiency in the implementation of the balancing and settlement arrangements.</p>
SSE Energy Supply Ltd	Yes	<p>We agree that suspending Supplier Charges for the SP08 and SP04 serials from March 2020 until further notice will help support suppliers in this challenging time during the COVID-19 pandemic, and that this supports Applicable Objective D in promoting efficiency in the implementation of the Code and settlement arrangements.</p>

Question 2: Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P406?

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
ENGIE	Yes	We agree with the arguments presented in the proposal documentation.
Haven Power Ltd	Yes	We believe that the highlighted changes to the BSC deliver the intention of P406.
Npower Group	Yes	We consider that the changes will deliver the intent of this modification.
Opus Energy Ltd	Yes	We believe that the "Temporary disapplication of Supplier Charges" section including the definition of "Coronavirus Disapplication Period" delivers the intention of P406.
SSE Energy Supply Ltd	Yes	-

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

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
ENGIE	Yes	We believe the proposal should be implemented as soon as possible to minimise the amount of charges imposed upon market participants over which they will have no control and to enable them to focus their efforts on managing pandemic impacts across their businesses.
Haven Power Ltd	Yes	We agree with the Panel's recommended implementation date and are pleased to see that P406 has been granted urgency for ELEXON to have the solution in place before the Supplier Charges for March 2020 are produced.
Npower Group	Yes	We consider that this modification should be implemented as soon as possible.
Opus Energy Ltd	Yes	We agree with the Panel's recommended implementation date of 11 May 2020 as part of a May 2020 standalone BSC Release. It is positive that P406 has been granted urgency in order for ELEXON to have the solution in place before the Supplier Charges for March 2020 are produced.
SSE Energy Supply Ltd	Yes	-

Question 4: Do you agree with the Panel's initial view that P406 should not be treated as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
ENGIE	Yes	It is important that industry has the ability to review the proposal via consultation.
Haven Power Ltd	Yes	As all parties are significantly impacted by COVID-19, we can see the justification for Self-Governance but also appreciate the Panel's comment that the disapplication of Supplier Charges could impact parties differently. Therefore, on balance we agree that P406 should not be treated under Self-Governance.
Npower Group	Yes	We agree with the Panel's rationale.
Opus Energy Ltd	Yes	All Parties are impacted similarly by the challenges of COVID-19 lockdown with these challenges having been created by factors outside of their control. As such, we believe there is potential justification for Self-Governance. However, we appreciate the Panel's comment that there is a possibility that the disapplication of Supplier Charges could impact Parties in a differing manner and so we agree that P406 should not be treated under Self-Governance.
SSE Energy Supply Ltd	Yes	-

Question 5: Will P406 impact your organisation?

Summary

Yes	No	Neutral/No Comment	Other
5	0	0	0

Responses

Respondent	Response	Rationale
ENGIE	Yes	Only positively, by avoiding what we would anticipate being a very significant increase in particularly HH charges with no ability to resolve the issues underlying those charges.
Haven Power Ltd	Yes	All Suppliers will see a reduction to their Cash-flow burden from unavoidable settlement underperformance.
Npower Group	Yes	Positive impact only, in terms of addressing compliance and performance issues due to COVID-19 restrictions on normal activity.
Opus Energy Ltd	Yes	P406 will have a positive impact. In line with the P406 assessment and recommendation this will reduce Suppliers' cash-flow burden due to unavoidable settlement underperformance.
SSE Energy Supply Ltd	Yes	We note that the general impact for Suppliers is that they will no longer be required to pay Supplier Charges for Serials SP08 and SP04, and also not receive redistribution of charges for the duration of the Supplier Charges suspension.

Question 6: Will your organisation incur any costs in implementing P406?

Summary

Yes	No	Neutral/No Comment	Other
0	5	0	0

Responses

Respondent	Response	Rationale
ENGIE	No	Excessive costs will be avoided by this modification.
Haven Power Ltd	No	-
Npower Group	No	-
Opus Energy Ltd	No	-
SSE Energy Supply Ltd	No	-

Question 7: Do you have any further comments on P406?

Summary

Yes	No
1	4

Responses

Respondent	Response	Rationale
ENGIE	Yes	<p>The effect of COVID-19 will vary across different industry participants and we would ask the Panel to consider whether a further consultation should be undertaken with industry prior to the 3-month notice being given of reinstatement of the charges.</p> <p>We would also ask the Panel to consider whether there are lessons to be learned regarding the general application of supplier charges in situations (of which the COVID-19 restrictions are an extreme example) where sites can be categorised as hard or impossible to read as these represent a cost to suppliers which cannot be avoided and which ultimately leads to higher prices for end consumers</p>
Haven Power Ltd	No	-
Npower Group	No	-
Opus Energy Ltd	No	-
SSE Energy Supply Ltd	No	-