

P451 Workgroup Meeting 2 Summary

Summary

The Chair welcomed attendees and presented the meeting objectives:

- Consider and obtain Workgroup views on P451 Terms of Reference (ToR) B to F
- Consider and agree next steps

Topic	Discussion	Outcome
ToR (b)(i) – Which instruction(s) would trigger eligibility for a non-BSC Party to receive BSC compensation?	<p>Elxon explained that, under GC0156, non-BSC Parties who are Restoration Contractors may receive instructions as part of a Distribution Zone Restoration Plan (DZRP). These instructions will be given by the relevant Network Operator who will have received an Emergency Instruction from the NETSO.</p> <p>The P451 Proposed Solution is that these instructions would trigger eligibility for non-BSC Parties who are Restoration Contractors to receive BSC System Restoration compensation. The Workgroup agreed with this.</p>	The Workgroup agreed with the Proposed Solution for ToR (b)(i).
ToR (b)(ii) – Are changes needed to the BSC’s definition of Avoidable Costs?	<p>The Workgroup considered whether a change was needed to the definition of Avoidable Costs in BSC Section G2.1.4. The Proposer expressed his view that a change is not needed, but stated that it would be a good idea for Elxon to produce a guidance document that details what Avoidable Costs might look like in practice. This could then be updated as needed without a Code Change. The Workgroup agreed with this view as they believe that the current definition does not discriminate against new types of Generation.</p>	The Workgroup agreed with the Proposed Solution for ToR (b)(ii).
ToR (c)(i) – Will the Lead Party submit the claim on behalf of the non-BSC Party, or will the non-BSC Party submit the claim direct?	<p>Elxon explained that, under the proposed solution for P451, the Lead Party will submit the claim on behalf of the non-BSC Party. This avoids the need for a BSC system change. It also means that, as per the existing Black Start arrangements for BSC Parties, any redistribution of funds between the Lead Party and Subsidiary Parties is outside of the BSC arrangements.</p> <p>Elxon presented three other options: the non-BSC Party acceding for a very limited purpose, the non-BSC Party signing a side letter detailing the parts of the Code relating to them, and giving the non-BSC Party a clearly defined third party right within the BSC. Elxon expressed a view that these options are impractical and onerous.</p> <p>A Workgroup member asked whether all potential non-BSC Party claimants would be registered to a BM Unit. Elxon confirmed that all potential claimants will be registered to a Lead Party’s BM Unit even if said claimant is not a signatory of the BSC.</p> <p>A Workgroup member expressed some concern that distributed Generators may prefer to act independently and not have to rely on the Lead Party to submit a claim and pass on any payment. They also stated that there is no natural incentive on Lead Party Suppliers to submit the claims quickly.</p>	Some concerns were raised by the Workgroup with the Proposed Solution for ToR (c)(i). It was agreed that these risks should be clearly articulated as part of the Assessment Procedure Consultation.

	<p>The Workgroup felt they lacked representation from non-BSC Parties who would be impacted by this. They agreed that wider non-BSC Party views should be sought regarding ToR(c)(i) as part of the Assessment Procedure Consultation.</p>	
<p>ToR (c)(ii) – Is the period of 20 business days after the end of a Black Start Period or equivalent still an appropriate timescale for claims to be submitted?</p>	<p>Elexon explained that under the current arrangements, Lead Parties have 20 Business Days following the end of a Black Start Period to submit a claim. The P451 proposed solution will keep this “as is” (no change to the existing arrangements) for System Restoration. The Workgroup agreed with this approach, noting that BSC Section G already allows for a time extension to be granted at the Panel’s discretion.</p>	<p>The Workgroup agreed with the Proposed Solution for ToR (c)(ii).</p>
<p>ToR (d) – How will claims by non-BSC Parties be validated?</p>	<p>Elexon explained the existing role of the Claims Committee which is appointed by the Panel to process Black Start claims. The P451 Proposed Solution will extend the role of the Claims Committee to include non-BSC Party claims. The Workgroup agreed with this approach.</p>	<p>The Workgroup agreed with the Proposed Solution for ToR (d).</p>
<p>ToR (d)(i) – How will the non-BSC Party evidence that (a) it received the eligible type of instruction, and (b) that the costs for which it is seeking compensation only occurred as a result of complying with that instruction?</p>	<p>Elexon explained that under the existing approach, the onus is on the Claimant to supply sufficient evidence to the Claims Committee to enable them to determine the amount payable to the claimant. Moreover, Generators will receive the relevant instructions from the NETSO by telephone call which will be logged and recorded. A Workgroup member confirmed that if the Network Operator were to give instructions to Generators connected to the Distribution Network, these would also be recorded.</p> <p>The Panel may request information from the NETSO and each Distribution System Operator to assist with the validation process. A Workgroup member asked whether the NETSO would provide evidence of the recorded calls to both the Panel and the claimant. A Workgroup member representing the NETSO confirmed that they would provide the evidence to the Panel and/or the claimant should they request it.</p> <p>Under the P451 Proposed Solution, the existing approach would remain the same for System Restoration. The Workgroup agreed with this aspect of the proposed solution.</p>	<p>The Workgroup agreed with the Proposed Solution for ToR (d)(i).</p>
<p>ToR (d)(ii) – How do we ensure that, if the relevant asset is part of a Supplier’s or Virtual Lead Party’s BM Unit, there is no double counting of costs for compensation purposes?</p>	<p>Elexon explained that an asset can be included in more than one BM Unit. This creates the potential for double-counting compensation costs if the Lead Party of both BM Units submit a compensation claim. Procedures taken to avoid the risk of double counting is not covered in the BSC. This is an internal, manual process that would involve keeping a log or register of claims made against each BM Unit and by whom. The Workgroup were asked whether the existing approach sufficient for System Restoration. The Proposer expressed his view that it is proportionate given the rarity of a System Restoration event. The Proposed Solution would keep this as is. The Workgroup agreed with this view.</p>	<p>The Workgroup agreed with the Proposed Solution for ToR (d)(ii).</p>
<p>ToR (d)(iii) – Is it clear how the proposed BSC compensation arrangements interact with and differ from other</p>	<p>Elexon provided an overview of the Connection and Use of System Code (CUSC) Modification CMP398 ‘GC0156 Cost Recovery mechanism for CUSC Parties’ that provides a funding mechanism for CUSC Parties who are not Restoration Contractors. The funding mechanism addressed by CMP398 is for the recovery of costs of compliance with the new requirements imposed on them via</p>	<p>The Workgroup generally agreed with the Proposed Solution for ToR (d)(iii).</p>

<p>available funding options related to System Restoration?</p>	<p>GC0156 whereas the BSC only included costs that occur during a Total or Partial Shutdown.</p> <p>A Workgroup member sought clarification on whether P451 was an extension of CMP398. The Proposer confirmed that the two Modifications are entirely separate and that P451 is an extension of the current BSC arrangements to certain non-BSC Parties.</p> <p>Elxon explained that the CMP398 draft legal text includes a short paragraph explaining the distinction between the costs covered by CMP398 and the costs which may be claimed for under the BSC. Elxon asked the Workgroup whether something similar should be placed in the BSC. The Proposer expressed his view that this is not necessary and the Workgroup agreed.</p> <p>Elxon also asked the Workgroup whether there is any other relevant compensation mechanism that relates to or interacts with BSC System Restoration compensation. The Proposer and Workgroup agreed that there is not.</p>	
<p>ToR (e) – How will claims be paid out by Elxon?</p>	<p>Elxon explained that under the existing approach the BSC Clearer pays Lead Parties the net sum for all relevant BM Units and relevant Settlement Periods as per BSC Section G3.6.6(a). These payments are considered to be Ad-Hoc Trading Charges for the purposes of BSC Section N6.9. BSCCo gives instructions to the Fund Administration Agent (FAA) as necessary to give effect to the payment of Ad-Hoc Trading Charges. Under P451, the same approach is proposed for non-BSC Parties. The Workgroup agreed with this approach.</p> <p>Elxon noted that ToR (e) is somewhat dependent on ToR (c)(i) and that any Alternative Proposal would have to consider this.</p>	<p>The Workgroup agreed with the Proposed Solution for ToR (e) on the basis that, under ToR (c), the Lead Party makes the claim on behalf of the non-BSC Party.</p>
<p>ToR (e)(ii) – Should BSC System Restoration compensation claims be prioritised?</p>	<p>Elxon explained that under the current approach, BSC compensation claims are not prioritised. They are processed in the order that they are submitted. The Workgroup were asked whether there should be a prioritisation mechanism given that the new approach to System Restoration will involve more variation in size of Generators. The Proposed Solution will keep this the same. The Workgroup agreed with this view, provisionally, noting it may be sensible to return to this question once Elxon has carried out analysis relating to ToR (e)(i) on 'what is the likely volume of non-BSC Party claims and the associated impacts of this?' This analysis will be presented at the next Workgroup.</p>	<p>The Workgroup provisionally agreed with the Proposed Solution for ToR (e)(ii), pending the outcome of ToR (e)(i) at the next Workgroup.</p>
<p>ToR (f) – How will the amounts paid out to non-Parties be recouped/recovered by Elxon?</p>	<p>Elxon explained that, under the current approach, compensation payments are funded by all BSC Trading Parties (including the Lead Party) according to their Black Start Reallocation Proportions. Elxon asked whether the recoupment of monies paid out to non-BSC Parties should come from BSC Parties as part of their Reallocation Proportions. This is the Proposed Solution for P451. An alternative approach could see non-BSC Parties being charged a submission fee. The Workgroup agreed with the proposed solution, noting that charging a submission fee could discriminate against smaller claimants.</p> <p>The Workgroup also discussed whether to set a minimum threshold to ensure that it does not cost more for Elxon to run the process than the amount(s) being claimed for. The Proposer and Workgroup</p>	<p>The Workgroup agreed with the Proposed Solution for ToR (f) but require further analysis from Elxon before confirming whether a minimum threshold should be set for each individual claim.</p>

	are open to considering this approach but would like to see some cost analysis from Elexon at the next Workgroup.	
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Next Steps

- Elexon will contact Workgroup members to seek availability for the third P451 Workgroup meeting.
- The next P451 Workgroup will consider all remaining ToR and review the draft P451 legal text.

Actions

No.	Workgroup raised	Action	Owner	Due by	Status
1.	WG1	Ask Elexon's legal department to review BSC Section G 3.1.5	Elexon	WG3	Open
2.	WG1	To find out how long it takes Elexon's Funds Administration Agent (FAA) system to do a check on a payee.	Elexon	WG2	Elexon advised that the FAA System does not carry out any additional checks on payees outside of those involved with internet banking. A Workgroup member asked Elexon to consider the risks associated with this outside of P451. P451 will feedback to the FAA and Elexon will engage as appropriate. This action can be closed for P451.