

P451 Workgroup Meeting 3 Summary

Summary

The Chair welcomed attendees and presented the meeting objectives:

- Consider all remaining Terms of Reference (ToR)
- Review the draft legal text
- Agree Assessment Consultation Questions
- Confirm the next steps

Topic	Discussion	Outcome
ToR (e)(i) What is the likely volume of non-BSC Party claims and the associated impacts of this?	Elexon shared speculative figures provided by NGESO regarding the number of Emergency Instructions that might be given during a System Restoration event. The Workgroup agreed that it is difficult to estimate the likely number of claims until further provisions are in place e.g. contracts and Distribution Zone Restoration Plans (DZRPs).	Elexon will use the speculative figures when impact assessing P451, noting that more accurate figures may become available in the future.
ToR (e)(ii) Should BSC System Restoration compensation claims be prioritised? Should a permitted claim level/amount be set?	Under existing arrangements, claims are not prioritised and are paid out on a first come, first serve basis. The P451 Proposed Solution will keep this the same. The Workgroup agreed with this approach. The Workgroup also discussed whether to set a minimum threshold to ensure that it does not cost more for Elexon to run the process than the amount(s) being claimed for. Elexon estimated that it would cost approximately £1k to review a claim. The P451 Proposer and Workgroup agreed not to set a minimum claim level to ensure fairness and flexibility for all Restoration Contractors.	The Workgroup agreed with the Proposed Solution for ToR (e)(ii).
ToR (f)(i) How will the amounts paid out to non-BSC Parties be recouped/recovered by Elexon? Should this come from BSC Parties as part of their Black Start Reallocation Proportion?	<p>A Workgroup member noted that, until this point, the proposed P451 cost recovery mechanism was based on offtaking net demand, but challenged this and prompted the Proposer and Workgroup to consider whether offtaking gross demand would be more appropriate. The Workgroup member stated that recovering from net demand if a trading unit has a period of net export would lead to a differential that would end up reflected in the SR costs and thus create a competitive distortion that would have to be factored into potential SRPs' tendering offers to reflect this uncertainty in costs.</p> <p>The Proposer was initially open to this idea of moving away from net reallocation and adopting gross demand reallocation as part of their solution but first wanted to confirm that this was in the scope of the P451 Modification.</p> <p>Elexon will consider the scope of the Modification as captured in the P451 Proposal Form to see if this allows for this change in cost recovery mechanism. If this is in scope, the Proposer and Workgroup wish to consult on this option ahead of making any final decisions on the mechanism for the Proposed Solution or any Alternative. While the Workgroup are minded to change the cost recovery basis, they wish to consult on three options as part of the</p>	The Workgroup will consult on 3 variants to the P451 Solution: the original proposal, a variant with gross demand (including final demand) and a variant with gross demand (including non-final demand) to help them come to an informed decision.

	Assessment Consultation, the original proposal, a variant with gross demand (including final demand) and a variant with gross demand (including non-final demand) to help them come to an informed decision.	
ToR (g) How will the implementation of the Grid Code, CUSC and BSC changes be aligned? What are the risks if they do not align at the same time and can these risks be mitigated?	NGESO confirmed that the ESRS contracts are planned to go live in July 2025 and therefore it is acceptable for P451 to target the BSC June 2024 release.	P451 will target the Standard BSC June 2024 Release.
ToR (h) Should the BSC System Restoration compensation payment mechanism sit within the BSC?	<p>The Proposer confirmed that their rationale for proposing a BSC change was because of the existing route for recovery in BSC Section G, which could be extended to non-BSC Parties via a BSC Modification.</p> <p>The Workgroup noted this but some identified several potential advantages to giving effect to cost-recovery for non-BSC Parties via the CUSC, as claims could then be made directly. Moreover, the CUSC has a gross demand recovery for BSUoS charges born solely by demand and not generation. There was a view that just because cost-recovery for BSC parties sits in the BSC it does not mean that it is the right place.</p> <p>The Workgroup discussed the issue of introducing processes which rely on non-BSC Parties interacting with BSC Parties. It was noted that this would also be a problem within the CUSC - while large generators are CUSC Parties, all potential SRPs would not sign a restoration contract with the DNO and not be asked to sign up to the CUSC. Therefore this issue would be present within both codes. One member stated that within the BSC, there is a level of confidence that there is a line of connection between the non-Party SRP and the BSC Party who would be making the claim for compensation on their behalf, thus providing a clearer route to compensation. In addition, a member noted that if this process was effected via CUSC, it would likely be recovered via BSUOUS which Generators do not, so would offer less socialisation of those costs than under the BSC.</p>	Several members noted that there may be advantages a solution contained via the CUSC than the BSC, but were happy for this to be noted and captured in the report, with no further discussions proposed as part of this BSC Modification.
Draft Legal Text	Elexon presented the draft Legal Text to the Workgroup.	The Workgroup were initially satisfied but this will be confirmed following a longer period of offline review.
ToR (b)(iii) Will simply pointing to the relevant Grid Code (or other) instruction be sufficient to limit compensation to	The Proposer and Workgroup believe this to be sufficient.	

the intended non-BSC Party recipients?	
ToR (i) What impact will P451 have on the BSC Settlement Risks and what changes will be required to the Performance Assurance Arrangements?	The Workgroup do not anticipate any impact to BSC Settlement Risks as a result of P451 and therefore propose no changes to the Performance Assurance Arrangements.
ToR (j) What changes are needed to BSC documents, systems and processes to support P451 and what are the related costs and lead times?	<p>P451 is a document only change that will require amendments to the following BSC sections and Code Subsidiary Documents:</p> <p>BSC Section G: Contingencies BSC Section T: Settlement and Trading Charges BSC Section X-1: General Glossary BSCP18: Corrections to Bid-Offer Acceptance Related Data BSCP201: Black Start and Fuel Security Contingency Provisions and Claims Processes Central Registration Agent User Requirements Specification BSC Service Description for Energy Contract Volume Aggregation</p> <p>All Legal text and BSCPs to be drafted part of the Assessment phase</p> <p>The cost estimate to implement the document changes is approximately £2k</p>
ToR (k) Are there any Alternative Modifications?	The Workgroup agreed not to raise an Alternative Modification at this stage.
ToR (l) Should P451 be progressed as a Self-Governance Modification?	The Proposer and Workgroup agree that P451 should not be progressed as a Self-Governance Modification
ToR M: Does P451 better facilitate the Applicable BSC Objectives than the current baseline?	Most of the Workgroup agree with the Proposer's view that P451 better facilitates Applicable Objectives A, C and D. One Workgroup member believes that P451 is neutral against Objective A.
ToR N: Does P451 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL objectives?	The changes proposed to BSC Section G3 and T1.7 amend BSC provisions identified as constituting European Balancing Guideline (EBGL) Article 18 Terms and Conditions, as listed in BSC Section F, Annex F-2. This means that the Report Phase Consultation is required to be of one calendar month's duration.
ToR O: Does P451 impact on the consumer benefit criteria?	The Workgroup agree with the Proposer's view that P451 positively impacts the consumer benefit criteria as set out in the Initial Written Assessment.

Next Steps

- Summary of Workgroup meeting decisions and actions by 16 August 2023
- Workgroup Members to review Assessment Procedure (AP) Consultation paper between 21 – 25 August
- The AP Consultation is expected to run between Monday 4 Sept to 5pm on Monday 25 Sept

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	Actioned. Outcome to be reviewed by the Workgroup as part of the draft legal text review.
2.	WG3	Elexon will consider the scope of the Modification as captured in the P451 Proposal Form to see if this allows for this change in cost recovery mechanism.	Elexon	Pre-Assessment Consultation	Open