










BSC Modification Proposal Form		At what stage is this document in the process?
<h1>P452</h1> <h2>Mod Title: Replacement of the Energy Bill Relief Scheme for non-domestic customers with the Energy Bill Discount Scheme</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p>Purpose of Modification: To enable Elexon as the Balancing and Settlement Code Company (BSCCo) to act as the payment provider for the Government's Energy Bill Discount (EBD) Scheme for non-domestic electricity customers. This scheme will replace the existing Energy Bill Relief (EBR) Scheme.</p>		
<p>Does this Modification impact any of the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC?</p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>		
	<p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> be treated as urgent and progressed under a timetable agreed by the Authority not be a Self-Governance Modification Proposal <p>This Modification will be presented by the Proposer to the BSC Panel at an urgent meeting on 28 March 2023. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p>	
	<p>High Impact: Suppliers</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: Elexon (BSCCo)</p>	

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Timetable		Proposer: <i>National Grid</i> <i>Electricity System</i> <i>Operator (NGESO)</i>
The Proposer recommends the following timetable:		Proposer's representative: <i>Karen Thompson-Lilley</i>
Modification presented to Panel	28 March 2023	 Karen.Thompson-Lilley@nationalgrideso.com
Submitted to Authority for decision on urgency	28 March 2023	
Ofgem decision on urgent status requested by	29 March 2023	 079898 147584
Urgent Modification Consultation (5WD)	30 March 2023 – 05 April 2023	
Draft Urgent Modification Report presented to Panel	13 April 2023	
Final Urgent Modification Report submitted to Authority	18 April 2023	
Implementation	+1WD after Authority Decision, and we kindly request a decision by 27 April 2023	

1 Why Change?

What is the issue?

As a result of high energy prices, the Government introduced the [Energy Bill Relief \(EBR\) Scheme](#)¹ for non-domestic customers, with discounts applied to energy usage initially between 1 October 2022 and 31 March 2023. The EBR Scheme was designed as a temporary 6-month measure to protect non-domestic consumers from soaring energy costs, cutting the cost of power bills and providing them with the certainty they needed to plan through the acute crisis this winter. [Modification P449 'Non-domestic Energy Bill Relief Scheme'](#)² was implemented on 11 November 2022, which enabled Elexon to act as the EBR Scheme electricity payment provider.

The Government has since announced that support will continue for non-domestic consumers under a replacement scheme, the Energy Bill Discount (EBD) Scheme, which will run for 12 months from 1 April 2023 to 31 March 2024.

The EBR Scheme will continue for a short period in parallel to allow for reconciliation claims to take place, but all new claims will be made under the EBD Scheme and a new set of regulations.

Currently, the activities stipulated in [BSC Section C 'BSCCo and its Subsidiaries'](#)³ do not include provisions for administering this replacement scheme.

Desired outcomes

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

¹ <https://www.gov.uk/guidance/energy-bill-relief-scheme-help-for-businesses-and-other-non-domestic-customers>

² <https://www.elexon.co.uk/mod-proposal/p449/>

³ <https://bscdocs.elexon.co.uk/bsc/bsc-section-c-bscco-and-its-subsidiaries>

2 Solution

Proposed Solution

The proposed solution is the same as that of [P449](#), the Modification that introduced the vires for Elexon to undertake the role of Scheme Administrator for the EBR Scheme. The P452 solution would allow Elexon to undertake a role for EBD Scheme, as delegated by the Department for Energy Security and Net Zero (DESNZ). This role would involve BSCCo continuing to process Supplier requested payments approved by DESNZ and providing necessary consumption data reporting for the assurance of the schemes. Calculations and validation of the claims for the EBD Scheme, will continue to be carried out by DESNZ.

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 replacement scheme.

There will also be consequential amendments required to [Section X 'Annex X-1 'General Glossary'](#)⁴. Proposed legal text can be found in Attachment A.

The proposed BSC Modification will extend the existing wording in the BSC (that applies to the Energy Bill Relief Scheme) so that it also incorporates the Energy Bill Discount Scheme. The legal text, which is substantially the same as [P449](#), therefore operates in exactly the same way as [P449](#). As a result, the following points (which were part of the [P449](#) Proposal) also apply to P452:

- The Proposed BSC Modification will describe and limit Elexon's role and functions by reference to the same Scheme Functions Agreement and the relevant statutory regulations and rules. 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 Scheme 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.
- As with the EBR Scheme, the detailed obligations relating to the EBD Scheme will be set out by the Government in statutory regulations and rules. The Secretary of State will delegate these functions to Elexon in respect of the electricity EBD Scheme. The Scheme Functions Agreement, between the Secretary of State and Elexon, will set out the specific functions and obligations of Elexon in respect of the Scheme.
- As Elexon will be performing a separate and distinct role as EBD Scheme 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 continue to be accounted for separately from other BSC Costs and Trading Charges and that BSC Parties are not responsible for funding payments under the Scheme. EBD Scheme Amounts may only be used for the purposes of the EBD Scheme, and only EBD Scheme Amounts may be used to make payments for the purposes of the EBD Scheme. The Modification does provide for Elexon's administrative and operational costs in undertaking EBD Scheme functions to be included as BSC Costs payable by Trading Parties via Funding Shares, although as this is a replacement of an existing scheme, no additional costs are expected beyond the administrative costs of operating the EBD Scheme.

⁴ <https://bscdocs.elexon.co.uk/bsc/bsc-section-x-1-general-glossary>

Benefits

The benefits of the Modification would primarily be securing 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 economic crisis. 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.

3 Relevant 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 administering 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

Applicable BSC Objective (c)

In the view of the Proposer, this Modification will better facilitate Applicable BSC Objective (c) as it will support the continued operation of Suppliers through the current economic and by extension, industry challenges. It is one of the Government's aims to foster the economy, which was deeply damaged by the COVID-19 crisis first and the energy price crisis later. The EBD Scheme seeks to help non-domestic consumers to pay their electricity bills. 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 Suppliers failing. This could be in part due to business customers not being able to pay their energy bills.

Applicable BSC Objective (d)

This Modification will better facilitate Applicable BSC Objective (d) as Elexon has a unique position within the electricity industry that means it is best placed and most efficient to provide necessary consumption data to DESNZ for the assurance of the scheme and to facilitate payments to Suppliers. Elexon has existing systems and contacts for banking from the EBR Scheme that will be necessary for the first payments to be made on time under the new arrangements as well as established relationships with all licenced Suppliers under the BSC.

Further, the scheme could be expected to reduce the number of Supplier failures that might occur in the absence of the scheme, and Supplier defaults are resource intensive for the BSC Panel and for BSCCo,

and therefore reduce the efficiency of the balancing and settlement arrangements. Fewer Supplier defaults will also means lower mutualised costs, and thus improves the efficient operation on the BSC.

4 Potential Impacts

Impacts on Core Industry Documents

Impacted Core Industry Documents			
<input type="checkbox"/> Ancillary Services Document	<input type="checkbox"/> Connection and Use of System Code	<input type="checkbox"/> Data Transfer Services Agreement	<input type="checkbox"/> Use of Interconnector Agreement
<input type="checkbox"/> Retail Energy Code	<input type="checkbox"/> Transmission License	<input type="checkbox"/> System Operator Transmission Owner Code	<input type="checkbox"/> Supplemental Agreements
<input type="checkbox"/> Distribution Code	<input type="checkbox"/> Grid Code	<input type="checkbox"/> Other (please specify)	<input checked="" type="checkbox"/> None

Impacts on BSC Systems

Impacted Systems				
<input type="checkbox"/> CRA	<input type="checkbox"/> CDCA	<input type="checkbox"/> PARMS	<input type="checkbox"/> SAA	<input type="checkbox"/> BMRS
<input type="checkbox"/> EAC/AA	<input type="checkbox"/> FAA	<input type="checkbox"/> TAAMT	<input type="checkbox"/> NHHDA	<input type="checkbox"/> SVAA
<input type="checkbox"/> ECVAA	<input type="checkbox"/> ECVAA Web Service	<input type="checkbox"/> Elexon Portal	<input type="checkbox"/> Other (Please specify)	<input checked="" type="checkbox"/> None

This modification does not impact any BSC Central Systems as it uses functionality already implemented through previous EBR work.

Impacts on BSC Parties

Impacted Parties			
<input checked="" type="checkbox"/> Supplier	<input type="checkbox"/> Interconnector User	<input type="checkbox"/> Non Physical Trader	<input type="checkbox"/> Generator
<input type="checkbox"/> Licensed Distribution System Operator	<input type="checkbox"/> National Electricity Transmission System Operator	<input type="checkbox"/> Virtual Lead Party	<input type="checkbox"/> Other (Please specify)

This Modification will positively impact Suppliers as they will receive subsidy payments proportionate to their consumption. There will also be an impact to all Trading Parties as Elexon's administrative and operational costs in undertaking EBR Scheme functions to be included as BSC Costs.

Impacts on consumers and the environment

Impact of the Modification on consumer benefit areas:	
Consumer benefit area	Identified impact
Improved safety and reliability	Neutral
Lower bills than would otherwise be the case This Modification would enable the continuance of a scheme that will directly 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.	Positive
Reduced environmental damage	Neutral
Improved quality of service	Neutral
Benefits for society as a whole This Modification would continue to enable the facilitation of a scheme that will have a significant impact on the viability of GB businesses in light of the economic crisis, by enabling lower non-domestic energy bills than would otherwise be anticipated. The EBD Scheme 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.	Positive

Legal Text Changes

[BSC Section C 'BSCCo and its Subsidiaries'](#)⁵, and [Section X 'Annex X-1 'General Glossary'](#)⁶ will be impacted by this Modification, with proposed legal text in Attachment A of this Proposal Form.

⁵ <https://bscdocs.elexon.co.uk/bsc/bsc-section-c-bscco-and-its-subsidiaries>

⁶ <https://bscdocs.elexon.co.uk/bsc/bsc-section-x-1-general-glossary>

5 Governance

Self-Governance

<input checked="" type="checkbox"/> Not Self-Governance – A Modification that, if implemented:	
<input checked="" type="checkbox"/> materially impacts the Code's governance or modification procedures	<input type="checkbox"/> materially impacts sustainable development, safety or security of supply, or management of market or network emergencies
<input checked="" type="checkbox"/> materially impacts competition	<input checked="" type="checkbox"/> materially impacts existing or future electricity consumers
<input type="checkbox"/> materially impacts the operation of national electricity Transmission System	<input type="checkbox"/> is likely to discriminate between different classes of Parties
<input type="checkbox"/> involves any amendments to the EBGL Article 18 Terms and Conditions related to Balancing; except to the extent required to correct an error or as a result of a factual change	
<input type="checkbox"/> Self-Governance – A Modification that, if implemented:	
Does not materially impact on any of the Self-Governance criteria provided above	

This Modification Proposal should not be treated as Self-Governance. It amends Elexon's vires so materially impacts the Code governance.

Further, it will impact competition, as the subsidy is likely to reduce the risk of Supplier failure.

The Modification will also materially impact electricity customers as it will result in lower bills than could be expected otherwise.

Lastly, Urgent Modification Proposals must be decided by Ofgem as the GB Authority. Therefore, if Ofgem determines this Modification should be treated as urgent, it must be submitted to Ofgem for decision.

Progression route

<input type="checkbox"/> Submit to assessment by a Workgroup – A Modification Proposal which:	
does not meet any criteria to progress via any other route.	
<input type="checkbox"/> Direct to Report Phase – A Modification Proposal whose solution is typically:	
<input type="checkbox"/> of a minor or inconsequential nature	<input type="checkbox"/> deemed self-evident
<input type="checkbox"/> Fast Track Self-Governance – A Modification Proposal which meets the Self-Governance Criteria and:	
is required to correct an error in the Code as a result of a factual change including but not limited to:	
<input type="checkbox"/> updating names or addresses listed in the Code	<input type="checkbox"/> correcting minor typographical errors
<input type="checkbox"/> correcting formatting and consistency errors, such as paragraph numbering	<input type="checkbox"/> updating out of date references to other documents or paragraphs

☒ **Urgent** – A Modification Proposal which is linked to an imminent issue or current issue that if not urgently addressed may cause:

☒ a significant commercial impact on Parties, Consumers or stakeholder(s)

☐ a Party to be in breach of any relevant legal requirements.

☐ a significant impact on the safety and security of the electricity and/or gas systems

Considering Ofgem's Urgency Criteria, we believe that this Modification should be treated as urgent because it will have a significant commercial impact upon Parties and consumers and is related to a current issue.

This Modification seeks to facilitate the EBD Scheme effective from 1 April 2023, which is expected to have its first payment by mid-May 2023. Failing to implement this Modification by when the first payment is due may impact Suppliers and, ultimately, customers during the cost of living crisis. Additionally, the failure of consumers to pay bills could result in Supplier cash flow challenges, leading to Supplier failure. 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.

Therefore, the Modification needs to be in place by the end of April, to allow the contract to be signed by latest early May, to enable Elexon to facilitate the payments.

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No impacts on any active SCR have been identified by the Proposer and so it is requested that it be treated as an SCR-exempt Modification Proposal.

Does this Modification impact any of the EBGL Article 18 Terms and Conditions held within the BSC?

This Modification will not impact the EBGL Article 18 terms and conditions as BSC Section C is not specified in the mapping given in [Section F Annex F-2](#)⁷ It is not anticipated to extend the terms or conditions either.

Implementation approach

This Modification would be required before Elexon is able to sign a contract to become EBD Scheme payment provider, prior to the first payment date for the Scheme in mid-May 2023. As such, we propose that this Modification be implemented at the earliest possibility. The Implementation Date should therefore be +1 Working Day (WD) after Authority decision as a special release, and we kindly request a decision by 27 April 2023.

⁷ <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures>