

Assessment Procedure Consultation Questions

P451 'Updating BSC Black Start provisions and compensation arrangements to align with NGESO's new approach to System Restoration'

ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation



Your response

We invite you to respond to the questions in this form.



How to return your response

Please send responses, entitled 'P451 Assessment Consultation', to bsc.change@elexon.co.uk by 5pm on 25 September 2023.

1 Response Form

We welcome your views and responses to the questions set out in this response form. To help us understand your response, please provide supporting reasons for your answers where possible. We also encourage you to provide financial information showing any costs and/or benefits of this change to your business.

Elexon can treat any information provided as confidential if you request this, although we will provide all information to the Authority.

2 Your Details

Respondent	
Name	Paul Mott
Organisation	Electricity System Operator
Contact telephone number	07752-extracharacterstodefeatwebcrawlerbots-987992

Parties Represented			
BSC Party role(s) represented (mark all that apply)	<input type="checkbox"/> Generator	<input type="checkbox"/> Supplier	<input type="checkbox"/> Distributor
	<input type="checkbox"/> Interconnector User	<input type="checkbox"/> Interconnector Administrator	<input type="checkbox"/> Interconnector Error Admin
	<input type="checkbox"/> Non Physical Trader	<input checked="" type="checkbox"/> System Operator	<input type="checkbox"/> Virtual Lead Party
Non-Party role(s) represented (mark all that apply)	<input type="checkbox"/> ECVNA	<input type="checkbox"/> Trade Body ¹	<input type="checkbox"/> MVRNA
	<input type="checkbox"/> Consultant	<input type="checkbox"/> Supplier Agent	<input type="checkbox"/> Other [please state]

Confidentiality	
Does this response contain confidential information?	No If 'Yes', please clearly mark the confidential parts

¹ Please state how many members you represent and which roles, where possible.

P451
Assessment Procedure
Consultation Questions

4 September 2023

Version 1.0

Page 1 of 10

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3 Assessment Procedure Consultation Questions

Question 1

Do you agree with the Workgroup's initial unanimous view that P451 does better facilitate the Applicable BSC Objectives than the current baseline?

Yes

We are the Proposer, and our reasoning shows on the Mod Proposal form, but is repeated below. In summary, we are in accord with the workgroup's initial view that P451 is stronger against Applicable BSC Objectives (a), (c) and (d) and should be approved.

It is because of the new Electricity System Restoration Standard (ESRS) licence condition that comes into full effect from 31/12/2026, that the new distributed restart approach is being adopted to ensure that NGESO can meet its new system restoration licence condition. Amongst other reasons, it is the new distributed restart approach that drives the set of changes being proposed to the codes, including this proposed BSC change raised by NGESO, so this change proposal is positive against (a). As to (c), promoting effective competition, the new distributed restart approach that is supported by this modification, does open up the market to provide system restoration services to a vastly larger number of restoration contractors, so the assignment is positive. Moreover, in the absence of this Modification, discrimination is likely. New restoration contractors which are non-BSC parties and which have a system restoration contract would not, under the BSC as it stands, be eligible to claim for avoidable costs if they qualify under BSC section G3 provisions; their treatment would be discriminatory as compared to the treatment of BSC parties that do qualify, under baseline BSC as it stands today, to make a claim under section G under the rare circumstances of a market suspension period occurring (and the receipt of a relevant restoration instruction by that asset).

As to (d), promoting efficiency in the implementation of the balancing and settlement arrangements, the modification is positive since the BSC arrangements without this Modification will be left making inaccurate references to the Grid Code, so that the arrangements as a whole no longer function as intended. The baseline BSC does not allow Section G claims by some of the new restoration contractors expected to be under contract from a date within 2025 which are not BSC Parties.

Question 2

Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P451?

Yes

Please provide your rationale below. Please record any general comments, and record any specific comments in Section 4 of this response form.

We have read the legal text and have no fault to find in it

Question 3

Do you agree with the Workgroup that the draft amendments to the Code Subsidiary Documents in Attachment C delivers the intention of P451?

Yes

Please provide your rationale. Please record any general comments below and any specific comments in Section 5 of this response form.

The draft amendments to the BSC Procedures appear to work as intended

Question 4

Do you agree with the Workgroup's recommended Implementation Date?

Yes (but urge speed)

Please provide your rationale.

Please try to streamline periods between WG meetings to meet the Panel meeting on 12 October and a December submission to Ofgem.

Question 5

Do you have a preference for implementing P451 in the Standard BSC June 2024 release, or 5 Working Days after Authority decision?

Yes 5 working days after Authority decision

Please provide your rationale.

The first restoration contracts will be awarded in December 2023 and thus having Mod P451 implemented 5 working days after Authority will assist newly appointed Restoration Contractors by providing additional clarity.

Question 6

Do you believe that cost recovery under P451 should be based on net or gross demand?

Gross

Please provide your rationale.

The original proposal unless amended by the proposer, would continue by default with the net demand recovery basis of existing BSC Section G claims by relevant BSC Parties under baseline. The definition of the recovery proportion suggests that only demand pays. Switching to recovery based on gross demand would avoid creating any kind of "embedded benefit" in relation to this exceedingly rare circumstance, the materiality of which over time will be very small due to the extreme rarity of the relevant situation, and would avoid what might seem like inappropriate avoidance of the charge. If a GSP was net exporting (due to having more generation than demand behind it) in North Scotland across the reference period for the black start costs reallocation proportion, demand there wouldn't pay its share of the Section G claims costs under the baseline, net-demand-based, approach. So as proposer we are open to moving the original proposal to a gross demand recovery basis (which would then apply to the recovery of all Section G claims costs), if other responses and/or the Workgroup lean that way. Or that could be the basis of the alternative form of the mod, if no other ideas for an alternative are formed, and if there is a rival support basis for net charge recovery.

Question 7

Do you believe that cost recovery under P451 should be based on final demand?

No

Please provide your rationale.

It is not clear why the demand charging basis should exclude non-final-demand, and only recover from final demand. This rare cost recovery does not "feel" akin to the recovery of say TNUoS TDR charges, or BSUOS, which do have that limited final demand recovery basis.

Question 8

Do you agree that under P451 the Lead Party will submit the claim on behalf of the non-BSC Restoration Contractor?

Yes

Please provide your rationale.

Yes, our vision for the workings of P451 is that the BSC Lead Party will submit the claim on behalf of the Restoration Contractor where the Restoration Contractor is not a BSC Party. This seems a practical and workable approach. Restoration Contractors (and tenderers to be the same) which are not a BSC Party have ample time to ensure that their contract with the BSC lead party reflects their need for their BSC lead party to do this.

Question 9

Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P451 which would better facilitate the Applicable BSC Objectives?

Yes

Please provide your rationale and, if 'No', please provide full details of your Alternative Modification(s) and your rationale as to why it/they better facilitate the Applicable BSC Objectives.

See closing remark in our reply to question 6, but yes

Question 10

Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?

Yes

Please provide your rationale.

The process and approach taken if BSC Section G ever becomes operable are pretty bespoke and will not in our judgement or Elexon's, interfere with normal BSC settlement operations/processes.

Question 11

Do you agree with the Workgroup's assessment that P451 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

Yes

Please provide your rationale.

Yes, the parts of the BSC that are linked to the EBGL have been predefined (identified in an advance exercise) and are listed in BSC Section F, Annex F-2. This annex lists BSC Section G3 and T1.7 as affected parts; both have text that would be changed by BSC P451.

Question 12

Do you have any comments on the impact of P451 on the EBGL objectives?

No

Please provide your rationale.

Article 18 of EBGL outlines a requirement for TSOs to develop a proposal for terms and conditions for balancing service providers, balance responsible parties, and central dispatch model specific conditions. We anticipate no impact - other than the need for a BSC P451 Report Phase Consultation of 1 calendar month.

Question 13

Will P451 impact your organisation?

High

If it will impact, please provide a description of the impact(s) and any activities which you will need to undertake between approval and implementation (including any necessary changes to your systems, documents and processes) and any on-going operational impacts. Where applicable, please state any difference in impacts between the Workgroup's proposed solutions.

P451 is one of the vital measures that will directly assist us to fully comply with our critical new ESRS licence condition from 31/12/2026 (and building up to full compliance ahead of that time) by supporting our contracting with non-BSC parties for ESRS services; they will be confident in tendering knowing that they will be able to make a claim to be reimbursed for avoidable costs that will be assessed and paid on a comparable basis to how it is for BSC Parties providing ESRS services. However, in terms of finance and settlements and the assessment of claims by a committee in this rare case, the burden will fall on Elexon, as per existing Section G processes and BSCP201, and not on NG-ESO.

Question 14

How much will it cost your organisation to implement P451?

None

Appr. cost

£20k

Cost estimates of high, medium, and low based on the following categories:

- High: >£1 million
- Medium: £100-1000k
- Low: <£100k

If any, please provide details of these costs, how they arise. Please also state whether it makes any difference to these costs whether implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in costs between the Workgroup's proposed solutions and if applicable, between the different roles.

In terms of operational processes like finance and settlements and the assessment of claims by a committee in this rare case, the burden will fall on Elexon, as per existing Section G processes and BSCP201, and not on NG-ESO. The raising of BSC P451 and taking it through process will in total at the end of the mod process, by the time the FMR is remitted to Ofgem, probably cost us £20k of ESO resource, but there would not then be ongoing work other than the de minimis time involved in sometimes explaining to tenderers for ESRS and pre-tender enquirers, the basis of BSC P451 and how it assists them and gives them confidence as ESRS tenderers on avoidable cost recovery in the rare case where the claims hurdles set out in Section G are met.

Question 15

What will the ongoing cost of P451 be to your organisation?

Very Low

Appr. cost

£2k p.a.

Cost estimates of high, medium, and low based on the following categories:

- High: >£1 million
- Medium: £100-1000k
- Low: <£100k

If any, please provide details of these costs, how they arise. Please also state whether it makes any difference to these costs whether P451 is implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in costs between the Workgroup's proposed solutions and if applicable, between the different roles.

See response to question 14. There would not then be ongoing work other than the de minimis time involved in sometimes explaining to tenderers for ESRS and pre-tender enquirers, the basis of BSC P451 and how it assists them and gives them confidence as ESRS tenderers on avoidable cost recovery on the same basis as for a relevant BSC Party in the rare case where the claims hurdles set out in Section G are met. We are already explaining to some relevant parties what BSC P451 is and the above-mentioned significance and benefit to them.

Question 16

How long (from the point of approval) would you need to implement P451?

5 working days

Please provide an explanation of your required lead time, and which activities are the key drivers behind the timescale. Please also state whether it makes any difference to this lead time whether implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in lead times between the Workgroup's proposed solutions.

There will not be systems changes for NG-ESO when this mod is passed, therefore there is not a meaningful lead time needed.

Question 17

Do you have any further comments on P451?

No

If 'Yes', please provide your comments.

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4 P451 Redlined Legal Text

If you answered 'No' to Question , please use this section to record any specific comments you have against the P451 BSC Section draft redlining, including the specific section and paragraph that each comment applies to. You can add further rows to any tables as required.

BSC Section G	
Location	Comment

BSC Section T	
Location	Comment

BSC Section X-1	
Location	Comment

5 P451 Redlined CSD Text

If you answered 'No' to Question , please use this section to record any specific comments you have against the P451 CSD draft redlining, including the specific section and paragraph that each comment applies to. You can add further rows to any tables as required.

BSCP18	
Location	Comment

BSCP201	
Location	Comment

Service Description for Energy Contract Volume Aggregation	
Location	Comment

Central Registration Agent User Requirements Specification	
Location	Comment

To help us process your response, please:

- Email your completed response form to bsc.change@elexon.co.uk, entering “P451 Assessment Consultation” in the subject line
- Clearly indicate any confidential parts of your response
- Respond by **5pm on 25 September 2023** (the Workgroup may not be able to consider late responses)

The Workgroup will consider your consultation response at its next meeting. Once it has completed its assessment of P451, it will draft the Assessment Report, and present it to the Panel at its meeting on 13 October 2023.

Applicable BSC Objectives

The Applicable BSC Objectives are:

- a) The efficient discharge by the National Electricity Transmission System Operator of the obligations imposed upon it by the Transmission Licence
- b) The efficient, economic and co-ordinated operation of the National 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 and administration 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 administering 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