Draft Urgent Modification Report

P449 'Energy Bill Relief Scheme for non-domestic customers'

This Modification seeks to enable Elexon (BSCCo) to act as the payment provider for the Government's Energy Bill Relief Scheme for non-domestic electricity customers. This Modification intends to implement an arrangement to provide subsidy payments to Suppliers that would be proportionate to consumption for applicable non-domestic customers. The intention of the subsidy would be to reduce non-domestic consumer tariffs in light of the recent rises in energy costs.

The BSC Panel initially recommends **approval** of P449.

Ofgem granted P449 as an Urgent Modification Proposal

The BSC Panel **does not** believe P449 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC.

This Modification is expected to impact:

- Suppliers;
- Elexon as the Balancing and Settlement Code Company (BSCCo);
- Trading Parties.

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Phase

Proposal

Consultation

Report Phase

Implementation

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About This Document

Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read section 1
- Have 15 mins? Read sections 1, 8 and 9
- Have 30 mins? Read all sections
- Have longer? Read all sections and the annexes and attachments
- *You can find the definitions of the terms and acronyms used in this document in the BSC Glossary.*[1]

This is the P449 Draft Urgent Modification Report, which Elexon will present to the Panel at its urgent meeting on 9 November 2022. It includes the responses received to the Urgent Modification Consultation on the Panel's initial recommendations. The Panel will consider all responses, and will agree a final recommendation to the Authority on whether the change should be made.

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 draft redlined changes to the BSC for P449.
- Attachment B contains the P449 Modification Proposal Form.
- Attachment C contains the full responses received to the Panel's Urgent Modification Consultation.

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[1] https://www.elexon.co.uk/glossary/?show=all

1 Summary

Why Change?

As a result of the concerns surrounding the increases in European energy prices, the Government has proposed the Energy Bill Relief Scheme (EBRS) for non-domestic customers, with discounts applied to energy usage initially between 1 October 2022 and 31 March 2023. Through the EBRS, the government intends to provide a discount on gas and electricity unit prices for non-domestic customers who agreed supply contracts post April 2022. It is proposed that Elexon act as the EBRS electricity payment provider. However, the activities that Elexon is permitted to undertake are outlined in the BSC currently do not include provisions for administering such a scheme.

Solution

The proposed solution involves expanding Elexon's vires to include the administration of the EBRS. This role would involve BSCCo processing Supplier requested payments approved by BEIS and providing necessary consumption data reporting to BEIS for the assurance of the scheme. The proposed legal text describes Elexon's role and functions as payment provider by reference to Energy Bill Relief Scheme Functions Agreement, the Energy Bill Relief Regulations, and the Discount Recovery Rules 2022, established by the Secretary of State.

The case for Urgency

Ofgem granted P449 'urgent status'[2] on 2 November 2022 as they are satisfied it is related to a current issue that if not urgently addressed may cause a significant commercial impact upon Parties and consumers, in accordance with its urgency criteria[3]. The Proposer, National Grid Electricity System Operator (NGESO), requested P449 be treated urgently. The Panel agreed and recommended to Ofgem that P449 be treated urgently at an urgent Panel meeting on 1 November 2022.

Impacts & Costs

Costs Estimates (per month)			
Organisation	Implementation	On-going / month	Impacts
Elexon	£10k – £50k	<5k	Updates to three BSC Sections, updates to internal processes, and the ongoing administration of the EBRS
Industry	£0	£0	No expected costs for P449
Total	**£10k – £50k**	**<5k**	

[2] https://www.elexon.co.uk/mod-proposal/P449/
[3] https://www.ofgem.gov.uk/publications/ofgem-guidance-code-modification-urgency-criteria-0

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Implementation

The Panel initially recommended that P449 be implemented 1 Working Day (WD) after the Authority decision. However, BEIS have since confirmed a preference for implementation by 10 November 2022. We therefore recommend that P449 be implemented on Thursday 10 November 2022, subject to an Ofgem decision being received by 11:00 on 10 November 2022, as part of a special BSC Release. If an Ofgem decision is not received by this time, we recommend that P449 be implemented +1WD following Ofgem decision. This will ensure the Modification is implemented as soon as possible, as it is required in order for Elexon to act as payment provider for the EBRS, for which the first payment is due in mid-November.

Recommendation

The Panel recommends that P449 should be **approved** as it better facilitates Applicable BSC Objective (c) and (d).

The Panel do not believe P449 impacts or extends the EBGL Article 18 balancing terms or conditions. As P449 is progressing on an urgent basis, it must be submitted to Ofgem for decision. Furthermore, P449 is believed to materially impact the Self-Governance criteria.

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2 Why Change?

What is the issue?

European energy prices have increased dramatically, following the ending of lockdown and the gas crisis initiated by Russia's invasion of Ukraine. Ofgem has predicted that GB wholesale electricity prices to reach £600 per MWh this winter[4], while they were £71 per MWh in July 2021[5]. Further rises are expected in the future and, as we approach winter, there are concerns over the number of businesses who may not be able to afford energy costs, resulting in potential for insolvencies and loss of jobs.

The increase in wholesale energy costs could also have wider economic impacts. There has already been an impact on inflation, and the cost of living crisis is expected to cause a recession, as predicted by the Bank of England[6]. It is also possible that the increased energy costs could cause further Supplier failures. Previously, rising wholesale gas costs caused several Suppliers[7] to fail, in part because they were unable to pass the increasing costs on to customers. With increasing numbers of non-domestic customers unable to make payments, there are concerns that additional Supplier failures may be triggered.

As a result of these concerns the Government has proposed the Energy Bill Relief Scheme (EBRS) for non-domestic customers, with discounts applied to energy usage initially between 1 October 2022 and 31 March 2023. Through the EBRS, the government intends to provide a discount on gas and electricity unit prices for non-domestic customers who agreed supply contracts post April 2022. The government-supported price has been set at £211 per MWh for electricity, which has been set by Ofgem based on the price cap within the Energy Price Guarantee for domestic customers. The intention is for Elexon to act as the EBRS electricity payment provider.

The activities that Elexon is permitted to undertake are outlined in BSC Section C 'BSCCo and its Subsidiaries'[8]. Currently, the activities stipulated in BSC Section C do not include provisions for administering the EBRS scheme.

Note that this Modification relates only to the EBRS in relation to non-domestic electricity customers. The Modification to Elexon's vires to facilitate the Energy Price Guarantee (EPG) Scheme for domestic customers, to secure reductions in the electricity bills of domestic consumers in Great Britain, was implemented by P446[9].

Urgent Code Modification

An Urgent Code Modification is a Modification Proposal which is linked to an imminent or current issue that, if not urgently addressed, may cause:

- A significant commercial impact on Parties, Consumers or stakeholders;
- A Party to be in breach of any relevant legal requirements; and
- A significant impact on the safety and security of the electricity/and or gas systems.

[4] https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers
[5] https://www.businesselectricityprices.org.uk/retail-versus-wholesale-prices/#:~:text=What%20Are%20The%20Wholesale%20Energy,Last%20updated%20July%202021.
[6] https://www.bankofengland.co.uk/monetary-policy-report/2022/august-2022
[7] https://www.forbes.com/uk/advisor/energy/failed-uk-energy-suppliers-update/
[8] https://bscdocs.elexon.co.uk/bsc/bsc-section-c-bscco-and-its-subsidiaries
[9] https://www.elexon.co.uk/mod-proposal/p446/

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An urgent BSC Modification must follow a prescribed timetable approved by Ofgem, as described in Section F2.9. This approved timetable can be found in Section 6.

The Proposer, the BSC Panel and Ofgem believe that P449 relates to a current issue that, if unaddressed, will have a significant commercial impact upon Parties and consumers. Specifically, P449 seeks to support Suppliers and non-domestic consumers through the wholesale energy price increase and associated cost of living crisis. The first payment is due in mid-November 2022. P449 should therefore be progressed on an urgent basis to meet this Government set timeline.

Desired outcomes

The desired outcome from this Modification is to enable BSCCo to fulfil the role of payment provider for the Energy Bill Relief Scheme for electricity.

The object of the Scheme is to ensure that non-domestic consumers' energy bills are lower than they would otherwise be. The intention is for Suppliers to be compensated under the Scheme so that they can reduce the tariffs that would otherwise be charged to applicable businesses without making a significant loss on the energy they sell.

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3 Solution

Proposed Solution

The proposed solution is similar to that of P446, the Modification that introduced the vires for Elexon to undertake the role of Scheme Administrator for the EPG Scheme for domestic electricity customers. The P449 solution would allow Elexon to undertake a role for EBRS, as delegated by the Department for Business, Energy & Industrial Strategy (BEIS). This role would involve BSCCo processing Supplier requested payments approved by BEIS and providing necessary consumption data reporting for the assurance of the scheme. It should be noted that, in contrast to the EPG Scheme, Elexon is not required to carry out any calculations or validation of the claims for the EBR Scheme, as these processes will be carried out by BEIS.

Implementing the solution to this Modification will require changes to BSC Section C 'BSCCo and its Subsidiaries' to extend the vires for Elexon. The amendment would have to allow Elexon to undertake a new non-BSC related function, acting as payment provider for the scheme. An amendment to Section H 'General'[10] would also be required so that, as with other industry schemes and agreements, the EBRS Functions Agreement is treated as a 'Nominated Agreement'. For example, this means that the BSC allows for Elexon to provide BSC Data to BEIS. There will also be an amendment required to Section X 'Annex X-1 'General Glossary'[11]. Proposed legal text can be found in Attachment A.

The proposed BSC Modification will describe and limit Elexon's role and functions by reference to the the Energy Bill Relief Scheme Regulations 2022, the Discount Recovery Rules 2022 and the Energy Bill Relief Scheme Functions Agreement:

- The Energy Bill Relief Scheme Regulations 2022 (made by the Secretary of State under the Energy Prices Act 2022[12]) establish the Energy Bill Relief Scheme for gas and electricity, including the rules for claims and payments, the functions and obligations of the Secretary of State in respect of the Scheme, and the obligation and entitlements of Suppliers.
- The Discount Recovery Rules 2022, made under the Energy Bill Relief Scheme Regulations, will set out further detail in respect of the discount recovery provisions in the Regulations, including detail and processes for making claims and payments. The Regulations provide for the Secretary of State to delegate its functions under the Discount Recovery Rules. The Secretary of State will delegate these functions to Elexon in respect of the electricity EBR Scheme.
- The EBRS Functions Agreement, between the Secretary of State and Elexon, will set out the specific functions and obligations of Elexon in respect of the Scheme.

The intention of referencing out to these documents is to ensure consistency and prevent divergence between obligations set out in these locations and the BSC. Having the details of the scheme within the EBRS Functions Agreement, rather than the BSC, also ensures that the Government have appropriate control over the scheme and hold the risks as the scheme owner.

[10] https://bscdocs.elexon.co.uk/bsc/bsc-section-h-general
[11] https://bscdocs.elexon.co.uk/bsc/bsc-section-x-1-general-glossary
[12] https://www.legislation.gov.uk/ukpga/2022/44/enacted#:~:text=2022%20CHAPTER%2044,connected%20to%20the%20energy%20crisis.

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As Elexon will be performing a separate and distinct role as EBRS payment provider, the proposed Modification provides that the Panel and Panel Committees will not have any responsibilities in respect of Elexon's functions as payment provider.

The proposed BSC Modification ensures that Scheme payments are accounted for separately from other BSC Costs and Trading Charges and that BSC Parties are not responsible for funding payments under the Scheme. EBRS Amounts may only be used for the purposes of the EBRS, and only EBRS Amounts may be used to make payments for the purposes of the EBRS, on a "pay when paid" principle. The Modification does provide for Elexon's administrative and operational costs in undertaking EBRS functions to be included as BSC Costs payable by Trading Parties via Funding Shares.

The legal text also includes a sunset clause that means the paragraph relating to the EBRS will be deleted once Elexon is no longer carrying out this function. This could be because the function has been delegated to someone else or because the EBRS has ceased.

Benefits

The benefits of the Modification would primarily be the securing of reductions in the electricity bills of non-domestic consumers in Great Britain. This would have a positive impact on the businesses and the economy, reducing the risk of insolvencies and job losses. The Modification would also support Suppliers, reducing the likelihood of Supplier failure due to customer non-payment of bills during the current wholesale energy price increases. This would consequently reduce the burden of Supplier failures on those who remain in the market and would have to pick up any mutualisation costs. The benefits of Elexon carrying out this role are that Elexon already has established relationships with Suppliers and are a trusted payment provider within the industry. In addition, the financial systems and contacts Elexon already has in place would allow for the prompt set-up of EBRS payment systems.

Legal Text Changes

To give effect to P449, amendments are required to:

- BSC Section C 'BSCCo and its Subsidiaries'
- BSC Section X Annex X-1 'General Glossary'
- BSC Section H 'General'

These changes can be seen in the proposed redlining in Attachment A.

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4 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
(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	**Positive**
(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

In the view of the Proposer and majority view of the BSC Panel, this Modification will better facilitate Applicable BSC Objective (c) as it will support the continued operation of Suppliers through the current wholesale energy price crisis. This will facilitate more robust competition when market conditions return closer to normal, as it will protect Suppliers from a systemic risk that could result in all Suppliers failing. Increasing energy prices mean an increased risk of consumers being unable to pay electricity bills, which could in turn result in Supplier failure. This would result in large mutualisation of failed Supplier debts between those Suppliers who were left in the market. This Modification would, at a time of significant wholesale electricity price rises, aim to reduce the number of Supplier failures, by facilitating a scheme intended to reduce consumer bills while compensating Suppliers so that they are not making a significant loss on the energy they sell.

Additionally, in the view of the Proposer and the majority view of the BSC Panel, this Modification will better facilitate Applicable BSC Objective (d) as the Proposer anticipates that there would be a reduced number of expected Supplier failures as a result of this scheme. Supplier defaults are resource intensive for the BSC Panel and for BSCCo, and therefore reduce the efficiency of the balancing and settlement arrangements. If the payment scheme results in fewer defaults then there will be an administrative benefit and lower levels of mutualised costs for other Parties.

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5 Impacts & Costs

Estimated implementation costs of P449

Implementation cost estimates			
Organisation	Item	Implementation	Comment
Elexon	Documents	<£3k	Minor changes are required to three BSC Sections to implement this Modification
	Systems	<£0k	No existing BSC Central System changes required to implement this Modification
	Other	£10k – £50k	Updates to internal Elexon systems and processes to make payments and provide data to BEIS, including contingency for reporting requirements and testing
Industry	Systems & processes	£0	There are no expected costs for market participants to implement this Modification
Total		**<£53k**	**£10k – £50k**

Estimated on-going costs of P449

On-going monthly cost estimates		
Organisation	On-going / month	Comment
Elexon	<£5k	The ongoing administration of the EBRS
Industry	£0	There are no expected costs for market participants for the on-going operation of the EBRS that will be facilitated by this Modification
Total	**<£5k**	

P449 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated impact
Suppliers	This Modification will positively impact Suppliers by compensating them for the reduced tariffs offered to applicable non-domestic consumers. This Modification will reduce the likelihood of Supplier failure during the current wholesale energy price increases, and reduce the burden of Supplier failures on those who remain in the market and would have to pick up any mutualisation costs.	H

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Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated impact
Trading Parties	Elexon's administrative and operational costs in undertaking EBRS functions will be included as BSC Costs, payable by Trading Parties.	L

Impact on the NETSO	
Impact	Estimated cost
No impact	N/A

Impact on BSCCo		
Area of Elexon	Impact	Estimated cost
Finance	Updates to internal processes and ongoing operation of the EBRS processes.	L
Analysis and Insight	Development and testing of reporting and ongoing operation of the EBRS processes.	L

Impact on BSC Settlement Risks
Elexon has not identified any material impacts of this Modification on BSC Settlement Risks, as it will not impact Settlement directly.

Impact on BSC Systems and process	
BSC System/Process	Impact
N/A	No impact

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
N/A	No impact

Impact on Code	
Code Section	Impact
BSC Section C 'BSCCo and its Subsidiaries'	Changes required to enable BSCCo to act as EBRS payment provider.
BSC Section H 'General'	

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Impact on Code	
Code Section	Impact
BSC Section X Annex X-1 'General Glossary'	

Impact on EBGL Article 18 terms and conditions and objectives
This Modification is not expected to impact or expand the BSC provisions that constitute EBGL Article 18 Terms and Conditions, as described in BSC Section F, Annex F-2[13].

Impact on Code Subsidiary Documents	
CSD	Impact
N/A	No impact

Impact on Core Industry Documents and other documents	
Document	Impact
Ancillary Services Agreements	No impacts identified. There is an equivalent scheme for non-domestic gas customers, but this is currently being progressed without need for a Uniform Network Code (UNC) Modification.
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Retail Energy Code	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

[13] https://www.elexon.co.uk/documents/bsc-codes/bsc-sections/bsc-section-f-modification-procedures/

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Impact on a Significant Code Review (SCR) or other significant industry change projects
This proposal is not within the scope of an active SCR. On 1 November 2022 we requested to Ofgem that this Proposal be treated as an SCR-Exempt Modification Proposal. Ofgem confirmed its agreement that P449 should be treated as an SCR Exempt Modification on 2 November 2022.

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	**Positive**
3) Reduced environmental damage	Neutral
4) Improved quality of service	Neutral
5) Benefits for society as a whole	**Positive**

P449 would enable the implementation of a scheme that will lower applicable non-domestic consumers' bills by providing a subsidy to Suppliers. This would result in lower energy bills than expected in light of the increase in energy cost.

The EBRS that P449 will enable will also have benefits for society as a whole. There will be a significant impact on the viability of GB businesses in light of the wholesale energy price increase, by enabling lower non-domestic energy bills than would otherwise be anticipated. The EBRS will provide support to businesses that will reduce the likelihood of insolvencies and protect jobs. There are also wider benefits to the economy anticipated, as the cost of living crisis has impacts on inflation and the potential for a recession. The payment scheme that will be facilitated by this Modification would also reduce the likelihood of Supplier failure as a result of the increased wholesale energy prices, which would avoid non-defaulting Suppliers picking up the default payments of any defaulting Supplier.

What are the consumer benefit areas?

1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?

2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?

3) Will this proposal support:

i) new providers and technologies?

ii) a move to hydrogen or lower greenhouse gases?

iii) the journey toward statutory net-zero targets?

iv) decarbonisation?

4) Will this change improve the quality of service for some or all end consumers? Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.

5) Are there any other identified changes to society, such as jobs or the economy?

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6 Implementation

Recommended Implementation Date

It is recommended to implement P449 on:

- Thursday 10 November 2022, subject to an Ofgem decision being received by 11:00 on 10 November 2022, as part of a special BSC Release; or
- If an Ofgem decision is not received by this time, we recommend that P449 be implemented +1WD following Ofgem decision

At its urgent meeting on Tuesday 1 November 2022, the Panel initially recommended that P449 be implemented 1WD following Authority decision, as part of a special BSC Release.

During the industry consultation period, BEIS confirmed that they require implementation by 10 November 2022. This would mean that an Ofgem decision would be required by the end of Wednesday 9 November, to meet the BEIS desired Implementation Date of 10 November 2022. Elexon assessed its ability to implement P449 quicker than 1WD, to give Ofgem a greater decision window. As a result, Elexon have agreed to implement P449 if a decision is made on P449 by 11:00 on Thursday 10 November. If a decision is received after 11:00 on Thursday 10 November, subject to approval, the Implementation Date will be 1WD following Authority decision.

This will ensure the Modification is implemented as soon as possible, which is required to ensure BSCCo can sign the contract to become the EBRS payment provider prior to the start of the Scheme.

Urgent Progression Procedure and Timetable

Ofgem approved the below Progression Procedure and timetable for P449.

Urgent Progression Timetable

Event	Date
Modification presented to Panel	1 November 2022
Submitted to Authority for decision on urgency	1 November 2022
Urgent Modification Consultation (5WD)	2 November 2022 – 8 November 2022
Draft Urgent Modification Report presented to Panel	9 November 2022
Final Urgent Modification Report submitted to Authority	9 November 2022
Modification implemented	1WD after Authority approval

Rationale for urgency

Ofgem granted P449 'urgent status' on 2 November 2022 as they are satisfied it is related to a current issue that if not urgently addressed may cause a significant commercial impact on Parties, Consumers or stakeholders.

The Proposer, National Grid Electricity System Operator (NGESO), requested P449 be treated urgently. The Panel agreed and recommended P449 be treated urgently at an urgent Panel meeting on 1 November 2022.

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This Modification is seeking to facilitate the Energy Bill Relief Scheme that will support non-domestic consumers and Suppliers during the wholesale energy price increase and associated cost of living crisis. The predicted future energy costs mean that many businesses may be unable to afford their energy bills, which could result in businesses failing, loss of jobs, and subsequent hardships for those newly unemployed, as well as negative impacts on the economy as a whole. Additionally, failure of consumers to pay bills could result in Supplier failure and significantly disrupt the market. The scheme would also ensure that Suppliers have money to enable them to make payments to Generators, ensuring the continued efficient operation of the energy market.

Given that the Government needs the first payments to Suppliers to be made in mid-November, there is an urgent need to progress P449. Without P449, Elexon will be unable to make payments to Suppliers under the EBRS which would have the significant impacts on consumers described above.

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7 Panel's Initial Discussions

P449 was presented to the Panel at an urgent meeting on 1 November 2022. At this meeting, the Panel unanimously recommended that P449 should be progressed as an urgent Modification and initially believe it should be approved. The Panel agreed by majority that P449 would have a positive impact against Applicable BSC Objective (c) and (d), both for the reasons set out by the Proposer in this document. A Panel Member felt that the rationale used was not in the spirit that Objective (c) was intended, and therefore considered P449 to be neutral against that objective. He was could not see how this Modification levelled the playing field or lowered barriers to entry, which are the sorts of things he considered should be facilitated under Objective (c). Another Panel Member stated that the EBRS was not a balancing and settlement issue, and felt that this meant P449 was neutral against Objective (d).

A Panel Member questioned how Elexon would handle the additional requirements for the EBRS on top of the EPG Scheme, and whether it would have an impact on the company's regular business. Elexon stated that its role for the EBRS is much less labour-intensive than the EPG Scheme. After completion of the initial set-up, the staff time required each month is expected to be low and therefore should be easily absorbed into existing teams. It was also noted that the anticipated length of the scheme is only six months currently.

A Panel Member also raised the fact that BSC Parties that would not benefit from the EBRS, i.e. non-Suppliers, may have issue with paying for the administrative costs through BSC Costs. However, if the costs are low they felt this was less likely to be an issue, especially given the anticipated short operating period. Another Panel Member commented that, from a generator perspective, it seems a small price to pay to assist in the continued orderly running of the market. Elexon added that the cost of splitting out the charges so that only the Parties benefitting have to pay would end up costing Parties more, and would not be worth it for a short-duration scheme.

A Panel Member questioned if Elexon would be ensuring that Supplier EBRS claims were correct. Elexon confirmed that they would not be validating the claims and would not hold any liability. A representative from BEIS explained that they had developed compliance strategies, which includes using Elexon data to understand the basis of the claims, but that the responsibility would not fall on Elexon. BEIS also explained that they would have reconciliation processes in place whereby each claim submitted by a Supplier would also be correcting previous claims. A Panel Member warned BEIS that non-domestic supply is known for having significant amounts of bad data, for example, where meters have not been installed correctly. They further stated that they were glad Elexon would have no culpability.

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8 Urgent Modification Consultation Responses

This section summarises the responses to the Panel's Urgent Modification Consultation on its initial recommendations. You can find the full responses in Attachment C.

The Urgent Consultation was issued on 2 November 2022, with responses invited by 8 November 2022.

One response was received; the response was from a Supplier.

The respondent agreed with the Panel's initial recommendation to approve the Modification. The respondent also agreed with the Panel's initial views on implementation date, Self-Governance, and EBGL impacts.

The respondent felt that P449 would impact their organisation, due to the impact of the EBRS, but felt that there would be no implementation or on-going costs directly relating to P449 for their organisation.

Summary of P449 Urgent Modification Consultation Responses

Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the Panel's initial unanimous recommendation that P449 should be approved?	1	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P449?	1	0	0	0
Do you agree with the Panel's recommended Implementation Date?	1	0	0	0
Do you agree with the Panel's initial view that P449 should not be treated as a Self-Governance Modification?	1	0	0	0
Do you agree with the Panel's initial view that P449 does not impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?	1	0	0	0
Will P449 impact your organisation?	1	0	0	0
Do you have any further comments on P449?	0	1	0	0

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9 Recommendations

We invite the Panel to:

- **AGREE** that P449:
    - **DOES** better facilitate Applicable BSC Objective (c);
    - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** that P449 **DOES NOT** impact the EBGL Article 18 Terms and Conditions related to balancing held within the BSC;
- **AGREE** a recommendation that P449 should be **approved**;
- **APPROVE** an Implementation Date of
    - 10 November 2022 if an Authority decision is received by 11:00 on 10 November 2022; or
    - +1 Working Day if an Authority decision is not received by 11:00 on 10 November;
- **APPROVE** the draft legal text; and
- **APPROVE** the P449 Modification Report.

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