

## P285 Impact Assessment Responses

What stage is this document in the process?

**Impact Assessment issued on 6 July 2012.**

01 Initial Written Assessment

02 Definition Procedure

03 Assessment Procedure

04 Report Phase

We received responses from:

Company	Role of Parties/non-Parties represented
National Grid Electricity Transmission Ltd	Transmission Company
SmartestEnergy	Supplier / Consolidator
IBM UK Ltd for and on behalf of the ScottishPower Group	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Distributor
RWE Supply & Trading GmbH	Supplier / Generator / Trader / Consolidator / Exemptable Generator / Party Agent
Centrica	Generator / Trader / Supplier / BSC Party
E.ON	Supplier / Generator / Trader / Consolidator / Exemptable Generator
EDF Energy	Generator / Supplier / Party Agent / Consolidator / Exemptable Generator / Trader
BritNed Development Limited	Interconnector Error Administrator

## Impact Assessment by BSC Parties

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01 Initial Written Assessment

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### Question 1: Will P285 impact your organisation?

#### Responses

Respondent	Response
National Grid Electricity Transmission Ltd	<b>No</b>
SmartestEnergy	<b>Yes</b> SmartestEnergy is a supplier and consolidator of embedded generation. As such we are a payer/recipient of RCRC depending on whether the balancing pot is in surplus or deficit. We would anticipate payments (in either direction) to increase as a result of the pot being shared amongst a smaller community of BSC Parties.
IBM UK Ltd for and on behalf of the ScottishPower Group	<b>Yes</b> There will be system impacts on our settlement and trading systems as well as business processes.
RWE Supply & Trading GmbH	<b>Yes</b> P285 will impact on the cashflow allocated to Suppliers as a result of its removal from interconnector BMUs
Centrica	<b>Yes</b> We will need to ensure that our systems can process the revised input of RCRC values. We assume that the RCRC values associated with the applicable BMUs will be null or zero.
E.ON	<b>Yes</b> Rrc forecasting will be affected but we should not see any significant impact beyond the comparatively small changes in rrc that we could expect to receive/pay.
EDF Energy	<b>Yes</b> We would revise our methodology for forecasting RCRC allocations, for the purpose of pricing wholesale and customer contracts.
BritNed Development Limited	<b>Yes</b> We will no longer be exposed to RCRC costs. No system changes will be required. Changes to internal processes to remove RCRC costing

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Respondent	Response
	from operational analysis.

## Question 2: Will your organisation incur any costs in implementing P285?

### Responses

Respondent	Response
National Grid Electricity Transmission Ltd	<b>No</b>
SmartestEnergy	<b>No</b> We do not believe this should be implemented in such a way as to create the need for system changes. Obviously, forecasts of RCRC will change but these would be reviewed anyway.
IBM UK Ltd for and on behalf of the ScottishPower Group	<b>Yes</b> There will be costs in the region of £5k for updating our systems and processes and a saving of ~£1k if P285 and P286 are approved at the same time. There will be no difference whether the modification is implemented outside or as part of normal Release.
RWE Supply & Trading GmbH	<b>No</b> We do not have any systems costs associated with implementation of P285.
Centrica	<b>Yes</b> We envisage these costs to be minimal, subject to the system changes Elexon makes in order to implement this change.
E.ON	<b>No</b> No significant costs should be incurred.
EDF Energy	<b>Yes</b> Provided no changes to automated dataflows with central systems are required, implementation costs should be minimal, probably less than £10k for a one-off change to cost forecasting processes.  Assuming no change to automated dataflows with central systems, implementation as part of a normal BSC Systems Release would not affect the costs.  Changes in RCRC values for non-interconnectors and any consequential effect on wholesale prices, would have a small effect on the profit-loss margin on existing contracts, and the pricing of future contracts.
BritNed Development Limited	<b>No</b>

Question 3: How long (from the point of Ofgem approval) would you need to implement P285?

**Responses**

<b>Respondent</b>	<b>Response</b>
National Grid Electricity Transmission Ltd	<b>No lead-time required</b>
SmartestEnergy	<b>No comment</b>
IBM UK Ltd for and on behalf of the ScottishPower Group	<b>3 Months</b> Timescale required for system changes.
RWE Supply & Trading GmbH	<b>2 Years</b> The proposed modification would lead to a straightforward change in the allocation of RCRC. The proposed modification would lead to a straightforward change in the allocation of RCRC. It will however have a marginal effect on power prices and changes in tariffs will need to reflect this.
Centrica	<b>Minimal</b> We do not expect to need any more than a minimal lead time but this is dependent on the system change adopted.
E.ON	- On the whole it is always preferable for changes to be implemented as part of a BSC systems release; we would not require any particular lead time so would support implementation in the next viable BSC systems release.
EDF Energy	<b>3 Months</b> 3 months should be sufficient to make the necessary changes to internal systems and processes.
BritNed Development Limited	<b>None</b> No difference if implemented as part of or outside of a normal BSC release

## Question 4: Would you like to make any further comments on P285?

### Responses

Respondent	Response
National Grid Electricity Transmission Ltd	<b>Yes</b> Whilst we have not identified any immediate implementation costs, there may be other costs arising from not implementing this proposal in a timely manner. We would expect to identify these as part of the consultation process.
SmartestEnergy	<b>Yes</b> Regardless of the flow of payments which result from RCRC we believe there is a fundamental misconception underlying this proposal. Whilst there is a correlation between BSUoS and RCRC, the real relationship is between cash-out and RCRC. If a participant is subject to cash-out, they should also be subject to RCRC.
IBM UK Ltd for and on behalf of the ScottishPower Group	<b>Yes</b> We assume that P285 will have the same determination and be implemented at the same time as CMP202 otherwise the potentially anomalous situation, which this modification tries to alleviate, would exist.
RWE Supply & Trading GmbH	<b>No</b>
Centrica	<b>No</b>
E.ON	<b>No</b>
EDF Energy	<b>Yes</b> It is not clear at this stage how the proposal would better meet BSC objectives. However, it would be consistent with CUSC proposal CMP202 if that were to be approved.  The proposal should clearly be implemented at the same time as CMP202, if that separate proposal were to be approved.
BritNed Development Limited	<b>Yes</b> We support the removal of the primary component of RCRC for IEA's and IU's in view of removal of BSUoS charges.  With regards the secondary component to RCRC where the offset between SSP and SBP is reallocated for opposing imbalances. This appears to be independent to BSUoS and so does not necessarily follow that this component be removed on the same grounds as the primary component. This proposal does not address this and it is our view that this should be considered as part of the working group.