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## Issue 102 BSC Panel Discussions

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### Background

The [Issue 102 'BSC Change Review'](#) report had been scheduled to appear at the April 2023 BSC Panel meeting, but due to an exceptionally busy agenda it was delayed until the May meeting to ensure the Panel had sufficient time to discuss the Issue Group's recommendations and consider priorities and sequencing of future changes.

Discussions focused on the improvements (achieved by changes to the BSC via a Modification or Change Proposal) identified by the Issue 102 group:

- Improvement #1 - Allow non-BSC Parties to raise Change Proposals;
- Improvement #2 - Align CP process to Modifications process, to allow Proposers to withdraw CPs;
- Improvement #3 - Allow more than one Alternative for BSC Modifications;
- Improvement #4 - Remove or reduce Workgroup voting duties; and
- Improvement #5 - Expand Elexon's role in cases of low Workgroup quoracy.

At their May 2023 meeting ([338/05](#)) the Panel considered the report and its recommendations, with discussions and outcomes described below.

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### Summary of BSC Panel discussions

The Panel noted that Issue 102 had been raised with the approach of assessing whether each improvement idea better facilitated a set of criteria around speeding up the BSC Change Process, simplifying the Change Process and/or improving the quality of solutions and reports (with the threshold that an improvement must not detrimentally affect the quality and at minimum must maintain this). Elexon explained that the group had not found these criteria to be overly helpful in directing work, and that therefore many of the recommendations only offered marginal improvements to the criteria, rather than radical improvements.

#### Improvement #1 - Allow non-BSC Parties to raise Change Proposals

#### Improvement #2 - Align CP process Modifications process, to allow Proposers to withdraw CPs

The Panel noted that these two improvements could be achieved via 1 Change Proposal to make both sets of changes to [BSCP40 'Change Management'](#). Elexon clarified that the group identified most benefit in (and therefore prioritised) Improvement #1 (with Improvement #2 offering more marginal simplification benefits) but that progressing both of these as 1 change would be an efficient approach that made the most of 'opening up' BSCP40 to make these more incremental improvements. The Panel were comfortable with Elexon raising this CP on behalf of the Issue group.

#### Improvement #3 - Allow more than one Alternative for BSC Modifications

Under identified Improvement #3, the BSC would allow multiple alternate solutions, rather than the single Alternative solution the Workgroup are allowed to raise under the status quo. The initial Workgroup recommendation was for a maximum of 5 alternative solutions to be allowed, with the Chair given greater powers to intervene to save and remove solutions.

### Panel Discussions

The Panel discussed the question of whether Improvement #3 could reasonably be expected to increase efficiency in the BSC arrangements and the overall end-to-end change process.

A Panel member questioned why 5 was suggested as an appropriate number for the number of alternatives. Elexon clarified that this seemed a sensible amount that would allow for more variations of an alternative solution without becoming burdensome, based on discussion of previous Modifications that could have made use of more alternatives.

Should multiple alternatives become the norm, a Panel member was concerned that the Workgroup would naturally look to make use of these, leading to multiple variants and alternatives as the default approach. This Panel member questioned whether this could promote 'non decision' by industry Workgroups, thereby pushing the weight of decision making on to Ofgem and whether this could negatively impact the efficiency of decision making and the overall end-to-end change process.

Several Panel members argued that Improvement #3 would be expected to make the arrangements more efficient, on the basis that the status quo (only 1 Alternative allowed) is not efficient because it limits choice and forces industry to raise additional Modifications to allow choice for Ofgem as the ultimate and final decision maker. It was noted that the Issue Group's ultimate preference would be for an early steer by Ofgem to remove the need for alternatives but, realistically, this would be the next best way to achieve this.

It was also noted that the efficiency benefits would become lessened if the number of raised alternatives for a Modification is too great and that the appropriate number of Workgroups should be a focus for any follow on Modification to address and assess.

The Panel also commented on the proposed increase in powers for the Workgroup chair, with a member noting that Improvement #5 also called for an increase in Elexon's power as the Code Administrator running these meetings, with one member expressing a concern over a potential situation where the Code Admin is the same party raising an alternative. The Panel noted that this could place an increased burden on Elexon, raising the bar for the necessary experience and pressure faced by staff who would be chairing Workgroups and, under this improvement, intervening more to influence the alternatives produced by the industry group. A member with experience of the CUSC noted that, under this code, the power of a Workgroup Chair is limited to saving an alternative, if the WG vote against raising it. It was confirmed that the Issue 102's scope for increased Chair powers was limited to veto and "step in" rights rather than generating alternative solutions, these would still need to come from a Proposer within the Workgroup.

A Panel member considered whether a model whereby the Panel decide on additional alternatives for a given Modification would be suitable, with the Panel (as required) granting or denying the ability to go above the current 1 additional alternative currently allowed under the BSC. It was confirmed that these governance requirements and, in particular consideration of what role the Panel could have in the raising of multiple alternatives, was thinking to be done by an industry Workgroup.

#### Will the Panel raise this Modification?

The Panel noted that a Modification to continue work on this change should involve an industry Workgroup (as an Assessment Modification), as there was more thinking to be done on the role of the Chair, the number of alternates to allow and the potential role of the Panel to be addressed in it's Terms of Reference.

The Panel noted a potential dependency between Improvement #3 regarding the element of Improvement #4 that would remove the requirement for Workgroup to assess and report whether a solution better meets the BSC Objectives than any alternatives. Following discussion, it was agreed that this should be added as a Term of Reference for the Improvement #3 Workgroup to discuss and come to a view.

On the basis that the Panel believe this Modification has the potential to better facilitate Applicable BSC Objective (d) 'promoting efficiency in the implementation and administration of the balancing and settlement arrangements', the BSC Panel confirmed that they would be happy to raise this Modification.

## Outcome

At an appropriate time, Elexon will return to the BSC Panel to invite them to raise a Modification to take forward work on Improvement #3. This will be an Assessment Modification that will use an industry Workgroup to refine the solution, bottom out remaining governance requirements and assess the impacts and benefits.

## Improvement #4 - Remove or reduce Workgroup voting duties

Elexon explained that this improvement idea focused around potential efficiency gains from removing formal voting, so that the Workgroup can focus more on solution development and provide more qualitative feedback to the BSC Panel and focus less time on debating the votes. Elexon also clarified that industry views would continue to be reported and the intention behind this suggestion was focused around capturing and reporting the strength of feeling for and against a change, rather than spending time on generating a quantitative tally of votes.

## Panel Discussions

The Panel noted a potential dependency with Improvement #3 regarding the element of Improvement #4 that would remove the requirement for Workgroup to assess and report whether a solution better meets the BSC Objectives than any alternatives. Following discussion, it was agreed that this should be added as a Term of Reference for the Improvement #3 Workgroup to discuss and come to a view.

The Panel debated whether this improvement could reasonably be expected to improve the efficiency of the current arrangements. On the one hand, time could be saved during the Workgroup meetings but this was not thought to be particularly material, with several Panel members noting that the time spent voting forms only a small sliver of the overall time spent assessing a Modification.

On the other hand, several Panel members raised concerns that this could create confusion and make Workgroup views much less clear, putting a lot of additional pressure on Elexon to capture views in a different way. Elexon noted this, though explained that this idea could address situations where the Workgroup votes only reflect who attends “on the day” and therefore can be sometimes skewed (particularly in cases where one type of party, e.g Suppliers, disagree with another type of party, e.g Party Agents).

Nevertheless, the Panel could not find arguments for a significant efficiency gain due to Improvement #4 and remained concerned over the effects that removing voting could have. Additionally, the Panel and the Ofgem rep confirmed that they do find the quantitative tally of votes useful as a decision-making aid, so were uncomfortable supporting this idea further.

## Will the Panel raise this Modification?

The BSC Panel did not believe that a case had been made yet to support the idea that this improvement would promote efficiency or that the problem was material enough to warrant further investigation, and so confirmed that they would be uncomfortable with raising this Modification. Instead, they would prefer for an industry member to raise any future changes on the topic.

## Outcome

The BSC Panel will not raise Improvement #4 as a BSC Modification. This does not preclude other members of the industry remain free to act as Proposer for this change.

The question of whether to remove the requirement for Workgroup to assess and report whether a solution better meets the BSC Objectives than any alternatives will be picked up as a Terms of Reference for the Modification to follow on from Improvement #3.

## Improvement #5 - Expand Elexon's role in cases of low Workgroup quoracy

Industry resource is at a premium currently, some changes receive insufficient engagement efficiently progress through change assessment phases, leading to delays until low quoracy issues can be fixed. This Improvement idea focused on expanding Elexon's 'Critical Friend' role to allow greater solution development and Workgroup responsibilities and rights in certain situations where engagement is low and Elexon has the necessary expertise.

### Panel Discussions

The Panel noted that this is an important conversation, noting challenges around industry engagement and potential future outcomes from Code review work streams.

One Panel member voiced an immediate concern that this change could encourage industry to disengage from its change responsibilities, inadvertently promoting the idea that Elexon would fill the engagement gap and lead to lower industry support for BSC change and overall diminished engagement with the change process.

It was pointed out that this idea was felt to be friendly to the direction of travel of facilitating a more active Code Manager which Ofgem is looking at as part of its Codes reform work. The Panel acknowledged that this may appear to be a good thing, but wondered if this idea could cut across or interfere with some future developments around this topic. The Ofgem representative acknowledged that this idea seemed to indeed be in the direction of travel but declined to give a further view.

A Panel member raised the question of whether low engagement should be grounds for closure of these changes, on the basis that they are failing to attract sufficient industry attention. However, some other members pushed back on this idea, arguing that using low quoracy as a reason for closing BSC Changes would present a barrier to any potential Proposers of innovative Modifications that could benefit the industry and consumers regardless of incumbent views or levels of industry support.

One Panel member questioned whether one way forward might be to introduce a form of 'quoracy' for consultation responses in instances where Elexon has developed the solution – a minimum number of responses that demonstrated an engagement threshold with industry had been reached. Other members thought this problematic, describing potential workarounds to game responses to reach that minimum threshold. Additionally, the Panel noted that industry often doesn't respond to a change when they believe it to be a good, sensible idea and were nervous about introducing the concept of the number of responses becoming a gateway for BSC Changes.

The Panel questioned whether Elexon would be comfortable stepping in to this increased role and wondered about the potential strain on its resources this change could incur. Elexon responded that, in reality they do a great deal of solution dev and support for Proposers behind the scenes, but inevitably there would be cases where Elexon wouldn't be comfortable doing solution development for certain classes of change. One Panel member noted that this could potentially lead to placing Elexon into a powerful 'king maker' position for certain changes, in that it would be able to decide whether to commit the resources to develop a solution or no. This could raise serious challenges and questions that would need to be better understood as part of the further assessment of the change.

### Will the Panel raise this Modification?

The Panel noted that this could be expected to increase the efficiency of the current arrangements, and one Panel member stated that in their view it best promotes competition as it could facilitate small parties in bringing forward new innovative ideas that may be stalled under current arrangements due to a lack of incumbent support or engagement.

The Panel noted that the issue of low quoracy is a growing and enduring problem, but maintain concerns that mean they would be uncomfortable supporting this work by raising the Modification, describing it as a potential 'thin end of the wedge' for sanctioning diminished engagement from industry.

In the meantime, the Panel are open to alternate arrangements to ease quoracy-related delays, including the reduction of quoracy limits within the Workgroup's Terms of Reference document for suitable changes, which is an option available to them under the status quo.

## Outcome

The BSC Panel will not raise Improvement #5 as a BSC Modification. The Panel would prefer an industry members to act as Proposer for this change.

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## Next Steps

Elxon will raise a Change Proposal to amend BSCP40 'Change Management' to implement the recommendations of the Issue 102 group.

At an appropriate time, Elxon will return to the BSC Panel to invite them to raise a Modification to take forward work on Improvement #3.

The Panel do not intend to raise Improvements #4 or #5 at the current time, for the reasons described above. There is nothing to stop interested industry members from coming forward to raise these as Modifications.