
Balancing and Settlement Code (BSC) P463: Introduce a Standard Change Process

Decision: The Authority¹ determines that this modification should be made²

Target audience: National Grid Electricity System Operator (NGESO), Parties to the BSC, the BSC Panel and other interested parties

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Implementation date: 7 November 2024

Background

Standard Licence Condition C3 (Balancing and Settlement Code) of the Electricity Transmission Licence states that the BSC must include procedures for the modification of the code. Concurrently, and where a potential modification to the main BSC document is identified, it is raised, developed and implemented (subject to approval) in accordance with BSC Section F 'Modification Procedures'.³ Section F also introduces arrangements for the creation, or modification, of Code Subsidiary Documents, such as BSC Procedure documents. This could either be via a standalone change, or as a consequence of a modification to the main BSC Sections. The detailed processes to be followed for this are then defined in BSC Procedure (BSCP) 40 'Change Management'.

Currently where any change is required to either the BSC or a Code Subsidiary Document, it must be raised and progressed through the established changes processes, in accordance with Section F and BSCP 40.

¹ References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ BSC documents are available on the Elexon website here: <https://www.elexon.co.uk/>

The modification proposal

P463 was raised by the BSC Panel (the Panel) on 9 November 2023 and seeks to introduce a new change process (a Standard Change Process) in to the BSC, and BSCP 40, to progress and implement changes to BSC subsidiary documents and certain other documents and processes (collectively referred to as BSC Configurable Items) which are identified as being low risk, repeatable and predictable. The Standard Change Process could not be used to implement changes to the main BSC Sections. The Panel considers that there are some instances where the current processes for making changes to BSC Configurable Items may be overly bureaucratic and burdensome for impacted stakeholders. This is because, currently, even the most straightforward or non-contentious changes to BSC Configurable Items require a Change Proposal to be raised. This involves public consultation and Committee approval, thus engaging industry time and resource. The proposed solution includes a two stage process, as following:

Step 1: Classification of a category of change as a 'Standard Change' as agreed by the Panel, and addition of that category of change to a Standard Change log, published on the Elexon website

Any interested person would be entitled to propose that a category of change be added to the Standard Change log. The proposal would be assessed against defined Self Governance Criteria (Low Risk, Repeatable and Predictable)⁴, and the Panel would, following an industry consultation, make the final decision as to whether to approve or reject the addition of the proposed category of change to the Standard Change log.

Any interested person would have the right to appeal the Panel's decision, in accordance with BSCP 40. The appeal would be submitted to the Panel, requiring it to reconsider it's original determination.

⁴ These criteria have been defined in the draft legal text changes to BSC Annex X-1, which has been included in the P463 Final Modification Report.

Step 2: Subsequent implementation of individual changes within said category via the Standard Change Process.

Where a category of change has been added to the Standard Change log, in accordance with Step 1, any specific changes within that category would then be progressed and implemented in accordance with Step 2. Again, any interested person would be entitled to raise a Standard Change, and Elexon would be responsible for reviewing the proposal and managing the Standard Change Process, including notifying stakeholders of the change.

Any interested person would have the right to raise an appeal against a Standard Change proposal. The appeal in this stage would be submitted to the relevant owning Panel committee, which the Panel would nominate as part of its determination under Step 1, and that committee would make the final decision on the appeal.

The intent of P463 is to reduce the burden on industry and Elexon for progressing certain types of changes which have been determined to be low risk, repeatable and predictable,⁵ whilst ensuring that appropriate safeguards are in place, in the forms of appeal mechanisms, to provide confidence to industry that the Standard Change Process is used effectively and appropriately.

We note that the Panel has indicated two example of change categories that it anticipates could be candidates for being treated as Standard Changes. These are:

- Housekeeping changes to Code Subsidiary Documents, and
- The addition of new fuel types on to the Balancing Mechanism Reporting Service (BMRS).

We note that it is the intention of the Panel, subject to the approval of P463, to seek to add these two change categories the Standard Change log.

⁵ Standard Change criteria has been defined in the proposed legal text for P463. The criteria that must be met for a change to be classified as a Standard Change are that the change is low risk, repeatable and predictable.

BSC Panel⁶ recommendation

At the BSC Panel meeting on 8 August 2024, the BSC Panel unanimously considered that P463 would better facilitate the BSC Objectives, namely Objective (d)⁷ and the Panel therefore recommended its approval.

Our decision

We have considered the issues raised by P463 and the Final Modification Report (FMR) dated 14 August 2024. We have considered and taken into account the responses to the industry consultation(s) which are attached to the FMR.⁸ We have concluded that:

- Implementation of the modification proposal will better facilitate the achievement of the applicable objectives of the BSC;⁹ and
- Directing that the modification be made is consistent with our principal objective and statutory duties.¹⁰

Reasons for our decision

We consider this modification proposal will better facilitate BSC objective (d) and has a neutral impact on the other applicable objectives.

(d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements

We note the views of the Panel, and the P463 Workgroup, that the introduction of the Standard Change Process will allow certain changes to BSC Configurable Items to be

⁶ The BSC Panel is established and constituted pursuant to and in accordance with Section B of the BSC and [Standard Special Licence Condition C3 of the Electricity Transmission Licence](#).

⁷ Promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

⁸ BSC modification proposals, modification reports and representations can be viewed on the [Flexon website](#).

⁹ As set out in [Standard Condition C3\(3\) of the Electricity Transmission Licence](#).

¹⁰ The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Electricity Act 1989.

progressed more efficiently, reducing the burden for industry and Elexon by removing the requirement for industry consultation and possible workgroups. We agree with this conclusion, and consider that these efficiency savings have the potential to increase over time as and when additional categories of change are classified as Standard Changes and progressed through the new process. Furthermore, we are satisfied that the inclusion of clearly defined criteria for what could constitute a Standard Change (ie changes that are low risk, repeatable and predictable) will provide clarity to industry parties as to when this new process may be utilised.

We note that the cost benefit analysis conducted by Elexon during the development of P463 indicated lengthy payback periods in terms of realising the benefits of the Standard Change Process versus the time and effort required to develop and implement P463. Furthermore, we note some of the concerns raised by consultation respondents which questioned the likely efficiency savings of P463. However, we consider that the addition of further change types to the Standard Change log over time will expedite the realisation of these benefits. We also consider that the savings realised by P463, in terms of industry time and effort, may deliver further qualitative benefits by allowing resource to be focussed on other industry initiatives in future.

Finally, we are satisfied that appropriate safeguards have been included in the P463 solution, namely the inclusion of appeal mechanisms, to provide confidence to industry parties that the Standard Change Process will be used appropriately.

For the reasons set out above, we consider the P463 will promote efficiency in the operation of the BSC, and thus better facilitates BSC Objective (d).

Additional remarks

We note that the Panel included two possible Standard Change candidates in the FMR for P463, namely housekeeping changes to code subsidiary documents and Fuel Type changes. To this end, the P463 solution included enabling legal text changes to facilitate the addition of these two change types to the Standard Change log, and set out the intention that these two

Standard Change candidates be added to the Standard Change log at the time of implementation of P463. We note that the BSC Panel will be ultimately responsible for determining, in accordance with the new processes, whether and when these change types, and others, are added to the Standard Change log.

Decision notice

In accordance with Standard Condition C3 of the Transmission Licence, the Authority hereby directs that modification proposal BSC P466 'Introduce a Standard Change Process' be made.

Gavin Baillie

Head of Industry Codes

Signed on behalf of the Authority and authorised for that purpose