

P401 'Governance arrangements for BSC Panel Alternates'

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.

This Report Phase Consultation for P401 closes:

5pm on Friday 6 March 2020.

The Panel may not be able to consider late responses.



The BSC Panel initially recommends **approval** of P401

This Modification is expected to impact:

- The BSC Panel
- ELEXON as the BSCCo



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Contact

Jason Jackson

020 7380 4187

Jason.Jackson@elexon.co.uk

About This Document

This is the P401 Draft Modification Report, which ELEXON is issuing for industry consultation on the BSC Panel's behalf. It contains the Panel's provisional recommendations on P401. The Panel will consider all consultation responses at its meeting on 12 March 2020, when it will agree a final recommendation to the Authority on whether or not the change should be made.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the draft redlined changes to the BSC for P401.
- Attachment B contains the specific questions on which the Panel seeks your views. Please use this form to provide your responses to these questions, and to record any further views/comments you wish the Panel to consider.

P401
Report Phase Consultation

18 February 2020

Version 1.0

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Why Change?

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.

Solution

Amend Section B of the BSC 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.

Impacts & Costs

Impacts will be minimal and limited to the BSC Panel and ELEXON in its role as the BSCCo.

The costs to implement P401 are expected to be £480 (2 days effort) to amend the BSC and update internal ELEXON documents.

Implementation

It is proposed to implement this Proposal on 25 June 2020, as part of the June 2020 Scheduled BSC Release. This is the next available Release.

Recommendation

The **Panel initially unanimously believe** that P401 better facilitates Applicable BSC Objective d – ‘promoting efficiency in the implementation of the balancing and settlement arrangement’, and **should therefore be approved**. The Panel has sent P401 directly to the Report Phase and initially believe it should be treated as a Self-Governance Modification Proposal (Panel decision, rather than Ofgem).

2 Why Change?

Appointing BSC Panel Alternates

While it has never been an issue in the past, it is ELEXON's view that amendments should be made with respect to the process by which, a voting BSC Panel Member appoints an Alternate for a meeting they are unable to attend for the sake of clarification and good governance. These amendments will remove existing ambiguity in respect of voting and ensure the continued good governance of the BSC Panel. We are effectively proposing to enshrine current working practice into the BSC to mitigate the risk of potential abuse.

BSC Panel Quorum

Again while this has not been an issue in the past it is ELEXON's view that amendments should be made to the Code to clarify that BSC Panel Alternates count toward the quoracy of a BSC Panel meeting. In addition the existing BSC text is not explicit that a BSC Panel Member or Alternate counts towards quoracy when attending by teleconference or similar means.

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. While this has not been found to be the case in the past this possibility should be mitigated against in order to ensure the continued good governance of the BSC Panel.

This ambiguity presents potential risks to the robustness of BSC Panel Governance. While unlikely to occur the existing ambiguity has the potential to result in a single attending Panel Member passing a vote against a majority of Panel Members in attendance at the meeting.

Proposed solution

Amend Section B of the BSC to clarify that:

- A quorum is based on the number of individuals present in person and/or remotely; and
- That 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.

This means that an Alternate or Panel Member can only ever cast a maximum of two votes.

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

4 Impacts & Costs

ELEXON does not anticipate any impact of this Modification beyond the BSC Panel or ELEXON in its role as the BSCCo.

Estimated central implementation costs of P401

ELEXON's costs to implement this Modification will be approximately £480. This is primarily driven by the need to implement the changes to the BSC and ELEXON's internal processes:

- 1 Working Days effort to amend internal processes and documents: and
- 1 Working Days to implement document changes to the BSC and Code Subsidiary Documents.

We do not anticipate any additional effort to operate Panel meetings via remotely as this is already a service we offer and use.

Indicative industry costs of P401

ELEXON does not anticipate any additional cost to industry.

P401 impacts

Impact on BSC Parties and Party Agents

Party/Party Agent	No Impact
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Impact on Transmission Company

No Impact

Impact on BSCCo

ELEXON - Panel & Committee Support	Minor amendments to working practices as part of implementation.
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Impact on Code

Section B	Amendments required to B2.10 and B4.3.2
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Impact on a Significant Code Review (SCR) or other significant industry change projects

No direct impact expected. We requested SCR exempt this proposal from any of its open SCRs on 6 March 2020. Ofgem confirmed the exemption on 12 March 2020.

Impact on Consumers

No direct impact – if approved, this Proposal will reduce the risk that Modifications are delayed and facilitate continuity of discussions between meetings, which will have an indirect benefit for consumers.

Impact on the Environment

No material impact expected.

5 Implementation

The BSC Panel initially agreed an Implementation Date of 25 June 2020, as part of the scheduled BSC Release. This is the next available Release.

Proposed Progression Timetable for this Modification	
Event	Date
Presented Initial Written Assessment to Panel	13 Feb 20
Report Phase Consultation (14 WDs)	18 Feb 20 – 6 Mar 20
Present Draft Modification Report to Panel (late paper)	12 Mar 20
Issue Final Modification Report to Authority	16 Mar 20

6 Panel's Initial Discussions

The request to raise this Modification was presented to the BSC Panel at its meeting on 13 February 2020 ([Panel 299/05](#)). The Panel unanimously agreed to raise this Modification in accordance with Section F2.1.1(d)(i).

The Panel agreed to submit P401 straight to the Report Phase as the proposed changes to the BSC are clear, self-evident and the solution has been fully developed. The changes being introduced are relatively minor and would not warrant taking up industry time through the undertaking of an Assessment Procedure.

The Panel discussed the proposed solution for P401. The Distribution Network Operator (DNO) Representative noted that to their mind the issue regarding Alternates could be resolved in a more straight forward manner were voting to be restricted to one vote per attending Panel Member or Alternate. He believed this was easier and fairer.

The Panel discussed potential amendments to the solution, such as only allowing an attending Panel Member or Alternate to cast two votes if the meeting would not otherwise be quorate.

The Panel agreed that the ambiguity within the Code while not presently an issue should be resolved and that the proposed solution was appropriate.

Panel initial views against the Applicable BSC Objectives

The Panel initially 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.

Further, the Panel 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".

Panel initial views on Self-Governance

The Panel initially believe P401 should be progressed as a Self-Governance Modification Proposal and not sent to Ofgem for decision. The changes being introduced will be relatively minor and clarify existing arrangements ensuring the on-going 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.

Report Phase Consultation Questions

1. Do you agree with the Panel's initial recommendation that P401 should be approved?
2. Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P401?
3. Do you agree with the Panel's recommended Implementation Date?

4. Do you agree with the Panel's initial view that P401 should be treated as a Self-Governance Modification?

5. Do you have any further comments on P401?

The Panel invites you to give your views using the response form in Attachment B.

7 Recommendations

The BSC Panel initially recommends:

- That P401 should be treated as a **Self-Governance** Modification;
- That P401 better facilitates Applicable BSC Objective (d);
- That the P401 should be **approved**;
- An Implementation Date for P401 of:
 - 25 June 2020; and
- That the draft BSC legal text for P401 be approved.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
BSC	Balancing & Settlement Code
BSCCo	Balancing & Settlement Code Company
DNO	Distribution Network Operator
SCR	Significant Code Review
WDs	Working Days

External Links		
Page(s)	Description	URL
9	P400 IWA Panel 299/05	https://www.elexon.co.uk/meeting/bsc-panel-299/