Final Modification Report

P466 ‘Section N Modernisation’

This Modification seeks to update BSC Section N ‘Clearing Invoicing and Payment’ to support the effective running of the Funds Administration Agent (FAA). The Modification will align the BSC with Elexon’s updated financial systems and modern banking practices to increase the efficiency of service provided to industry.

The BSC Panel recommends **approval** of P466

The BSC Panel **does** believe P466 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC but believes these impacts to be neutral

This Modification is expected to impact:

- All BSC Parties
- Elexon

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Phase

- Initial Written Assessment
- Definition Procedure
- Assessment Procedure
- Report Phase
- Implementation

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About This Document

You can find the definitions of the terms and acronyms used in this document in the BSC Glossary[1].

This is the P466 Final Modification Report, which Elexon has submitted to the Authority on behalf of the BSC Panel. It includes the Panel's full views and the responses to the Panel's Report Phase Consultation. The Authority will consider this report and will decide whether to approve or reject P466.

There are 3 parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the P466 Proposal Form.
- Attachment B contains the approved redlined changes to the BSC for P466.

[1] https://www.elexon.co.uk/glossary/?show=all

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Not sure where to start?

We suggest reading the following sections:

- Have 5 minutes? Read section 1
- Have 15 minutes? Read sections 1, 7 and 8
- Have 30 minutes? Read all except section 6
- Have longer? Read all sections and the annexes and attachments.

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1 Summary

Why Change?

BSC Section N 'Clearing, Invoicing & Payment'[2] was written over 20 years ago. Therefore, some sections within it are now redundant and no longer align with modern ways of working (e.g. invoicing and banking practices). This results in inefficiencies and unnecessary constraints that may prevent additional benefits from being sought and realised. Additionally, the FAA systems are being rebuilt in a cloud infrastructure to provide scalability, increase efficiency, and enable integration with the finance system. Therefore, a review of BSC Section N seemed timely to align with this and was completed to determine if any improvements/benefits could be applied to enable any changes to the new FAA Services, which are currently restricted by the Code. This was done under Issue 107 'Review of Section N – Clearing, Invoicing & Payment'[3].

Solution

The P466 solution involves amending BSC Section N to align it with modern practices and the updated FAA systems. The processes should reduce duplication and make the process more efficient. The proposal also intends to amend irrelevant references that are now redundant, so that BSC parties can more easily understand the BSC Section. The proposed solution will also allow the flexibility for improvements to the FAA systems that would previously have been limited by the legal text. Although this aligns with the new FAA system, this Modification will be a document only change and simply aligns with the new system.

Impacts & Costs

This Modification will impact on the EBGL Article 18 Terms and Conditions held with the BSC as specified in the mapping given in Section F Annex F-2[4]. Elexon and the BSC Panel believe these impacts to be neutral. Section 3 of this paper provides a breakdown of the changes affecting EBGL Article 18 Terms and Conditions.

Implementation costs estimates			
Organisation	Item	Implementation costs (£)	Comment
Elexon	Systems	0	No BSC System changes
	Documents	<1k	Updates to BSC Sections
NGESO	Systems	0	No impact identified
	Other	0	No impact identified
Industry	Systems & processes	0	P466 will have a low impact on all BSC Parties where an amendment in the code has a dependency on the implementation of the new FAA System.
	Total	<1k	

[2] https://bscdocs.elexon.co.uk/bsc/bsc-section-n-clearing-invoicing-payment
[3] https://www.elexon.co.uk/smg-issue/issue-107/
[4] https://www.elexon.co.uk/the-bsc/bsc-section-f-modification-procedures/

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Implementation

The Panel believe that this Modification should be implemented on Thursday 7 November 2024 as part of the November 2024 Standard Release. This aligns with the updates to the FAA system. Additionally, the proposed implementation approach includes fall back options if an Authority decision isn't reached by the given date. These additional options avoid a potential clash with the November 2024 BSC Standard Release.

Recommendation

The Panel raised this Modification Proposal during Panel 346 (346/04[5]). The Panel believes that P466 will better facilitate Applicable BSC Objective (d) by promoting efficiency in the implementation of the balancing and settlement arrangements. P466 progressed straight to Report Phase as the solution has been fully developed. The Panel believes that P466 does have an impact on EBGL balancing terms and conditions, although this impact is believed to be neutral, and therefore was sent for a one calendar month Report Phase Consultation.

[5] https://www.elexon.co.uk/mod-proposal/p466/

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2 Why Change?

What is the issue?

BSC Section N 'Clearing, Invoicing & Payment'[6] was written over 20 years ago. Therefore, some sections within it are now deemed redundant and no longer align with modern ways of working (e.g. invoicing and banking practices). This results in inefficiencies and unnecessary constraints that may prevent additional benefits from being sought and realised.

As part of the Elexon Strategy and the implementation of Elexon Kinnect[7], a cloud based platform, the FAA systems are being replaced with a new version on Kinnect. The FAA transfers Trading Charges to and from BSC Parties and manages the BSC Credit Cover arrangements. Kinnect is flexible, scalable and adaptable. Creating a new FAA Service on Kinnect will modernise the BSC banking and payments processes, be less resource-intensive, reduce manual processes and improve controls.

Therefore, a review of BSC Section N seemed timely to align with this and was completed to determine if any improvements/benefits could be applied to enable any changes to the new FAA Service which are currently restricted by the Code.

Background

Elexon carried out a preliminary review of BSC Section N to align with the opportunity of updating FAA systems. This was to identify any potential improvements to the code and look at the possibility of streamlining processes to improve efficiencies for the benefits of BSC Parties.

Issue 107 Review of BSC Section N 'Clearing, Invoicing & Payment[8]' was raised to review BSC Section N in order to identify solutions to alleviate pain points and improve efficiency. The Issue Group recommended an internal review by Elexon for BSC Section N, focusing on areas such as Banking Arrangements, Calculation of Payments, Payment Procedure, and Ledger Accounts. The Issue Group suggested that the consequential Modification, arising from the Elexon review, be initiated by the BSC Panel without additional Workgroups. Additionally, the Group recommended improvements to Advice Notes and Backing Sheets, although these do not form part of the Modification but were to be considered for templates in the new FAA system. Issue 107 was raised as a tabled item at Panel 341/06[9] where it was noted by the Panel.

Sections identified as being in scope of the Section N review with no industry impacts were:

- BSC Section N4 Banking Arrangements
- BSC Section N6 Calculation of Payments
- BSC Section N8 Payment Procedure and
- BSC Section N13 Ledger Accounts

Elexon presented an example of an amendment that had no impact to Industry, to ensure that the Issue Group were comfortable with the assessment. The example presented was section 4.8 'Banking Communications Links' which currently references setting up

[6] https://bscdocs.elexon.co.uk/bsc/bsc-section-n-clearing-invoicing-payment
[7] https://www.elexon.co.uk/settlement/bsc-central-services/elexon-kinnect-platform/
[8] https://www.elexon.co.uk/smg-issue/issue-107/
[9] https://www.elexon.co.uk/mod-proposal/p466/

What is Elexon Kinnect?

Elexon Kinnect is a digital customer-centric platform delivering a smart and flexible central solution for the industry, which will be delivered through a number of releases over the next few years. The modular technology it uses will enable us to implement BSC rule changes more quickly, and provide speedier support for innovation by existing companies and new entrants.

What are Trading Charges?

Each Trading Party is liable to pay or receive Trading Charges for each Settlement Day. These charges are calculated in relation to Imbalance Settlement and Balancing Mechanism activity. The Settlement Administration Agent (SAA) determines the Trading Charges. Trading Charges are calculated for each BSC Party. Trading Charges are made up of: Account Energy Imbalance Cashflow; Information Imbalance Charge; Period Balancing Mechanism (BM) Unit Cashflow; BM Unit Period Non-Delivery Charge; Residual Cashflow Reallocation Cashflow (RCRC); and System Operator BM Cashflow. The SAA calculates these charges at every Settlement Run.

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communication links with the BSC Banker. This section is now redundant as banking transactions are now all online and there is no need to set up banking communications links. The Issue Group were happy that this example would have no industry impact, and were comfortable with the assessment criteria used by Elexon. The Issue Group agreed that the lack of industry impact meant these sections did not need to be discussed further in Issue 107. The Issue Group agreed that the full review of these sections should be carried out by Elexon, and the identified improvements included in the consequential Modification.

Sections identified as being in scope of the Section N review with potential Industry Impacts were:

- BSC Section N7 Advice Notes
- BSC Section N9 Payment Default; and
- BSC Section N10 Confirmation Notices in respect of a Payment Date

Considering the potential for impacts to Industry, the Issue Group agreed that these sections would fall within scope of Issue 107, and were discussed by the Issue Group to identify potential issues and solutions.

Desired outcomes

This Modification seeks to update and modernise Section N and enable required changes recommended by Issue 107.

BSC Section N should be amended to:

- Remove and or/add existing text or processes where references are no longer required
- Re-write and/or merge existing text to simplify it
- Allow existing processes to be updated and/or improved

This will allow the following recommendations to progress:

- Improvements to BSC Section N, as identified in the aforementioned Elexon Review
- Move the Payment Default timescales 9.6.1 (b) from D+2 to D+1; and
- Remove Confirmation Notices, with the Advice Note becoming the Invoice for VAT

This will be beneficial toward BSC Parties, as it will simplify processes such as having access to backing sheets via the portal rather than email. These will be downloadable from the Elexon Portal. Additionally, the removal of Confirmation Notes, with the Advice note becoming the Invoice for VAT, would decrease duplication as well as match that of the Balancing Services Use of System (BSUos) invoices, which are generated by National Grid.

The update to Section N allows for more efficiency and merges current information to simplify and update the processes which have been in place for 20 years, as recommended by the Issue 107 Workgroup. Alongside this, the updated FAA system will improve current processes.

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3 Solution

Proposed solution

In order to meet the desired outcomes described above, the legal text for Section N has been amended (see attachment B).

A summary of these changes is also shown in the table below along with the impacted reference and section.

- Where the dependency within the table is showing as 'yes', these changes are dependent on the new FAA System being implemented.
- Where text is highlighted in red, these identify the BSC Sections which fall under EBGL impacted text under Section F, Annex F-2[10]

This solution will also amend Sections H 'General'[11], U 'Provisions Relating to Settlement'[12], V 'Reporting'[13] and X-1 'General Glossary'[14] which will be consequential changes as part of the update to terminology in BSC Section N.

A summary of the proposed solution's amendment to Section N is provided in the table below.

BSC Section N Amendments

Section 4. BANKING ARRANGEMENTS

Section		Ref	Summary of Change	Rationale	Dependency on new FAA System
4.1	Establishment of Accounts	4.1.1	Added new Text.	The purpose of this added text is to provide an option to allow the Clearing Account and Collection Account to be one Account if required.	No
4.2.	Funds Transfer Agreement	4.2.3	Deleted text under 4.2.3 (a)	Removed as reference to Code effective date is no longer required.	No
4.2.	Funds Transfer Agreement	4.2.3	Moved existing text under 4.2.3 (b) to 4.2.3	To re-format the section after deleting text above	No

[10] https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures#annex-f-2
[11] https://bscdocs.elexon.co.uk/bsc/bsc-section-h-general
[12] https://bscdocs.elexon.co.uk/bsc/bsc-section-u-provisions-relating-to-settlement
[13] https://bscdocs.elexon.co.uk/bsc/bsc-section-v-reporting
[14] https://bscdocs.elexon.co.uk/bsc/bsc-section-x-1-general-glossary

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4.3	Settlement Account	4.3.3	Added text for 4.3.3 to refer to BSCP301 and to cover requirements in 4.4 and 4.5	The purpose of this added text was to define requirements for a Settlement Account	No
4.4-4.5	Settlement Account	4.4-4.5	Deleted text and removed as Not Used.	The purpose of removing these sections was to simplify the code requirements which are now covered in revised text under 4.3.3	No
4.7	Details of Accounts	4.7	Deleted text and removed section as Not used.	Removed this section as this would be done under BAU banking practices and not required in the code.	No
4.8	Banking Communication Links	4.8	Deleted text and removed section as Not used.	Removed this section as this would be done under BAU banking practices and not required in the code	No
4.9	Credit Facility	4.9.2	Deleted text reference to Go Live Date point (a) and moved text from existing point (b) to 4.9.2	Removed reference to Code effective date, as it is no longer required.	No

Section 6. CALCULATION OF PAYMENTS

Section		Ref	Summary of Change	Rationale	Dependency on new FAA System
6.1	Settlement Runs	6.1.1	Deleted reference to 09:00 Hours and added text to refer to BSCP301 for timings	Removed reference to time specified in the code as this is covered under the process defined in BSCP301.	No
6.2	Validation by FAA	6.2.2	Deleted text reference to specific amount of difference between total debits and credits	The purpose of this is to allow flexibility of the amount stipulated and could be changed under BSCP301 if required.	No

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6.4	Reconciliation	6.4.2B	Deleted Text	Removed as reference to Go Live Date is no longer relevant	No
6.6	Postponed Payments	6.6.2B	Deleted Text	Removed as reference to Go Live Date is no longer relevant	No

Section 7. ADVICE NOTES

Section		Ref	Summary of Change	Rationale	Dependency on new FAA System
7	ADVICE NOTES	7	Changed Title from Advice Notes to Invoices	Advice Note to become Invoice	Yes
7.1	Dispatch of Advice Notes	7.1-7.2	Changed references to Advice Notes to Invoices	As above	Yes
7.1	Dispatch of Advice Notes	7.1.2	Added text to allow the Trading Charges total to be a summarised total on the invoice with the associated data on the backing sheet to show a breakdown	This allows a simpler invoice making it easier to read for the customer	Yes
7.3	Invoice Information	7.3.1	Added new sections 7.3.1,7.3.2,7.3.3	The purpose of this was to add text originally in Section 10 (Confirmation Notes) into Section 7.	Yes
7.4	Information – Imbalance Parties	7.4	Due to the confirmation notice becoming obsolete. The VAT obligations were merged into section 7 as part of the invoice. Housekeeping on text where referencing received and paid as it should be ‘to be received’ and 'to be paid’	Housekeeping change to provide clarity.	Yes
7.5	Information - NETSO	7.5	As Above	As Above	Yes

N.B All other text references to Advice Notes within Section N have also been changed to Invoice. These have not been listed separately.

Section 8. PAYMENT PROCEDURE

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Section		Ref	Summary of Change	Rationale	Dependency on new FAA System
8.2	FAA's Responsibilities	8.2.1	Amended existing text to refer to BSCP301 and deleted (a,b and c)	Removed text in points a, b, c as this is process oriented and is covered in BSCP301.	No
8.3	Non-Payment	8.3.2	Deleted existing text.	Removed as already covered in 8.3.1.	No
8.4	Excess Payments	8.4.1	Deleted text reference to 11:00 and 16:00 hours and added reference to timings as stipulated in BSCP301.	Removed reference to time specified in the code as this is covered under the process defined in BSCP301	No

Section 9. PAYMENT DEFAULT

Section		Ref	Summary of Change	Rationale	Dependency on new FAA System
9.5	D+1	9.5.5	Revised text to be added to this section from 9.6	The purpose of adding this text to D+1 is to allow the process within the code of being able to draw on cash if payment not received under BAU	No
9.6	D=2	9.6.1 – 9.6.2	Deleted existing text and revised and added to 9.5.	Clarification of the D+1 systems	No

Section 10. CONFIRMATION NOTICES IN RESPECT OF A PAYMENT DATE

Section		Ref	Summary of Change	Rationale	Dependency on new FAA System
10	Confirmation Notices in respect of a Payment Date	10.1-10.3	Deleted section 10.	Removed this section, as reference to the Tax Invoice is to merge in Section 7. Advice Notes will become Invoices as will be the Tax Invoice	Yes

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Section 13. LEDGER ACCOUNTS

Section		Ref	Summary of Change	Rationale	Dependency on new FAA System
13	Ledger Accounts	13.1-13.7	The whole section relating to Section 13 has been deleted and put as Not Used.	Removed this section as this is redundant - it is covered in BAU banking practices and not required in the code.	No

Benefits

The proposed solution will reduce duplication and simplify processes increasing efficiency for FAA and Parties as it will remove duplication, such as merging all backing sheets into one singular backing sheet for all charges and the removal of Confirmation Notices - with the Advice Note becoming the Invoice for VAT, as proposed by the Issue 107 Workgroup. The amendments to Section N will also remove redundancies and simplify text where required. These updates will allow flexibility for improvements to the FAA systems that would previously have been limited by the current drafting within the BSC.

Applicable BSC 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	Neutral
(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 administrating 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

The Modification will better facilitate BSC Applicable Objective (d) and promote efficiency in the implementation of the balancing and settlement arrangements as it will modernise Section N and the associated processes, resulting in efficiencies for Elexon and industry by removing duplication for BSC Parties to help streamline their processes as well as helping to promote efficiency with this Modification aligning with the new FAA System. Although this aligns with the new FAA system, this Modification will be a document only change and simply aligns with the new system.

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity 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 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 administrating 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

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Implementation approach

The BSC Panel has approved an Implementation Date of:

- **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **9 September 2024**.
- **14 November 2024** if an Authority decision is received after **9 September 2024** but on or before **7 November 2024**; or
- **5 Working Days** after an Authority decision if that Authority decision is received after **7 November 2024**

This will align with the FAA system update and allow there to be sufficient time for the changes to 'go live' date. With this in place, the document updates can seamlessly be implemented during the November 2024 Release. To support this, a decision to approve this Modification will be required from Ofgem by 7 September 2024. If the Authority decision is received after 9 September 2024, then two fall back options have been provided, these fall back options also avoid clashing with the November 2024 BSC Standard Release.

During the Implementation Phase, Elexon will develop, consult and gain approval for the changes to relevant Code Subsidiary Documents. These changes will be consequential changes to P466 and will be released in a Release Circular.

The following documents that will be updated during the implementation phase are:

Document Name	Document Type
BSCP01: Overview of Trading Arrangements	BSC Procedure
BSCP 11: Trading Disputes	BSC Procedure
BSCP 14 : Processing of Manifest Error Claims	BSC Procedure
BSCP301: Clearing Invoicing and Payment	BSC Procedure
Funds Administration Agent Interface Definition and Design Part 1	Interface Definition Documents
Funds Administration Agent Interface Definition and Design Part 2	Interface Definition Documents
CVA Data Catalogue: Annex A: Data File Specification	Business Definition Document
Communication Requirements Document A	Business Definition Document
FAA Service Description	Service Description
Funds Administration Agent -User Requirement Specifications	User Requirements Specification
Central Registration Agent (CRA)	User Requirements Specification

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4 Impacts & Costs

Estimated costs of P466

The central implementation costs for this Modification will approximately £1K to make the necessary changes to the BSC Sections. As this is a document only change there is expected to be no system costs. No ongoing costs are expected.

We do not expect there to be any implementation costs for Parties and Party Agents resulting from this Modification

High: >£1 million

Medium: £100-1000k

Low: <£100k

Implementation costs estimates			
Organisation	Item	Implementation costs (£)	Comment
Elexon	Systems	0	No BSC System changes
	Documents	<1k	Updates to BSC Sections
NGESO	Systems	0	No Impact identified
	Other	0	No Impact identified
Industry	Systems & processes	0	No Impact identified
	Total	<1k	

On-going costs estimates		
Organisation	On-going costs (£)	Comment
Elexon	0	No ongoing costs expected. There may be cost savings, due to reduction in duplication
NGESO	0	
Industry	0	
Total	0	

P466 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Potential Impact	Potential cost
All BSC Parties	This Modification will impact all BSC Parties where an amendment in the code has a dependency on the implementation of the new FAA System (Advice Notes becoming the Invoice (and tax invoice) and Confirmation Notes being removed). This is expected to be a low impact and will improve processes for all parties with the changes to Section N and the update to the FAA System.	L

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BSC Party Impacts

This Modification will impact all BSC Parties where an amendment in the code has a dependency on the implementation of the new FAA System. This is due to potential updates required to systems and processes as a result of:

- Advice Notes becoming the Invoice (and tax invoice)
- Confirmation Notes being removed (existing tax invoice)

The table and information below identifies how industry currently receives FAA outputs and how this will be received in the new System once implemented.

	FAA Output received by Industry	Received from current FAA System	Frequency (Current)	To be received from new FAA System	Changes/comments
1	Advice Notes – To become Invoice	PDF via e-mail	Upon Threshold Breach/ Limit/Quarter Dates	PDF via e-mail Additional option to download from Elexon Portal	✓ Each Industry Party will receive one invoice which details all the charges (Trading, Default and Ad-hoc) ✓ Whilst the design, look and feel of invoice may change (to be confirmed), these will still be received in a PDF via e-mail once Invoice Threshold has been breached. This is in line with current process. ✓ No Change to Frequency
2	Backing Sheets – Trading Charges	PDF via e-mail (default) ASCII Pipe de-limited File via e-mail	Daily Daily (if opted)	Incorporated into a single Backing Sheet for all Charges- Download from Elexon Portal	✓ Backing Sheets will no longer be available via e-mail. ✓ Backing Sheets will be available from the Elexon Portal in various formats including ASCII Pipe de-limited file ✓ Change to frequency – Backing sheets for Trading Charges will not be received daily where no threshold breach. Will be

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					received upon Threshold breach or Quarter dates, along with the associated Invoice. ✓ Backing Sheets will be combined into a single PDF and include all charges (Trading Charge, Default Charges, Ad-hoc Charges when applicable) ✓ Backing Sheets will be available from the Elexon Portal in various formats (including ASCII Pipe de-limited file for Trading Charges only)
3	Backing Sheets- Default Charges	PDF via e-mail	As Required	Incorporated into a single Backing Sheet for all Charges- Download from Elexon Portal	✓ Backing Sheets will no longer be available via e-mail. ✓ Default Charges backing sheets will be incorporated into a single Backing Sheet for all charges (See Backing Sheets- Trading Charges) ✓ Default Charges will be included when applicable
4	Backing Sheets- Ad-hoc Charges	PDF via e-mail	As Required	Incorporated into a single Backing Sheet for all Charges- Download from Elexon Portal	✓ Backing Sheets will no longer be available via e-mail. ✓ Backing Sheets will no longer be sent as a PDF via e-mail ✓ Ad-hoc Charges backing sheets will be incorporated into a single Backing Sheet for all charges (See Backing Sheets- Trading Charges) ✓ Ad-hoc Charges will be included when applicable.

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5	Confirmation Notices	PDF via e-mail	Upon Threshold breach	N/A	✓ Confirmation Notices will no longer be received. The new Invoice will become the Tax Invoice
6	Invoice Notes Data available on Elexon Portal.	View data on Elexon Portal Download data from Elexon Portal		View on Elexon Portal Download data from Elexon Portal Download Invoice from Elexon Portal	✓ Backing Sheets from above Charge Types will be available from the Elexon Portal as a combined data set to support the Invoice. ✓ Additional option to download the Invoice in PDF format.

Impact on the NETSO	
Potential Impact	Potential cost
No Impact	L

Impact on BSCCo		
Area of Elexon	Potential Impact	Potential cost
Settlement and Invoicing	Updates to Section N that are consequential to the update to the FAA systems.	L

Impact on BSC Settlement Risks
No impacts on Settlement Risks are anticipated or identified. This has been confirmed through the Report Phase Consultation.

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
FAA System	While there are updates being made to the FAA systems as part of their transition to cloud infrastructure, these updates do not form part of this Modification. However, this Modification will enable some of the changes being made to the system.

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
None	N/A

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Impact on Code	
Code Section	Potential Impact
BSC Section H	Consequential update of wording relating to Advice Notes and Confirmation Notices.
BSC Section N	Updates as detailed in section 3 of this document.
BSC Section U	Consequential update of wording relating to Advice Notes and Confirmation Notices.
BSC Section V	Consequential update of wording relating to Advice Notes and Confirmation Notices.
BSC Section X-1	Consequential update of definitions.

Impact on Market-wide Half Hourly Settlement (MHHS)
No impacts have been identified to MHHS code drafting or system development.

Impact on EBGL Article 18 terms and conditions
Elexon believes that this Modification will have impacts on the EBGL Article 18 Terms and Conditions held with the BSC as specified in the mapping given in Section F Annex F-2[15]. Section 3 provides a breakdown of the changes affecting EBGL Article 18 Terms and Conditions.

Impact on Code Subsidiary Documents	
CSD	Potential Impact
None	

Impact on other Configurable Items	
Configurable Item	Potential Impact
None	No impact identified

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	No impact
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Grid Code	

[15] https://www.elexon.co.uk/the-bsc/bsc-section-f-modification-procedures/

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Impact on Core Industry Documents and other documents	
Document	Potential Impact
Retail Energy Code	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

Impact on a Significant Code Review (SCR) or other significant industry change projects
This is not expected to impact any open SCR. This was confirmed by Ofgem on Friday 19 January

Benefits

The proposed solution will reduce duplication and simplify processes, increasing efficiency for FAA and Parties. The amendments to Section N will also remove redundancies and simplify text where required. These updates will allow the flexibility for improvements to the FAA systems that would previously have been limited by the legal text.

1) Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Neutral
3) Reduced environmental damage	Neutral
4) Improved quality of service	Neutral
5) Benefits for society as a whole	Neutral

This Modification is not expected to impact any of the consumer benefit areas.

Although the impacts on consumers and the environment have been identified as neutral we believe there is a slight improved quality of service once the new FAA system has been implemented. As this is a document only change to align with the updated system, Elexon believe that this can remain neutral.

What are the consumer benefit areas?

1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?

2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?

3) Will this proposal support:

i) new providers and technologies?

ii) a move to hydrogen or lower greenhouse gases?

iii) the journey toward statutory net-zero targets?

iv) decarbonisation?

4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.

5) Are there any other identified changes to society, such as jobs or the economy.

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5 Implementation

Implementation Date

The Panel approved an Implementation Date for P466 of:

- **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **9 September 2024**.
- **14 November 2024** if an Authority decision is received after **9 September 2024** but on or before **7 November 2024**; or
- **5 Working Days** after an Authority decision if that Authority decision is received after **7 November 2024**

What are the Applicable BSC Objectives?

(a) The efficient discharge by the NETSO of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity 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 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 administrating 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

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6 Panel's Initial Discussions

This Modification was presented to the BSC Panel as an Initial Written Assessment (IWA) (346/04[16]). A Panel member commented on Section N 4.7 and N4.8 with a query on whether the removal of these sections are necessary, as there was a danger of inadvertently removing key processes that are linking to reserve accounts for Parties. In this case, the removal wouldn't be beneficial and therefore contradicts the solution of the Modification, although the member was happy to submit P466 to the Report Phase. Elexon agreed to take this away and respond as soon as they can.

In response to the Panel members' comments, Elexon provided an explanation as to why they removed Section N4.7 and 4.8. When the review was undertaken, Elexon were seeking to streamline and remove anything that seems redundant or unnecessary. Both 4.7 and 4.8 are undertaken automatically under standard BAU banking practices and, as a result, Elexon felt comfortable deleting these within the code. Furthermore, Elexon noted that N4.8 is now redundant, as it is establishing a communication link which was the pre-internet banking method of making payments. This no longer applies - most tasks now are performed on the internet. Therefore Elexon concluded that the best approach was to remove it entirely. Elexon notified the Panel member with these comments via email and call.

The Panel agreed with Elexon's recommendation that this Modification be approved by the Authority (not Self-Governance) due to the impact to EBGL, considering that this is an update to BSC Section N where processes are updated, following the removal of duplication and streamlining of processes (See Section 3). Elexon stated that the exception for amendments to EBGL Article 18 Terms and Conditions are not sufficient to warrant P466 a Self-Governance Modification. The BSC Panel had no further comments.

The Panel unanimously;

a) **RAISED** this Modification Proposal in accordance with BSC Section F2.1.1 (d) (iv);

b) **AGREED** that this Modification Progresses directly to the Report Phase;

c) **AGREED** that this Modification:

i **DOES** better facilitate Applicable BSC Objective (d);

d) **AGREED** an initial view that this Modification **SHOULD NOT** be treated as a Self-Governance Modification;

e) **AGREED** that this Modification **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;

f) **AGREED** the impact on the EBGL objectives;

g) **AGREED** an initial recommendation to the Authority that this Modification should be **APPROVED**

h) **AGREED** an initial Implementation Date of:

i **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **9 September 2024**; or

ii **14 November 2024** if an Authority decision is received after **9 September 2024** but on or before **7 November 2024**; or

iii **5 Working Days** after an Authority decision if that Authority decision is received after **7 November 2024**

i) **AGREED** the draft Legal Text;

What is the Self-Governance Criteria?

A Modification that, if implemented:
(a) does not involve any amendments whether in whole or in part to the EBGL Article 18 terms and conditions; except to the extent required to correct an error in the EBGL Article 18 terms and conditions or as a result of a factual change, including but not limited to:
(i) correcting minor typographical errors;
(ii) correcting formatting and consistency errors, such as paragraph numbering; or
(iii) updating out of date references to other documents or paragraphs;
(b) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity transmission system; and
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

[16] https://www.elexon.co.uk/meeting/bsc-panel-346/

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7 Report Phase Consultation Responses

P466 was issued for Report Phase Consultation on Friday 19 January 2024, with responses due by 5pm Monday 19 February 2024.

The Report Phase Consultation did not receive any responses, questions or further comments. The consultation was active for one calendar month, and industry were reminded to respond on Friday 2 February and Tuesday 13 February.

Elexon believe that one reason for the lack of responses could be due to the impacts caused by this Modification that simply aligns Section N to the current ways of banking.

During the Consultation, Elexon updated **Section N7.4, 7.5 and 7.1.2** to allow for an easier way to read Section N7 for the customer – 7.1.2 allows the Trading Charges total to be a summarised total on the invoice, with the associated data on the backing sheet to show a breakdown. More information can be found in Section 3.

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8 Panel's Final Discussions

The BSC Panel considered the P466 Draft Modification Report at its meeting on 14 March 2024 (348/05[17]).

The Panel unanimously agreed with the recommendations for P466 including the updated legal text and determined that this Modification should be sent to Ofgem for approval. The Panel also unanimously agreed that P466 should be implemented on 07 November 2024, as part of the November 2024 Standard Release, with several fall back options should a decision by Ofgem not be received in time.

The BSC Panel unanimously:

- **AGREED** that P466 **DOES** better facilitate Applicable BSC Objective (d)
- **AGREED** that P466 should not be treated as a Self-Governance Modification;
- **AGREED** that P466 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC; and
- **AGREED** that P466 is **neutral** against the EBGL objectives;
- **APPROVED** an Implementation Date for P466 of:

    a) **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **9 September 2024**.

    b) **14 November 2024** if an Authority decision is received after **9 September 2024** but on or before **7 November 2024**; or

    c) **5 Working Days** after an Authority decision if that Authority decision is received after **7 November 2024**

- **APPROVED** the updated draft Legal Text for P466.
- **APPROVED** the P466 Draft Modification Report

[17] https://www.elexon.co.uk/meeting/bsc-panel-348/

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9 Recommendations

The BSC Panel recommends to Authority:

- That P466 should be **approved**
- That P466 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- That P466 is **neutral** against the EBGL objectives;
- An Implementation Date for P466 of:
    a) **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **9 September 2024**.
    b) **14 November 2024** if an Authority decision is received after **9 September 2024** but on or before **7 November 2024**; or
    c) **5 Working Days** after an Authority decision if that Authority decision is received after **7 November 2024**
- The Legal Text for P466.

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