

| <b>BSC Modification Proposal Form</b>  |   | At what stage is this document in the process? |
|--|---|--|
| <p><b>Mod Title:</b> Governance arrangements for BSC Panel Alternates</p>  | <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #00a651; background-color: #00a651; color: white; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">01</span> Modification         </div> <div style="border: 1px solid #00a651; background-color: #e6f2ff; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #00a651; background-color: #e6f2ff; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #00a651; background-color: #ffe4c4; padding: 5px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">04</span> Final Modification Report         </div> </div> |  |
| <p><b>Purpose of Modification:</b></p> <p>This Modification sets out to clarify the governance arrangements for BSC Panel Alternates in respect of their contribution to quoracy and voting at BSC Panel meetings. This will help to address ambiguity within the existing arrangements.</p> |   |  |
|   | <p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> <li>be raised by the Panel in accordance with the provisions of Section F2.1.1(d)(i);</li> <li>be treated as a Self-Governance Modification Proposal; and</li> <li>be sent directly into the Report Phase.</li> </ul> <p>This Modification will be presented by the Proposer to the BSC Panel on <b>13 Feb 2020</b>. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p>  |  |
|   | <p>High Impact:<br/>None</p>  |  |
|   | <p>Medium Impact:<br/>The BSC Panel; and<br/>ELEXON as the Balancing and Settlement Code Company (BSCCo).</p>   |  |
|   | <p>Low Impact:<br/>None</p>   |  |

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| Timetable   |                         |  |
| <b>The Proposer recommends the following timetable:</b> |                         |  N/A            |
| Initial Written Assessment Presented to Panel           | 13/02/2020              |  N/A            |
| Report Phase Consultation (10 WDs)                      | 18/02/2020 - 02/03/2020 | <b>Other:</b>  |
| Draft Modification Report presented to Panel            | 12/03/2020              | N/A  |
| Final Modification Report published                     | 13/03/2020              |  N/A          |
|   |                         |  N/A          |
|   |                         | <b>Other:</b>  |
|   |                         | N/A  |
|   |                         |  N/A          |
|   |                         |  N/A          |
|   |                         |  |

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The BSC Panel

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# 1 Why Change?

## What is the issue?

Existing provisions are ambiguous on BSC Panel Alternates contribution to a quorum. Likewise in respect of the contribution of BSC Panel Members or Alternates attending by teleconference or similar means to a quorum.

Existing provisions have the potential to unduly concentrate power in an individual and undermine the rules relating to quorum and robust decision-making.

This ambiguity presents potential risks to the robustness of BSC Panel Governance.

## Desired outcomes

The desired outcome of this Modification is to ensure the ongoing efficacy and robustness of the BSC Panel governance arrangements.

# 2 Solution

## Proposed Solution

Amend Section B to clarify that:

- A quorum is based on the number of individuals present; and
- Alternates may only stand in for a single Panel Member, thereby only casting one vote in the case that they are a Panel Alternate and only casting two votes in the case that the appointed Alternate is also a Panel Member.

## Benefits

Implementing these changes will help to ensure the ongoing efficacy and robustness of the BSC Panel governance arrangements.

### 3 Relevant Objectives

| Impact of the Modification on the Relevant Objectives:   |                   |
|--|-------------------|
| Relevant Objective   | Identified impact |
| a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence  | Neutral           |
| (b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System   | Neutral           |
| (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            | Neutral           |
| (d) Promoting efficiency in the implementation of the balancing and settlement arrangements  | <b>Positive</b>   |
| (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]                  | Neutral           |
| (f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation | Neutral           |
| (g) Compliance with the Transmission Losses Principle  | Neutral           |

ELEXON believes that the changes to clarify and improve the governance arrangements for BSC Panel Alternates will better facilitate the achievement of BSC Objective (d) by ensuring the on-going good governance of the BSC Panel and by promoting efficiency through clarifying existing arrangements.

ELEXON believes that these changes will ensure that the good governance of the BSC Panel is maintained and that it will better align to the BSC Panel Objectives, particularly Objective (c) “that the Code is given effect without undue discrimination between Parties or classes of Party”.

## 4 Potential Impacts

We do not anticipate any impacts on other Core Industry Documents, BSC Systems or BSC Parties. Impacts will be minimal and limited to the BSC Panel and ELEXON in its role as the BSCCo.

### Impacts on Core Industry Documents

| Impacted Core Industry Documents                       |  |  |  |
|--|--|--|--|
| <input type="checkbox"/> Ancillary Services Document   | <input type="checkbox"/> Connection and Use of System Code                   | <input type="checkbox"/> Data Transfer Services Agreement        | <input type="checkbox"/> Use of Interconnector Agreement |
| <input type="checkbox"/> Master Registration Agreement | <input type="checkbox"/> Distribution Connection and Use of System Agreement | <input type="checkbox"/> System Operator Transmission Owner Code | <input type="checkbox"/> Supplemental Agreements         |
| <input type="checkbox"/> Distribution Code             | <input type="checkbox"/> Grid Code   | <input type="checkbox"/> Transmission License                    | <input type="checkbox"/> Other (please specify)          |

### Impacts on BSC Systems

| Impacted Systems                |  |  |   |                               |
|---------------------------------|--|--|---|-------------------------------|
| <input type="checkbox"/> CRA    | <input type="checkbox"/> CDCA              | <input type="checkbox"/> PARMS         | <input type="checkbox"/> SAA                    | <input type="checkbox"/> BMRS |
| <input type="checkbox"/> EAC/AA | <input type="checkbox"/> FAA               | <input type="checkbox"/> TAAMT         | <input type="checkbox"/> NHHDA                  | <input type="checkbox"/> SVAA |
| <input type="checkbox"/> ECVAA  | <input type="checkbox"/> ECVAA Web Service | <input type="checkbox"/> ELEXON Portal | <input type="checkbox"/> Other (Please specify) |                               |

### Impacts on BSC Parties

| Impacted Parties   |  |  |   |
|--|--|--|---|
| <input type="checkbox"/> Supplier                              | <input type="checkbox"/> Interconnector User                               | <input type="checkbox"/> Non Physical Trader | <input type="checkbox"/> Generator              |
| <input type="checkbox"/> Licensed Distribution System Operator | <input type="checkbox"/> National Electricity Transmission System Operator | <input type="checkbox"/> Virtual Lead Party  | <input type="checkbox"/> Other (Please specify) |

### Legal Text Changes

Changes will be made to BSC Section B 2.10 'Alternates' and 4.3.2 'Quorum'. The draft legal text is provided within Attachment B.

## 5 Governance

### Self-Governance

|   |  |
|---|--|
| <input type="checkbox"/> <b>Not Self-Governance</b> – A Modification that, if implemented materially impacts: |  |
| <input type="checkbox"/> the Code’s governance or modification procedures                                     | <input type="checkbox"/> sustainable development, safety or security of supply, or management of market or network emergencies |
| <input type="checkbox"/> competition  | <input type="checkbox"/> existing or future electricity consumers  |
| <input type="checkbox"/> the operation of national electricity Transmission System                            | <input type="checkbox"/> likely to discriminate between different classes of Parties   |
| <input checked="" type="checkbox"/> <b>Self-Governance</b> – A Modification that, if implemented:             |  |
| Does not materially impact on any of the Self-Governance criteria provided above                              |  |

The changes being introduced will be relatively minor and clarify existing arrangements ensuring the ongoing good governance of the BSC Panel and BSC Change processes, rather than making significant or material changes to the Code’s governance or Modification procedures.

### Progression route

|  |   |
|--|---|
| <input type="checkbox"/> <b>Submit to assessment by a Workgroup</b> –:A Modification Proposal which:   |   |
| does not meet any criteria to progress via any other route.  |   |
| <input checked="" type="checkbox"/> <b>Direct to Report Phase</b> – A Modification Proposal whose solution is typically:   |   |
| <input checked="" type="checkbox"/> of a minor or inconsequential nature   | <input checked="" type="checkbox"/> deemed self-evident                                   |
| <input type="checkbox"/> <b>Fast Track Self-Governance</b> – A Modification Proposal which meets the Self-Governance Criteria and:                               |   |
| is required to correct an error in the Code as a result of a factual change including but not limited to:  |   |
| <input type="checkbox"/> updating names or addresses listed in the Code  | <input type="checkbox"/> correcting minor typographical errors                            |
| <input type="checkbox"/> correcting formatting and consistency errors, such as paragraph numbering   | <input type="checkbox"/> updating out of date references to other documents or paragraphs |
| <input type="checkbox"/> <b>Urgent</b> – A Modification Proposal which is linked to an imminent issue or current issue that if not urgently addressed may cause: |   |
| <input type="checkbox"/> a significant commercial impact on Parties, Consumers or stakeholder(s)   | <input type="checkbox"/> a Party to be in breach of any relevant legal requirements.      |
| <input type="checkbox"/> a significant impact on the safety and security of the electricity and/or gas systems   |   |

We believe that this Modification should progress directly to the Report Phase on the basis that the changes introduced are relatively inconsequential and therefore do not warrant taking additional industry time and resource above and beyond the mandatory industry consultation. We also believe that the benefits of clarifying the existing arrangements in this way are self-evident.

**Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?**

No.

**Does this modification impact on end consumers or the environment?**

No.

### **Implementation approach**

We propose that this document only change is implemented through the June 2020 BSC release and goes into effect from the date of the June BSC Release onwards.