





| BSC Modification Proposal Form | | At what stage is this document in the process? |
|---|---|---|
| Mod Title: Moving the Self Assessment Document and associated documents from BSCP537 and making them a Category 3 BSC Configurable Item | | <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: This Modification aims to move Balancing and Settlement Code Procedure (BSCP) 537 Appendices 1 'Self Assessment Document', 2 'Testing Requirements' and 3 'Guidance Notes on completing the SAD' to a new Category 3 BSC Configurable Item. This will facilitate quicker change to the SAD and its supporting documentation, with the new Category 3 BSC Configurable Item being owned and managed by the Performance Assurance Board (PAB).</p> | | |
|  | <p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> Be raised by the Panel in accordance with the provisions of Section F2.1.1(d)(vi) be treated as a Self-Governance Modification Proposal be sent directly into the Report Phase <p>ELEXON will present this Modification to the BSC Panel on 12 March 2020, on recommendation of the PAB. The Panel will consider the PAB's recommendation and determine whether to raise the Modification, and subsequently how it should best be progressed.</p> | |
|  | <p>High Impact:</p> <p>None</p> | |
|  | <p>Medium Impact:</p> <p>ELEXON as the Balancing and Settlement Code Company (BSCCo)</p> | |
|  | <p>Low Impact:</p> <p>Performance Assurance Parties</p> <p>Qualification Applicants</p> <p>Qualification Service Provider</p> | |

1 Why Change?

What is the issue?

Due to the emergence of new opportunities for market participants (for example the Trans European Replacement Reserves Exchange (TERRE) product) amongst others, there is a growing requirement for the Self Assessment Document (SAD) to become more flexible, to continue to provide assurance that participants can fulfil their BSC role. As the SAD and its associated documents are currently appendices to BSCP537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators', any changes require a BSC Change Proposal (CP). This can make the process of amending the SAD more onerous and limit the Performance Assurance Board's (PAB's) ability to ensure that it aligns with emerging risks identified by the Risk Evaluation Register (RER), Risk Operating Plan (ROP) and PAB Strategy. By removing the SAD and associated appendices from BSCP537, the PAB will be able to ensure that it fully reflects the current risks to Settlement.

Background

At the PAB's meeting on 26 September 2019, ELEXON presented a paper ([PAB224/11](#)) containing recommended changes to the Performance Assurance Techniques (PATs). Among these recommendations was that the SAD (BSCP537 Appendix 1), along with its associated documents (Appendices 2 and 3) be moved from [BSCP537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators'](#), and placed in a new Category 3 BSC Configurable Item under PAB ownership.

This Modification aims to carry forward this recommendation as endorsed by the PAB in September 2019, and subsequently recommended to be raised under Section F2.1.1(d)(vi) at its meeting on 26 February 2020 ([PAB229/09](#)).

Performance Assurance Framework Review

The Performance Assurance Framework consists of a suite of techniques that can be applied to Performance Assurance Parties to help mitigate any risks that market participants may pose to the integrity of Settlement. The current risk based PAF was introduced by [P207 'Introduction of a new governance regime to allow a risk based Performance Assurance Framework \(PAF\) to be utilised and reinforce the effectiveness of the current PAF'](#) in 2007. The techniques fall into four categories:

- Detective;
- Preventative;
- Remedial; and
- Incentive.

Qualification and re-Qualification are preventative techniques designed to ensure that new entrants, or existing participants undergoing significant changes have satisfactorily developed their systems and processes so that they will not pose a risk when live or once the significant changes are implemented.

The third workstream of [ELEXON's PAF Review](#), assessed the continued suitability and effectiveness of PATs. It recommended changes, including those relating to the SAD and its associated documents to PAB at its meeting on 26 September 2019 as outlined above.

2 Solution

Proposed Solution

This Modification proposes to move the SAD and its associated documents (BSCP537 Appendices 1-3) from [BSCP537 'Qualification Process for SVA Parties, SVA Party Agents and CVA Meter Operators'](#) to a new Category 3 BSC Configurable Item. This new document shall be under control of the PAB.

As a Category 3 BSC Configurable Item, the SAD and its associated documents will not be subject to the Change Proposal Process in [BSCP40 'Change Management'](#).

Category 3 BSC Configurable Items have their own change process defined within. The Proposed Change process for the new Category 3 BSC Configurable Item shall require the PAB to review the document at least annually. In reviewing the document, the PAB shall consider any new information supplied by ELEXON and ensure consistency with emerging risks identified by the RER, the ROP and the PAB Strategy. There will be no explicit requirement for the PAB to consult Parties when reviewing the document, however it shall have the opportunity to do so if it feels appropriate. ELEXON actively engages with Parties during each Performance Assurance Operating Period (PAOP) through consultation and workgroups in order to feed industry views into the development RER and ROP, any changes to which will be reflected in updates to the SAD.

Moving the appendices from BSCP537 to a new Category 3 BSC Configurable Item, will remove the Code Subsidiary Document status. Only the Code and Code Subsidiary Documents can place obligations on Parties and/or Party Agents. However as the obligations associated with Qualification and re-Qualification are contained in [Section J 'Party Agents and Qualification Under the Code'](#), applicants will still be mandated under the Code to respond to the questions and guidance in the SAD.

A Modification is required to implement this proposed Solution as [Annex X-1 'General Glossary'](#) refers to the Qualification Document as the annexes to BSCP537. This will need to be amended to reflect the new location of the Qualification Document.

Expected Benefits

The desired outcome of this Modification is to enable the SAD and its associated documents to be more flexible to change on a quicker basis, without requiring a formal CP. This will enable easier amendment to address any emerging risks identified by the RER, the ROP, and the PAB Strategy. As such, this Modification will ensure that the Qualification and re-Qualification techniques continue to provide effective assurance to industry and the PAB.

Further, there will be less resource requirements on market participants assessing change, and on ELEXON in progressing change, as amendments to the SAD and its associated documentation can reasonably be governed outside the formal BSC Change processes.

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 | 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 |

By placing the SAD in a Category 3 BSC Configurable Item under PAB control, it can be periodically reviewed and updated without needing to go through the Change Process. This review process will allow the PAB to ensure the SAD is updated in a timely manner as new risks are identified by the RER, The ROP, and the PAB Strategy. This will ensure that the Qualification and re-Qualification techniques are effective in mitigating risks to Settlement.

4 Potential Impacts

Impacts on BSC Parties

| Impacted Parties | | | |
|--|--|--|---|
| <input 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) |

There will be no direct impact on any BSC Parties or Party Agents as a result of this Modification as the content of Appendices 1, 2 and 3 of BSCP537 will not be amended by this Modification. There will be a minor indirect impact on all Performance Assurance Parties as the location of the SAD will change. As a Category 3 BSC Configurable Item, Parties will not be able to directly propose changes to the SAD. However, ELEXON actively engages with Parties during each Performance Assurance Operating Period (PAOP) through consultation and workgroups in order to feed industry views into the development RER and ROP, any changes to which will be reflected in updates to the SAD.

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"/> Master Registration Agreement | <input type="checkbox"/> Distribution Connection and Use of System Agreement | <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"/> Transmission License | <input type="checkbox"/> Other (please specify) |

We do not anticipate any impacts on other Core Industry Documents.

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"/> ECVA | <input type="checkbox"/> ECVA Web Service | <input type="checkbox"/> ELEXON Portal | <input type="checkbox"/> Other (Please specify) | |

There will be no impacts on any BSC Systems for this Modification

Legal Text Changes

This Modification will require changes to [BSC Section X Annex X-1 'General Glossary'](#).

We have attached the legal text changes and the draft of the new Category 3 BSC Configurable Item to this Proposal Form.

5 Governance

Self-Governance

☐ **Not Self-Governance** – A Modification that, if implemented materially impacts:

☐ the Code's governance or modification procedures

☐ sustainable development, safety or security of supply, or management of market or network emergencies

☐ competition

☐ existing or future electricity consumers

☐ the operation of national electricity Transmission System

☐ likely to discriminate between different classes of Parties

☒ **Self-Governance** – A Modification that, if implemented:

Does not materially impact on any of the Self-Governance criteria provided above

The Modification will not materially change the content of any of the BSC or any subsidiary documents and so will not materially impact on the Self-Governance criteria. Although it will change how Parties are able to engage with changes to the Qualification Document, ELEXON actively engages with Parties during each PAOP through consultation and workgroups in order to feed industry views into the development RER and ROP, any changes to which will be reflected in updates to the new Category 3 BSC Configurable Item.

Progression route

☐ **Submit to assessment by a Workgroup** – A Modification Proposal which:

does not meet any criteria to progress via any other route.

☒ **Direct to Report Phase** – A Modification Proposal whose solution is typically:

☒ of a minor or inconsequential nature

☒ deemed self-evident

☐ **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:

☐ updating names or addresses listed in the Code

☐ correcting minor typographical errors

☐ correcting formatting and consistency errors, such as paragraph numbering

☐ 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

We do not believe there will be any benefit from submitting the proposed solution to Workgroup assessment and so recommend that this Modification is sent directly to the Report Phase.

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

As this Modification does not seek to amend any content of the BSC or subsidiary documents, we do not believe there will be an impact on any open SCR or any other significant change projects.

Does this modification impact on end consumers or the environment?

We do not anticipate any impact on consumers or this environment as a result of this Modification as it does not seek to materially amend the content of the BSC or its subsidiary documents.

Implementation approach

We propose that this Modification should be implemented on 25 June 2020 as part of the June 2020 BSC Release.