

Public

P392 – Amending the BSC Change Process to incorporate the EBGL change process

Workgroup 5

24 March 2020



Meeting objectives and rules of engagement

Elliott Harper

Objectives

Agenda item	Lead
1. Welcome, introduction, meeting rules and objectives	Elliott Harper (Chair)
2. Solution Summary	Craig Murray (Lead Analyst)
3. In-flight Modifications and Send-Back Procedure	Craig Murray (Lead Analyst)
4. Consultation Responses	Workgroup
5. Final Workgroup Views and voting	Workgroup
6. AOB	Workgroup
7. Meeting Close	Elliott Harper (Chair)

Objectives for this Workgroup meeting:

- Clarify solution, in-flight Modification procedure and Send Back procedure
- Discuss responses to Assessment Procedure Consultation
- Determine Workgroup's final views against the Terms of Reference



Solution Summary

Craig Murray



P392 – Solution Summary

- Align the EBGL Change process with the BSC Change process for Modifications that impact the A18 T&Cs
- NGESO has delegated some of its EBGL tasks to ELEXON and the BSC Panel
- Report Phase consultation for Modifications impacting the A18 T&Cs will now be one calendar month
- NGESO aligned the CUSC and Grid Code solutions as much as possible for market participant clarity



In-Flight Modifications and Send Back Procedure

Craig Murray

P392 – Send Back Process

- Once a Modification is sent back, the EBGL requires a resubmitted proposal within two months (Article 6(3))
- ELEXON, NGENSO, Panel and Workgroups to engage informally with Ofgem prior to a formal Send Back (as is already the case) to ensure the two month time can be met without further extension
- Opportunities for further efficiencies and improvements can be identified once process has been used

P392 – In-flight Modifications

- In-flight Modifications refer to Modifications impacting the A18 T&Cs with an implementation date after 4 August 2019 and an approval date before 25 June 2020.
- If these Modifications don't go through the EBGL change process they could be open to challenge when the A18 T&Cs go live (25 June 2020)
- Modifications are at various stages in the process, some are still ongoing and some have been approved and implemented (as outlined on following slide)
- ELEXON, NGESO and Ofgem have discussed how to most efficiently ensure in-flight Modifications follow the EBGL change process
- Whilst in-flight Modifications are not directly part of the P392 solution, we wish to provide you with clarity on this process, to provide comfort that these Modifications will have met the EBGL change process requirements

P392 – In-flight Modifications

This slide considers the expected state of Modifications as of 25 June 2020

1. Mods with an implementation date after 4 August 2019 and an approval date before 25 June 2020
 - **P354, P385, P386, P388, P394, P403**
2. Mods approved after 4 August 2019 and due for implementation after 25 June 2020
3. Mods in Assessment Procedure as of 25 June 2020
 - **P332*, P376*, P379*, P395***
4. Mods in Report Phase as of 25 June 2020
 - **P375, P398*, P399**
5. Mods with Authority as of 25 June 2020

Please note Mods marked with an * may impact Article 18 Terms and Conditions but this has not yet been confirmed

P392 – In-flight Modifications

Potential treatment of Modifications in each category

1. A single consultation run by NGENSO requiring Authority approval in advance of 25 June 2020
2. No impacted Modifications
3. Progressed through the P392 procedure following 25 June 2020
4. Delay commencement of Report Phase until after 25 June 2020
5. No impacted Modifications



Consultation Responses

Workgroup

P392 – Consultation Responses 1/4

Summary

- 4 responses (ADE, Drax, NGENSO, RWE)
- Unanimous agreement that P392 **DOES** better facilitate the Applicable BSC Objectives than the current baseline (as detailed on next slide)

P392 – Consultation Responses 2/4

Respondent	Response	Rationale
ADE	Yes	P392 better facilitates Objectives (a), (d) and (e), for the reasons outlined in the consultation.
Drax	Yes	We agree that the delegation of tasks to the Panel could be considered as more efficient than the baseline situation of the ESO undertaking the EBGL obligations. This would satisfy relevant condition (a). We also agree that relevant objectives (c) and (e) are marginally positive on the basis that once the delegations are accepted the BSC will need to maintain efficient processes (c) and be compliant with the relevant aspects of EBGL (e).
NGESO	Yes	NGESO believes P392 better facilitates BSC objectives a), d) & e) - by enhancing the BSC code modification process to incorporate aspects that fulfil the criteria of the Electricity Balancing Guideline (EBGL), it allows compliance with the EBGL change process while keeping changes to the BSC code modification procedures to a minimum.
RWE	Yes	The modification will ensure GB compliance with the EBGL and therefore better meets Objective (e).

P392 – Consultation Responses 3/4

- Majority support for legal text, one respondent disagreed (as outlined on next slide)
- Unanimous agreement with recommended Implementation Date
- Unanimous agreement that P392 is **NOT** a Self-Governance Modification
- Unanimous agreement that there are no other potential Alternative Modifications
- Mixed responses on P392's impacts on organisations
 - 2 respondents would not be impacted
 - 1 respondent would be impacted in regards to governance of changes to Art 18 T&Cs
 - NGESO would be impacted – this has been discussed at length
- None of the respondents would incur costs as a result of P392 implementation
- Unanimous agreement that only BSC Modifications impacting Article 18 T&Cs should be subject to Article 18 EBGL Modification Processes

P392 – Consultation Responses 4/4

Respondent's comment on the legal text:

"The Legal text did not completely match our expectations. There is no explicit reference to the Article 3 provision and the recitals that an EBGL proposal will need assessment against. In this respect the legal text does not reflect the discussions in section 6 of the consultation document. Importantly the Art5(5) provision that is referenced in section 6 of the report - "that a proposal to amend the Article 18 terms and conditions should include "a description of [the] expected impact on the objective [of the EBGL]" – relates only to the proposal, not the criteria that the panel and workgroup will have to assess the proposal against. The text above does not appear to be included in the draft legal text accompanying this consultation. We recommend that the legal text is revised to reflect the outcome of the workgroup and reference the provisions under Art 3. This is necessary as any Art 18 changes must be assessed against EBGL recitals and relevant objectives under Art 3 of EBGL to ensure appropriate compliance with the obligations that have been transferred."

P392 – Legal Text Amendment

Following conversations with the respondent, the following amendment has been made to the Section X-1 legal text:

"EBGL Objectives":

means the objectives referred to in Article 5(5) of the EBGL including those objectives set out in the recitals and Article 3 of EBGL;



Final Workgroup Views and Voting

Workgroup

P392 – Final Workgroup Views

Workgroup views against:

- Workgroup Terms of Reference;
- Applicable BSC Objectives;
- Self-Governance; and
- Draft legal text

P392 – Workgroup Terms of Reference

Standard Terms of Reference

- Will P392 impact BSC Settlement Risks?
- Changes needed to BSC documents, systems and processes?
- Costs and lead times?
- When will any required changes to subsidiary documents be developed and consulted on?
- Any Alternative Modifications?

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?

The WG previously unanimously agreed that these items have been covered

P392 – BSC Applicable Objectives 1/2

At its last meeting, the Workgroup agreed by majority that P392 would better facilitate BSC Applicable Objectives (a), (d) and (e):

Obj	Proposer's views	Other Workgroup Members' Views
(a)	Positive	Positive
(b)	Neutral	Neutral
(c)	Neutral	Neutral
(d)	Positive	Positive – two members were positive but did note the BSC Change process is efficient and it will only be when the delegations are effective that the Change process is not efficient.
(e)	Neutral	Positive with one neutral
(f)	Neutral	Neutral

P392 – Self-Governance

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.

The Workgroup, Proposer and ELEXON unanimously agreed at the last meeting that P392 should **not** be treated as Self-Governance as it will have a material effect on Self-Governance criteria (v)

P392 – Legal Text and Implementation Date

- Do you agree that the draft legal text delivers the intention of P392?
- Do you agree with the proposed implementation approach?
 - The Workgroup unanimously agreed on the implementation date at its last meeting



AOB

Workgroup

ELEXON

Next Steps

- Present Assessment Report to Panel – **9 April 2020**
- Report Phase Consultation – **14 – 28 April 2020**
- Present Draft Modification Report to Panel – **14 May 2020**
- Issue Final Modification Report to Ofgem – **19 May 2020**



Thank you!

ELEXON

