



BSC Panel 212a Minutes

Meeting Name	BSC Panel
Date of Meeting	9 May 2013
Meeting Number	212a
Venue	ELEXON Ltd, 350 Euston Road, London NW1 3AW

Attendees	Andrew Pinder	AP	BSC Panel Chairman
	Barbara Vest	BV	Industry Panel Member (part meeting)
	Bob Brown	BB	Industry Panel Member
	David Lane	DL	Distribution Representative (part meeting)
	Ed Reed	ER	Consumer Panel Member
	Garth Graham	GG	Industry Panel Alternate (for Andy Colley)
	Lisa Charlesworth	LC	Ofgem Representative
	Peter Bolitho	PBo	Industry Panel Member
	Phil Baker	PB	Industry Panel Member
	Richard Brealey	RB	Independent Panel Member
	Shafqat Ali	SA	Transmission Company Panel Alternate
	Stuart Cotten	SC	Industry Panel Member
	Alex Haffner	AH	National Grid (part meeting)
	Alice Douglas	AD	DECC (part meeting)
	Grant McEachran	GM	Ofgem (part meeting)
	Jonathan Amos	JA	Ofgem (part meeting)
	Robert Wilson	RW	National Grid (part meeting)
	William Knight	WK	(part meeting)
	Adam Richardson	AR	ELEXON
	Chris Rowell	CR	ELEXON (part meeting)
	Darren Draper	DD	ELEXON (part meeting)
	David Barber	DB	ELEXON (part meeting)
	David Osborne	DO	ELEXON (part meeting)
	Dean Riddell	DR	ELEXON (part meeting)
	Douglas Alexander	DA	ELEXON (part meeting)
	Laura Delargy	LD	ELEXON
	Mathew Wood	MW	ELEXON (part meeting)
	Nicola Dempsey	ND	ELEXON
	Peter Haigh	PH	ELEXON
	Roger Harris	DR	ELEXON (part meeting)
	Simon Fox	SF	ELEXON (part meeting)
	Victoria Moxham	VM	ELEXON

Apologies	Andy Colley	AC	Industry Panel Member
	Ian Pashley	IP	Transmission Company Panel Member

Administration

1. Apologies - Verbal

- 1.1 Apologies were received from Ian Pashley, Richard Hall and Andy Colley. Shafqat Ali was attending the meeting as Ian's alternate and Garth Graham as alternate for Andy. The Chairman also welcomed Alex Haffner and Bill Knight who were observing the meeting.

2. Introduction

- 2.1 The Chairman introduced the new Consumer Panel Member Ed Reed. Ed will be taking over Consumer Panel duties from Richard Hall effective as of May's Panel Meeting.

3. Update on Electricity Market Reform

- 3.1 Alice Douglas from the Department of Energy and Climate Change (DECC) and David Osborne from ELEXON updated the Panel on the Electricity Market Reform (EMR) and how DECC plan to work with ELEXON as the EMR Settlement Agency.
- 3.2 AD reminded the Panel that DECC published a notice in the Official Journal of the European Union announcing its intent to appoint ELEXON as the settlement agent for both EMR Feed in Tariff Contracts for Difference (FiT CfDs) and the Capacity Market. AD confirmed that the 30 day VEAT notice period passed without challenge and confirmed that DECC intends to designate ELEXON as the settlement agent for FiT CfDs and Capacity Markets. The Panel noted that the designation was to be confirmed through the Transmission Licence and the BSC using powers in the Energy Bill, which is currently progressing through Parliament. AD acknowledged the timescales involved in this work, confirming that the set up and system design would take up to 18 months and indicated that, to facilitate successful implementation, DECC was engaging with ELEXON now. In anticipation of these statutory obligations being placed on ELEXON, AD confirmed DECC's intention to shortly write to ELEXON confirming that a DECC Grant will be put in place, thereby ensuring that BSC Parties will not be required to meet EMR implementation and operational costs incurred by ELEXON.
- 3.3 BV noted that there is a high level of support for ELEXON to be the settlement agent for FiT CfDs and the Capacity Market, however, she felt that some BSC Parties may be concerned that ELEXON should not be working outside its vires. She reflected on the questions that she had circulated to DECC ahead of the Panel meeting, commenting that there may be a risk of challenge and potential Judicial Review which could result in the curtailment of ELEXON's EMR works and increase the risk that the systems and processes will not be in place to meet the government's legislative timetable.
- 3.4 AD offered that DECC's initial legal advice indicated that the risk of Judicial Review appeared to be low since ELEXON is not a public body.

- 3.5 The Chair agreed it was hard to envisage what may constitute grounds for a Judicial Review. He felt it was more conceivable that, given the BSC is a multilateral contract, a party to that contract (i.e. a BSC Party) could pursue a civil law claim for breach of contract. However, given that work would be funded by a DECC Grant it was also hard to see how any BSC Party could claim loss as a result of breach of contract. Consequently, the board has supported the work undertaken so far to engage with DECC and understand both the EMR impacts on the BSC and how the FiT CfD and Capacity Market work can be progressed. The Chair noted that the board would look carefully at the DECC Grant letter when it was received and, in light of the letter, determine whether it was appropriate to continue.
- 3.6 PH confirmed that, while ELEXON staff had been engaging with DECC, there had been no external spend on EMR activities.
- 3.7 The Chair acknowledged the apprehension and assured the Panel that ELEXON would not be incurring external spend until it had reviewed/received the grant letter from DECC.
- 3.8 BV reminded the Panel that the recent activities surrounding the DCC bid had been a lengthy and controversial process and felt that this was a waste of resources. ELEXON confirmed that activities had encompassed ELEXON's normal work of consulting and engaging with DECC on this EMR issue and there had been no external spending.
- 3.9 The Chair confirmed that the ELEXON board's preliminary view on the risk was that (on the basis that a government grant being in place that ensures BSC Parties do not bear the costs of this work) it was unlikely that a BSC Party could successfully sue for losses arising from breach of contract and, given the absence of loss, it was also unlikely that a BSC Party would seek an injunction preventing ELEXON working to support the delivery of government policy that would soon be enshrined in various Licence and Code documents.
- 3.10 AD acknowledged the risk of challenging timescales and reassured the Panel that the costs of EMR would not be met by BSC Parties. She noted that, going forward, DECC intends that the CfD Settlement Role will be funded by the Counterparty within DECC, but clarified that there are significant set up costs for CfD Systems. DECC will continue to provide a grant to ELEXON to fund the set-up. The terms of the grant are under development, but it would be likely that the grant will be paid monthly in advance, based on estimates of the cost of planned work.
- 3.11 PBo commended ELEXON's process as sensible in that risks are small but the risk of non-delivery or delay is high if appropriate conversations and planning regarding systems and processes do not start now.
- 3.12 The Chair asked the Ofgem Representative to give their view. LC stated that this is a DECC led project and Ofgem were liaising with DECC. The Chair asked whether Ofgem could say that they would not raise issues in the future; LC said she was unable to comment on future views but did not have a view at this time.
- 3.13 AD welcomed Panel discussions on detailed concerns and confirmed that DECC would be happy to provide the Panel with regular updates throughout the process to ensure transparency. She also agreed that it was



appropriate for ELEXON to keep the BSC Panel informed of progress on EMR via a regular report as the process moves forward. AD continued that DECC is happy to also liaise with the ELEXON BSCCO board.

- 3.14 The Chair requested that DECC also liaise with Ofgem to ensure there are no issues in moving this work forward.
- 3.15 GG asked DECC whether the Capacity Allocation and Congestion Management (CACM) code had been considered when formulating EMR, as this will have a huge impact on EMR. AD replied that she wasn't aware but would investigate further and report back to the Panel. GG queried if BSC Parties would be able to accommodate the changes necessary for implementing EMR within the implementation timeline for CACM. Another Panel member commented that this was something that DECC needed to plan and consult on. DECC confirmed that this was the reason that it wanted to work with ELEXON as it has the expertise on central systems and processes and on consulting with and reflecting industry views so as to ensure these systems and processes successfully integrate with those of industry participants.
- 3.16 BV commented that everyone was supportive but she was concerned that ELEXON needed protection from the risk that EMR was de-railed by a disgruntled BSC Party or similar.
- 3.17 The Chair reflected that National Grid had previously considered raising a Modification to allow the 'limited expansion model' in certain, prescribed, circumstances as outlined in [Ofgem's April 2012 letter](#) regarding ELEXON's governance and vires. He noted that, ultimately National Grid had decided not to raise this Modification but queried that progressing such a change now might alleviate the current concerns.
- 3.18 SA agreed that this was considered at the time that National Grid raised Modification P284 'Expansion of Elexon's role via the 'contract model'. He reflected on National Grid's response to the consultation on Modification P289 'Enabling ELEXON to participate in tendering for the DCC Licensee role via a subsidiary' and that National Grid's preference remained for keeping the BSC consistent with the Transmission Licence. He therefore felt it was more appropriate for such vires changes to cascade from any revision to the Licence (which would be the case if this EMR work was forthcoming).

4. Longer-term Settlement Reform

- 4.1 Grant McEachran (Head of Smarter Markets at Ofgem) and Jonathan Amos updated the Panel on the work that Ofgem is progressing in relation to longer-term reform of the electricity settlement arrangements (specifically the Supplier Volume Allocation arrangements) as part of its Smarter Markets Programme. Ofgem were keen to speak to the Panel following the issue of their open letter¹ relating to the way forward on 'Settlement Reform' in March 2013. Ofgem asked the Panel how Ofgem could best engage with them as part of the Settlement Reform work and whether the Panel had any comments or questions.

¹ [Way forward on longer term electricity settlement reform](#)

- 4.2 ER observed that there was great fluidity in industry requirements arising from other work in GB and in Europe. He enquired as to how Ofgem would recognise and take account of risks to their work arising from this fluidity. Ofgem agreed that there are a number of potential changes affecting industry, which may have a bearing on Settlement Reform, and explained that a key aspect of its work over the coming year is to understand the implications of such changes for reform. This will help to avoid developing solutions that are not sufficient to support the development of smarter markets
- 4.3 GG noted that, in his view, the Smarter markets work is an opportunity to address matters relating to Demand Side Response (DSR) once and for all. He queried what steps had been taken towards accommodating the obligations arising from the European Network Codes, since offering DSR within customer's homes could have complex implications given the likely impacts across the various codes required to implement it. He emphasised that it was important work that would need to cover every aspect of DSR. In particular the work should address conflicts with the emerging European Network Codes and provide clarity over who has the final say on DSR actions; the TSO, DNO, the Supplier, the Aggregator or the Customer.
- 4.4 PBo agreed, suggesting that it would be helpful to understand the high-level philosophy underpinning DSR; for example, should this be driven by Suppliers or Network Operators.
- 4.5 Ofgem welcomed these comments, noting that the reason for the current scoping work was to ensure that issues such as this were picked up and addressed. GM noted that Ofgem has issued a consultation on the challenges to efficient market-wide use of demand-side response and encouraged responses. GM also confirmed that Ofgem would return to the Panel to keep members informed on the progress of Ofgem's work in relation to Smarter Markets.
- 4.6 The Chair asked ELEXON for its input as ELEXON and the Panel had provided a report to Ofgem relating to the Settlement Reform work. ELEXON commented that the industry had previously discussed many of the issues raised with regards to interactions between DSR and other industry reforms on a Settlement Reform project. ELEXON noted that they had met with Ofgem on several occasions to discuss the next steps with regards to Settlement Reform and that the Panel's report had laid the groundwork for Ofgem's further work. ELEXON suggested that the Panel may wish to ask Ofgem how ELEXON could assist Ofgem with its further work.

Modification Business

5. Report on Progress of Modification Proposals - Verbal

- 5.1 Dean Riddell gave a verbal update on the progress of the Modification Proposals. For further details, please see the Change Report.

- 5.2 A Panel member requested an update on P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8' and when the Authority will make a decision. Ofgem confirmed that they planning to publish an Impact Assessment within this quarter.
- 6. P292 'Amending Supplier & Meter Operator Agent responsibilities for smart Meter Technical Details' – 212a/04**
- 6.1 P292 seeks to enable changes to Supplier and Non-Half Hourly Meter Operator Agent (NHHMOA) responsibilities for Meter Technical Details (MTDs) for smart Meters proposed by the Department of Energy and Climate Change's (DECC) Smart Metering Implementation Programme (SMIP).
- 6.2 Some respondents to the P292 Report Phase consultation did not believe that the P292 legal text made it clear that under P292 the Supplier could discharge its MTD responsibilities through the NHHMOA appointed to the smart Metering System. ELEXON confirmed that P292 would permit the Supplier to discharge its responsibilities through its NHHMOA.
- 6.3 When presenting the Draft Report, ELEXON asked the Panel whether it wished to consider amending the P292 legal text to clarify that the Supplier could discharge its responsibilities to the NHHMOA, and suggested this might be achieved by revising the wording to make it clear that the relevant Supplier's obligation was to ensure that MTDs are established, maintained and provided to the relevant NHH Data Collector, thereby clarifying that it would not necessarily carry out these activities itself but would remain responsible for them if it delegated them to an agent.
- 6.4 One Panel Member objected to the late amendment to the legal text and asked who had agreed the original text. ELEXON noted that the Proposer had seen the suggested revisions to the legal text and was satisfied that the changes would provide greater clarity without changing the effect of the provisions, and therefore the Proposer would not have any objection if the Panel agreed to change the legal text as suggested. ELEXON also explained to the Panel that the suggested revision to the legal text was intended to clarify the legal text in response to the concerns of some consultation respondents that the effect of P292 was not clear, and confirmed that the suggested clarification would not change the effect of the P292 legal text.
- 6.5 A Panel Member agreed that whilst ELEXON's intentions were justified, the Panel would need sufficient time to process the new change continuing that the suggested change would not change the outcome.
- 6.6 A Panel Member stated that they were happy to agree the P292 Modification Report and make a recommendation to the Authority with the original legal text, i.e. which only states that responsibility must lie with the Supplier.
- 6.7 One Panel Member reminded the Panel that the related change CP1388 'Meter Technical Details for Smart Meters' cannot be approved for implementation until P292 has been approved by the Authority (because P292 would introduce the Code provision which would justify CP1388). Another Panel Member stated that they too would be happy to progress P292 with the original legal text. ELEXON confirmed that this would not cause any issue, and if BSC Parties believed that the provisions introduced by P292 (i.e. by implementation

of the original P292 legal text) should be changed to add clarity they could raise a Modification at a later stage if they so wished.

- 6.8 A Panel Member reminded the Panel that the legal text of a Modification in the Report Phase cannot be changed in any material manner. ELEXON noted that it was up to the Panel to agree any change from the original legal text, and if the Panel was not comfortable that revising the text would be appropriate and beneficial it was sensible to proceed with the original text consulted upon. Furthermore, the benefits of progressing P292 promptly, in order to allow progression of CP1388, outweighed the benefit of clarifying the text if that meant any delay to P292.
- 6.9 The DSO Representative asked with regards to CP1388, whether ELEXON were to facilitate meetings to resolve differences as there would be sufficient time between now and Ofgem's decision on P292. ELEXON confirmed that it would arrange for a Workgroup in the hope of P292 being approved by the Panel. This would allow industry experts to further discuss in depth solutions to P292. It may also encourage alternative CPs to arise from the outcome. The DSO Representative was in agreement that subject experts were better placed to decide. Post Meeting Note: once the Authority's decision is known on P292, ELEXON will hold an education session to discuss the points of CP1388.
- 6.10 ELEXON agreed with the view on the importance of seeking input on CP1388 from those with expertise in industry and on the SVG. However, CP1388 is the result of substantial work by a BSC-MRA Work Group, it has been issued for industry impact assessment, and the SVG has considered the CP and given its recommendation on it. The SVG's majority decision was to recommend to the Panel that CP1388 should not be approved. The CP cannot be approved until the Authority has approved P292 as the enabling Code change, the decision lies with the Panel. But since the SVG's view was not unanimous the decision would have reverted to the Panel anyway (under the terms of the Panel's delegation of authority to the SVG). This is why CP1388 will be presented to the Panel for decision in June, subject to P292 having been approved by that point.
- 6.11 ELEXON noted that there has already been a significant amount of time for industry participants to raise a CP or CPs to progress alternative solution(s) to CP1388 to put the P292 obligations into effect. Though so far no such CPs had been raised, it remains possible that they might be. If such CPs are raised ELEXON would obtain the industry's views on such CPs, and facilitate their consideration by the SVG, through the BSC change process. ELEXON would provide all appropriate assistance to the industry, SVG and Panel to facilitate the effective and coordinated progression of CP1388 and any other associated CPs.
- 6.12 The Chairman asked the Panel whether they agreed that P292 should be progressed with the original legal text, without revision except to correct some typographical errors. The Panel agreed that P292 should be progressed in this manner. A Panel Member noted that if a defect was identified later in the process, it could be addressed by a separate Modification.
- 6.13 A Panel Member noted that the Panel would need to ensure that the progression of P292 and CP1388 are in line with each other.

- 6.14 GG asked if a Party could raise a new Modification to address the same defect identified by P292 while P292 was with the Authority for decision. ELEXON confirmed that another Modification could be raised if the solution was sufficiently different to the proposed solution of P292.
- 6.15 GG's view was that P292 would facilitate Applicable BSC Objectives (d) but would not better facilitate the achievement of Applicable BSC Objective (c) and that the detriment to Objective (c) would outweigh the benefit against Objective (d). GG believed that P292 would negatively impact Objective (c) because it would have an adverse impact on competition in the Supply market because the implementation of P292 could result in some Suppliers incurring significant costs in system changes; whilst other Suppliers may not have significant costs.
- 6.16 The BSC Panel:
- a) **NOTED** the P292 Draft Modification Report and the Report Phase Consultation responses;
 - b) **CONFIRMED** the recommendation to the Authority contained in the P292 draft Modification Report that P292 should be made as it would better facilitate Applicable BSC Objective (d);
 - c) **APPROVED** an Implementation Date for P292 (if approved) of 26 June 2014;
 - d) **APPROVED** the BSC legal text for P292; and
 - e) **APPROVED** the P292 Modification Report.

7. Request to raise a Modification: 'Changes to BSC Section H 'Audit' and BSC Service Description for BSC Audit to reflect current Practice' – 212a/05

- 7.1 This Modification Proposal seeks to align BSC Section H 'Audit' and the BSC Service Description for BSC Audit, to align them with current practice in time for the commencement of the new BSC Audit and Qualification Service Provider contract on 01 October 2013.
- 7.2 A Panel member sought clarification, having reviewed the proposed changes to Section H5.4.1, on who approves the terms of reference for the BSC Auditor, and ELEXON explained that the BSC Auditor's terms of reference for each BSC Year are approved by the Panel in March each year prior to the commencement of the BSC Year to which they apply. Prior to the Panel's approval of the terms of reference in March, the draft terms of reference are presented to the PAB in February for comment and endorsement. A Panel member requested that it be made clear in the Modification that the changes to the terms and definitions in the Service Description related to terms and definitions only found in the Service Description, not the Code itself.

ACTION 212A/01

- 7.3 Another Panel member queried why it was proposed to remove the references to two audit reports from Section H5.4.1. ELEXON clarified that the current requirement stipulates that two reports, the Auditor's opinion and an interim report, had to be delivered to the Panel in April and October respectively, unless

otherwise agreed by the Panel. However, for a number of years now the Panel has agreed that only one report should be delivered in June. The proposed change to H5.4.1 removes the specific reference to April and October since it does not reflect the timing of reporting in practice, and reflects that the BSC Audit report will be delivered at a time agreed by the Panel and specified in the terms of reference for the BSC Audit. The proposed legal text does not prevent the Panel requesting additional reports when setting the terms of reference for a future BSC Year.

- 7.4 SC noted that most of the proposed changes to the BSC Service Description for BSC Audit seem to streamline and tidy up the document, and therefore queried the removal of references to the annual testing of and the option for BSCCo to witness testing and Disaster Recovery Plans as currently set out in 4.4.4 and 4.4.5 of the Service Description. ELEXON clarified that the rationale for this was that testing of Disaster Recovery Plans and the option to witness test are covered by the Audit contract and are therefore not necessarily required in the Service Description. However, the Panel considered that there was no compelling rationale to remove the references, and no harm in retaining the two paragraphs, particularly if they act as a reminder that the option to witness testing of the Disaster Recovery Plans exists. The Panel therefore agreed to retain paragraphs 4.4.4 and 4.4.5 in the BSC Audit Service Description for BSC Audit, and this will be reflected in the redlining associated with the Modification.
- 7.5 SC also commented on proposed deletion of paragraph 3.5.6 of the BSC Service Description for BSC Audit, relating to the 'letter to the PAB on the Less Significant Control Issues Arising'. ELEXON explained that the PAB and Panel can request additional reports and information from the BSC Auditor if and when required, so a specific reference to the 'letter to the PAB on the Less Significant Control Issues Arising' was not required. The Panel member accepted the removal of this paragraph on the basis that the BSC Audit contract allows for additional reports and information to be provided by the BSC Auditor when required.
- 7.6 The BSC Panel:
- a) **RAISED** the Modification Proposal in Attachment A.
 - b) **SUBMITTED** the Modification Proposal directly to the Report Phase;
 - c) **AGREED** a provisional view that the Modification should be made;
 - d) **AGREED** a provisional Implementation Date of 1 October 2013 in line with the commencement of the new BSC Audit and Qualification Service Provider contract;
 - e) **AGREED** the draft legal text in Attachment B;
 - f) **AGREED** the draft changes to the BSC Service Description for BSC Audit in Attachment C;
 - g) **AGREED** a provisional view that the Modification Proposal meets the Self-Governance Criteria; and
 - h) **AGREED** that the Draft Modification Report should be issued for consultation and submitted to the Panel at its meeting on 13 June 2013



Non-Modification Business: Open Session

8. Minutes of Meeting 210, 211 & Actions Arising - Verbal

8.1 The minutes of the previous meeting were agreed and an update on the actions provided.

9. Chairman's Report – Verbal

Appointment of Chairman

9.1 The Deputy Chairman informed the Panel that the advert for the position of BSC Panel and BSCCO Board Chairman has been published with a deadline for applicants of 10th May 2013. RB continued that a good range of candidates had applied and that interviews are due to commence in June. The next step would be to select from the candidate shortlist being drawn up by the appointed independent selection advisor. RB confirmed that the Nomination Committee was aspiring to bring a recommendation to the Panel in July.

Appointment of ELEXON Ltd Non-Executive Directors

9.2 The Panel received an ex-committee update via e-mail on 5 May 2013 confirming that the BSCCo Board had appointed David Rigney as a new independent Non-Executive Director in line with the provisions of the BSC introduced under Modification P281. David will also be Chair of the Board's Audit Committee. He took up his post from 1 May 2013

9.3 The Panel noted this appointment and commented that it would be preferable to implement (as far as the provisions of the BSC allow) staggered terms of office in order to maintain continuity across transitions in board members.

9.4 The Chair agreed with this principle and asked if the Panel wanted to review its decision to appoint a Panel Advisor to the Board Selection Committee. Previously the Panel decided that it was not required as a member of the Panel also sat on the Board and Board Nomination Committee, that has changed and the Panel nominated Barbara Vest as the Panel Advisor to the Board.

10. ELEXON Report – 212a/01

10.1 ELEXON gave a verbal update on its work over the last month. For further details, please see the ELEXON Report.

10.2 GG enquired as to how many people had attended the recent Cross Codes Forum meetings. Another Panel member acknowledged that it is a big commitment for companies to release staff for the day. ELEXON confirmed that it was looking at ways to track attendance and to ensure such meetings were useful. A Panel member observed that the new AV facilities being installed in the ELEXON offices may facilitate pre-Panel briefings. ELEXON agreed that this is something to investigate.

Smart Update:

10.3 Victoria Moxham updated the Panel on the recent smart activities set out in the ELEXON report.

11. Distribution Report - Verbal

11.1 There was no Distribution Report.

12. National Grid Update - Verbal

12.1 Shafqat Ali updated the Panel on the current review of the System Flagging Methodology. The Panel noted that on 26 April 2013, three Balancing Mechanism (BM) Units de-synchronised. One of these units was incorrectly flagged for two Settlement Periods. The flags could be corrected post event but current requirements prevent this. National Grid is undertaking an internal review to investigate this event and may seek to bring a change forward to address the limitations in the requirements regarding changing flags. He continued that unless National Grid can change their license statement, then there is nothing that can be done.

12.2 SC suggested that, if considering a change, National Grid look at the extent to which corrections to flags should be brought under the oversight of the BSC Panel and BSC governance. SC stressed that any changes to flagging should be made within a defined framework and made transparent to industry participants, given the knock-on implications of amending the flag (e.g. the effect on settlement pricing, the perception of actions taken by users behind system constraints (under TCLC), etc.).

12.3 SA confirmed that National Grid will circulate an update to Panel members in the next seven days.

12.4 Shafqat Ali announced his departure from the BSC Panel as Ian Pashley's alternate and informed the Panel that Alex Haffner will take over as Panel alternate once all the paperwork had been completed. The Chair thanked Shafqat for his work on the Panel and wished him well for the future.

13. European Update from Ofgem - Verbal

13.1 Lisa Charlesworth updated the Panel on the Phase Two of the Code Governance Review. She noted there were limited impacts on the BSC and that the licence modifications are expected to be published in May. The Panel also noted that Ofgem's draft decision regarding the scope of the Balancing Significant Code Review (SCR) is expected in June.

13.2 The Panel requested that ELEXON work with other Code Administrators to ensure that the fast track change process proposed in the Code Governance Review is reflected consistently across the various Codes

ACTION 212A/02

14. Report from the ISG – 212a/01a



- 14.1 The Panel noted the report from the ISG. The Panel agreed that it should re-commence regular updates from its Committee Sponsors on a regular, rotating, basis.

ACTION 212A/03

15. Report from the SVG – 212a/01b

- 15.1 The Panel noted the report from the SVG.

16. Report from the PAB – 212a/01c

- 16.1 The Panel noted the report from the PAB.

17. Report from the TDC – 212a/01d

- 17.1 The Panel noted the report from the TDC.

18. Report from the JESG – 212a/01e

- 18.1 Barbara Vest informed the Panel that the JESG are looking at the next phase of the EU Network Codes process, Commitology and how it can support this going forward. GG offered that there needs to be a process where national implementation of these codes are managed with full stakeholder involvement.
- 18.2 GG continued that ACER currently regulates the process on the development of these codes but ultimately the Commission can overwrite everything. The key principles are not clear and are a hot topic for stakeholders.
- 18.3 The Panel noted that this would be a particular concern with respect to Demand Side Response.

19. Report from the PSRG – 212a/01f

- 19.1 Bob Brown confirmed that the PSRG was looking at the impact of Micro-Generation on profiles. A member asked if work was being done on the potential issue of meters going backwards where microgeneration was installed. BB commented that he had mentioned the issue at either SVG or PRSG.

20. Trading Operations Report – 212a/02

- 20.1 The Panel noted the Trading Operations Report.
- 20.2 GG referred to chart 2.12 and asked ELEXON to look into the step change in Micro-Generation MPAN numbers and output set out in the report.

ACTION 212A/04

21. Change Report – 212a/03

21.1 The Panel noted the Change Report.

21.2 BV left the meeting.

22. Scope and Terms of Reference for Funding Shares Audit – 212a/06

22.1 The BSC Audit objective includes providing assurance that the provisions of the Code in relation to the calculation of Funding Shares have been complied with. The Panel was asked for its agreement to the proposed scope of this part of the BSC Audit.

22.2 The BSC Panel:

a) **APPROVED** the proposed scope of the Funding Shares Audit.

23. Moving to 'User Pays' billing for Data Transfer costs and development of the ELEXON Portal to deliver DTS Flows – 212a/07

23.1 ELEXON has been considering how it could reduce the costs that arise from its use of the Data Transfer System (DTS). This has included consideration of an alternative mechanism for providing SVAA sent DTS Flows to parties and involves parties being able to select to receive DTS Flows via the DTN, the ELEXON Portal, or a combination of both. In support of such a change ELEXON has also considered the merits of allocating DTS costs to those who benefit from the service, this has led to the consideration of charging for the services on a 'user pays' basis. The Panel was asked for feedback on these potential changes.

23.2 GG felt that having proportional charges for fixed costs such as DTN network charges would mean that some users would be paying to maintain the infrastructure and in effect would be subsidising users who would occasionally use the service. ELEXON stated that while this and a number of other areas would need to be evaluated and the most equitable 'user pays' process considered, the main point was that ELEXON should seek to challenge whether the current charging mechanism is the most appropriate.

23.3 ELEXON highlighted that establishing the ELEXON Portal as an alternative delivery mechanism for DTS Flows could deliver significant cost savings to BSC Parties. On initial inspection this saving was likely to be well in excess of the costs that might be incurred in adding such functionality. This would offer the BSC Parties a choice and the 'user pays' element would act as an incentive to move to the Portal and allow any BSC Party facing higher charges the option to reduce or remove their costs.

23.4 The Panel agreed that the concept merited further investigation and evaluation. A Panel member asked about the industry engagement which ELEXON would undertake, ELEXON noted that a communications plan is being developed and this included interaction with key stakeholders, such as Panel Sub-Committees and also Electralink who manage the DTS. ELEXON stated that they intended to facilitate open debate around these two areas.

23.5 The Panel asked ELEXON to return later in the summer with an update on progress.

ACTION 212a/05

23.6 The BSC Panel:

- a) **NOTED** the work being undertaken by ELEXON to consider a 'user pays' Modification and develop our requirements for the alternative delivery mechanism;
- b) **NOTED** that ELEXON will engage with BSC Parties and relevant Panel Committees over the next 2 months; and
- c) **NOTED** that ELEXON will provide a further update to the Panel in July.

24. European Network Code Application – Verbal

- 24.1 Rob Wilson from National Grid updated the Panel on the implementation of the European Network Codes into the GB codes, such as the BSC.
- 24.2 GG offered that stakeholders would want to be fully engaged in the process of GB code implementation as the EU Network Codes will take precedence over the BSC but, since the EU Network Codes will not cover the detail, stakeholders would want to be able to consider alternative solutions via the GB codes Modification process. He continued that stakeholder's would be happy to get involved in this work.
- 24.3 ER observed that the industry faced great challenges with respect to the timing and resource requirements of this work. The costs involved may well cause issues and he felt that it was important for Ofgem to help corral the industry into action on these matters. LC noted the points that were raised.
- 24.4 RW agreed and stated that co-ordination across all GB codes will be very important.
- 24.5 PBo commented on his experience participating in Workgroups looking at EU Network Code changes arising in Gas. He noted that an approach which appeared sensible was one of minimum change: i.e. one which did not amend provisions where the Code was not-inconsistent with the applicable EU Network Code (even if such local provisions may be over and above the basic EU-driven requirements). AP replied that while this point had merit it might miss an opportunity to achieve a better alignment of the code content with the new provisions so should be weighed carefully.
- 24.6 RW undertook to come back to the Panel later in summer to provide a further update.

25. Any Other Business

- 25.1 There was no other business in the Open Session.
- 25.2 DL left the meeting.