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Dear David,

Data exchange under the S0-T0 Code

E.ON UK considers the exchange of data on Users between the GBSO and the Transmission Owners as a vital element of BETTA to ensure that competition is properly achieved and that some trading parties do not gain an unfair advantage over others. We are therefore concerned that some of the proposals in the above consultation do not define the arrangements tightly enough and in places go too far, particularly in respect of the governance between the STC and User facing codes.

Proposed changes to the Grid Code

We have consistently stated that the STC should be considered as a subcontract between the GBSO and the TOs, who are responsible for providing a subset of the GBSO's obligations to Users in respect of those parts of the network located in Scotland. In June 2004 we wrote to Ofgem expressing our concern that proposed paragraph PC5.4(e) of the GB Grid Code stated that User data would not be considered as confidential if it was required to be passed to the TOs under the STC. We stated that it was inappropriate for an agreement to which Users were not signatories (the STC) to be dictating the release of their confidential information in this way.

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Whilst we were disappointed to note that this paragraph was retained in the final Grid Code designated by the Secretary of State in September, we received some comfort from PC1.1 which stated that the information which could be released under the STC would be defined within the Grid Code itself. Now it is proposed that this provision is removed from the Grid Code.

Not only does this represent bad governance, it may lead participants to question further whether too much weight has been given to the interests of the transmission companies and present Scottish incumbents. We would therefore urge Ofgem to reconsider this proposal and to retain the present wording in the Grid Code. NGC would therefore be responsible, as the common signatory to both codes, for ensuring that the STC and the Grid Code do not conflict, as it is required to do in respect of other provisions in the codes.

Proposed text of Schedule 3 to the STC

We welcome the general aim to only permit data exchange with a TO if the data relates in some way to the transmission network of that TO. For instance, the concepts of a "Directly Connected Unit" and the "Boundary of Influence" of a transmission company are helpful in defining which information is relevant. However, we have some comments on detailed points of drafting in Schedule 3 where we believe these concepts may be unclear or possibly contradicted.

The definition of "Transmission Information" refers to "information related to the planning, development, operation or configuration" of the transmission system. As most User Data will have been provided under the provisions of the Planning Codes and Operating Codes, this definition would appear to include User Data as well. We do not believe that this was the original intention.

Paragraph 2.1.3 states that NGC may make data available to TOs where it has been made available to other parties such as Users. However, it is not clear whether there are any restrictions on when NGC can do this. This is of particular concern if the Grid Code continues to state that information will be provided under Schedule 3 of the STC. This clause would therefore appear to give free reign for NGC to publish any confidential information as long as it does so to all STC parties and the parties to other codes. Again, we do not believe that this was the intention of this clause.

Paragraph 2.1.3 states that NGC may make data available to a TO if it forms part of a NGC Construction Agreement. We believe that this should refer to the relevant TO. A TO who is not party to the Construction Agreement should not be able to receive this information.

Paragraph 2.2.1 states that information on a dispute can be made available to a TO. Again, this should refer to the relevant TO.

The definition of "Directly Connected Unit" appears to include all generators embedded in distribution systems connected to the relevant transmission system due to the wording of paragraph 2.4.1 (b). This does not seem to be correct.

In paragraph 2.4.3(iii)b, it is not clear why forecasts of the Ranking Order of generators connected outside of the Boundary of Influence of the relevant TO should be provided at all, even on an aggregated basis. Likewise, we do not know why TOs should require the forecast of the Ranking Order of all Generation Units across the whole of GB during times of minimum demand, as provided by paragraph 2.4.3(v).

Finally, it is not clear why all the technical parameters of generation units listed in paragraph 2.4.7 are required by TO's for the operation of their networks. Particularly, we are unsure why the items in sub paragraphs (d) and (e), relating to temperatures and fluid pressures in the relevant plant, are required by TOs or why past data is required. We also note that this paragraph is open-ended as it includes, but is not limited to, the items listed. If there is a clear requirement for information, then it should be possible to define it precisely in such a list.

Data provided under British Grid Systems Code No 16.

We agree with the proposal to grant a time limited derogation to the STC to deal with the issue of the Inter Utility Exchange Data links and the data which is presently provided under BGSC16. Given that intention is to decommission these links, or change the data flows over them, in the near future, we do not believe that it would be appropriate to allow for the data exchange to be "hard-coded" into the STC. A time limited derogation would ensure that the necessary incentive to change the usage of the IUED links is maintained. It would also limit the changes required to the code in order to remove it when the deadline expires.

In summary, we believe that the provision of data to companies which have associated trading activities is a serious matter which has the ability to significantly undermine competition. We therefore, believe that the relevant provisions in the User facing codes should be defined as tightly as possible. We do not believe that the present proposed drafting achieves this.

Yours sincerely

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Trading Arrangements