Final Modification Report

P406 'Temporary disapplication of Supplier Charge Serials SP08 and SP04 due to COVID-19'

Due to the ongoing outbreak of COVID-19, the electricity market is experiencing unprecedented challenges. Suppliers and their Party Agents have suspended Meter read collections to align to government social distancing guidelines. However, this will impact Suppliers' ability to meet their Settlement performance standards.

This Modification proposes that Supplier Charges for the SP08 and SP04 Serials are suspended from the March 2020 Performance Assurance Reporting and Monitoring System (PARMS) reporting period and set to £0, until further notice. This will help to support Suppliers cash-flow and enable them to concentrate on business critical activities.

The BSC Panel recommends **approval** of P406

This Modification is expected to impact:

- Suppliers
- Interconnector Users
- Generators
- All other Trading Parties (except Non-Physical Traders)
- ELEXON as the Balancing and Settlement Code Company (BSCCo)

ELEXON

Phase

- Initial Written Assessment
- Definition Procedure
- Assessment Procedure
- Report Phase
- Implementation

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Contents

1 Summary 3
2 Why Change? 4
3 Solution 6
4 Impacts & Costs 8
5 Implementation 12
6 Panel's Initial Discussions 13
7 Progression – Urgent Status 15
8 Report Phase Consultation Responses 16
9 Panel's Final Discussions 17
10 Recommendations 19
Appendix 1: Glossary & References 20

About This Document

This is the P406 Final Modification Report, which ELEXON has submitted to the Authority on behalf of the BSC Panel. It includes the Panel's full views and the responses to the Panel's Report Phase Consultation. The Authority will consider this report and will decide whether to approve or reject P406.

There are four 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 approved redlined changes to the BSC for P406.
- Attachment B contains the full responses received to the Panel's Report Phase Consultation.
- Attachment C contains the Modification Proposal Form.

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1 Summary

Why Change?

The GB electricity market is facing unprecedented challenges due to the recent outbreak of the COVID-19 disease. UK Government and Ofgem advice is for companies to prioritise customer and staff safety. Suppliers and their Party Agents have therefore suspended Meter read collection activities, Meter fixes, Smart/AMR installations and Commissioning on grounds of health and safety. These measures, along with reduced access to sites, have a direct impact on industry Settlement performance.

Settlement underperformance for Performance Assurance Reporting and Monitoring System (PARMS) serials SP04 and SP08 is expected to increase for the March 2020 PARMS reporting period, and continue for the duration that COVID-19 measures are in place.

Solution

This Modification proposes to set SP08a, SP08b, SP08c and SP04 Serials to £0 for all Suppliers from the March 2020 PARMS reporting period, until further notice.

Supplier Charges are to be reinstated by the BSC Panel after a period of suspension following any changes to Government guidelines and restrictions which would allow for normal Settlement operations activities to resume. Parties will be provided with three months' notice of charges being reinstated.

Impacts & Costs

Suppliers are impacted as they will no longer be required to pay SP04 and SP08 charges.

Non-Half-Hourly (NHH) and all Trading Parties (except non-Physical Traders) will be impacted by the redistribution of Supplier Charges. We do not expect there to be any direct market participant implementation costs resulting from this Modification.

The Central implementation costs to amend documentation and internal working practises for this Modification will be approximately £720.

System costs related to the implementation of P406 have been estimated at £15k.

Implementation

We propose this Modification be implemented on 11 May 2020 as part of a May 2020 standalone BSC Release subject to an Ofgem decision being received by 5 May 2020. This will ensure the provisions can be in force for the March 2020 Supplier Charges run commencing at the start of June 2020, thus realising the benefits at the earliest opportunity.

Recommendation

At its ad-hoc meeting on 23 April 2020, the Panel unanimously recommended to Ofgem as the GB Authority that P406 be approved as it better facilitates Applicable BSC objective (d).

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2 Why Change?

What is the issue?

Supplier Charges are the liquidated damages that Suppliers incur if they fail to meet certain performance levels against six PARMS Serials. Supplier Charges are intended to charge Parties where they fail to meet certain performance levels, and redistribute such funds to disadvantaged Parties. This is regarded as a remedial Performance Assurance Technique (PAT).

With the UK Government and Ofgem advice being that companies are to prioritise the safety of customers and staff, it is clear that Suppliers will not be able to meet BSC obligations around Meter installations and Meter reads, and will therefore incur considerable charges through no fault of their own.

Settlement underperformance for PARMS serials SP04 and SP08 is expected to increase for the March 2020 PARMS reporting period, and continue for the duration that COVID-19 measures are in place. ELEXON has already observed a 4% drop in Half Hourly (HH) read performance at the latest Settlement Final Run (SF), in the short time that COVID-19 has been regarded as a pandemic.

Resolving this issue would allow Suppliers to keep their focus on the safety of colleagues and customers without the concern of financial impact under the BSC.

Background and history

Supplier Charges is a remedial technique within the BSC Performance Assurance Framework (PAF). It is intended to apply liquidated damages to Suppliers who do not meet the required HH and Non Half Hourly (NHH) Settlement performance standards set out in Section S Annex S-1 'Performance Levels and Supplier Charges' of the BSC.

The Supplier Charges technique levies charges for underperformance against NHH (Serial SP08a), HH for 100kW Metering Systems (Serial SP08b), HH for non-mandatory 100kW Metering Systems (Serial SP08c) and Serial SP04 for failure to install mandatory 100kW Metering Systems.

90% of the charges are redistributed to NHH Suppliers and 10% to all other Trading Parties, with the exception of Non-Physical Traders.

The Performance Assurance Reporting and Monitoring System

As part of the PAF, a set of PATs are used to help mitigate the Settlement Risks. The PARMS is a database containing information about how Suppliers and their Supplier Agents are performing.

The data from PARMS supports PAF techniques of Performance Monitoring, Peer Comparison and Supplier Charge techniques, and provides such data for reporting purposes to Parties for information, and to the PAB for information. Further, data from PARMS supports the BSC Audit and we periodically provide information to the BSC Panel and other Panel Committees or Modification groups.

PARMS data is provided in reports referred to as Serials. A Serial is a defined area for measuring a Supplier or Supplier Agents' performance against key industry processes. The majority of PARMS Serials are submitted by Supplier Agents.

The table below shows the six PARMS Serials and Standards for which Supplier Charges are incurred in instances of underperformance.

What is the PAF?

The Performance Assurance Framework (PAF) is in place to provide assurance that:

Energy is allocated between Suppliers efficiently, correctly and accurately.

Suppliers and Supplier Agents transfer Metering System data efficiently and accurately.

Calculations and allocations of energy and the associated Trading Charges are performed within the BSC requirements.

What is a Settlement Risk?

A Settlement Risk is a risk of any failure or error in a step or process required under the BSC (including in each case a risk which has materialised as an actual failure or error) for the purpose of effecting Settlement or otherwise required in connection with Settlement according to the provisions of the BSC.

Settlement Risks are outlined in the Settlement Risk Register (SRR)

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PARMS Serials and Standards for which Supplier Charges are incurred in instances of underperformance		
Serial	Serial Description	Standard
SP01	Delivery of Routine Performance Monitoring Reports	Zero Working Days that a full set of PARMS Reports has not been submitted into PARMS
SP02	Delivery of Routine Performance Monitoring Logs	Zero Working Days that Drill Down or Ad-Hoc data has not been submitted to the Performance Assurance Administrator (PAA)
SP04	Installation of Half Hourly (HH) Metering	Zero Calendar Days where a mandatory HH Meter has not been installed
SP08a	Percentage of Non-Half Hourly (NHH) Energy Settled on Annual Advances	R3 – 80% RF – 97%
SP08b	Percentage of HH Energy Settled on Actual Readings	SF – 99% R1 – 99%
SP08c	Percentage of non-mandatory HH Energy Settled on Actual Readings	RF – 99%

Supplier Charges are applied based on underperformance by Supplier ID, Reporting Period (Calendar Month) and Grid Supply Point (GSP) Group.

The SP01 charge will not require setting to zero as this was previously accomplished by P393. This Serial was set to zero with effect from the February 2020 BSC Release.

SP02 is only applied in cases where Suppliers fails to provide PARMS data when ELEXON requests it and is not affected by this Modification.

PAB Endorsement

At its meeting on 26 March 2020, the PAB requested that ELEXON seeks to stop Supplier Charges from the March 2020 Reporting Period onwards, subject to a technical solution. The PAB believed it appropriate to stop Supplier Charges, as Suppliers are unable to meet Settlement performance standards due to the challenges faced from the COVID-19 pandemic.

ELEXON investigated this request and deemed that a Modification for the temporary disapplication of Supplier Charges be the most appropriate mechanism to enact the PABs request.

ELEXON provided a draft Modification Proposal Form to the PAB ex-committee on Thursday 2 April 2020. On 3 April 2020, the PAB unanimously recommended to the Panel that the Modification be raised in accordance with BSC Section Z 'Performance Assurance' 8.2.

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3 Solution

Proposed solution

This Modification proposes to set SP08a, SP08b, SP08c and SP04 Serials to £0 for all Suppliers from March 2020 PARMS reporting period, until further notice, achieved through an additional clause in BSC Section S.

The remaining Serial in Supplier Charges is SP02, (which is only applied in cases where Suppliers fails to provide PARMS data upon ELEXON's request) and is not affected by this Modification.

Supplier Charges are to be reinstated after a period of suspension following any changes to Government guidelines and restrictions which would allow for normal Settlement operations activities to resume. The BSC Panel will actively monitor developments in Government advice aimed at companies to prioritise customers and staff safety, and make the decision to reinstate Supplier Charges based on the following criteria:

- To follow Government announcements for clear guidance on ending social distancing measures.

The BSC Panel will give 3 months' notice before reinstating the charges. The BSC Panel may decide to monitor operational challenges faced by the industry, as a result of COVID-19 outbreak, after Government social distancing measures have ended.

Upon implementation, current charges normally imposed for HH and NHH underperformance (SP08 Serials) and for failure to install mandatory 100kW Metering Systems (SP04) will be suspended. As consequence, there will be no redistribution of charges, which will impact NHH Suppliers and other Trading Parties, with the exception of Non-Physical Traders.

It is worth noting that uncapped Supplier Charges in December 2019 amounted to £463,532.32 and £328,533.17 once caps were applied. Charges applied for March 2020 and beyond are likely to be significantly higher, indicating that the benefit of this Modification far outweighs the cost.

Legal text

The solution for this Modification requires amendment to BSC Section S. A new paragraph entitled 'Temporary disapplication of Supplier Charges' would be inserted as paragraph 3.2A. The full final redlined text is available to view in Attachment A.

Applicable BSC 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*

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated 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

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(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]

(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

(g) Compliance with the Transmission Losses Principle

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(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	***Positive***
(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*

The Proposer believes that the Modification better facilitates the Applicable BSC Objective (d) for the reasons below:

Setting the value of Supplier Charges SP08 and SP04 Serials to £0 shows that the PAB, BSC Panel and ELEXON recognise the current challenges faced by the industry with the decline in Meter read activities and installation due to the ongoing COVID-19 outbreak.

Implementing this Modification will assist Suppliers by ensuring resource can be allocated to other Settlement operation activities, without the financial burden imposed by Supplier Charges.

Therefore, this Modification makes the BSC more efficient as there are obligations Suppliers cannot meet as a result of wider statutory health and safety considerations, and provides the opportunities for such parties to focus on discharging their other BSC Obligations during the pandemic

The Proposer believes this Modification is neutral against all other Applicable BSC Objectives.

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4 Impacts & Costs

Estimated central implementation costs of P406

The Central implementation costs to amend documentation and internal working practises for this Modification will be approximately £720.

We originally believed that there would not be any system costs related to the implementation of P406, as informed by the implementation costs of similar Modification P393. We have since held detailed discussions with our service provider regarding the implementation of P406, which was not possible at an earlier stage due to the shortened P406 progression timescales.

Whilst this original assumption was correct, our discussions highlighted an increased risk from changing all Supplier Charge values to zero within the PARMS system, in comparison to a single value per the P393 solution. Therefore, extra testing is required to mitigate these risks and ensure the amendments are implemented as expected, with a one-off cost of approximately £15k.

Indicative industry costs of P406

We do not believe there to be any material industry implementation costs from P406, which was supported by responses to the Report Phase Consultation.

P406 impacts

Impact on BSC Parties and Party Agents	
Party/Party Agent	Impact
Suppliers	Suppliers are impacted as they will no longer be required to pay Supplier Charges for Serials SP08 and SP04, nor will they receive redistribution of charges for the duration of the Supplier Charges suspension.
Interconnector Users	Interconnector Users will not receive redistribution of charges as a Trading Party for the duration of the Supplier Charges suspension.
Generators	Generators will not receive redistribution of charges as a Trading Party for the duration of the Supplier Charges suspension.

Impact on Transmission Company
No impact identified

Impact on BSCCo	
Area of ELEXON	Impact
Metering	May experience more phone calls or emails about access to metering or the Technical Assurance Agent (TAA)

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Impact on BSCCo	
Area of ELEXON	Impact
Settlement Operations	Supplier Charges Local Working Instruction will need updating. Section S Simple Guide will need updating. Instruction will need to be issued to our external service provider to implement the system parameter change required. '2019/20 GSP Group Take, Supplier Charges and GSP Caps' spreadsheet needs to be updated on the ELEXON website to reflect changes in charges for SP08 and SP04.

Impact on BSC Settlement Risks
Serial SP08 has a direct impact on Settlement Risks 7 and 8 - 'Retrieval of Metered Data' and 'Processing of Metered Data'. Serial SP04 has a direct impact on Settlement Risk 3 – 'Metering Equipment installation, programming, maintenance and Commissioning' The impact on the three risks is thought to be minimal as, prior to the approval of P393, the incentive effect of Supplier Charges was ineffective due to exaggerated cumulative SP01 charges. The Performance Assurance Board are supportive of the approach and therefore supportive of any resulting impact to risks.

Impact on BSC Systems and process	
BSC System/Process	Impact
PARMS	The SP04 and SP08 charge parameters in the PARMS system will need to be changed to zero, to implement this solution on the Implementation Date (once approved).

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
No impact identified.	No impact identified.

Impact on Code	
Code Section	Impact
BSC Section S	The Legal Text for BSC Section S will need to be amended to give effect to the solution (new section required within paragraph 3.2)

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Impact on Code Subsidiary Documents	
CSD	Impact
There are no CSDs requiring amendment to implement this Modification Proposal. SP04 and SP08 Supplier Charge provisions will remain in the BSC and its subsidiary documents, but the charge will be set to zero.	

Impact on other Configurable Items	
Configurable Item	Impact
No impacts on other BSC Configurable Items.	

Impact on Core Industry Documents and other documents	
Document	Impact
Ancillary Services Agreements	No impact identified
Connection and Use of System Code	No impact identified
Data Transfer Services Agreement	No impact identified
Distribution Code	No impact identified
Distribution Connection and Use of System Agreement	No impact identified
Grid Code	No impact identified
Master Registration Agreement	No impact identified
Supplemental Agreements	No impact identified
System Operator-Transmission Owner Code	No impact identified
Transmission Licence	No impact identified
Use of Interconnector Agreement	No impact identified

Impact on a Significant Code Review (SCR) or other significant industry change projects
ELEXON requested exemption on 7 April 2020. Ofgem confirmed SCR exemption on 8 April 2020

Impact on Consumers
This Modification will impact customers positively since the intention of this Modification is to remove the burden of Suppliers' read collection activities and allow focus on customer and staff safety.

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Impact on the Environment
We do not anticipate there to be any direct impacts on the environment resulting from this Modification Proposal.

Other Impacts	
Item impacted	Impact
No other impacts identified	

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5 Implementation

Implementation of this Modification can be made in time for the March 2020 PARMS reporting period run scheduled for early June 2020. This ensures that this Modification can bring benefit to the industry for the first Supplier Charge period directly impacted by the COVID-19 pandemic.

In order that the arrangements are in place before this time, we propose P406 be implemented on 11 May 2020 as part of a May 2020 standalone BSC Release. This will ensure the benefits of this Modification can be realised at the earliest opportunity.

Recommended Implementation Date

The Panel recommends an Implementation Date for P406 of:

- **11 May 2020** as part of an ad-hoc BSC Release if an Authority decision is received on or before 5 May 2020; or
- **25 June 2020** as part of the scheduled June 2020 BSC Release if an Authority decision is received on or before 18 June 2020.

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6 Panel's Initial Discussions

Upon the PAB's recommendation to the Panel to raise P406, we presented the 'Initial Written Assessment' paper to the Panel at its meeting on 9 April 2020.

A Panel member questioned whether it would be more efficient to use the Force Majeure capabilities written into the BSC rather than raising a Modification, or consider deferral if a Supplier invoice is causing issues. ELEXON clarified that Suppliers are already reducing Meter reads or taking them offline entirely and that significant drops in performance are already being seen. Further, it is not explicitly permissible under the BSC to defer payments of any BSC Charges. The force majeure provisions may not fully cover any risks arising from the deferral of BSC Charges and therefore, we believe a BSC Modification is the most appropriate mechanism of delivering the P406 solution.

A Panel member suggested that it would be more appropriate for the Panel to determine when Supplier Charges should be reinstated as it is the Panel making the recommendation to cancel future Supplier Charge runs under this P406. Other Panel members agreed that Panel should be in control of reapplying Supplier Charges and asked for the legal text to be amended accordingly. The Panel also requested that a three month notice period for reinstating Supplier Charges be written into the BSC text.

A Panel member expressed concern that reinstatement of Supplier Charges was tied to Government advice once social distancing ends. The Panel member spoke about the possibility of lockdown ending only to be reapplied if there was a further wave of COVID-19 transmissions and questioned whether the legal text allowed for further disapplication if this were the case. ELEXON responded that the legal text does not allow for the period of disapplication of charges to be ended and then restarted if further transmissions occur outside of lockdown. ELEXON agreed to amend the legal text to remove ties solely to Government advice.

At a later stage in the Panel meeting ELEXON presented the amended legal text giving reference to Panel having decision-making powers for re-instatement, the addition of a 3 month notice period before re-instatement, and removal of ties to Government advice. The Panel questioned further the lack of flexibility in re-applying the disapplication. The Panel Chairman concurred that the incorporation of flexibility was not a matter for this meeting and Panel members approved the text as presented rather than risk delaying the proposed solution.

The following changes were applied to legal text as a result of the Panel's comments:

- References to "direction or Legal Requirement issued by Her Majesty's Government" removed from 3.2A3
- Responsibility for determining when to reapply Supplier Charges changed from PAB to Panel
- 3-month notice period inserted in 3.2A3

The Panel unanimously:

- **RAISED** the Modification Proposal in accordance with F2.1.1(d)(vi);
- **RECOMMENDED** to the Authority that this Modification should be treated as an Urgent Modification Proposal;
- **AGREED** the Urgent progression timetable for recommendation to the Authority;

What are the Self-Governance criteria?

A proposal that, if implemented:

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

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- **AGREED** that this Modification progresses directly to the Report Phase;
- **AGREED** that this Modification:
    - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREED** an initial recommendation that this Modification should be approved;
- **AGREED** an initial Implementation Date of:
    - **11 May 2020** if the Modification is granted Urgent status and an Authority decision is received by 5 May 2020; or
    - **25 June 2020** if the Modification is not granted Urgent status and an Authority decision is received by 18 June 2020;
- **AGREED** the draft legal text; and
- **AGREED** an initial view that this Modification should not be treated as a Self-Governance Modification.

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7 Progression – Urgent Status

At its meeting on 9 April 2020 (Panel 301/05) the BSC Panel agreed with ELEXON and the PABs recommendation that P406 should be treated as an Urgent Modification and recommended that Ofgem as the Authority treat it as such.

The Panel considered that P406 be treated as an Urgent Modification in order to realise the benefit of the solution from March 2020, the first period affected by the COVID-19 pandemic.

The BSC Panel Chair wrote to Ofgem on 9 April 2020 requesting that P406 be treated as an Urgent Modification. The proposed Urgent timetable did not procedurally deviate from the Modifications process, rather those procedures be conducted over a shortened time period. In this case, the shortening of the Report Phase consultation from a working practise of 10 working days, to five working days, followed by an ad-hoc Panel meeting to consider consultation responses and make a final recommendation to Ofgem.

Ofgem wrote to the BSC Panel Chair on 16 April 2020, agreeing that P406 be treated as an Urgent Modification, with its rationale aligning to that outlined in the Panel's request.

ELEXON notified market participants on 16 April 2020 that Ofgem agreed that P406 be treated as an Urgent Modification. Therefore, the Report Phase consultation concluded at 5pm Monday 20 April 2020 in line with the Urgent timetable.

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8 Report Phase Consultation Responses

This section summarises the responses to the Panel's Report Phase Consultation on its initial recommendations. You can find the full responses in Attachment C. The Panel's Report Phase Consultation was conducted for five Working Days (WDs) over the period 14 April to 20 April 2020.

Five market participants responded to the Report Phase consultation. All respondents represented Suppliers. A summary of responses can be viewed in the table below:

Summary of P406 Report Phase Consultation Responses

Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the Panel's initial unanimous recommendation that P406 should be approved?	5	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P406?	5	0	0	0
Do you agree with the Panel's recommended Implementation Date?	5	0	0	0
Do you agree with the Panel's initial view that P406 should not be treated as a Self-Governance Modification?	5	0	0	0
Will P406 impact your organisation?	5	0	0	0
Will your organisation incur any costs in implementing P406?	0	5	0	0
Do you have any further comments on P406?	1	4	-	-

Consultation Responses

We've summarised responses to questions where market participants outlined specific comments in response to the Report Phase Consultation below.

Do you have any further comments on P406?

One respondent noted that the effect of COVID-19 will vary across different industry participants and asked if the Panel would consider whether a further consultation should be undertaken with industry prior to the 3-month notice of Supplier Charges reinstatement.

The respondent also asked if the Panel would consider whether there are lessons to be learned regarding the general application of Supplier Charges where hard or impossible to read sites exist as these represent a cost to Suppliers which they believe cannot be avoided and result in higher prices for consumers.

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9 Panel's Final Discussions

We presented the P406 Draft Modification Report to the BSC Panel at its ad-hoc meeting on 23 April 2020 (Panel 301A/01).

Legal text Clarification

A Panel Member noted an opportunity to add further clarity to section 3.2A.2 of the draft legal text. The suggested amendments further clarify which Supplier Charges are relevant and removed references to any inability to pay for those charges. ELEXON agreed that the amendments would add further clarity and that, as the suggestions were not material changes to the solution, it could amend the legal text accordingly.

The Panel noted that it will be important to have Supplier Charges reinstated when possible as they form part of the Performance Assurance Framework's effort to maintain the quality of Settlement.

Report Phase Consultation responses

The Panel considered the responses to the Report Phase consultation. The Panel Chair noted that the insertion of the three-month notice period in section 3.2A.3 did not include a specific process that should be followed for the reinstatement. ELEXON confirmed that it had purposely left this flexible to give the Panel discretion over the process to reinstate Supplier Charges. The Panel considered that with this flexibility, it could issue a further consultation at an appropriate time. The Panel appreciated that flexibility in the BSC would enable it to make the right decisions at the right time, in the best interests of market participants and Settlement, in regards to when Supplier Charges should be reinstated.

In relation to the consultation response that questioned whether hard to read sites should be further investigated in regards to Supplier Charges, the Panel noted previous work under P366 and Issue 78, along with ongoing PAF Review recommendations relating to performance standards.

Flexibility in re-introduction of Supplier Charges

The Ofgem Representative queried whether the intention was for P406 to be a one-time measure or to be used again in the future. ELEXON confirmed that the legal text was intended for one-time use only.

Some members of the Panel considered that it would be beneficial to have flexibility in the solution to allow either partial reinstating of Supplier Charges, or the further future disapplication if social distancing measures are turned off and then on again. The Panel Chair noted the Panel's comments and considered that, as an Urgent Modification, P406 has been progressed in expedited timescales to have a solution for the March Supplier Charges Reporting Period. The Panel agreed that the Modification should be implemented as soon as possible in its current form and asked ELEXON to further investigate the solutions flexibility.

ELEXON agreed to further investigate the flexibility of the solution, and return to a future Panel meeting with its findings. Introducing more flexibility will make the solution more

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complex, and this complexity will depend on the differing options for flexibility, hence needing further considerations.

A Panel member highlighted that any temporary re-opening period is unlikely to be long enough to recover Settlement performance.

The Panel unanimously:

- **AGREED** amendments to the legal text for clarification of the solution;
- **AGREED** that P406:
    - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREED** a recommendation that P406 should be approved;
- **APPROVED** an Implementation Date of:
    - 11 May 2020 as part of a May 2020 standalone BSC Release, if an Authority decision is received on or before 5 May 2020; or
    - 25 June 2020 as part of the June 2020 BSC Release, of an Authority decision is received on or before 18 June 2020;
- **APPROVED** the draft legal text; and
- **APPROVED** the P406 Modification Report.

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10 Recommendations

The BSC Panel recommends to the Authority:

- That P406 should be **approved**;
- An Implementation Date for P406 of:
    - **11 May 2020** as part of a May 2020 standalone BSC Release, if an Authority decision is received on or before 5 May 2020;
    - **25 June 2020** if the Modification is not granted Urgent status and an Authority decision is received by 18 June 2020; and
- The BSC legal text for P406.

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Appendix 1: Glossary & References

Acronyms

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

Acronyms	
Acronym	Definition
BSC	Balancing & Settlement Code
HH	Half Hourly
NHH	Non Half Hourly
PAA	Performance Assurance Administrator
PAB	Performance Assurance Board
PAF	Performance Assurance Framework
PARMS	Performance Assurance Reporting and Monitoring System
PAT	Performance Assurance Technique
R1	1st Reconciliation
RF	Final Reconciliation Settlement Run
SF	Settlement Final (Run)

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document

External Links		
Page(s)	Description	URL
5	P393 - 'Disapplication of Supplier Charge SP01'	https://www.elexon.co.uk/mod-proposal/p393/
5	BSC Section Z 'Performance Assurance'	https://www.elexon.co.uk/the-bsc/bsc-section-z-performance-assurance-3/
6	BSC Section S 'Supplier Volume Allocation'	https://www.elexon.co.uk/the-bsc/bsc-section-s-supplier-volume-allocation/
17	BSC Panel 301A	https://www.elexon.co.uk/meeting/bsc-panel-301a/
17	P366 Change to Supplier Charge SP08a for hard-to-read sites	https://www.elexon.co.uk/mod-proposal/p366/
17	Issue 78: Measurement and monitoring of Settlement performance	https://www.elexon.co.uk/smg-issue/issue78/

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