

P253 'Improving the accuracy of the Credit calculation' Consultation Responses

Consultation issued on 14 September 2010

We received responses from the following Parties

Company	No BSC Parties / Non-Parties Represented	Role of Parties/non-Parties represented	04 Report Phase
Stark Software International Ltd	0/4	SSIL HHDC HHDA NHHDC NHHDA	
UPL	1/0	NHHDA	
Siemens Metering Services	0/1	Party Agent (HHDC, HHDA, NHHDA, NHHDC, HHMO, NHHMO)	
IMServ Europe Limited	0/5	HHDC and DA, NHHDC and DA, HH and NHH MOP	
TMA	0/1	HHDC, HHDA, NHHDC and NHHDA	
Centrica	10/0	Generator/ Supplier/ Trader	
Lowri Beck Services Limited	0/1	NHHDC/NHHDA	
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	7/0	Supplier / Generator / Trader / Consolidator / Exemptible Generator / Distributor	
RWE npower	9/0	Supplier/ Party Agent	
E.ON UK Energy Services Limited	0/1	NHHDC-DA & MOA	
EDF Energy	10/0	Supplier/ Generator/ Trader/ Consolidator/ Exemptable Generator/ Party Agent	
National Grid	1/0	Transmission Company	
The Renewable Energy Company Ltd	1/0	Supplier	
EnDCo	1/0	Supplier	

What stage is
this document
in the process?

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

P253
Report Phase Consultation
Responses

30 September 2010

Version 2.0

Page 1 of 18

© ELEXON Limited 2010

Question 1: Do you agree with the Panel's view that the Proposed Modification should be approved?

Summary

Yes	No	Neutral/Other
7	5	1

Responses

Respondent	Response	Rationale
Stark Software International Ltd	No	Extra development cost and extra data cost for no benefit to SSIL Agent.
UPL	Yes	Utilising real, or at least more accurate estimated data is always preferable to guessing which is what the current method is
Siemens Metering Services	Yes	We agree that this solution would better facilitate the applicable BSC objectives (c) and (d)
IMServ Europe Limited	No	<p>The Modification Group has concluded in it's report that P253 addresses all three subject issues whilst P265 addresses only two – the difference being that the latter Modification does not provide a solution for the issue of "inaccuracies in the forecasting of SVA data, particularly embedded intermittent generation".</p> <p>The report cites the costs of the two proposals as follows: -</p> <p>P253 = £153,200. + £4,000 per annum running costs + implementation costs for all HH and NHH DCs and DAs in the Market</p> <p>P265 = £168,700 with no additional Agent costs.</p> <p>This would suggest that the decision as to which proposal should be progressed should focus on whether the perceived additional benefit of P253 justifies the difference in costs between the two proposals. This should also take into account the fact that this difference in cost will be solely borne by Party Agents who will not benefit in any way from the change.</p> <p>It has been noted that Agents have not provided specific costs to enable a comprehensive analysis/comparison however there are valid reasons for this which the Modification process should</p>

P253
Report Phase Consultation Responses

30 September 2010

Version 2.0

Page 2 of 18

© ELEXON Limited 2010

Respondent	Response	Rationale
		<p>recognise. An Agent cannot be expected to divulge sensitive pricing information to an open forum and whilst we recognise that it is possible to submit this information direct to Ofgem, its value is diminished as decisions will already have been taken upstream of this step. Therefore in the instance that man-day's effort are instead submitted, consideration should be taken of this as a valid comment and in the event that this needs to be converted into monetary terms for comparison, an "assumed" rate could be applied. Such an approach should encourage more participation from Agents and in this particular instance would have allowed for the desired analysis as, such man-day estimates were provided previously in the consultation process. For confirmation, these estimates are included again for reference: -</p> <p>HH development = Minimum 150 man days effort</p> <p>HH ongoing costs = DTN and data storage</p> <p>NHH development = Between 20 = 100 man days effort dependant on complexity of changes to industry software</p> <p>NHH ongoing costs = DTN and data storage.</p> <p>In addition to these direct costs we would recommend that consideration should also be made of the indirect costs of such a change to a business, i.e. the postponement/delay of "business critical" development (and sometimes operational) work as resource is deployed onto a project which brings no actual benefit to the business.</p> <p>This leaves us then to consider the technical merits of the "group preferred" Modification (P253), specifically the assumptions surrounding the solution for this key third issue, i.e. "inaccuracies in the forecasting of SVA data, particularly embedded intermittent generation". It is vital that the perceived benefits of the P253 solution for this particular issue can be delivered and the entire Market costs justified as, the decision hinges on the improvements which the Group believes are afforded by this option.</p> <p>IMServ have previously raised a concern that although there has been consultation regarding availability of data for this additional settlement runs, this was in general terms. There has been no detailed analysis of the availability of the specifically required generation data at D+2 (proposed DC reporting date) particularly in the GSPs that are showing the greatest increase in volume. In the absence of actual export data, a HHDC</p>

Respondent	Response	Rationale
		<p>is required by the BSC to estimate zero values as opposed to estimating data based on any profile – such data therefore would not be of any improvement over the current methodology and reduces perceived benefits of the proposed change. The modification group agreed that this was a valid point for consideration however decided against further investigation as they believed that there were sufficient incentives to fix faults quickly in order to prevent the need for estimated data. Whilst there may be natural incentives for Suppliers, these are not cascaded to Agents (either MOP or DC) under current Industry governance and are quite likely absent from any existing commercial arrangements between Agents and Suppliers. This therefore means there is currently no assurance that the necessary performance levels could be achieved and the only way that this could be assured would be by taking action outside of the BSC.</p> <p>A Modification cannot be progressed based on such a dependency as a) success must be capable of being achieved solely within the viaries of the BSC and b) it cannot be guaranteed that such agreements could be reached between Suppliers and Agents</p> <p>We acknowledge that improvements can be made regarding the current process for credit calculation however as the perceived additional benefits of P253 cannot be guaranteed, the additional cost of this option cannot be justified.</p> <p>We therefore recommend that should an improvement be desired, that the Alternative Modification (P265) should be progressed.</p>
TMA	Yes	Our support of P253 depends upon the cost/benefit analyses of both P253 and P265.
Centrica	No	<p>Centrica remains concerned that without Party Agent costs being satisfactorily identified there is a risk that P253 could result in significant implementation costs being incurred that would ultimately be passed through. These are costs in terms of changes to processes, hardware and software and should be able to be provided or estimated across the industry in the same way that central system costs are. Implementing this modification without a clear identification of potentially high costs would be detrimental to the efficient implementation and administration of the BSC arrangements (objective (d)).</p> <p>There would also be a potentially detrimental impact on competition via reduced confidence of the BSC</p>

Respondent	Response	Rationale
		<p>arrangements that allow for modifications to be approved without full implementation cost identification.</p> <p>We accept that the Proposed Modification would provide a more accurate view of credit exposure which avoids Parties under collateralising their risks in the event of a default and the industry will therefore minimise its unsecured loss. The more accurate calculation would also allow for reductions in the amount of credit lodged where this has been overestimated. We acknowledge that the amount of embedded and intermittent generation will increase over time, so the improved accuracy to this element of the Proposed Modification would be likely to prove to be increasingly beneficial. It is also evident that the Proposed Modification would address the specific defects with regard to bank holidays and where GSP Group Take approaches zero. These would have benefits under objective (c) and (d).</p> <p>However, on balance, we cannot currently support the modification as we believe the case has not been proven.</p>
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	No	<p>The Proposed Modification better achieves BSC Objectives (c) and (d) compared to the current Baseline.</p> <p>The more accurate credit calculation will allow Parties who currently over-secure their credit position as a matter of course to reduce that position to a more suitable level, leading to a consequential reduction in the cost of credit cover (Objective c). Conversely any under-securitisation is a risk to the entire market that ultimately carries the cost of any un-secured default. Securing this sum is a benefit on both Objectives c and d, as Party risk is lowered and ELEXON should spend less effort recovering "bad" debt.</p> <p>A more accurate calculation will also alleviate the cover spikes experienced when estimating either based on, or for bank holidays; and when there is a high level of embedded generation within a GSP Group. These spikes lead to a number of manual interventions and investigations by ELEXON which should almost disappear (Objective d).</p> <p>However, compared to Proposed Modification P265, P253 does not provide the same level of cost-benefit (see comments below), and for that reason we think that it should not be implemented.</p>

P253
Report Phase Consultation Responses

30 September 2010

Version 2.0

Page 5 of 18

© ELEXON Limited 2010

Respondent	Response	Rationale
RWE npower	No	<p>Due to the significant costs which will be incurred by Party Agents, RWE npower believes that the Proposed methodology would be an inefficient use of funds and resource. This would go against BSC Objective (d) as the costs incurred by Party Agents will be in excess of the benefit obtained through the more accurate credit cover calculation.</p> <p>It is RWE npower's belief that the Proposed Modification would not result in Parties significantly altering the amount of credit cover that they lodge. Therefore there is no argument to follow that the introduction of the changes with this Modification would better promote competition (BSC Objective (c)) as indicated in the consultation. Given the implementation of SMART metering over the coming years RWE npower does not support the initial and ongoing costs of the Modification.</p>
E.ON UK Energy Services Limited	Neutral	<p>-</p>
EDF Energy	Yes	<p>Benefits:</p> <ul style="list-style-type: none"> • expected improved accuracy of the level of credit required to be provided by parties to protect other parties from the possibility of default • expected administrative benefit of reduction in claims for manifest error • eliminate difficulties in credit calculations associated with GSP Groups where embedded generation causes GSP Group take to be very small, zero or negative <p>Disbenefits:</p> <ul style="list-style-type: none"> • central costs of implementing the proposal (£110k initial + £4k/year) • unknown costs for Supplier Data Aggregators to perform additional aggregation runs before the II settlement run, although we expect these would be relatively low • uncertainty in completeness and accuracy of data provided by Data Collectors in advance of the proposed new data aggregation run, which creates uncertainty as to how accurate the credit calculation would be <p>On the basis of those implementation costs which are</p>

Respondent	Response	Rationale
		<p>known, and the analysis performed on the potential impact on credit accuracy, on balance we support the proposal, believing the likely benefits outweigh the disbenefits. See response to question 2 for further views.</p> <p>We do not think there would be significant impact on BSC Objectives (a) concerning Transmission Licence conditions (other than in relation to BSC objectives) or (b) concerning efficient system operation.</p> <p>We think benefit would be achieved under BSC Objective (c) concerning competition, because individual parties would be subject to credit requirements closer to their true indebtedness, and would not be required to provide inefficient excess credit, or present a risk to other parties by having insufficient credit.</p> <p>Because of central costs in implementing the proposal, with only limited saving in ongoing BSC administration costs expected in relation to claims for manifest error, it is not obvious that BSC Objective (d) would be better met.</p>
National Grid	Yes	<p>National Grid agrees with the Panel that the Proposed Modification, which aims to improve the accuracy of the credit calculation, should be approved as it better achieves applicable BSC Objectives (d) and (C) compared to the current arrangements.</p>
The Renewable Energy Company Ltd	Yes	<p>The current method for calculating the credit cover cannot accurately account for embedded generation, particularly volatile generation such as wind. As a supplier with a growing portfolio of embedded generation, we increasingly have to lodge Material Doubt for periods of high generation. Collecting data to make a claim creates extra work for a small company. Following such periods our energy indebtedness is underestimated by the current method. The improved accuracy for Bank Holidays would also be of benefit.</p>
EnDCo	Yes	<p>The main areas which provides good grounding of preference for P253 are:</p> <ul style="list-style-type: none"> <li data-bbox="593 1828 1213 2135">• We have seen a number of new build embedded generators come to us this year ranging from wind parks, solar parks and waste to incineration to name but a few. These types of generation are all dependent on variable factors which cannot be fully predicted from day to day, (in the case of credit cover 3 weeks to 3 weeks). The P265 modification

Respondent	Response	Rationale
		<p>seems like it would address some of the issues apart from providing accurate meter II data, however in the mid to long term as embedded generation increases it would seem this would only be a viable short lived solution. It also seems that in the future forecasting may further improve if smart meters were to make its way into the industrial and domestic market. The likelihood that smart meters will make its way into the market may already be good grounds for implementing P253 at this early stage which would take consideration of these actual volumes.</p> <ul style="list-style-type: none"> • Providing competition in the market place by removing one of the barriers to entry for new suppliers. Over lodging collateral to account for inaccuracies in the way the credit calculation works is a likely set back for a new startup supplier, capital which could otherwise be used elsewhere for a more necessary purpose. It is likely that there may be many potential new electricity suppliers looking to enter the market place as renewable technologies becomes main stream. As the analysis done by the group shows the total saving the sample of suppliers, with a current overestimated position, would make under P253 is of material substance which pretty much looks to outweigh a single years cost of implementing the proposal. • Due to variability of meter volume, and on top of that adding an element of inaccuracy, smaller suppliers would have to source relatively significant sums of unnecessary collateral at short notice. • Reducing unnecessary Material Doubt Claims which costs time and money for Elexon and Suppliers to deal with. <p>Downside of P253:</p> <p>The costs of applying P253 in comparison to P265 is far greater and the impact on DC and DA seems substantial as they will have to adhere to quicker time scales on a daily basis. Also resolving issues which otherwise may have taken days will have to be resolved very rapidly. P265 has an advantage over the P253 proposal in this area however i don't feel this will solve the issue inaccurate II data which is really what the group set out to do.</p>

P253
Report Phase Consultation Responses

30 September 2010

Version 2.0

Page 8 of 18

© ELEXON Limited 2010

Question 2: Do you agree with the Panel's view that P253 is better than P265?

Summary

Yes	No	Neutral/Other
5	5	2

Responses

Respondent	Response	Rationale
Stark Software International Ltd	No	As Agent, the better solution is the cheaper (free) one.
UPL	-	-
Siemens Metering Services	Yes	We agree that P253 addresses the issues raised, more fully than P265.
IMServ Europe Limited	No	-
TMA	Yes	P253 deals with the issue caused by Embedded generation, which is not addressed by P265.
Centrica	No	<p>It is Centrica's view that P265 would be the more pragmatic and cost effective solution to the existing and most pressing of the defects (GSP Group Take approaching zero). The Proposed Modification could be a goal to move toward in due course when it is clear that the benefits would exceed the costs.</p> <p>P265 does not require Party Agent implementation (and associated unidentified costs as per P253) and therefore would be superior to the P253 under BSC Objective (d).</p>
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	No	<p>P265 provides an appropriate and cost-effective solution to the problems as defined. The available Party costs are quite high, and provide a questionable cost benefit to the industry as a whole and to the specific agents impacted in particular. A central-systems only solution (i.e. P265), while not providing as complete a solution as P253, does provide a better balance of cost-benefit to the industry.</p>
RWE npower	No	The expense to implement by Party Agents is a large disbenefit of P253 when compared to P265 along with the ongoing cost. RWE npower believes that P265 would be a more efficient and cost effective

Respondent	Response	Rationale
		<p>solution to the issues currently identified and thus better facilitates BSC Objective (d) than P253.</p>
E.ON UK Energy Services Limited	Neutral	<p>-</p>
EDF Energy	Yes	<p>Subject to no unexpected or unreasonable supplier agent costs and no unexpected inaccuracy or incompleteness in data provided by data collectors for the proposed II volume aggregation, we think P253 has more benefits than P265 due to expected higher accuracy.</p> <p>Analysis conducted by Elexon supports the expectation of higher accuracy from P253:</p> <p>Currently, errors in estimated indebtedness for individual parties may be many £m in either direction at any given time (page 2-10 of attachment B analysis). This can either require excess credit or allow insufficient credit to be provided. Parties providing cover for the maxima and not changing with time are providing more cover than necessary. Parties varying their cover with time may be providing less cover than necessary.</p> <p>Further analysis of potential errors in data at II relative to later data (attachment B pages 11-15) indicates that for most suppliers, over the period studied, a 5% error in SVA data at II relative to later data would reduce the maximum error relative to the current method. For one party ("3.d"), an error greater than 2-3% at II could reduce accuracy relative to the current method, but for some parties maximum error would be reduced even with 10-20% volume errors at II. We think the level of accuracy required to improve the credit calculation relative to the current baseline exists, and refinements to default processes can be sought if accuracy turns out not to be as good as expected.</p> <p>Attachment B pages 17-25 show that errors associated specifically with bank holidays exist, but other errors not directly related to bank holidays occur all the time and are more significant.</p> <p>Attachment B page 51 summarises an over-provision of credit of £15.4m, an average underprovision per underproviding party of £0.2m, and an average exposure of industry due to under-provision allowed by the current method of £2.9m (maximum over</p>

Respondent	Response	Rationale
		<p>£8m). These could be significantly reduced in a more accurate calculation like P253.</p> <p>Attachment B page 54 analysis of P265 summarises an over-provision of £14.9m, average underprovision per underproviding party £0.2m, and average exposure of industry £2.7m (maximum over £8m), relatively minor improvements relative to the current baseline.</p> <p>There is some uncertainty about the accuracy of individual SVA site meter data which would be used under P253 at about working day 3. We would expect actual data for most automatically read half-hourly sites, and estimated data for most if not all non-half-hourly sites. We would expect some estimation by half-hourly data collectors, and that data aggregators would use default EAC for remaining half-hourly sites with missing actual or estimated readings. For NHH sites, most are settled on EAC even at the initial settlement run (<14 wd of 12 monthly read cycle would imply at least 96%) and settling even 100% on EAC should have better accuracy than the present method which takes no account of changes in profile or supplier portfolio. Unprocessed changes of supplier or agent will introduce errors, but these should not be large relative to existing errors and would not in any case be captured by the current process or P265.</p> <p>GSP Group Take data collected by CDCA for II is reasonably accurate and the same under the current process, for P253 and for P265.</p> <p>We would hope and expect the accuracy in data from the P253 process would be better than that arising from the current and the P265 estimation method, both of which use 3 week old SVA Supplier volume share of GSP Group Take. The P265 proposal is very similar to the current process, only providing improvement in relation to market volume share shifts associated specifically with bank holidays. It would not improve processing for market volume shifts due to different behaviours over time of particular portfolios, or of changes in portfolios over time. Although there could be fluctuations in accuracy according to data collection performance at II under P253, there should be much less systematic</p>

P253
Report Phase Consultation Responses

30 September 2010

Version 2.0

Page 11 of 18

© ELEXON Limited 2010

Respondent	Response	Rationale
		<p>error due to real shifts in volume share over time.</p> <p>P265, in using absolute values rather than net values of GSP Group Take when calculating supplier percentage shares, would not fully address errors arising in the current methodology from small or negative GSP Group Take. Significant inaccuracies could still arise in some circumstances.</p> <p>Because the main benefits arise through increased accuracy, the net benefit of P265 relative to P253 under BSC Objective (c) is therefore lower.</p> <p>Although there is uncertainty about the party agent costs to implement P253, even if as high as indicated by previous respondents, these would be recovered over only a few years by reduced credit requirements, and reduced risk of unsecured default. The central costs of the proposal are similar to those of P265. P265 would reduce the number of manifest error claims, but probably not as much as the proposal, and does not fully address the management of potential difficulties or errors arising from small or negative GSP Group Take. Overall, we think P265 would not better meet BSC objective (d) compared with the proposal.</p> <p>Overall, on the basis of available information, P265 would not better meet BSC objectives (c) or (d) compared with P253..</p>
National Grid	Yes	<p>National Grid agrees with the Panel's view that P253 is better than P265 as it addresses all three of the issues raised. However we recognise that there will be impacts on the industry that will need to be considered in regards to P253 and the requirement to provide accurate data.</p>
The Renewable Energy Company Ltd	Yes	<p>P265 offers improvements in accuracy for both Bank Holidays and as GSPGT approaches zero but would not improve estimation of embedded generation. It could potentially make errors due to changes in embedded generation larger.</p>
EnDCo	Yes	See answer to question 1

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

Summary

Yes	No	Neutral/Other
10	1	1

Responses

Respondent	Response	Rationale
Stark Software International Ltd	Yes	If it goes ahead then timescales are OK
UPL	Yes	No implementation required unless a new version of NHHDA software is required in which case standard testing of the new software will be required. However testing of a new version of NHHDA and EAC/AA is already built into our plans for February and November as standard
Siemens Metering Services	Yes	We would only require 3 months notice for implementation of P253.
IMServ Europe Limited	No	-
TMA	Yes	The lead time cannot be any less than the one proposed.
Centrica	Yes	-
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	Yes	-
RWE npower	N/A	As RWE npower does not support the Proposed Modification we see no benefit in supporting the corresponding timescale for implementation.
E.ON UK Energy Services Limited	Yes	-
EDF Energy	Yes	The implementation timescales would allow approximately 1 year for supplier agents to modify their processes to accommodate the proposal. Although this seems a long time, from impact assessment responses it appears necessary for

Respondent	Response	Rationale
		achievement by all parties.
National Grid	Yes	National Grid agrees with the Panel's suggested Implementation Date.
The Renewable Energy Company Ltd	Yes	

Question 4: Do you agree that the legal text delivers the intention of P253?

Summary

Yes	No	Neutral/Other
8	0	4

Responses

Respondent	Response	Rationale
Stark Software International Ltd	-	-
UPL		
Siemens Metering Services	Yes	-
IMServ Europe Limited	Yes	-
TMA	Yes	-
Centrica	-	-
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	Yes	-
RWE npower	Yes	RWE npower believe that the legal text delivers the intention of P253.
E.ON UK Energy Services Limited	Yes	-
EDF Energy	Yes/No	Annex S-2 10.1.1 states "For each Settlement Period in any Settlement Day and for each Supplier BM Unit,

Respondent	Response	Rationale
		the SVAA shall determine or re-determine the BM Unit Allocated Demand Volumes and provide the same to the SAA and to each other person entitled thereto in accordance with BSCP508: (a) on each occasion on which an Interim Information Volume Allocation Run , Initial Volume Allocation Run or a Timetabled Reconciliation Volume Allocation Run is required...”. We understood that the changes would relate specifically to provision of data by SVAA to SAA for the II run, and that provision of data to other persons would be optional.
National Grid	Yes	National Grid agrees that the legal text delivers the intention of P253
The Renewable Energy Company Ltd	Yes	

Question 5: The Panel has found it difficult to consider the cost-benefits of P253 in the absence of more detailed information on participants' implementation costs. If you are an affected Party Agent (or a Party whose agents are affected by P253), we invite you to provide the Panel with further details of your costs and impacts.

If you wish to provide this information confidentially to ELEXON and the Authority (but not to the Panel or wider industry), please mark your response accordingly.

Summary

Yes	No	Neutral/Other
2	1	10

Responses

Respondent	Response	Rationale
Stark Software International Ltd	Yes	The development cost would be made higher by the need to suppress the normal outputs from Aggregation (incl D0235s etc), but needing to retain the flexibility of allowing them at individual Supplier's request.
UPL	-	Impact 1 – Testing a new version of NHHDA Software – Approx timescale and cost, 2 weeks @ £500 per week = £1,000 Impact 2 – Additional flows transmitted over the

P253
Report Phase Consultation Responses

30 September 2010

Version 2.0

Page 15 of 18

© ELEXON Limited 2010

Respondent	Response	Rationale
		<p>DTN. We calculate from looking at our current SF run files that the addition of the II run will add a further 41,245 files to our annual export, on average these files are 5k in size working out to an additional cost to UPL for DTN Usage fees of 41p per annum, i.e. negligible.</p> <p>We would note however that we are a very small NHHDA serving approximately 13,000 MPANs at present and whilst these costs are negligible to us, they may not be for larger NHHDAs or indeed HHDCs or HHDAs</p> <p>No impacts on the Alternative</p>
Siemens Metering Services	-	<p>The impact of P253 on our software systems would require us to make a small change to our HHDC/ DA software, and we would also require a new release of the NHHDA software.</p> <p>The costs associated with this would mainly be in software testing and cut-over, and would amount to approx £2,500.</p> <p>Additional costs would be incurred through increased data flow volumes over the DTN Gateway. This would be dependant on whether, as an agent, we were required to send the II data to Suppliers as well as the SVAA. If this was just to go to the SVAA, then costs would only increase by approximately £370 (annually), however if all Suppliers required this as well, then costs could rise by approximately £2150 (annually).</p>
IMServ Europe Limited	-	See response to Question 1
TMA	-	<p>The Proposed Modification has software and procedure impact.</p> <p>The software impact is significant, we estimate, using the information currently available, the cost to be £150K. There will also be an ongoing cost in manpower to run an additional aggregation run.</p> <p>There is likely to be a cost to the industry for the re-qualification of HHDA agents and maybe of other market roles, it needs to be taken into account in the lead time.</p>
Centrica	-	-
Lowri Beck Services Limited	-	After evaluating the P253 documentation we believe that we will not incur any major costs or any impacts to the current day-to-day operations.

Respondent	Response	Rationale
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	N/A	Our costs have not changed from those submitted during the Assessment Phase, and remain at circa £100k - £150k. We are unable at this time to provide a detailed breakdown of these costs.
RWE npower	Yes	The Proposed Modification will require significant changes to Elexon, Party and Party Agent processes to accommodate the storage, usage and communication of new data and there are associated costs to contract amendments.
E.ON UK Energy Services Limited	Yes/No	This change will have little direct impact on our activities as a NHH DA.
EDF Energy	Yes/No	In relation to NHH Data Aggregation services provided from within EDF Energy group, initial analysis indicates the changes would need less than 3 months notice and would cost less than £8k (assuming no change to current settlement process).
National Grid	No	No further implementation costs to be considered.
The Renewable Energy Company Ltd	Yes/No	Since much of the data already exists (it's the data we would use to make a claim of Material Doubt) the costs should not be significant.

Question 6: Do you have any further comments on P253?

Responses

Respondent	Response
Stark Software International Ltd	<p>We would question the value of early NHH aggregation that would have virtually no AA data within it.</p> <p>For early HH aggregation to be useful, Settlement is relying on commercial arrangements that may exist between Suppliers and DCs to provide data far earlier than that currently required for Settlement.</p>
UPL	The evidence presented for the effect of Scottish Bank holidays in the alternative modification suggests excluding them would make for a more accurate model
Siemens Metering Services	<p>With regard to the SVAA II Run reports – Obligations (page 8), it states that '... if a Supplier wants to receive II files (subject to agreement/ negotiation with their agent) then there is no obligation stopping them.'</p> <p>Our preference would be that there should be an obligation in place for this, rather than relying on negotiating individual agreements</p>

Respondent	Response
	<p>between each Supplier and Agent.</p> <p>If only certain Suppliers required this data, then it would increase the complexity of the solution for P253, in terms of both the software changes required, and additional manual checking processes that would need to be implemented.</p> <p>If an obligation was in place to say that either all Suppliers received this data, or no Suppliers received it, then that would simplify the software changes required, and ensure that there was no confusion over different arrangements between different agents and suppliers.</p>
IMServ Europe Limited	No
TMA	No
Centrica	No
Accenture (UK) Ltd. (for and on behalf of ScottishPower)	<p>As already stated above, we believe that the P265 solution provides a better cost-benefit case than the P253 solution. Known Agent costs are high with the majority of those costs falling on either the larger Suppliers or independent Agents, neither of which can be expected to directly benefit from a reduction in credit cover (i.e. we do not believe that there will be a consequential change in credit behaviour from the larger Parties). P265 provides a more equitable and acceptable outcome.</p>
RWE npower	<p>RWE npower believes that the initial and ongoing costs of the Proposed Modification outweigh the benefits indicated in the assessment consultation.</p>
E.ON UK Energy Services Limited	No
EDF Energy	No
National Grid	No further comments.
The Renewable Energy Company Ltd	No