

NR700MB - UKL13829 - DN Interruption Reform. Communication 2 Of 7 - xoserve response

Following a presentation to the UK LINK Committee on 11th January 2007, xoserve invited Shippers to comment on the two solution options for the operation of an interruptible rights application process, and on the impacts on the SPA interfaces. At the time of closure of the comment period on 26th January 2007, comments had been received from 4 Shippers. A further Shipper provided comments on 31st January 2007. All comments received are set out in full in the attached matrix.

xoserve has considered these comments, and would respond as follows:

- 2 Shippers (British Gas Trading and Eon Energy) have expressed a preference for adoption of a manual solution. Of these, British Gas Trading are of the opinion that "development of new IX interfaces would be unnecessarily complex and may require system development by Shippers who do not intend to take part in this optional process". Eon Energy prefer a manual solution at least for the initial application process, stating that "once the level of take up is known then a proper evaluation of the cost benefit of an automated solution can be made". xoserve is supportive of these views and would propose that, following implementation of a manual solution for the initial process, a review of the costs and benefits of an automated solution is conducted by xoserve, Transporters and Shippers, taking account of the level of participation in and outcomes of the first interruptible rights tender.
- EDF Energy has expressed a preference for an automated solution, but has stated a requirement for a minimum 6 months notice for implementation of the same. Scottish & Southern Energy has expressed the same requirement, but has extended this requirement to include "4 months notice to implement a manual solution (as per Mod 10)". xoserve does not anticipate that the adoption of a manual process will require Shippers to make changes to their systems until some time after publication of the results of the tender in mid July 2007. As contracts do not take effect until October 2010, Shippers can, if they so wish, make changes to their systems to a timescale of their choosing.
- Scottish & Southern Energy has also questioned the "cost justification for implementing an automated solution to manage just 2,000 sites". xoserve considers that the adoption of a manual solution mitigates any immediate concerns about unnecessary investment in an automated solution, and defers any investment decision until the outcome of a later cost benefit review in respect of an automated solution has been completed.
- British Gas Trading have asked a question about the means by which Shippers will be advised of eligible sites which are undergoing a Change of Supplier during the application process, and how Shippers who are Registered Shippers on the last day for bid submissions are notified of site eligibility. xoserve proposes the following arrangements to address this concern:
 - At least 28 days prior to the opening of the bid window, each Shipper will be notified by xoserve of the locational interruption requirement and eligible Supply Points within those locations. For the Supply Point to be eligible, in addition to satisfying the AQ criteria, the Shipper has to be the Registered Shipper (status LI) or have confirmations in CO (Confirmed) or RQ (Requested) status on the date of notification.

- Bid validation will verify that the Shipper is the Registered Shipper on the date of submission, or that the Shipper has a confirmation with an effective date that is no later than 7 days after the last day of the bid window. As the minimum notice period for confirmation is 14 days, a Shipper must confirm an eligible Supply Point against which they wish to place a bid no later than 7 days before the last day of the bid window.
- When a Shipper confirms an eligible Supply Point under these circumstances, the Shipper has the right to obtain details of relevant locational interruption requirements, and may obtain the same from xoserve. As volumes are anticipated to be extremely low, xoserve proposes that Shippers request this information manually by e-mail or telephone, providing the confirmation reference number as evidence of their right of access to the data.
- With regard to the impact on SPA interfaces, British Gas Trading have expressed support for the development of existing SPA flows to facilitate the transfer of information on interruption obligations. xoserve has noted this statement of support, and will continue to look for the most efficient means of communicating interruption obligations information to incoming Shippers. Consideration needs to be given to both the notification of existence of an interruptible rights contract through the Nominations process, and the notification of contract terms following confirmation. xoserve appreciates that changes to SPA flows may require all Shippers to change their systems, yet a number of these will not be participants in the proposed new interruption arrangements. Alternative approaches such as the provision of relevant information through IAD enquiry screens is being considered.

It is proposed that the UK LINK Committee meeting scheduled for Thursday 8th February includes a discussion of Shipper comments and xoserve responses. Further information on the manual process will also be made available at the meeting.

Regards...Martin

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