

ELEXON Report

Meeting Name	BSC Panel
Meeting Date	14 June 2012
Purpose of paper	For Information
Summary	The paper provides a summary of recent issues and developments in the period 10 May 2012 to 13 June 2012

1. Overview

- 1.1 This paper is provided for the information of the Panel. It presents an overview of activities and developments within ELEXON and the balancing and settlement arrangements and summarises the business of the Panel meeting. At the end of the report a summary of issues under consideration by other industry Codes is presented for information. Detailed information on operational matters will be provided in other reports, particularly the Trading Operations Report.

2. ELEXON News

European Developments

- 2.1 As noted in last month's report, the Agency for the Cooperation of Energy Regulators, ACER, has published the draft Framework Guidelines on Electricity Balancing for public consultation. Ofgem had already issued a related, but broader, consultation on implementing the European Electricity Target Model in GB, which closed in May and to which ELEXON responded. The Appendix to our response sets out our current view on the potential impacts of the Target Model (including those we were able to infer from the draft Framework Guidelines on Electricity Balancing) on the GB balancing and settlement arrangements. We also responded to an ACER consultation on REMIT¹ registration formats. Both of our responses can be found on the ELEXON [Industry Insights](#) webpage.
- 2.2 We have written to the European Parliament Rapporteur again seeking to safeguard our existing exemption under MiFiD² and secure a carve out to ensure that all BSC instruments (whether cash-settled or otherwise) are excluded from the scope of MiFiD financial instruments.
- 2.3 There was a 2-day JESG workshop on the draft Capacity Allocation and Congestion Management (CACM) Network Code on 14 & 15 May. JESG meeting and workshop dates can be found on the [National Grid: Joint European Standing Group](#) webpage.

¹ The EU Regulation on Energy Market Integrity and Transparency

² The EU Markets in Financial Instruments Directive

Consultation responses

- 2.4 Since the last ELEXON Report was written, and in addition to responding to the European and DECC Smart Metering Implementation Programme consultations, we responded to three Ofgem consultations (on market liquidity proposals; on British Gas's request for changes to its meter inspection licence obligations; and on the second phase of the Industry Code Governance Review). Our responses are available on the Industry Insights section of ELEXON website

Board Headline Reports

- 2.5 ELEXON Board Meetings are held monthly. Board headline reports are available on the ELEXON website: [Board Headline Reports](#).

3. Operational News

Panel review of Annual BSC Report

- 3.1 Panel members Moira Siddons and Peter Bolitho have kindly agreed to review the text for the 2011/12 Annual BSC report with delegated authority from the Panel. At the time of the June Panel, ELEXON will be updating the draft report with their comments for publication by the code required date of 30 June. The final report will be provided to the Panel for information.

Panel Elections 2012

- 3.2 The current Industry Panel Members' term of office expires in September 2012, with the term of newly elected Panel Members starting on 1 October 2012. The election process for new Panel Members will run through summer 2012. ELEXON has started the election process by contacting all Trading Parties requesting that they confirm their Trading Party group configurations. More information on the Panel election process, including a timetable and guidance note, is available on the ELEXON website: [BSC Panel Election 2012](#).

Annual BSC Meeting

- 3.3 The Annual BSC meeting will be held in Edinburgh on Thursday 12 July 2012 (on the same day as the BSC Panel meeting). The Panel meeting will start at 10am and the Annual BSC Meeting will begin at 1pm when the Annual BSC Report and Accounts for 2011/12 and the Business Strategy and Budget for 2012/13 will be tabled.

Logica

- 1.1. It has been announced that Logica has been the subject of a £1.7 billion cash offer from Canadian IT company, CGI. Logica's board of directors has recommended the offer to its shareholders but there is speculation in the media that the announcement may trigger other bids. ELEXON is monitoring the position.

4. Summaries of Panel Business – Tabled

Report from the Imbalance Settlement Group (ISG)

- 4.1 At its meeting on Tuesday 29 May, the ISG considered five decision papers (three ex-committee papers). Key decisions included approving three CP's and granting a metering dispensation.
- 4.2 The ISG also heard a post-implementation review of Modification P253 – Improving the accuracy of the credit calculation for SVA participants. The ISG noted the results and thought that ELEXON should progress the suggestions for further improvements to the accuracy of Supplier credit checking. Removing CALF and DC from the calculation will potentially improve accuracy further and also increase efficiency by reducing manual administrative processes for ELEXON and BSC Parties. This paper will be presented to the BSC Panel.
- 4.3 Panel paper 199/01a contains a full report of the ISG meeting.

Report from the Supplier Volume Allocation Group (SVG)

- 4.3 At its meeting on Wednesday 6 June 2012, the SVG considered 8 decision papers. Key decisions included approving the next MDD Release V191, 3 Change Proposals for the June and November 2012 Releases, a change of weather station in the North Western GSP Group, the allocation of a new Grid Supply Point to the South Scotland GSP Group and the next UMS process review workshop. The SVG also endorsed high level solutions to settlement issues associated with Third Party Access to private networks.
- 4.4 The SVG also noted that since the implementation of Modification P253 'Improving the accuracy of the credit calculation for SVA participants', that Settlement receives approximately 90-95% actual Half Hourly Meter data by the Interim Information (II) Run. The SVG asked ELEXON to draft a paper summarising the benefits and drawbacks of using an earlier run than the Initial Settlement (SF) Run for payment.

Further information can be found in the SVG Panel report 199/01b Report from the Performance Assurance Board (PAB)

- 4.5 At its meeting on Thursday 29 May, the PAB considered _ decision papers and _ information papers; it also reviewed the PAB's Terms of Reference.
- 4.4 Further information can be found in the PAB Panel report 199/01c.

Report from the Trading Disputes Committee (TDC)

- 4.6 The table below summarises the TDC's decision on PFSRs for the stated settlement Days, indicating whether PFSRs were authorised or not.

GSP Group	October 2009
Eastern	Authorised
East Midlands	Authorised
London	Authorised

Merseyside & North	Authorised
Midlands	Authorised
Northern	Authorised
North Western	Authorised
Southern	Not in process
South Eastern	Authorised
South Wales	Authorised
South Western	Authorised
Yorkshire	Authorised
South Scotland	Not in process
North Scotland	Not in process

- 4.7 The TDC also heard determined 5 Trading Disputes in addition to approving the SVA Trading Disputes relating to the removal of Erroneous Large EAC/AAs and two information papers, on the Changes to NHH Settlement Data post-RF and an overview of the Trading Disputes that are currently open.
- 4.8 Panel paper 199/01d contains a full report of the TDC meeting.

Report from the Joint European Standing Group (JESG)

- 4.9 The Joint European Standing Group (JESG) met on 1 May 2012. The report from this JESG meeting will be provided to the BSC Panel when it is published. An overview of the matters considered by the JESG is provided in section 2 of this paper.

Peter Haigh
ELEXON Chief Executive

List of Appendices:

Appendix 1 – Smart Update
Appendix 2 – ELEXON Monthly KPI's

List of Attachments:

Attachment A – 199/01a: Report from ISG
Attachment B – 199/01b: Report from SVG
Attachment C – 199/01c: Report from PAB
Attachment D – 199/01c: Report from TDC
Attachment E – 199/01c: Report from JESG

Appendix 1 – Smart Update

1. Smart Metering

Progressing the Regulatory Design

- 1.1 We have submitted responses to the four regulatory design consultations and these have been posted on the ELEXON website³:
- Draft DCC Licence & Licence Application Regulations;⁴
 - Smart Energy Code;
 - Consumer Engagement Strategy; and
 - Data Access and Privacy.
- 1.2 DECC is now considering the responses. We do not anticipate the production of a set of formal conclusions documents, rather that the findings will inform the drafting of subsequent documents which are expected to be issued during the summer. These documents include:
- The first legal draft of the Smart Energy Code (initial sections);
 - The final version of the DCC Licence; and
 - Notification of the DCC Licence Application process.
- 1.3 DECC has issued two further consultations⁵ on:
- The information requirements for monitoring and evaluation; and
 - A draft licence condition relating to security risk assessments and audits in the period before the DCC provides services to Smart Meters.
- Responses are requested by 27 July, ELEXON is considering whether to put in a response to these consultations and will update the Panel at its July meeting.
- 1.4 Recognising its role in the monitoring of the rollout of smart metering, Ofgem recently presented its thoughts to DECC's consumer advisory group. Ofgem noted it would expect Suppliers to make a submission at the start of rollout: confirming their proposed rollout profile and predicted annual targets, and providing supporting evidence to demonstrate that their plan is robust. Ofgem would then require an annual update

³ <http://www.elexon.co.uk/reference/smart-metering/>

⁴ This consultation document consisted of two parts: Licence Application Regulations (closed 16 May) and the Draft DCC Licence (closed 1 June)

⁵ http://www.decc.gov.uk/en/content/cms/tackling/smart_meters/smart_meters.aspx

on progress and resubmission of plans if they had slipped. Ofgem intends to set this out in an open letter and consult on the final details in 2013.

Ongoing SMIP Support

- 1.5 We continue to support the Programme in developing a full DCC Services catalogue. We are committed under our existing framework agreement to providing support until 31 July. We have recently received a request to continue our support to this workstream beyond July and this is under consideration. The additional work is to support the design of service requests and other features of the DCC User Gateway and to map them to the specifications of the Home Area Network (HAN) protocol that is chosen for inclusion in the Smart Metering Equipment Technical Specification (SMETS).
- 4.1 We, together with other code administrators, are also involved in the consequential changes working group which is looking at the changes that will be necessary to the existing Codes and Agreements. We held a joint workshop (with MRASCo) in May to consider consequential changes for Meter Technical Details (MTD) and the Change of Supplier process. We also have noted to DECC that the meter data ownership rules in the BSC are likely to need revision to align with the privacy rules DECC are developing (namely that domestic meter data is owned by the consumer as opposed to the registrant i.e. Supplier). The consequential changes work is likely to run throughout 2012 to 2013 as DECC gradually develops the smart governance regime.
- 1.6 We are also now members of the 'Foundation' working groups which are considering what the Programme needs to do to enable an appropriate regime for the installation and operation of smart metering in the period between the development of the early technical specifications (SMETS1) and the assimilation of these metering systems into the DCC service. The SMIP Foundation workstream is proposing to issue a number of consultations in June and July; these will include proposals on the interim operating model for change of supplier in the foundation stage and the enduring regime for certification and assurance of smart meters.

Profiling and Settlement Review

- 1.7 We are continuing our work with the industry through the Profiling and Settlement Review Group (PSRG). This work is currently focussing on 2 areas. Firstly obtaining meter data from installed smart meters to work out the impacts on settlements and in particular non half hourly settlement. Discussions with the Information Commissioner's Office indicate that our proposed use of the data is unlikely to cause any data privacy issues. We have issued a request to Suppliers and are waiting responses. Secondly we are exploring the requirements for dynamic switching of loads and meter registers and we issued a consultation with the aim of better understanding the current situation with respect to installed teleswitched meters and presenting a roadmap for dynamic switching. A good set of responses were received and have been collated for discussion by the PSRG in June.
- 1.8 We hosted a one day PSRG workshop on 24 April to look at the longer term future of settlement. With active participation from across the supplier community and support from Ofgem's Smarter Markets team we are scoping a programme of work to establish this vision.

2. Smarter Markets

- 2.1 Ofgem's Smarter Markets consultation closed on 7 March and a plan for future work is promised for Summer 2012. We await confirmation of the priorities and understanding of what support Ofgem requires from ELEXON as part of its programme of work.

3. Smart Grids

- 3.1 A restricted Licence has been agreed with Western Power Distribution allowing it to use the NHHDA and SVAA software for the purposes of the Low Carbon Network Fund (LCNF) Project Falcon. In line with the Panel's instruction the licence retains BSCCo's IPR over the settlement algorithms.
- 3.2 Meanwhile we continue to engage with the Distribution community around using settlement data to aid other initiatives related to planning and establishing a demand response market to alleviate operational constraints and defer / avoid unnecessary system reinforcements.

4. Smart Budget

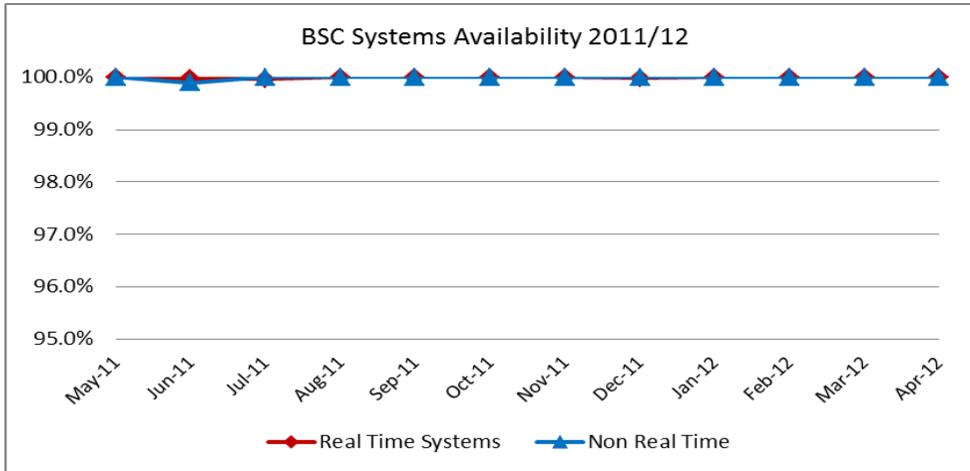
	Released Funds	Spend (year to date)	Forecast (to end of Sept 12)
Smart Metering	£ 172k	£ 36k	£ 172k
Smarter Markets & Smart Grids	£ 128k	£ 22k	£ 126k

- 4.1 The 2012-13 Business Plan and Budget splits smart activities between smart metering and smarter markets & smart grids. We have accordingly adjusted our reporting to reflect this split.
- 4.2 We have planned our smart support spend for the 6 months from April to September 2012 only and funds have been released for that period. We will continue the approach practiced during 2011- 12 of using internal resources where possible to limit our external spend and employing established controls and processes to authorise and monitor all expenditure.
- 4.3 During May 2012 we have incurred expenditure for:
- Expert support around the emerging security obligations and ensuring that our current BSC activities are ISO27001 compliant;
 - Back fill for the operational resources who are supporting the SMIP and addressing how we evolve the settlement arrangements; and
 - Payment for attendance at conferences/seminars and membership of smart grid groups.

These activities are a continuation of our work in April.

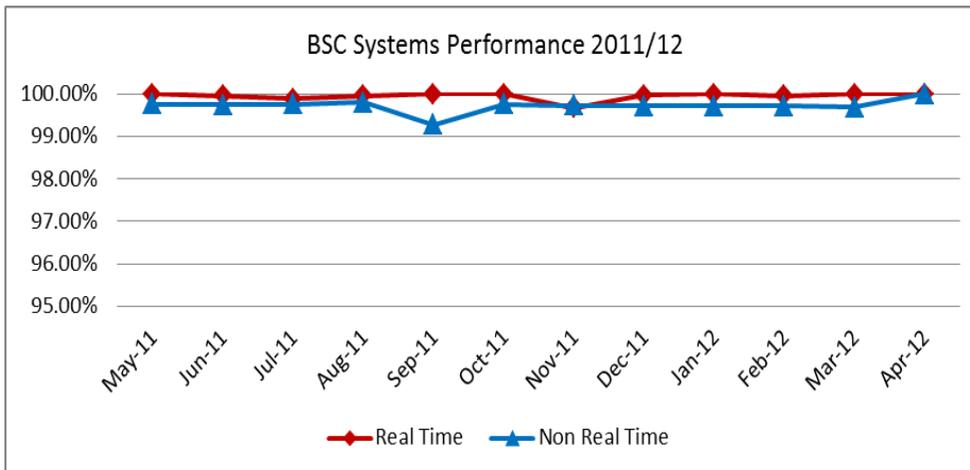
ELEXON Key Performance Indicators

April 2012



BSC Systems Availability

During April 2012 there were no service breaches affecting the BSC system availability.



BSC Systems Performance

During April 2012 there were no service breaches affecting the BSC Systems performance.

The measures used for this KPI have changed from April 2012 following a review of the BPO SLAs. The real time performance is now based solely on an ECVAA KPI as a BMRA KPI that formed part of this measure has been removed.

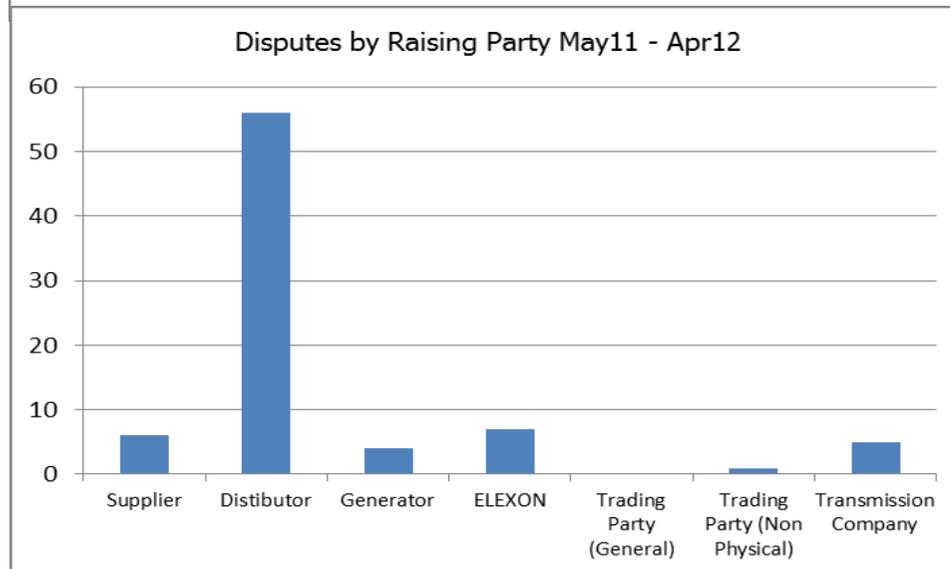
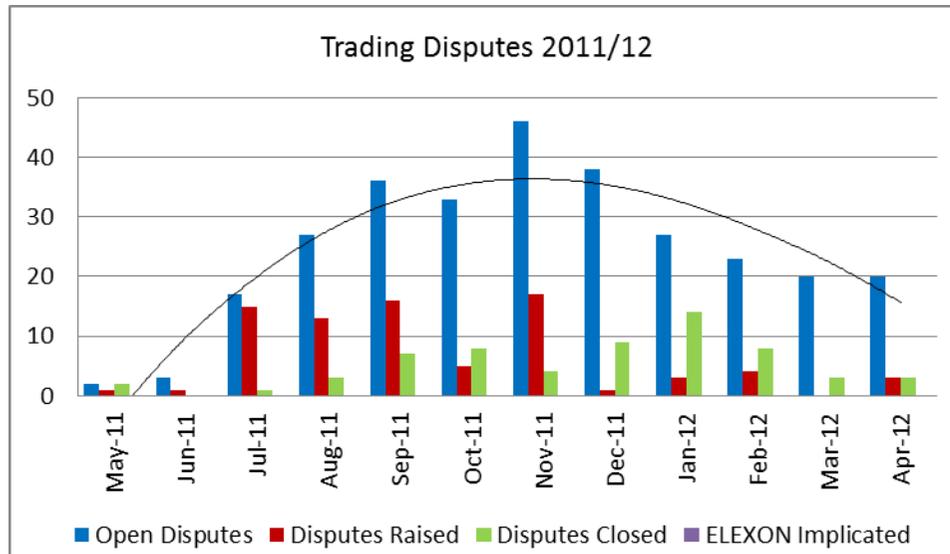
The non-real time performance is now based on 5 KPIs as 2 FAA measures have been removed.

For Board and External Publication.

Service Quality/Processes

ELEXON Key Performance Indicators

April 2012



Trading Disputes

Trading Disputes can be raised by any BSC Party, including ELEXON, and are assessed by the Trading Disputes Committee (TDC).

For the new 2012/13 financial year, 20 open disputes were brought forward. Three new disputes were opened and 3 were closed in April.

Disputes by Raising Party Type

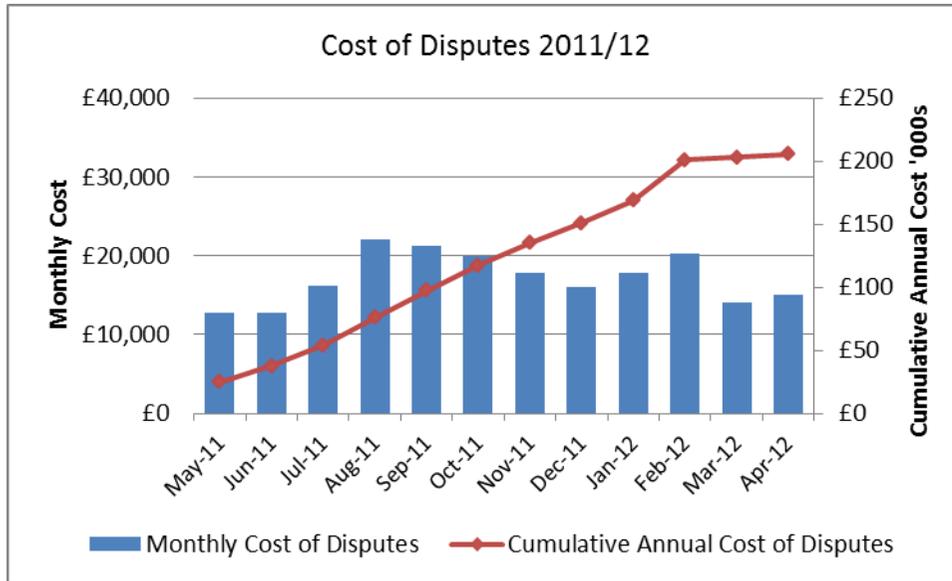
This KPI shows all Disputes raised over the last 12 months by the type of participant who raised the Dispute. Distributors have been the most active in raising Disputes with 55 out of 56 raised by one Distributor.

For Board and External Publication.

Service Quality/Processes

ELEXON Key Performance Indicators

April 2012

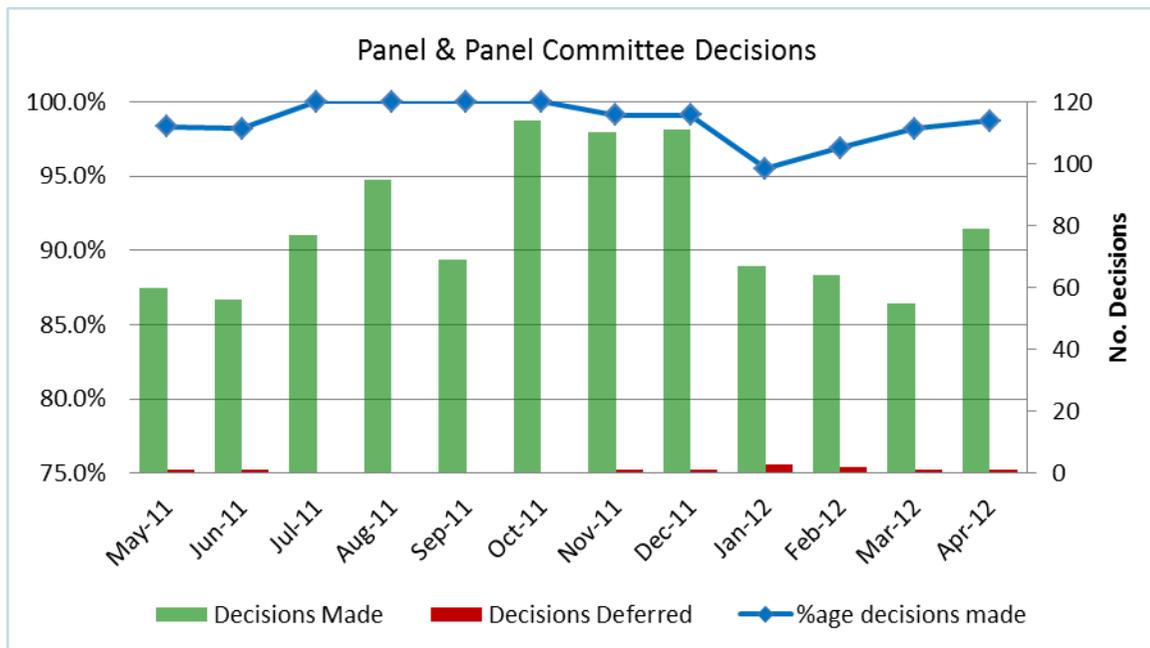


Cost of Processing Disputes

Within the Metering and Disputes team there are two dedicated resources dealing with Trading Disputes with, going forward, some flexibility for others to help out.

The costs for April 2012 represent 28 man days of dedicated resource. There is an additional 2 man days covering the administration around the monthly TDC meeting. A total of 30 man days expended for April. Using a day rate of £500 gives a monthly cost of £15,000.

The cumulate cost KPI has been replaced (going forward from March 2012) with the cumulative annual cost.

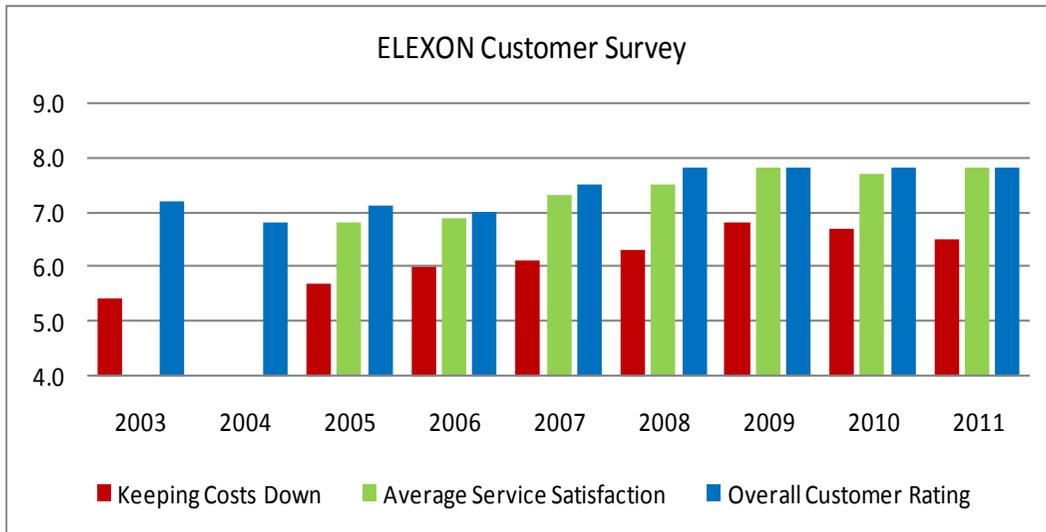


Panel & Panel Committee Decisions

For the month of April 78 of the 79 decisions submitted to the Panel and its committees were made.

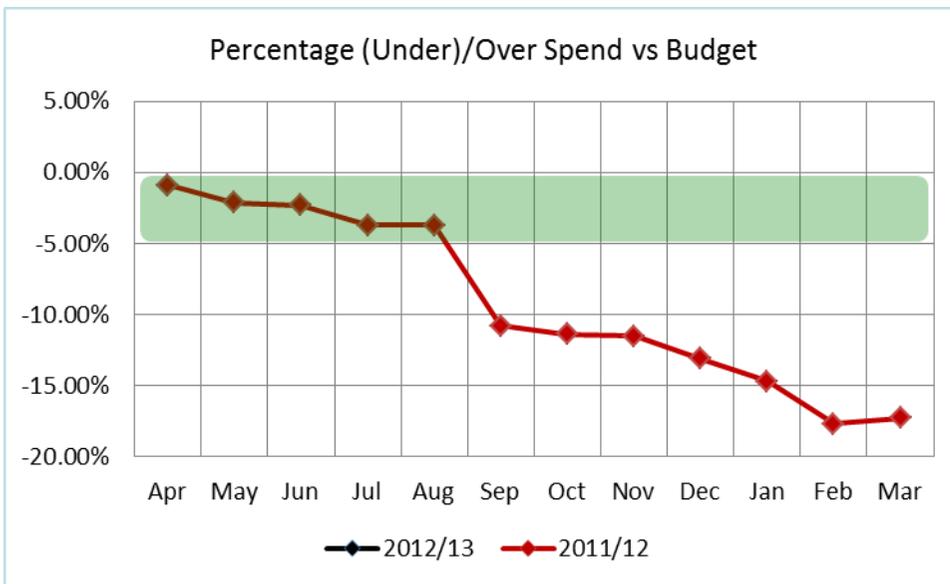
ELEXON Key Performance Indicators

April 2012



ELEXON Customer Survey

This graph has been updated to include the 2011 Customer Survey. ELEXON's scores for 2011 are overall 7.8 (unchanged), average service satisfaction 7.8 (+0.1), and keeping costs down 6.5 (-0.2).



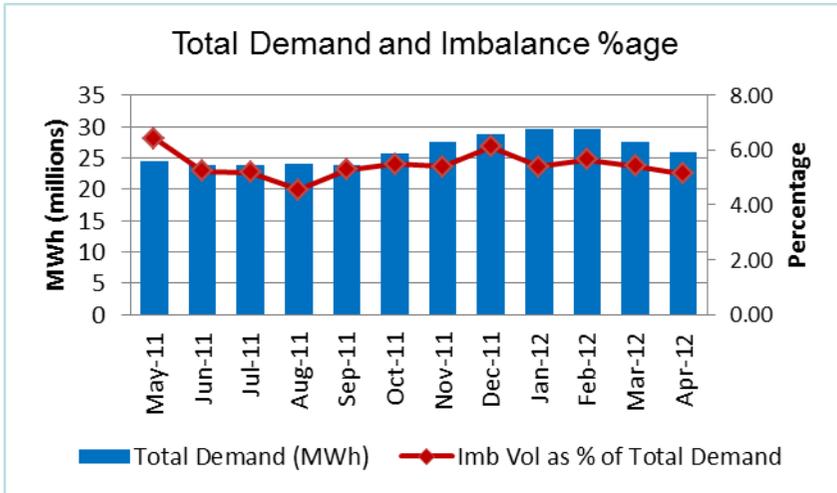
Spend against Budget vs 2011/12

The budget under spend for the financial year is 0.8%. The operational under-spend is 0.7% and contracted costs are 0.1% below budget.

Staff Capability & Financial

ELEXON Key Performance Indicators

April 2012



Value of Imbalance Settlement

These graphs are for information only to put ELEXON’s role in context. The graph below is also reported in the Trading Operations Report.

