

279/01 – ELEXON REPORT

MEETING NAME BSC Panel

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Purpose of paper For information

Classification Public

Summary This paper provides a summary of recent issues and developments relevant to the BSC and ELEXON since the last Panel meeting.

1. Overview

1.1 This paper is provided for the information of the Panel. It presents an overview of activities and developments within ELEXON and the balancing and settlement arrangements and summarises the business of the Panel meeting. Detailed information on operational matters will be provided in other reports, particularly the Trading Operations Report.

2. ELEXON News

Consultation Responses

2.1 We have responded to three consultations since our last update to the Panel as follows:

- National Grid's consultation on the 'Terms and Conditions relating to Balancing' required by Article 18 of the European Electricity Balancing Guideline (EB GL). Our response included the following points:
 - We agreed with National Grid's approach to use the suite of GB codes and methodologies, as amended from time to time by their own change processes, as constituting these terms and conditions; and
 - We made a number of minor, detailed comments on the mapping of Electricity Balancing Guideline Article 18 requirements to the BSC.
- Western Power Distribution's consultation on signposting of distribution system needs. Our response included the following points:
 - We highlighted the importance of a consistent approach to signposting system needs across different distribution regions; and the success of the Balancing Mechanism Reporting Service (BMRS) as a single source of market information.
- The Department for Business, Energy and Industrial Strategy (BEIS)'s consultation on smart appliances. Our response included the following points:
 - We suggested that a central data collection and response allocation function, with a single standard on data communications, would offer significant efficiencies, and would ensure interoperability of smart appliances; and
 - Given that so many potential functions on smart appliances will be dependent on smart Meters and market wide Half Hourly (HH) Settlement, we noted that it is vital that the standards align with the Target Operating Model for HH Settlement once this is approved by Ofgem.

2.2 These consultation responses are available on the [industry insights](#) page of the ELEXON website.

Mark Bygraves spoke at the All-Party Parliamentary Group for Energy Studies on 5 June 2018

- 2.3 On 5 June 2018, Mark Bygraves gave a talk at the [All-Party Parliamentary Group for Energy Studies \(PGES\) Speaker Meeting](#), on the topic 'Innovation and Change: making it real.'
- 2.4 Mark spoke about the initiatives ELEXON is taking to facilitate new market entrants and accommodate new business models as both the energy market and technology transform rapidly in light of decarbonisation, decentralisation and digitalisation. A version of his slides can be found [here](#) (the slides actually presented were slightly simplified).
- 2.5 PGES is a forum for high level discussion of key issues facing the energy industry, both in the UK and around the world. They hold monthly speaker meetings at Westminster with parliamentarians, industrial and academic experts. For further information on the PGES Speaker Meetings please visit <http://pges.org.uk/events>.

ELEXON webinar: how customers could buy power from multiple providers on 5 June 2018

- 2.6 On 5 June 2018 at 12:00, ELEXON hosted an hour long webinar to discuss our recently published [white paper](#), which offers an ELEXON view of how BSC central services could be adapted to offer Settlement solutions in support of individual customers buying electricity from more than one supplier. Over 100 people participated for the full hour.
- 2.7 We believe that relatively straightforward amendments to BSC central services (building upon the changes we will be delivering in 2019 to open the Balancing Mechanism to independent aggregators) could form the basis of new industry arrangements that allow customers the flexibility to buy electricity from multiple providers.
- 2.8 The webinar explained our proposed solution in more detail, stepped through an example scenario and discussed the impact on Suppliers.

Commissioning November Release Changes Education Day on 7 June 2018

- 2.9 We are hosting the [Commissioning November Release Changes Education Day](#) on 7 June 2018. This education day is targeted at Licensed Distribution System Operators (LDSOs), Half Hourly (HH) Meter Operator Agents (MOAs) and HH Suppliers and is intended to give an overview of the following BSC Change Proposals (CPs), to be implemented on 1 November 2018, as part of the November 2018 Release:
- [CP1495 'Introduction of a rejection response dataflow for a D0170 'Request for Meter System Related Details' request from the MOA to the LDSO where a D0215 'Provision of Site Technical Details' response is required' \(and related MRA Change DTC CP 3523\)'](#);
 - [CP1496 'Introduction of two data flows for the Commissioning process for Half Hourly \(HH\) Supplier Volume Allocation \(SVA\) Current Transformer \(CT\) operated Metering Systems'](#); and
 - [CP1497 'Introduction of data flows for Half Hourly Meter Operator Agents to pass on Commissioning information when there is a Change of Agent'](#)
- 2.10 This education day will provide BSC Parties with a clearer understanding of their obligations in relation to the new processes implemented as part of CP1495, CP1496 and CP1497 and answer any questions that Parties have around the implementation of these CPs.

Annual BSC Meeting and Seminar 2018 – three high-calibre keynote speakers confirmed

- 2.11 Our Annual BSC Meeting and Seminar will be held on Thursday 12 July 2018, 14:00-16:30, followed by a networking reception. This is a unique opportunity to hear direct from three high-calibre keynote speakers:
- Dan Monzani, Director of Energy Security, Networks and Markets (BEIS);

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- Lord Hutton, Chair of Energy UK; and
 - Victoria MacGregor, Director of Energy at Citizens Advice.
- 2.12 These three speakers will be discussing the latest key topics and challenges facing the industry. There will also be an opportunity to hear how ELEXON is supporting change and innovation to meet our customers' new and increasing demands.
- 2.13 To find out how to attend, please visit the [Annual BSC Meeting and Seminar](#) page on the ELEXON website.

BSC Panel Elections 2018

- 2.14 The tenures of the current BSC Industry Panel Members end on 30 September 2018. We will shortly be starting the election process by asking all Trading Parties to ensure that we have the right Party contact name and to confirm that the current view of Voting Parties as published in the Voting Share Register is correct. You will find the Voting Share Register on the [who we are](#) section of our website.
- 2.15 We will request nominations for Panel Members towards the end of June. If five or fewer candidates are proposed, they will automatically be appointed without a formal election process. Full details of the 2018 election process will be published shortly. However if anyone has any questions, please contact Claire Kerr on 020 7380 4293 or email panelections@elexon.co.uk.

3. Industry News

European Developments

- 3.1 The implementation of the EB GL continues to drive much of ELEXON's European work.
- 3.2 Article 18 of the EB GL requires National Grid to propose national terms and conditions for imbalance settlement and balancing by 18 June 2018. National Grid issued its public consultation on this in May and ELEXON has responded as noted in the consultations section of this report above.
- 3.3 The withdrawn Modification Proposal was not adopted by any other BSC Party so [P360 'Making the BSC's imbalance price compliant with the European Balancing Guideline'](#) is now closed.
- 3.4 The European Network of Transmission System Operators for Electricity (ENTSO-E) is holding a two-day workshop on many of the EB GL implementation projects, including the harmonisation of imbalance settlement, Projects Trans European Replacement Reserves Exchange (TERRE) and Manually Activated Reserves Initiative (MARI) etc. on 20 and 21 June 2018. ELEXON will attend.
- 3.5 Prompted by the earlier European Commission note on 'no deal' Brexit impacts on the energy sector, as reported in May's ELEXON Report, the House of Lords EU Select Committee wrote an [open letter](#) to the BEIS Secretary of State Greg Clark on 9 May 2018, to ask a series of follow-up questions.
- 3.6 On 30 May 2018, the Agency for the Cooperation of Energy Regulators (ACER), the European regulatory body, published an [open letter](#) on Regulation on wholesale energy market integrity and transparency (REMIT) inside information reporting. ACER indicated that it would prefer market participants to use of inside information platforms (IIPs, e.g. the [BMRS inside information reporting platform](#)) over company websites to report inside information and would 'consider options for future changes, including the possibility of registering IIPs and making the use of these platforms compulsory.'

4. Operational News

EMR Update

- 4.1 The current Settlement Service Provider Agreement (SSPA) between the Low Carbon Contract Company (LCCC) & Electricity Supply Company (ESC) and EMR Settlement Ltd (EMRS) will be automatically renewed on

1 April 2020, unless either LCCC/ESC or EMRS gives written notice by 1 April 2019. The Low Carbon Contracts Company (LCCC) has advised that it is carrying out a review of the Electricity Market Reform (EMR) settlement services provided by EMRS and has appointed PwC to conduct an initial review. PwC are reviewing the following areas with the objective of making recommendations to LCCC in early July 2018 for a review of the SSPA:

- Settlement Service Provisions, including the effectiveness of service delivery and areas for efficiency improvement
- Contractual arrangements, including the structure of service lines, supplier relationship management, performance management, escalation processes and risk sharing
- Technology solution, including robustness of current solution, system shelf life and agility to cope with potential future market requirements identified by LCCC/ESC
- Split of in-house vs outsourced capability across service lines, evaluating against the Intelligent Customer principle, as defined by LCCC/ESC

4.2 The following EMR Circular has been issued since the last Panel meeting:

- EMRC157: Adjusted Interim Levy Rate Notice issued to Suppliers

4.3 All EMR circulars are all available to download from the [EMR Circulars page](#) of the EMRS website.

4.4 Payments are being received in accordance with the agreed payment schedule, via the contract with LCCC and funded by its levy on industry, and we continue to maintain a positive cash-flow. 'Actual' resource utilisation is not materially different to 'budget' and 'forecast'.

Credit Assessment Price (CAP) increasing to £53/MWh

4.5 The consultation on increasing the CAP closed on Tuesday 15 May 2018. All responses were in agreement with the proposed value and therefore, in accordance with the [CAP Review Guidance](#), a Credit Committee meeting was not held.

4.6 On 7 June 2018, the CAP value will increase from £47/MWh to £53/MWh. As a result, Parties may notice a change in their Credit Cover Percentage, and should review the amount of Credit Cover lodged. The CAP review trigger level value will remain at its current value of +/- £6/MWh. For more information, please refer to ELEXON Circular [EL02819](#).

Supplier Charges Annual Review

4.7 ELEXON has calculated the Grid Supply Point (GSP) Group liability Caps and Supplier Charge values for the BSC Year 2018-2019. These have been calculated in accordance with [Annex S-1, paragraph 3.8 of the BSC](#).

4.8 The Performance Assurance Board (PAB) has approved the revised Caps and Charges and the revised values will be applied to the reporting periods April 2018 – March 2019. For further information concerning the calculations and values please refer to [PAB208/11](#) or email PAA@elexon.co.uk.

5. Settlement Reform and support for Ofgem projects

Ofgem Market wide Half Hourly Settlement

5.1 ELEXON held a stakeholder event on the Half Hourly (HH) Settlement design consultation on 15 May 2018 to help organisations respond to the consultation.

5.2 ELEXON has now finalised the Forward Work Plan for Stage 2 and is setting up four new workgroups to undertake the detailed design between now and the end of the year. These workgroups will develop detailed requirements for each of the services included within the scope of the Target Operating Models (TOMs).

Ofgem Faster and More Reliable Switching Programme

- 5.3 At its Switching Programme Engagement Day on 21 May 2018, Ofgem provided an update on the Programme to date and set out the scope of the late spring/early summer 2018 consultation (now published 5 June 2018 with a response deadline of 31 July 2018). The eight-week consultation will seek industry's views on:
- The Retail Energy Code (REC);
 - Transitional obligations;
 - Proposed licence modifications; and
 - The Significant Code Review process and timing.
- 5.4 Ofgem also clarified how and when the different versions of the REC will be delivered and their contents:
- REC v1.0: Transitional (thin) REC coming into effect in early 2019 to host the transitional requirements. This seeks to learn the lessons of other programmes such as Project Nexus and the smart Meter rollout by codifying the main transitional requirements of industry parties, thereby increasing the assurance that they will be completed on time, on budget and to the required standard. This will be done at a relatively high "principles" level to provide the necessary governance "hook" for the more detailed requirements to be produced at a later stage. REC v1.0 will be designated upon the licence changes coming into effect.
 - REC v2.0: REC version coming into effect on the new switching arrangements and Central Switching Service (CSS) go-live date. This will be developed in parallel and will focus on the roles and responsibilities of parties, including the CSS, involved in the switching process. It will be designed as a user friendly "plain English" web enabled document, and will be given effect through Ofgem directed modifications to the REC alongside other codes. The change process will be facilitated by a suitably empowered, resourced and accountable Code Manager.
 - REC v3.0: All relevant retail arrangements currently contained in the Master Registration Agreement (MRA) and Supply Point Administration Agreement (SPAA), delivered through the normal Modifications process.
- 5.5 We will continue to liaise with Ofgem outside existing forums (the Regulatory Design User Group (RDUG)), recognising the limited opportunities in the RDUG which is focused more on delivery than on the longer term.

6. Summaries of Panel Business – Tabled

- 6.1 Summaries of papers considered and decisions made by the Panel Committees since the last Panel meeting can be found in their headline reports, included as attachments to this paper.

7. Recommendations

- 7.1 We invite you to:
- a) **NOTE** the contents of this paper.

Appendices

- Appendix A – ELEXON monthly KPIs
Appendix B – Report from the ISG
Appendix C – Report from the SVG

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Appendix D – Report from the PAB

Appendix E – Report from the TDC

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