

**Wi-Fi: ELEXON-GUEST**  
**Today's passcode: XXXX**

Public

**P392 “Amending the BSC change process  
to incorporate the delegation of NGESO’s  
powers and obligations under the EBGL to  
change EBGL Article 18 terms and  
conditions.”**

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Meeting Three

27 January 2020  
ELEXON



# Health & Safety

## In case of an emergency

An alarm will sound to alert you. The alarm is tested for fifteen seconds every Wednesday at 9.20am

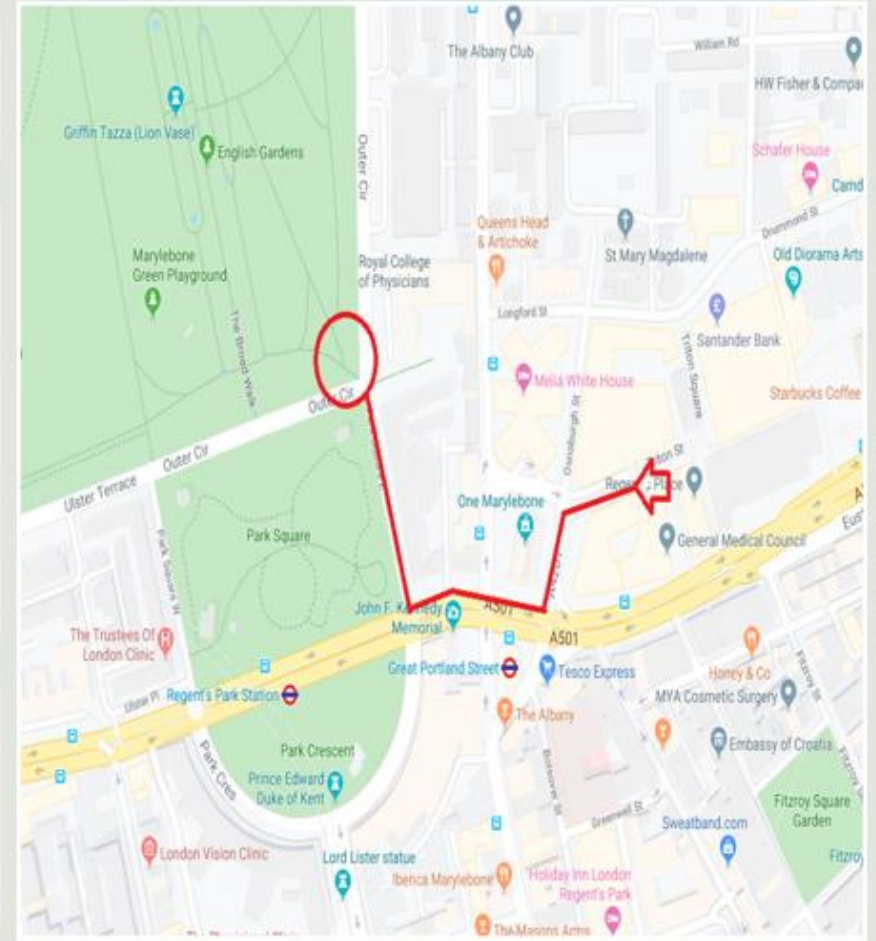
## Evacuating 350 Euston Road

- If you discover a fire, operate one of the fire alarms next to the four emergency exits.
- Please do not tackle a fire yourself.
- If you hear the alarm, please leave the building immediately.
- Evacuate by the nearest signposted fire exit and walk to the assembly point.
- Please remain with a member of ELEXON staff and await further instructions from a Fire Warden.
- For visitors unable to use stairs, a Fire Warden will guide you to a refuge point and let the fire brigade know where you are.

## When evacuating please remember

- Do not use the lifts.
- Do not re-enter the building until the all clear has been given by the Fire Warden or ground floor security.

**Our team on reception is here to help you, if you have any questions, please do ask them.**



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# Welcome and Meeting Objectives

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1. Welcome and Meeting Objectives
2. Panel Update
3. Summary of discussions in Second Workgroup
4. P392 Proposed Solution
5. Updated Terms of Reference
6. P392 Workgroup Terms of Reference
7. Workgroup Initial Votes
8. Consultation Questions
9. Next Steps
10. Any other business



# BSC Panel Update

Danielle Pettitt

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## BSC Panel Update

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- Clarification on whether 4 April 2020 is in itself a condition (or for example an anticipated date for completion of the conditions);
- Where, if the 4 April 2020 date does constitute a condition:
  - Whether the date itself has now moved to the Implementation date for P371 of 25 June 2020, given the Authority's subsequent approval of that Modification;
  - What are the implications of the date not being met;
  - Whether the Authority will consider an extension to the 4 April 2020 date; and
  - The Authority treats P392 as an Urgent Modification.



# Key discussions and Actions

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# Key Actions from Second Workgroup

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## Key Actions for ELEXON:

- To confirm:
  - whether the use of “Authority” in the delegation letter should be plural as referenced in Article 10(1) of the EBGL
  - whether Article 6(1) applies to the P392 proposed solution
  - the meaning of:
    - the phrase “one month” in Article 10(1)
    - the term “duly consider”
    - the term “sound justification”

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# Key Actions from Second Workgroup

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Principles for interpreting EBGL Article 10 consultation requirements, based on UK public law principles:

- Duly considering consultation responses means:
  - Reading all of the consultation responses
  - Considering whether any of the responses justify amending the proposal
  - The consultation responses do not need to be taken in isolation. The Panel should take into account all relevant evidence in making its proposal to Ofgem
- A sound justification means:
  - Dealing with all the substantial points that have been raised
  - Setting out and explaining key aspects of the Panel's rationale in coming to its conclusion including all aspects of reasoning that were material to the decision. This does not mean setting out in detail all the evidence and arguments referred to by the Panel in reaching its decision



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## Key Actions from Second Workgroup

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- To demonstrate the proposed Modification process using alternative scenarios with use-cases
- To include:
  - in the Assessment Consultation and subsequent documentation an explanation as to why the Article 10 two month consultation period does not apply to the EBGL amendment process.
  - timestamp on the EBGL mapping
  - updates to the BSC Panel and Workgroup Terms of Reference

# Key Questions from Second Workgroup

- Where the BSC Panel amends the proposed solution post the 10(1) consultation:
  - what happens if the proposer disagrees with panels amendments?
  - does the workgroup need to be reconvened in all instances or only where the changes are material in nature?
  - does the proposal need to undergo a further 10(1) consultation in all instances or only where changes are material in nature?
- How will the EBGL approval process work where:
  - the BSC Panel recommends an approval of the Mod Proposal and the Authority:
    - utilises the send back process in respect of the Mod Proposal; or
    - disagrees with the BSC Panel recommendation and rejects the Mod Proposal
  - The BSC Panel recommends rejection of the Mod Proposal and the Authority:
    - utilises the send back process in respect of the Mod Proposal; or
    - disagrees with the BSC Panel recommendation and approves the Mod Proposal
  - there is an Alternative Modification



# P392 Proposed solution

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# **Standard Modification**



## **Alternative Modification**



## **Straight to Report Phase Modification**



# **Fast Track Self Governance Modification**



# **Urgent Modification**





# **Authority Directed Modification**



# **Panel Recommend Rejection**



## **Send Back Modification**



# Updated Terms of Reference

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## BSC Panel's Terms of Reference

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- The BSC Panels Terms of Reference will need changing to include:
  - The BSC Panel will need to duly consider the views of stakeholders resulting from the consultations
  - The BSC will need to provide a sound justification for including or not including the views resulting from the consultation
  - The BSC Panel will have to submit Proposals under Article 4 that are amending Art 18 T's&C's-BSC to the Authority for approval/rejection

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## Workgroup's Terms of Reference

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- The Workgroup's Terms of Reference will need amending to include:
  - During the Assessment Procedure, the Workgroup will need to consider if the Proposed Modification impacts Article 18 Terms and Conditions



# **P392 Workgroup Terms of Reference**

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# Workgroup terms of reference (1/2)

## Standard Terms of Reference

- Will P392 impact BSC Settlement Risks?
  - We initially believe there to be no impact to BSC Settlement Risks
- Changes needed to BSC documents, systems and processes?
  - BSC Documents Impacted:
    - BSC Section F, BSC Section X-1, BSCP40 Standard Proposal Form Modification Template, BSC Assessment Phase Consultation Document, BSC Assessment Report, BSC Simple Guide Section F Annex 1, BSC Draft Modification Report, BSC Final Modification Report, BSC Report Phase Consultation
  - No Systems impacted
  - BSC Change process impacted



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# Workgroup terms of reference (2/3)

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## Standard Terms of Reference

- Costs and lead times
  - P392 will cost approximately £1200
  - After Authority approval, P392 will take 5WDs to implement
- When will any required changes to subsidiary documents be developed and consulted on?
  - During the Assessment Procedure Consultation
- Any Alternative Modifications?
- Self-Governance Modification?
- Applicable BSC Objectives?

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## Workgroup terms of reference (3/3)

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### Specific Terms of Reference

- Should the amended BSC Modification process be applicable for all BSC Modifications, or only those that wholly or partly amend the BSC provisions that constitute EBGL Article 18 terms and conditions?



# Workgroup Initial Votes

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## Proposer's views against the Applicable BSC Objectives – Initial Vote (1/2)

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- A. The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission License
  - The P392 solution ensures the effective discharge of Transmission Company (Electricity System Operator) obligations through delegations
- B. The efficient, economic and coordinated operation of the National Electricity Transmission System
- C. Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

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## Proposer's views against the Applicable BSC Objectives - Initial Vote (2/2)

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- D. Promoting efficiency in the implementation of the balancing and settlement arrangement
  - P392 ensures the BSC Change process satisfies the requirements under EBGL Articles 6 and 10.
  - Whilst EBGL Article 18 change process does not improve the efficiency of the current BSC change framework itself, implementing an aligned process whereby both BSC Change and Article 18 change processes are progressed together, is the most efficient way of progressing BSC Modifications that impact Article 18 terms and conditions.
  - By delegating NGESO responsibilities to ELEXON as the BSCCo and the BSC Panel, industry parties will have clarity on the process for BSC changes that impact Article 18 terms and conditions
- E. Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]
  - P392 will ensure BSC Modifications that impact Article 18 terms and conditions can be progressed in compliance with EBGL change provisions
- F. Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation
- <sup>29</sup>G. Compliance with the Transmission Losses Principle

# Self-Governance - Initial Vote

- Self-Governance criteria:

- A. is unlikely to have a material effect on:

- i. existing or future electricity consumers; and
    - ii. competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
    - iii. the operation of the national electricity transmission system; and
    - iv. matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
    - v. the Code's governance procedures or modification procedures; and

- B. is unlikely to discriminate between different classes of Parties.

- Both the Proposer and ELEXON agree that P392 should **not** be treated as Self-Governance as it will have a material effect on Self-Governance criteria (v)



# Alternative Modifications?

Initial Vote



# Legal Text

Initial Vote


**ELEXON**





# **Implementation Date 4 April 2020**

Initial Vote



# Consultation Questions

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# Standard Consultation Questions

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## Standard Assessment Procedure Consultation Questions

1. Do you agree with the Workgroup's initial unanimous view that P392 does better facilitate the Applicable BSC Objectives than the current baseline?
2. Do you agree with the Workgroup that the draft legal text delivers the intention of P392?
3. Do you agree with the Workgroup's recommended Implementation Date?
4. Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P392 which would better facilitate the Applicable BSC Objectives?
5. Do you agree that P392 does not meet the Self-Governance Criteria and so should not be progressed as a Self-Governance Modification?
6. Will P392 impact your organisation?
7. Will your organisation incur any costs in implementing P392?

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# Additional Consultation Question

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## **Additional Assessment Procedure Consultation Questions**

1. Do you agree that all only BSC Modifications impacting Article 18 T's and C's should be subject to the Article 18 EBGL Modification process?



# Next Steps

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## Next Steps – Subject to the Authorities decision

Event	Date
Third Workgroup	27 January 2020
Fourth Workgroup	Week commencing 10 February 2020
Assessment Procedure Consultation period	19 February - 25 February 2020 (5 Working Days)
Fifth Workgroup	Week commencing 2 March 2020
BSC Panel Meeting to consider Assessment Report, consultation responses and make its final recommendation to the Authority	12 March 2020
Final Modification Report to Ofgem for decision	17 March 2020
Decision by date, in order P392 can be implemented by 4 April 2020	27 March 2020
Implementation	5 WDs following Authority approval (latest 3 April 2020)

# Next Steps – Subject to the Authorities decision

Event	Date
Third Workgroup meeting	27 January 2020
Fourth Workgroup meeting	W/B 10 February 2020
Assessment Procedure Consultation	17 Feb 2020 – 21 Feb 2020
Third Workgroup meeting	W/B 24 Feb 2020
Present Assessment Report to Panel	12 March 2020
Report Phase Consultation	17 Mar 2020 -30 Mar 2020
Draft Modification Report to Panel	9 April 2020
Issue Final Modification Report to Authority	14 April 2020



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## Delegation Letter

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# **Any Other Business?**

Danielle Pettitt



# Appendix One

Delegation Letter

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# Delegation Letter

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NGESO are delegating the following tasks to the BSCCo:

- 1.1. its tasks under Article 10(1) and Article 10(2) of the EBGL to consult stakeholders, including the Authority, on the draft proposal to amend the Art 18 T's&C's-BSC, for a period of not less than one month; and
- 1.2. its tasks under Article 10(6) of the EBGL to publish the justifications provided to it by the BSC Panel for including or not including the views resulting from the consultation in a timely manner before or simultaneously with the publication of the proposal to amend the Art 18 T's&C's-BSC.
- 1.3 the its task of publishing the amendments to the EBGL Art 18 T's&C's-BSC in accordance with EBGL Article 12(3)(g).

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# Delegation Letter

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NGESO are delegating the following tasks to the BSC Panel:

- 2.1. its tasks under Article 10(6) of the EBGL to:
  - a. duly consider the views of stakeholders resulting from the consultations undertaken on the draft proposal seeking to amend the Art 18 T's&C's-BSC in accordance with paragraphs 2 to 5 of Article 10 of the EBGL, prior to its submission to the Authority for regulatory approval; and
  - b. provide a sound justification for including or not including the views resulting from the consultation pursuant to paragraph 2.1(a) above for the purposes of publication to the BSCCo at the same time as submission of the proposal seeking to amend the Art 18 T's&C's-BSC to the Authority for approval (where the Panel has taken the decision to submit the proposal seeking amendment of Art 18 T's&C's-BSC, to the Authority for approval).
- 2.2. its tasks under Article 4 to submit the draft proposal amending Art 18 T's&C's-BSC to the Authority for approval in accordance with Article 37 of Directive 2009/72/EC within the respective deadlines set out in the EBGL.

