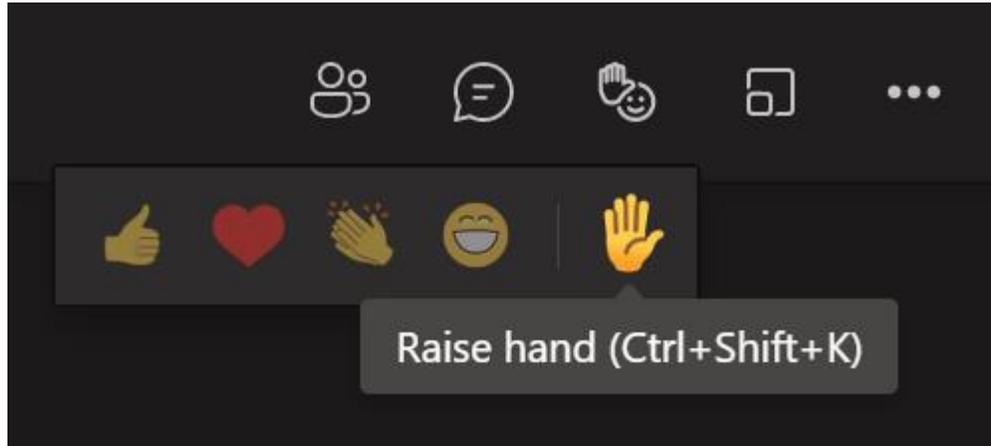


P427 Digital Meeting Etiquette

- Welcome to the P427 Workgroup meeting 5
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use the Raise hand feature in the Menu bar in Microsoft Teams if you want to speak, or use the Meeting chat



- Lots of us are working remotely – be mindful of background noise and connection speeds

E L E X O N

P427

**Publication of Performance Assurance
Parties' impact on Settlement Risk**

Workgroup Meeting 5

16 June 2022

Meeting Objectives & Agenda

Meeting Objectives

- Recap of Workgroup meeting 4
- Discuss and decide any required amendments/actions following the Assessment Procedure Consultation (APC)
- Vote on the required objectives
- Confirm next steps

Agenda Item	Lead
1. Welcome and meeting objectives	Douglas Alexander (<i>Chair</i>)
2. Recap of Workgroup meeting 4	George Crabtree (<i>Lead Analyst</i>)
3. Discussion of Consultation responses	Jason Jackson (<i>Elexon / Proposer</i>)
4. Voting	Douglas Alexander
5. Next steps	George Crabtree
6. AOB & Meeting Close	Douglas Alexander



RECAP OF WORKGROUP 4

Recap of Workgroup Meeting 4

- Workgroup Meeting 3 was held on 10 May 2022
- Elexon confirmed to the Workgroup that the provisions of P427 could not be applied to SVA MOAs.
- Elexon agreed that as SVA MOAs can not be included in scope of P427 then no TAA data should be published.
- Elexon presented the revised de minimis thresholds for publishing data:
 - Market wide impact: 0.05% of consumption in the preceding calendar year which is 10% of the BSC Audit Qualification threshold of 0.5% of the total energy consumption for the preceding calendar year
 - Individual Party impact: Market wide impact de minimis threshold divided by the number of actively Trading Suppliers
- Workgroup members were in agreement that these were reasonable thresholds.
- Members unanimously voted to support the redlining

DISCUSSION OF CONSULTATION RESPONSES

Discussion of consultation responses

Questions	Yes	No	Neutral/No Comment	Other
Do you agree with the Workgroup's initial unanimous view that P427 does better facilitate the Applicable BSC Objectives than the current baseline?	7	2	0	0

Comments:

- We do not agree that the publication of league tables of performance will incentivise parties to improve performance. The Workgroup has provided no evidence that this will be the case
- P427 does not address the root causes of Suppliers entering and remaining within EFR. We recommend that a separate Issues Group be established to review current Settlement targets
- We believe it's essential that only extreme cases are published
- We believe that there are already sufficient measures in place to manage parties performance. We also believe that impacts to settlement will change once MHHS is implemented. Merging EHH and NHH performance may also make this proposal unnecessary.
- It is unfortunate MOAs could not be included, However if P427 approved & proves successful perhaps could be something REC assurance adopts in future.

Discussion of consultation responses

Questions	Yes	No	Neutral/No Comment	Other
Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P427?	6	1	1	1
Do you agree with the Workgroup that the amendments to the Code Subsidiary Documents in Attachment B delivers the intention of P427?	6	2	1	0

Comments:

- Not sure I understand the link to 0.05% of value of settlement in prior year. It may be better to simply link to a framework prepared by PAB and agreed by the Panel from time to time.
- We do not believe that the CSDs outline what happens as and when a party meets the milestones plan post publication.

Discussion of consultation responses

Questions	Yes	No	Neutral/No Comment	Other
Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P427 which would better facilitate the Applicable BSC Objectives?	8	1	0	0

Comments:

- Our preference, rather than publishing specific performance, would be to publish Supplier Settlement performance by discreet bands rather than specific performance.
- We do not agree with the impacts on settlement risks as parties are already incentivised through supplier charges. Adding this would name and shame without understanding the underlying issues and contexts that cause suppliers to be entered into EFR.

Discussion of consultation responses

Questions	Yes	No	Neutral/No Comment	Other
Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?	7	2	0	0

Comments:

- No, parties are already incentivised through supplier charges. Adding this would name and shame without understanding the underlying issues and contexts that cause suppliers to be entered into EFR.

Discussion of consultation responses

Questions	Yes	No	Neutral/No Comment	Other
Do you agree with the Workgroup's recommended Implementation Date?	7	1	1	0
Do you agree with the Workgroup's assessment that P427 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?	9	0	0	0
Do you have any comments on the impact of P427 on the EBGL objectives?	0	9	0	0

Discussion of consultation responses

Questions	High	Medium	Low	None
Will P427 impact your organisation?	0	0	4	5
Will your organisation incur any costs in implementing P427?	0	0	1	8
What will the ongoing cost of P427 be to your organisation?	0	0	2	7

Questions	0-6 months	6-12 months	>12 months	Other
How long (from the point of approval) would you need to implement P427	9	0	0	0

Discussion of consultation responses

Questions	Yes	No
Do you have any further comments on P427?	5	4

Comments:

- It would be useful to clarify when annual reporting will be produced, notified, and shared with industry, as well as an understanding of what type of information each report will contain.
- While I agree with the recommendation in respect of the current TAA report, this in itself highlights a concern that the TAA report or technique does not necessarily provide the best outcome as the “administrative failures” mask potential real failings.
- We would recommend that any league tables or published performance measures are published separately for domestic suppliers.
- Consideration should be given to portfolio size for both volume and meter points, as some portfolios could be adversely impacted on volume measurements by a small number of large sites with. Therefore, measurements and any rankings should be based on percentage of portfolio rather than overall actual errors.

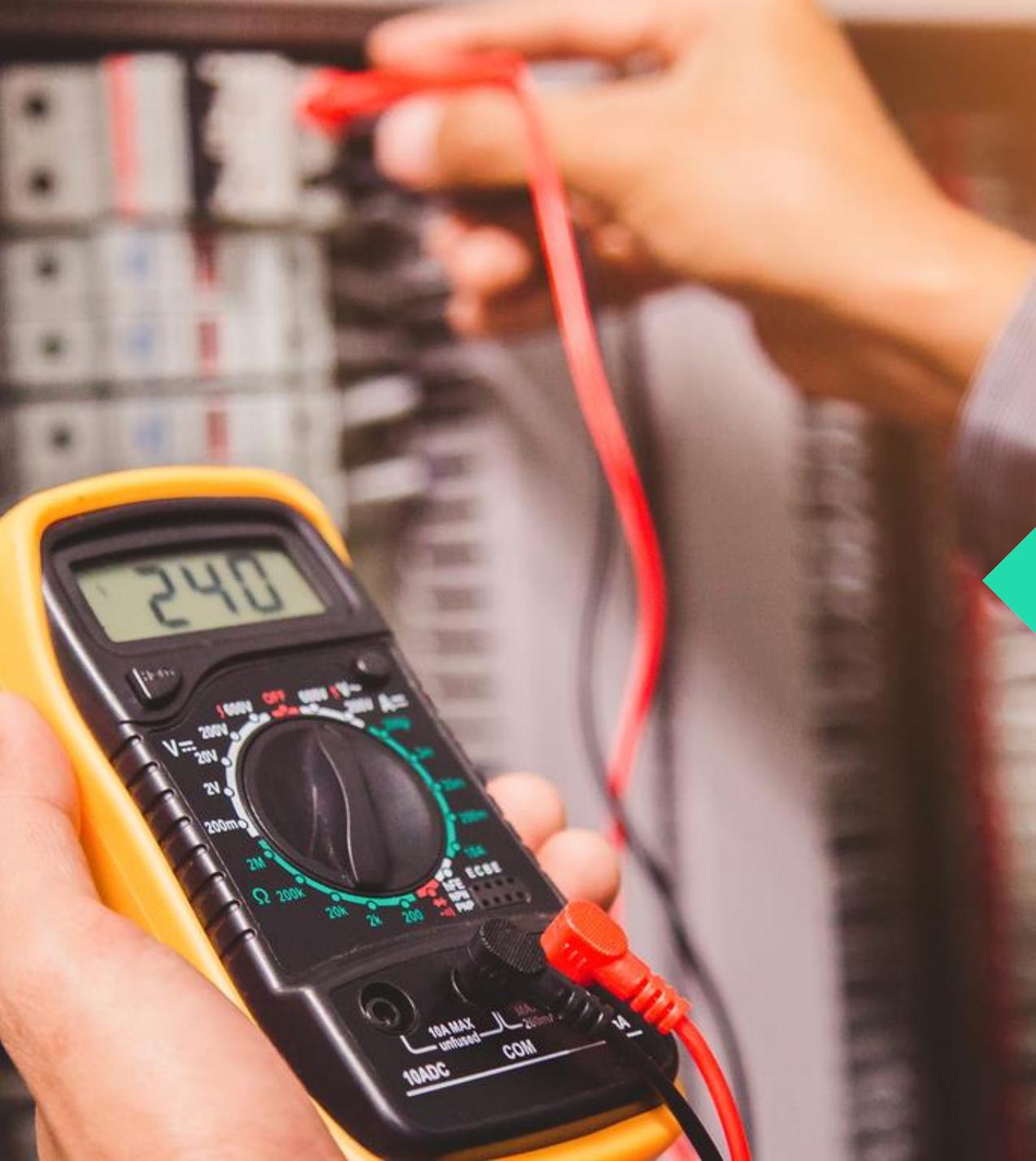
VOTING

Does the Workgroup agree the following:

- P427 should not follow the Self-Governance route
- The Modification better facilitates BSC Objectives:
 - 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
- P427 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC
- P427 should be implemented 3 November 2022

Does the Workgroup agree the draft legal text to the following:

- BSC Section Z
- BSCP533
- BSCP538



NEXT STEPS

Next Steps

- Consider any actions from this meeting
- Meeting notes to be sent to Workgroup Members



ANY OTHER
BUSINESS

ELEXON

THANK YOU

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16 June 2022