
Monthly Review of COVID-19 Derogations

Performance Assurance Board (PAB)

Date of meeting **24 June 2021**

Paper number **PAB245/07A**

Owner/author **Simon Waltho**

Purpose of paper **Attachment**

Classification **Public**

Document version **1.0**

1. Background

- 1.1 To support the industry and Performance Assurance processes during the COVID-19 restrictions, the Performance Assurance Board (PAB) approved a number of derogations to normal BSC processes and obligations, to reflect the ability of BSC Parties and their agents to meet those obligations under the restrictions imposed throughout Great Britain. Details of the derogations can be viewed on the Elexon website¹.
- 1.2 In January 2020, following the announcement of increased restrictions by the Governments of Great Britain, the PAB agreed that Elexon should review, on a quarterly basis (April, July, October and January):
- the current state of restrictions (including the likelihood of further lockdown periods being required),
 - the number of sites remaining within the derogation process, and
 - feedback from BSC Parties and Party Agents

Following the first of these reviews, it was agreed that they should instead be given monthly as part of the Risk Report.

- 1.3 Based on these reviews, Elexon would determine whether the derogations were still required and provide the PAB with appropriate updates.

2. Current COVID-19 Restrictions in Great Britain

- 2.1 As of 14 June 2021, there has been significant loosening of COVID-19 restrictions throughout Great Britain, with some variations between the constituent nations:
- In England, schools; retail and personal care premises; public buildings; and indoor and outdoor leisure, entertainment and hospitality facilities are allowed to open with COVID-secure measures in place. There is no longer a legal restriction or permitted reason required to travel internationally.
 - In Scotland, each council area is subject to a COVID-19 Protection Level on a scale from 0 (least stringent restrictions) to 4 (most stringent restrictions). At present, three areas are at Level 0; two at a mix of 0 and 1; 13 at Level 1; and 14 at Level 2. At Level 2, all education, retail, leisure and hospitality premises are allowed to re-open with the exception of soft play, nightclubs and adult entertainment.
 - In Wales, travel restrictions within the UK and Common Travel Area have been lifted, and education, retail, leisure and hospitality premises are allowed to re-open with the exception of ice rinks, nightclubs, and adult entertainment venues.
- 2.2 On 14 June 2021, the UK Government announced that restrictions in England would “pause” at their current level for up to four weeks in response to rising case numbers associated with the Delta variant of COVID-19. Elexon has considered the implications of this step for the derogations process and notes that:
- A pause in lifting such restrictions as remain in place should not result in new supplies entering the process, nor in supplies needing to be re-entered into the process where they have already left

¹ <https://www.elexon.co.uk/article/coronavirus-temporary-derogations-to-improve-settlement-accuracy/>

- Following on from this, a significant number of sites are now, and will remain, fully or partially open
- The provisions for ending the derogations (outlined in more detail in Section 6, below) allow for a Supplier to apply a lower estimation of future consumption where they have evidence this is appropriate
- Where businesses have permanently closed it is now appropriate that this be recognised by transferring supplies into the Long-term Vacant (LTV) process

3. Number of Sites Remaining Within the Derogation Process

- 3.1 Per the data submitted to Elexon by DCs on or around 28 May, there are 3165 Half Hourly supplies and 234,110 Non Half Hourly supplies where Settled volumes are currently dependant on estimations made under the derogation process. These represent ~32% and ~54% of all supplies where an estimation has been made under the derogation process.
- 3.2 The majority of supplies were entered into the derogation process at the start of the first COVID-19 lockdown in March 2020. Another significant tranche of around 39,000 NHH supplies (approximately 20% of the total) were added as a result of the restrictions brought in between December 2020 and January 2021.
- 3.3 Since then, the numbers of new supplies entering the process has reduced considerably, with 12 HH and 162 NHH supplies (~0.1% and ~0.04% of the total) added in May 2021.

4. Feedback from Industry

- 4.1 On 17 May, Elexon asked Parties and Party Agents via Newscast if they had any concerns about announcing a three-month notice period for end of the derogations on 1 July 2021, noting that this would mean the derogations would end on 30 September 2021.
- 4.2 We received feedback from 18 BSC Parties and Party Agents, which has been included in the following section of the Risk Report. Of these, 14 (~78%) did not have any concerns.
- 4.3 The concerns noted by the other four respondents included:
 - Concerns around the reported spread of the Delta variant and the potential for this to slow or reverse the loosening of restrictions;
 - A request for Elexon to provide a clear timescale for what would be required of Parties and Party Agents;
 - A question if LDSOs were affected by the proposals; and
 - Highlighting current difficulties in obtaining reads from non-domestic sites.
- 4.4 Elexon's response to the comments regarding the Delta variant has been outlined in Section 2, above.
- 4.5 With regards to providing a timescale, the specific details of what would be required from Parties and Party Agents during the three-month notice period (including how this will be communicated to industry) are set out in detail under "Next Steps", below.
- 4.6 In response to the comment regarding LDSOs, Elexon has confirmed to the respondent that the derogations applied only to obligations on Suppliers and Data Collectors, and highlighted the specific and relevant elements of the guidance notes.
- 4.7 Elexon acknowledges the impact of difficulties Parties and Party Agents have experienced in obtaining reads from non-domestic sites, and believes this has been reflected in both Elexon and the PAB's approach to read performance and EFR during this time.

5. Other relevant data

- 5.1 In addition to the information presented above, Elexon has considered some other relevant statistical indicators when determining our recommendation in the form of data from the Office of National Statistics (ONS) concerning economic activity. These are included as Appendix 1, below.
- 5.2 The most recent available data shows both the UK employment rate and passenger numbers on weekday commuter transport infrastructure such as that operated by Transport for London (TfL) on an upward trend. Overall, numbers have now returned to levels comparable to those seen in autumn 2020, prior to the reintroduction of lockdown measures.
- 5.3 This data is of relevance as the derogations were primarily intended to address reduction in consumption at, and difficulties gaining access to, commercial properties.

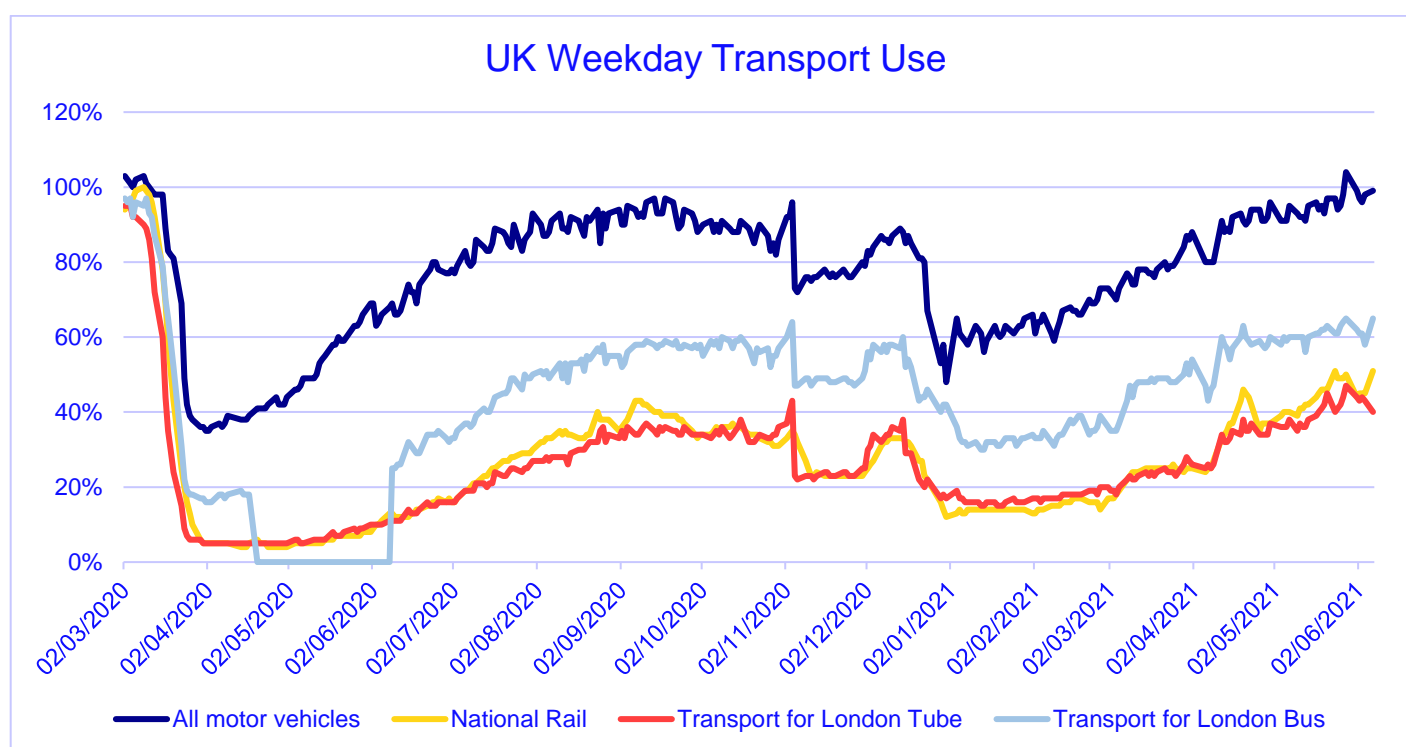
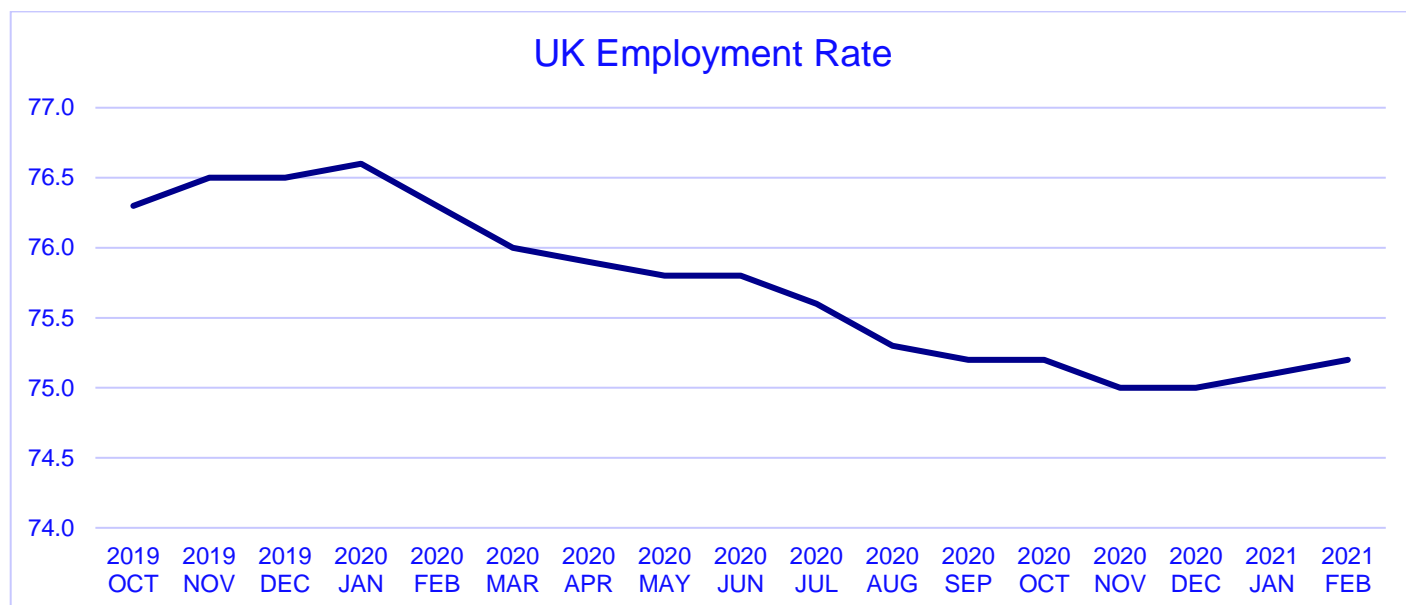
6. Next Steps

- 6.1 Having considered all of the above, Elexon believes that we can now have a reasonable level of confidence that government restrictions which significantly impact Settlement operations have concluded. In particular, whilst some restrictions do remain in place, very few business premises are now required to remain closed.
- 6.2 As such, and taking into account feedback received from industry, Elexon recommend that the PAB agree to announce, on 1 July 2021, the start of a three month notice period after which the derogations will end.
- 6.3 During the three-month notice period:
- Suppliers should review all HH EACs to ensure they are reflective of the current level of operations at the site. DCs should continue to use the COVID-19 EAC and follow the derogated estimation process, in the absence of any actual data or register reads, through to the end of September 2021 unless instructed otherwise by the Supplier. Supplier Agents will be encouraged to provide any site level information to the Supplier for such sites that would help the Supplier to update the EAC, for example, where access to a site is refused by a customer for hand-held read but the site itself is open.
 - Suppliers should put in place NHH EACs that replace the adjusted derogation EACs. The default expectation would be that EACs return to those used prior to the lockdown. However, an EAC value between the lockdown EAC and the pre-lockdown EAC can be applied where evidence is obtained by the Supplier that activity has now started at the site but at significantly reduced levels.
 - A NHH EAC used for the derogated period can remain in place if the Supplier has evidence that this is the most appropriate EAC at the time the derogation ends and in these circumstances there is no need to deem a read again. However, Suppliers should undertake every effort to obtain reads rather than leave these EACs in place. It is expected that this should only be required for a minimal number of sites.
- 6.4 By the end of the derogated period in September 2021, Suppliers should submit to Elexon a list of all MSIDs that have not returned to their pre-lockdown EAC including the MSID number, initial and current EACs and their rationale for either continuing the derogated EAC or calculating a new EAC. Suppliers will be required to provide evidence for their decisions where Elexon determine that this is necessary for the purposes of Performance Assurance.
- 6.5 Elexon will continue to monitor the status of supplies that have been entered into the process through the existing system of data submissions from DCs. Where necessary, Suppliers will be contacted through their OSM to ensure that plans are in place to remove supplies from the derogation process in line with the provisions of the guidance notes.
- 6.6 From 1 October 2021 Site Inspection Visits due are expected to resume and non-compliances will be raised against Parties who do not complete these going forwards.
- 6.7 Days after 1 October 2021 will count towards the 215 days for checking a site should remain in LTV process again. These sites should therefore be targeted for site visits to avoid them dropping out of the process.
- 6.8 The above changes will be reflected in updates to the relevant guidance notes: 'HH Estimation During COVID-19'; 'NHH Estimation During COVID-19'; 'HH and NHH Site Inspections During COVID-19'; and 'LTV Process During COVID-19'.
- 6.9 Elexon and the PAB acknowledge that some commercial properties may, despite the legal restrictions being lifted, be difficult to access or Data Collectors may be refused entry. However, we also note that this has, at varying scales, always been a hurdle for the industry to overcome and would expect Parties to have in place processes and procedures to allow them to maximise the success rate in obtaining Actual reads.

7. Recommendations

- 7.1 We invite the PAB to:
- a) **AGREE** the timetable and approach for ending the COVID-19 derogations

Appendix 1: ONS Data on Economic Activity



For more information, please contact:

Simon Waltho, Risk & Technique Analyst

Simon.waltho@elexon.co.uk

020 7380 4203