

Update to DSWG on Electricity Information Provision

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Agenda

- ◆ Progress since last DSWG
 - ◆ P219/P220 modification process (RC)
 - ◆ Summary Page Phase 1 (JL)
- ◆ Summary and Way Forward (PA)

Progress Update – P219/P220

Summary of Progress on P219/P220

- ◆ P219/220 in Assessment Procedure:
 - ◆ Assessment Reports going to BSC Panel 14 February
 - ◆ Widespread support for principle
 - ◆ Difficulty in quantifying benefits to justify implementation costs
 - ◆ P219 sent back to Modification Group for further consultation / assessment of benefits
- ◆ Modification Group felt it needed evidence of benefits if costs on P219 were to be justified

The P219/P220 Modification Group

- ◆ Modification Groups open to anyone who:
 - ◆ Has relevant experience and/or expertise
 - ◆ Undertakes to make themselves available (i.e. attend majority of meetings)
 - ◆ Undertakes (via formal letter from employer) to act as impartial expert (and not representative of particular interests)
- ◆ Alternatively, anyone can attend and speak (but not vote) without meeting above requirements
- ◆ No DSWG members took up option of formally joining the Group, but some did attend and speak at meetings

P219/P220 Consultation

- ◆ Following initial assessment by the Modification Groups
 - ◆ Consultations issued for each modification;
 - ◆ Two separate consultations on P219 (Demand consistency)
 - ◆ One on P220 (New data items for the summary page)
- ◆ These took place through December and January respectively;
 - ◆ DSWG members invited to participate
 - ◆ The extra consultation on P219 took place in late January

Summary Arguments for and against modifications

- ◆ Increase competition / market efficiency
- ◆ Better demand and imbalance forecasting by market
- ◆ Reduce confusion over existing data
- ◆ Reduce imbalance exposure
- ◆ Allow risk mitigation
- ◆ Very small percentage changes required to outweigh costs
- ◆ Correct known defects, provide clear, consistent data
- ◆ Additional information will assist small players understanding of market

- Some considered implementation costs high
- Limited benefits of small incremental change in information provision
- New information already factored into prices by market players
- Difficult to quantify cost benefits before modification has been implemented

P219 (Demand Consistency)

- ◆ January's BSC Panel received the first P219 Assessment Report
 - ◆ requested more information on benefits;
 - ◆ 1st Assessment Report had recommended implementation;
 - ◆ 2nd P219 consultation issued in January;
- ◆ The response rate to the second consultation was lower and moved things forward only marginally on quantified benefits;
 - ◆ National Grid quantified some benefits but not much else new came forward;

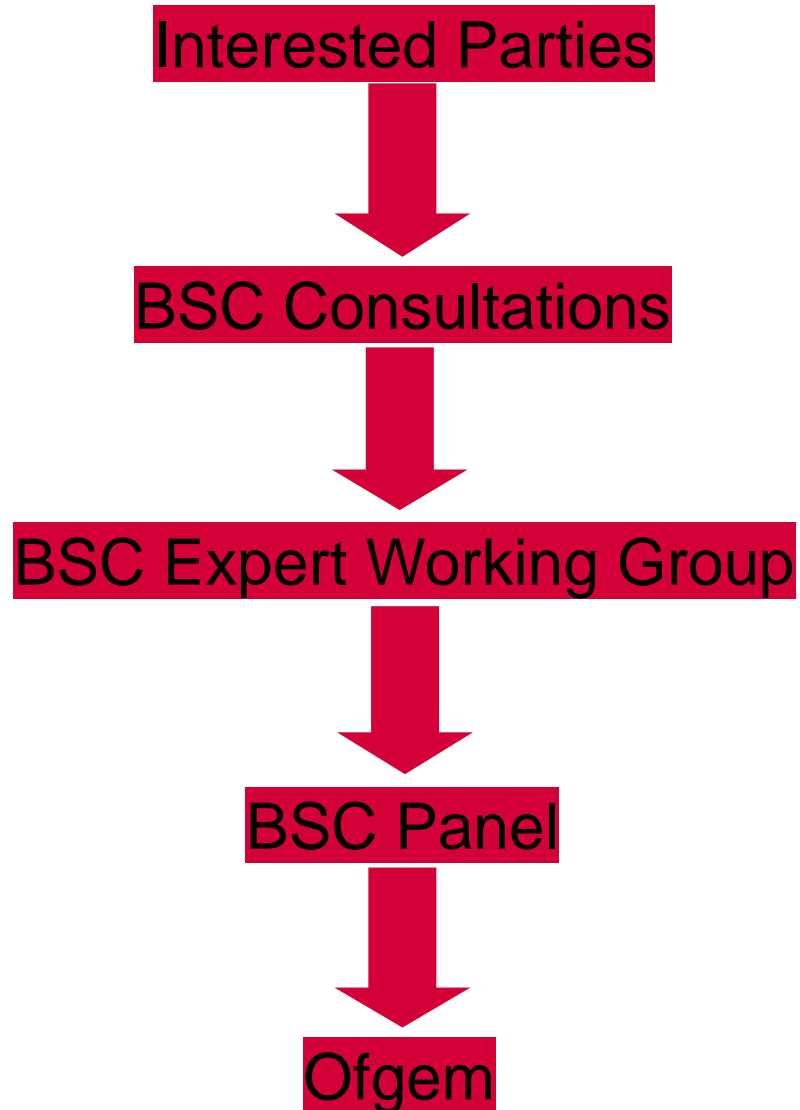
P219 (Demand Consistency)

- ◆ The final P219 meeting occurred on 4 February 2008
 - ◆ Were not convinced that benefits outweighed the cost
 - ◆ Voted by majority to change earlier recommendation
 - ◆ recommendation **NOT** to implement P219
- ◆ Recognising lack of responses from DSWG
 - ◆ ELEXON informed DSWG of recommendation;
 - ◆ ELEXON sought views on low response;
 - ◆ ELEXON requested additional views / evidence from DSWG in particular
 - ◆ All views received presented in Assessment Report
 - ◆ Not part of the normal process

P220 (New data items)

- ◆ February's BSC Panel will receive the draft assessment report for the first time.
- ◆ Benefits and costs have been focussed upon by stakeholders;
 - ◆ A good number of responses to the consultation were received including some from DSWG members which were really useful
- ◆ The expert group for P220 did NOT recommend implementation.
 - ◆ Similar concerns to P219 about the firmness and clarity of quantified benefits to set against the costs.

Process



Current status of modifications

- ◆ For both P219 and P220, most respondents to the **consultation** were in favour of the proposals;
 - ◆ In both cases they had sight of the costs.
- ◆ The Modification Group also supported the *principle* of provision of the additional market information;
- ◆ A number of qualitative factors were mentioned by respondents and discussed by the expert groups;
- ◆ Getting quantitative benefits remains an issue but everyone in the group/respondents recognised the difficulty of doing this.

Process

	P219	P220
Interested Parties	Consultation 1 7 for, 0 neutral, 0 against	Consultation 1 8 for, 1 neutral, 2 against
BSC Consultations	Consultation 2 7 for, 0 neutral, 1 against	
BSC Expert Working Group	MAJORITY REJECT VOTE	MAJORITY REJECT VOTE
BSC Panel	?	?
ELEXON Ofgem	?	nationalgrid

Governance timescales

- ◆ BSC Panel meeting 14th February to consider P219/P220 assessment reports and recommendations
- ◆ Consultation on Draft Modification Report issued within 7 days
- ◆ Further BSC Panel meeting 13th March to make final recommendation to OFGEM on each modification.
- ◆ OFGEM need to make a decision by 3rd April to ensure delivery of additional data for Phase 2 summary page by November 2008
- ◆ A decision by OFGEM later than 3 April would result in the implementation date slipping to June 2009 for P220
 - ◆ There is the opportunity of delivering P219 still for Nov 08 but without the cost savings of doing P220/P219 together.

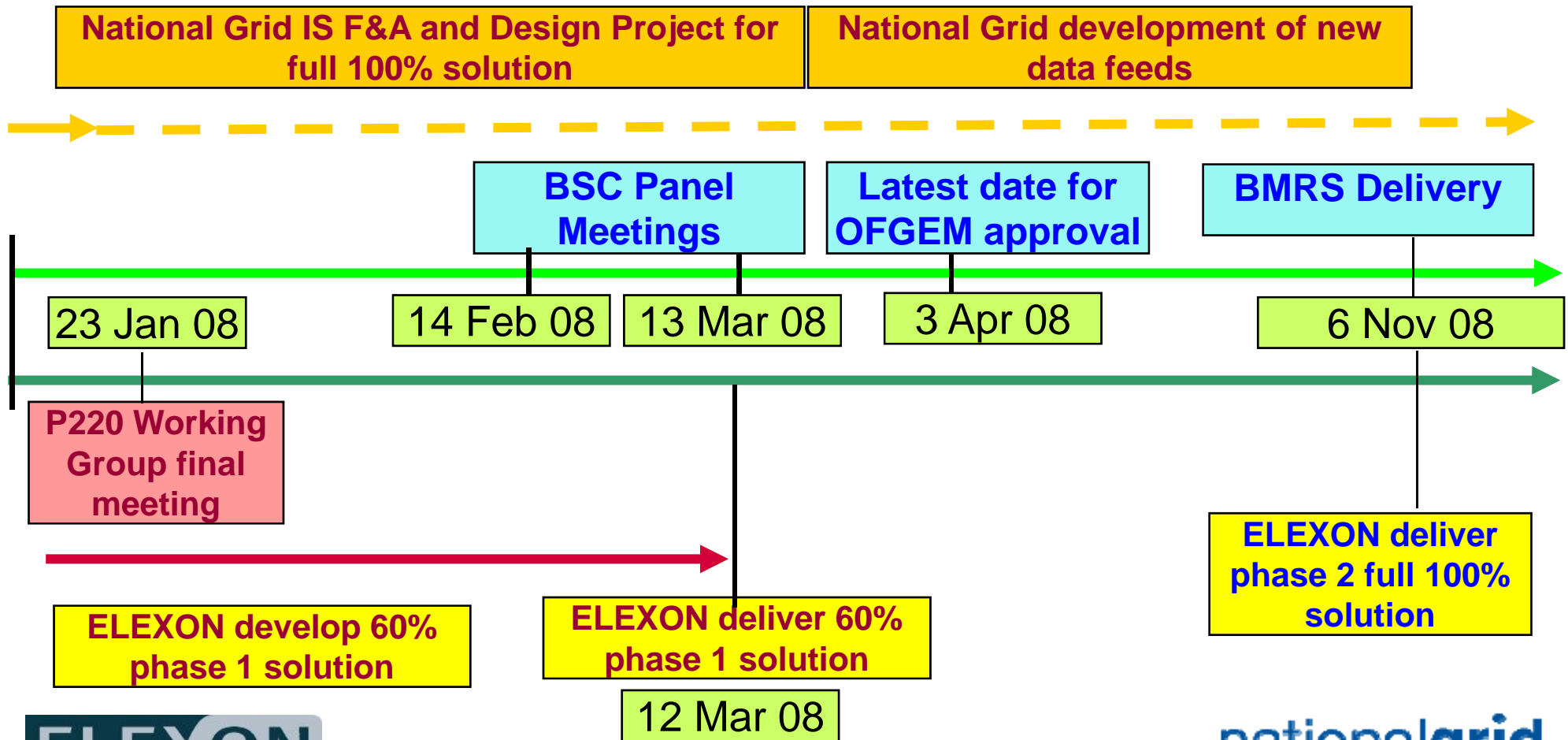
Phase 1 Summary Page

Progress on Phase 1 Summary Page

- ◆ Phase 1 Summary Page will deliver those elements of the Electricity Summary Page that can be derived from data already on BMRS
- ◆ Launch date is now confirmed as 12 March 2008

Summary and Way Forward

Overview Plan



Summary

- ◆ Developments to electricity operational information provision are at a key stage;
- ◆ The BSC Panel will make recommendations to OFGEM in the next month;
 - ◆ 14th Feb BSC panel meeting will be key for hitting a Nov 08 delivery
- ◆ OFGEM's decision and the timescale will be critical to the implementation date for new market information
 - ◆ Stakeholders can assist Ofgem/Elexon by inputting their views as there is a relatively short decision window if we are to hit Nov 08 delivery.
- ◆ National Grid continues to be open to further engagement with customers on information transparency.
- ◆ We encourage feedback to us, Elexon and Ofgem on the process.

Weblinks for more information

- ◆ National Grid electricity market information website section:

<http://www.nationalgrid.com/uk/Electricity/Data/electricitymarketinfo/>

- ◆ ELEXON's website where you can see key information and reports relating to the P219 and P220 modification proposals

<http://www.elexon.co.uk/>

- ◆ BMRS - the primary site to find operational information for electricity where P219 and P220 would be implemented if approved:

<http://www.bmreports.com/>

Winter/Summer Outlook Reporting

Paul Auckland
National Grid

12th February 2008

nationalgrid

Winter Consultation

- ◆ 3 Stage process last year
 - ◆ Review of 06/07 and Preliminary 07/08 Outlook – March 2007
 - ◆ Revised 07/08 View June 2007
 - ◆ Final Report September 2007
 - ◆ Series of Ofgem seminars
 - ◆ Within-winter reporting

- ◆ 2 Stage process proposed this year
 - ◆ Review and Preliminary Outlook – May 2008
 - ◆ Final Report September 2008
 - ◆ Series of Ofgem seminars
 - ◆ Within-winter reporting

Summer Outlook

- ◆ New Report
- ◆ Covering both electricity and gas
- ◆ Proposed report in April 2008

- ◆ Ofgem/National Grid seminar

- ◆ Welcome ideas on content and how to involve industry