



Q1 2013-14 (April – June 2013)

ELEXON Quarterly Report

BSCCo Review

The ELEXON Quarterly Report for Q1 2013/14 provides information on the operation, implementation and administration of the BSC, in accordance with section C3.9.1 of the BSC.

The Quarterly Report is divided into four sections:

1. BSCCo Review
2. Operation of the Balancing and Settlement Arrangements
3. Governance and Change
4. Review against the Annual Budget

This report summarises the operation of the Balancing and Settlement Code (BSC) for the first quarter of the Financial Year 2013/14 and describes the activities of the BSC Panel and its Committees. The report also reviews ELEXON's performance against the BSCCo Business Strategy and Budget for 2013/14.

Our strategy this year is to maintain and build upon our previous achievements to fulfill our mission – "To deliver the BSC effectively, efficiently and economically, to the benefit of our customers", and to support the best strategic outcomes for the evolving industry by pursuing our vision – "to be a leader in the efficient transformation of energy markets by providing shared solutions to address common industry problems."

We aim to achieve our strategy by fulfilling five strategic priorities designed to improve our service to our customers and stakeholders. These are to:

- Actively manage, and continually improve, BSC services to ensure that we deliver in an efficient, effective and economic way
- Drive efficiencies and savings in our operational business
- Improve the customer experience and develop richer customer relationships
- Develop our services and adapt our business to address industry challenges
- Invest in our people for the benefit of our industry

To pursue our vision, we will develop our services and adapt our business to address industry challenges.

We've highlighted some of the key successes below, but you can get a fuller picture of our business activity from the reports presented at each BSC Panel meeting:



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- [ELEXON REPORT 212 – 15 March to 5 April 2013](#)
- [ELEXON REPORT 212a – 12 April to 2 May 2013](#)
- [ELEXON REPORT 213 – 11 May to 6 June 2013](#)
- [ELEXON REPORT 214 – 14 June to 5 July 2013](#)

Managing and improving BSC Services

Technical Assurance Agent contract goes live

Earlier this year, ELEXON awarded a five-year contract to [C&C Group plc](#) to be the Technical Assurance Agent (TAA). The new contract went live on **1 April 2013** and includes improvements to the service such as improved, trend-based reporting and an easier-to-use online interface for customers while continuing to offer an excellent service.

Annual BSC Report and Financial Report 2012/13 published

In June 2013, the [Annual BSC Report 2012/13](#) and the [ELEXON Financial Report](#) for the year ending **31 March 2013** were published on the [Reports, policies and publications](#) page of the ELEXON website. The Annual BSC Report looks back the BSC Panel's and ELEXON's activities over the 2012/13 BSC year, highlighting how ELEXON continues to be effective, efficient and economic in delivering the BSC, and how ELEXON is engaging with the many changes affecting the energy industry to ensure the BSC arrangements remain robust.

BSC Audit Report for the Year Ending 31 March 2013

At its June meeting, the BSC Panel noted the BSC Auditor's Report for the year ending **31 March 2013**. This report details the BSC Auditor's Opinion for the period and is accompanied by their Statement of Significant Matters. The report is published on the [Performance Assurance Reports](#) page of the ELEXON website.

The BSC Auditor has not qualified the audit for the period ended 31 March 2013 as the total aggregate volume of all quantifiable material errors is again below the materiality threshold of 1.5TWh approved by the BSC Panel.

Improving the customer experience

New Non-Executive Director appointed to ELEXON Board

The ELEXON Board has appointed **David Rigney** as an independent Non-Executive Director and chairman of the Board's Audit Committee. David, a Chartered Accountant, brings a wide range of experience from both main Board Executive and Non-Executive Director roles in the public and private sectors. David replaces Peter Teague as an independent member of the Board.



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Switched On: ELEXON Annual Customer Survey 2013

The customer survey helps us to improve our service to you, and the feedback we receive helps us to plan more effectively to meet the needs of our customers. The survey started in June and, as with previous years, was carried out by Researchcraft, an independent market research company, so responses go directly to Researchcraft and any information provided is confidential.

This year, we improved the survey to make the process quicker, more engaging and more convenient for our customers to complete. The survey included fewer questions so it is quicker to complete, more focused questions so we can better act on what our customers tell us. We avoided asking questions we already have feedback for and we kept questions that allow us to track views year on year.

Change to the circulation of Performance Assurance consultations and publications

We have changed the way we notify our customers of impending Performance Assurance consultations and publications. Previously we used the BSC Change Administrator/Party Agent Change Administrator (BCA/PACA) mailing lists. The following consultations and publication notifications are now circulated via ELEXON Circulars with reminders published in Newscast:

- Risk Evaluation Methodology
- Risk Evaluation Register
- Risk Operating Plan
- Annual Performance Assurance Report
- Annual Performance Assurance Timetable

Risk Evaluation Register 2014/15 Consultation published

At its June meeting, the Performance Assurance Board (PAB) endorsed the draft Risk Evaluation Register (RER) 2013/14 for industry consultation which was issued to industry on **28 June 2013**.

"Introducing ELEXON" Seminar Feedback: 26 June 2013

Our "Introducing ELEXON" Seminar on **Wednesday 26 June** was a great success. Some of the very positive feedback from our audience of the Big Six, smaller Suppliers and other attendees included:

"I found it very interesting and it has given me a better understanding of the industry and the different companies that contribute to the running of the energy industry."

"It covers almost every aspect of the electricity market and provides an all round introduction to the balancing market."

ELEXON Website enhancements

We have enhanced key pages of our website to ensure they provide up-to-date, clear and concise information.

Our '[Who we are](#)' page provides the latest photos and biographies of the Board, the Panel, our Executive team and our senior staff.



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The '[What we do](#)' page provides a concise summary of ELEXON's role within the trading arrangements. It also introduces the key tasks we perform as part of our role as the BSC administrator such as procurement, change management and performance assurance.

ELEXON You Tube channel launched

In May 2013, we launched our new [ELEXON You Tube channel](#) which hosts our informative selection of videos that we currently use on our websites to describe who we are and what we do. We will add to the channel over the coming months with more videos focusing on specific areas of ELEXON's role as the Balancing and Settlement Code Company.

Developing our services

European Developments

In April, ELEXON presented an overview of the current European developments impacting, or potentially impacting on the BSC to the Cross Codes Electricity Forum. The slides are published on the [Cross-Codes Electricity Forum](#) page of the ELEXON website.

The Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT) is an EU regulation that came into force in December 2011, and is aimed at preventing market abuse in the wholesale energy markets. [BSC Modification Proposal P291](#) proposes to use the Balancing Mechanism Reporting System (BMRS) as a platform to publish the necessary information to meet the requirements of REMIT inside information reporting for the GB electricity sector. At its July meeting, the BSC Panel made its final recommendation that P291 should be approved. At the time of writing, P291 is with Ofgem for decision.

The European Regulation on submission and publication of data in electricity markets, commonly known as the '[Transparency Regulation](#)' came into force in early July after publication in June. Following earlier discussions held under [Issue 47 'GB Implementation of the European Transparency Regulation'](#), [BSC Modification P295](#) was also raised in early July, proposing that ELEXON is made the GB data provider for all data that the Transmission Company is required to submit to the central European platform under the Transparency Regulation, with some or all of this data also being published on the BMRS.

Electricity Market Reform (EMR)

In April 2013, the Department of Energy and Climate Change (DECC) confirmed its intention to appoint ELEXON as the Settlement Agent for both the Contracts for Difference and Capacity Market schemes using powers that will be given to the Secretary of State as part of primary legislation.

Peter Haigh, ELEXON CEO, wrote an [open letter to BSC Parties](#) to explain ELEXON's role in DECC's EMR programme and the funding arrangements in place.

Regular reports on ELEXON's role in EMR are given to the BSC Panel each month and these reports are published on the ELEXON website. They include detail on ELEXON's EMR funding, engagement, governance, systems procurement, BSC impact, resource effort and expenditure, etc.



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Smart Metering and Smarter Markets

We continued to engage closely with the DECC and Ofgem's Smart Metering and Smarter Markets teams across this period.

We have progressed consequential changes in support of the smart metering rollout. [CP1388 'Meter Technical Details for Smart Meters'](#) and [P292: Amending Supplier & Meter Operator Agent responsibilities for smart Meter Technical Details](#) were raised to allow for the changes associated with responsibility for Meter Technical Details to be made. In addition we continue to support DECC's consequential amendments working group. We sought advice from DECC about legal drafting relating to the ownership of metering data.

We attended the second meeting of the Smarter Markets Co-ordination Group and began supporting the expert group assessing improvements to the Change of Supplier process. We responded to the Smarter Markets 'Demand Side Response' consultation.

Industry consultations

We responded to a number of industry consultations over the quarter, including two ACER consultations on reporting data and trades to ACER under the Regulation on wholesale energy market integrity and transparency (REMIT), a Grid Code consultation on changes resulting from P276, and the following Ofgem consultations:

- Electricity Balancing Significant Code Review (EBSCR)
- Regulation on wholesale energy market integrity and transparency (REMIT)
- Creating the right environment for demand-side response

All our responses are published on the Industry Insights page of [ELEXON website](#).



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Operation of the Balancing and Settlement code Arrangements

You can find further details about our operational performance, including performance against our key performance indicators in the ELEXON reports presented to the BSC Panel every month:

- [ELEXON REPORT 212 – 15 March to 5 April 2013](#)
- [ELEXON REPORT 212a – 12 April to 2 May 2013](#)
- [ELEXON REPORT 213 – 11 May to 6 June 2013](#)
- [ELEXON REPORT 214 – 14 June to 5 July 2013](#)

We report operational issues that affect customers in ELEXON circulars. [You can read past circulars here.](#)



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Governance and Change

Modifications:

2 new Modification Proposals were raised:

- **P293** 'Changes to BSC Section H 'Audit' and BSC Service Description for BSC Audit to reflect current Practice'
- **P294** 'Addition of Offshore Transmission System and Offshore Transmission System User Assets (OTSUA) to definition of Total System'

0 Modification Proposals were withdrawn.

1 Modification Proposal was submitted to the Authority for decision:

- **P292** 'Amending Supplier and Meter Operator Agent responsibilities for Smart Meter Technical Details'

1 Modification Proposal was approved or rejected by the Authority.

- **P292** 'Amending Supplier & Meter Operator Agent responsibilities for smart Meter Technical Details'

0 Modification Proposals were pending Authority decision at **30 June 2013**.

- **P272** 'Mandatory Half-Hourly Settlement for Profile Classes 5-8'
- **P286** 'Revised treatment of Residual Cashflow Reallocation Cashflow (RCRC) for generation Balancing Mechanism (BM) Units'

1 Modification Proposal was approved by the BSC Panel as a Self-Governance.

- **P293** 'Changes to BSC Section H 'Audit' and BSC Service Description for BSC Audit to reflect current Practice'

1 Modification was implemented.

- **P285** 'Revised treatment of RCRC for Interconnector BM Units'

Change Proposals:

0 Change Proposals were raised:

3 Change Proposals were implemented:

- **CP1376** 'Reporting Failed Instructions'
- **CP1382** 'Clarification of IDD Rules for leading zeros'



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- **CP1383** 'Upgrade of Non-Half-Hourly Data Aggregator (NHHDA) and Estimated Annual Consumption (EAC)/Annualised Advances (AA) systems to Oracle 11g'

BSCP40 issues:

No BSCP40 issues were raised or remain open during this period.

Standing Issues:

5 Standing Issues were raised:

- **Issue 46** 'Non-Half-Hourly Interoperability'
- **Issue 47** 'Transparency Regulations'
- **Issue 48** 'Smart Metering Equipment Technical Specifications (SMETS) and Code of Practice (CoP)'
- **Issue 49** 'Change of Measurement Class (CoMC) process for Advanced Meters'
- **Issue 50** 'Customer Appointed Agents'

1 Standing Issue was closed:

- **Issue 47** 'Transparency Regulations'

BSC Panel and Committee Activity:

As well as considering the Modifications in the section above, the Panel:

- Noted the outcome of Phase 2 of Ofgem's Code Governance Review
- Received updates from DECC, Ofgem and National Grid on Electricity Market Reform, Longer Terms Settlement Reform and the Application of European Network Codes
- Considered a proposal to develop the ELEXON Portal to deliver Data Transfer Service (DTS) flows, thereby providing an opportunity to reduce Data Transfer costs incurred by ELEXON
- Noted and discussed a request for ELEXON to participate in a Low Carbon Network Fund Project
- Set the Scope of the Funding Shares Audit
- Considered the annual reports of the Technical Assurance Agent, the BM Auditor and the BSC Auditor
- Approved a number of changes in membership of the Supplier Volume Allocation Group (SVG) and Imbalance Settlement Group (ISG)



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- Considered its nomination for a new BSCCo Board and BSC Panel Chairman and made a recommendation to the Authority regarding the appointment
- Reviewed and Approved the Annual BSC Report in advance of the Annual BSC Meeting held in July

Imbalance Settlement Group (ISG):

The ISG continues to oversee and contribute to the development of the Central Volume Allocation (CVA) arrangements. Decisions included:

- Approval of two Metering Dispensations (April)
- Approval of four Metering Dispensations (May)
- Approval of CVA Configurable Items amended for the June 13 Release
- Approved CP1391 'Clarify the existing MDD registration criteria for new Suppliers within the Market Domain Data (MDD) (BSCP509) and Qualification (BSCP537) procedures
- Agreed changes to the ISG Terms of Reference
- Approved one non-standard Balancing Mechanism Unit

Supplier Volume Allocation Group (SVG):

The SVG continues to oversee and contribute to the development of the Supplier Volume Allocation (SVA) arrangements. Decisions included:

- Oversaw around 40 changes to Market Domain Data Versions 202-204
- Allocated a new Grid Supply Point (GSP_FINN) to the South Scotland (_N) GSP Group
- Approved ICTIS as a Unmetered Supplies Central Management System Meter Administrator
- Approved the CELtek and CIMCON Unmetered Supplies Central Management Systems for use in Settlement
- Agreed that ISO17025 should be the new testing accreditation for the provision of Unmetered Supplies Charge Codes
- Agreed that ELEXON should update certain generic Charge Codes using the results of the Unmetered Supplies Load Research
- Agreed that Unmetered Supplies Charge Codes should, in principle, be provided for future installations of certain BT Openreach broadband cabinets – subject to various conditions, including the normal Charge Code application process and ELEXON's data verification
- Approved the Category 2 SVA Configurable Item changes for the June 2013 Release



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- Approved CP1360 v2.0 'Inclusion of Audit Records for Gross Volume Correction and Dummy Meter Exchanges' for implementation in the November 2013 Release
- Rejected CP1386 'Improving Settlement Accuracy for Unmetered Supply on a Change of Supplier or Change of Agent'
- Approved CP1389 'Removal of Lux Meter Requirement for Photo Electric Control Unit Arrays' for implementation in the November 2013 Release
- Approved CP1390 'New Market Domain Data Entity for SMETS Version' for implementation in the November 2013 Release
- Approved CP1391 'Clarify the existing Market Domain Data registration criteria for new Suppliers' for implementation in the November 2013 Release
- Approved a further temporary Site Specific Metering Dispensation (D/399) for Witches Solar Farm Hereford until 31 July 2013

Trading Disputes Committee (TDC):

The TDC:

- Approved Post-Final Settlement Runs to address Large Erroneous EAC/AAs for Settlement Days from 1 January 2011 to 31 March 2011.
- Heard and upheld 12 Trading Disputes with a total estimated materiality of £13.4 million. One Dispute concerned incorrect Aggregation Rules which led to an offshore wind farm's generation being wrongly included in GSP Group Take, one was raised to address an incorrect Meter read passing validation, and the rest related to SVA Metering errors.

Performance Assurance Board (PAB):

Apart from its normal work, the PAB:

- Approved the Risk Evaluation Methodology for 2014/2015
- Approved the Qualification of Axpo UK limited
- Agreed approach to SR0074 Business Unit Settlement Risk Ratings (BUSRR)
- Provided an update on Supplier Charges Legal advice
- Update on NATP Performance
- Reviewed PAB Terms of Reference



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June 13 Release

The [June 13 Release](#) went live on **Thursday 27 June 2013**. Changes to the Settlement Administration Agent (SAA) software and [BSC Section T](#) of the BSC for [P285 'Revised treatment of RCRC for Interconnector BM Units'](#), along with changes to Code Subsidiary Documents for [CP1376 'Issues with Reporting Failed Instructions \(D0023\) Flows'](#), [CP1382 'Clarification of IDD rules for leading zeroes'](#) and [CP1383 'Upgrade of NHHDA and EAC/AA systems to Oracle 11g'](#) are now effective.



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Review against the Annual Budget

Expenditure for the first three months of 2013/14 (year-to-date) stands at £6.9m, £0.4m (5.5%) under budget. The forecast outturn for the full financial year 2013/14 currently stands at £36.3m, £0.6m (1.5%) below budget.

The position against budget for the year-to-date (YTD) and the forecast for the full year (FY) is summarised below.

Expenditure by Type

| £m | YTD | Var. | Full Year | Var. |
|--------------------|------------|------------|-------------|------------|
| Operational | 3.4 | 0.3 | 15.8 | 0.5 |
| Demand Led | 0.1 | - | 2.8 | - |
| Contracted | 3.2 | 0.1 | 13.4 | 0.1 |
| System Strategy | 0.1 | - | 2.3 | - |
| Market Development | 0.1 | - | 2.0 | - |
| TOTAL | 6.9 | 0.4 | 36.3 | 0.6 |

Unfavourable variances to budget are in brackets.

Operational Expenditure

Operational expenditure is £0.3m under budget for the quarter. This is attributed to the following:

- £0.2m saving achieved by not automatically filling vacancies when people left and recruitment time lag, offset by maternity covers
- £0.1m underspend on occupancy and overheads

The forecast for the full year is £0.5m under budget due to the full year impact of the above mentioned savings on people costs and overheads.

Demand Led Expenditure

Demand Led expenditure for the quarter is on budget, and at present we are maintaining the full year forecast in line with budget.

Contracted Expenditure

The first quarter shows a £0.1m underspend against budget. This is mainly driven by underspend on Business Process Outsourcing (BPO) fixed costs due to lower indexation than budgeted.

We anticipate the forecast for the rest of the year is in line with the budget, leading to £0.1m underspend for the full year.



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System strategy

Expenditure for the quarter is on budget, as is the full year forecast. Both the BPO and Business Process Reporting (BPR) projects are proceeding to plan, and any further spend for the next project stage will be reviewed and approved by the ELEXON Board.

Market Development

Expenditure for the quarter is on budget, and we are currently maintaining the full year forecast in line with budget. As in previous years, this forecast will be reviewed as part of the mid-year review after September 2013.