P362 'Introducing BSC arrangements to facilitate an electricity market sandbox'

This Assessment Procedure Consultation was issued on 20 March 2018, with responses invited by 12 April 2018.

Consultation Respondents

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Centrica	6/0	Generator, Supplier
Drax Power Limited	1/0	Generator
EDF Energy	6/2	Generator, Supplier, ECVNA, MVRNA
ElectraLink	0	Code Administrator
National Grid	1	Transmission Company
Npower Limited	5/1	Supplier, Supplier Agent
Scottish Power	1/2	Supplier, Supplier Agent
Scottish Power Generation	3/2	Generator, Supplier, Non Physical Trader, ECVNA, MVRNA
TMA Data Management	0/3	Supplier Agent

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Question 1: Do you agree with the Workgroup's initial unanimous view that P362 does better facilitate the Applicable BSC Objectives than the current baseline, and so should be approved?

Summary

Yes	No	Neutral/No Comment	Other
8	0	0	1

Responses

Respondent	Response	Rationale
Centrica	Yes	We agree that P362 does better facilitate the Applicable BSC Objectives as it will enable parties to the code to test and trial new innovative products thereby helping to improve competition in the market.
Drax Power Limited	Yes	We agree that with respect to BSC objective(c) the proposal may have marginal benefit in facilitating the trialling of innovative solutions. This is balanced against the impact on existing market participants that comply with all necessary obligations suffering from the commercial disadvantage of not having "sandbox" derogations. Against BSC objective (d) there could be negative impacts. The purpose of the sandbox is to test / trial new solutions over a very short period to gather evidence of the effectiveness of a proposition. It is important that non-compliance with BSC obligations should be minimised. To reflect this the maximum derogation period (the total period of trial and transition) should be limited to two years subject to justifiable need evidenced by the seeker of the derogation. Finally, the transition process appears complex, and potentially open to abuse if modifications related to the outcomes of derogations are in continued development at the end of a derogation period. To meet BSC objective (d) we would expect there to be clear expectation of compliance with BSC rules at the end of the derogation.
EDF Energy	Other	We are unsure whether BSC Objectives, in particular objectives (b) relating to system operation, (c) competition and (d) administration of the BSC, would be better met: 1. The main purpose of the proposal seems to be to facilitate trials of changes whose net

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Respondent	Response	Rationale
		benefits against BSC Objectives can't easily be demonstrated. Without knowing the net outcome of such trials, it is impossible to say whether P362 will better meet the BSC Objectives. Derogations to support innovation may promote benefits in competition and efficiency in future, but may be considered discriminatory for competition in the present, and will create additional administrative costs which may be shared more widely among parties. 2. The proposal avoids having to use the modification process to facilitate derogations of particular BSC obligations or changes to particular obligations. In bypassing modification assessment by an industry workgroup, it may reduce the assessment time, but might also reduce the quality of assessment. 3. The appeal process against BSC Panel recommendations and Ofgem decisions is unclear. The proposal would create a formalised process for particular BSC Parties to seek temporary derogations granted by the Authority from particular BSC obligations. We assume such derogations would override obligations on parties in general to comply with the BSC (eg. Section A2.4.2). This would be in addition to, and we assume take precedence over, specific permissions granted by the BSC Panel or other Committees against those particular obligations currently explicitly identified under the current BSC as being capable of being varied or relaxed (eg. meter dispensations, non-standard BM Units). We further assume that explicitly creating this process within the BSC would remove any requirement for the Authority to change the electricity generation licence, which requires a licensed generator to comply with the BSC *in so far as applicable to it*. Supply Standard Licence Condition 11.3 states that the Authority "may give a direction to the licensee relieving it of its obligations (in whole or in part)" to comply with the BSC, effectively a derogation granted by the Authority. This proposal could avoid any resulting non-compliance from being considered

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Respondent	Response	Rationale
		non-compliance under the BSC itself.
ElectraLink	Yes	ElectraLink agrees with the majority view that the introduction of P362 will better facilitate the Applicable BSC Objectives by furthering market competition. The modification supports the new and innovative ways for market participants to operate within the market. P362 ensures that ELEXON can understand the required changes to the BSC to continue to be fit for purpose and support the future conditions of the market.
National Grid	Yes	It is expected that facilitating innovation in the BSC through the Proposal will have the potential to promote competition so with the appropriate process controls in place to ensure that BSC Parties are not adversely affected as a result of any subsequent trials then we agree that the Proposal will better facilitate Applicable BSC Objective C. With regard to Applicable BSC Objective D, whilst the Proposal has potential to promote efficiency by providing an additional option for changes which meet the criteria, it also has the potential to increase workload and costs for Elexon and so on balance we feel that the Proposal will have a neutral effect on this applicable objective. We agree that the Proposal is neutral on all other Applicable BSC Objectives
Npower Limited	Yes	We agree that this modification this better facilitates one of the Applicable BSC Objectives* and therefore should be approved on this basis. *(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.
Scottish Power	Yes	-
Scottish Power Generation	Yes	P362 will better facilitate competition (Objective C) than the current baseline by removing potential barriers to the entry of new, innovative products and services. The Proposal is neutral against the other BSC Objectives.
TMA Data Management	Yes	Yes, we agree that proposed Modification P362 better facilitates objective c by enabling innovation and therefore improving competition.

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Question 2: Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P362?

Summary

Yes	No	Neutral/No Comment	Other
8	0	0	1

Responses

Respondent	Response	Rationale
Centrica	Yes	-
Drax Power Limited	Yes	The legal text delivers the intention of P362.
EDF Energy	Other	The draft legal text broadly achieves the intentions set out in the assessment report. However, we have several comments on it: Extensive use of the term "Sandbox" in the BSC seems unnecessary, does not convey useful meaning, and could overlap with use of the term by the Authority. 'BSC Derogation Applications' (following filtering of 'Sandbox' applications to the Authority) and approved 'BSC Derogations' would suffice. *Annex X-1: ""Derogation Party": in respect of a BSC Derogation, means each Party identified in that BSC Derogation as being entitled to rely on such BSC Derogation;"* 1. This and other text implies that only particular identified BSC Parties should be associated with a particular Derogation, and there would not be 'generic' derogations which any Party can use. This would avoid escalation of assumed impacts due to general uptake. However, other applicants might apply to use the same derogation. We assume a Modification Proposal would be required to formalise changes to be available for all parties. 2. H10.1.1 suggests that the Authority may grant <u>any</u> person, other than a BSC Company or the Transmission Company, a derogation from requirements in the BSC, a "BSC Derogation". The remainder of the legal text assumes the person is a BSC Party, which is not unreasonable since obligations under the BSC only apply to BSC Parties, but it could be stated

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Respondent	Response	Rationale
		explicitly for clarity. The BSC sets out requirements for various Party agents who are not BSC Parties, but BSC Parties have responsibility for their agents' compliance. B3.1.2: "(n) implementing or supervising the implementation of the procedures for BSC Sandbox Applications and monitoring BSC Derogations in accordance with Section H10." Rather than describing just the creation and implementation of procedures (which are then mechanically followed), this could more comprehensively say: "establishing arrangements for the consideration of Sandbox Applications referred to it by the Authority, making recommendations to the Authority on such Applications, and implementing and monitoring BSC Derogations resulting from Applications approved by the Authority in accordance with Section H10." Note that section B3.1.2 is not a comprehensive list of BSC Panel activities. The Panel has other decision-making responsibilities explicitly set out in the Code. H10.1.1: This indicates that BSC Companies and the Transmission Company cannot be granted a BSC Derogation by the Authority: (1) The Authority is not a BSC Party, so the BSC cannot require it to exclude certain parties from being granted derogations. The BSC itself can only state that applications from BSC Companies and the Transmission Company will not be accepted under the BSC (so a modification would be required instead to achieve the desired change?). (2) Distribution Companies are also Code Administrators or licence responsible for other codes, as well as being BSC Parties. For equivalence with exclusion of the Transmission Company, their ability to apply for BSC Derogations should also be limited, so as to exclude those creating changes to the codes they administer. This highlights a difficulty with managing permissions for cross-code issues; an applicant or the Authority may not be aware of impacts on other codes until detailed assessment is undertaken under

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Respondent	Response	Rationale
		one or other codes. H10.2.1: As above, there would be an inconsistency with H10.1.1 if the Authority's procedures permitted requests by a BSC Company or the Transmission Company (or other Code Administrators). H10.2.2: Surely BSCCo and the Panel must do something with a BSC Sandbox Application passed to it by the Authority? Suggest deleting "neither BSCCo nor the Panel is obliged to take any steps in relation to a BSC Sandbox Application and, where the Panel had decided to consider a BSC Sandbox Application,". H10.2.4: Suggest explicit requirement to consider cross-code issues within impacts. Some applicants, and the Authority, may not have fully considered this. The impact of BSC applications on other codes should be identified. BSC derogation requests could affect other codes; similarly requests under other codes might affect the BSC; each requiring new applications for the relevant code. 10.2.6: If an application would better meet BSC Objectives, why shouldn't it simply be a BSC Modification? I would expect applications not to meet the BSC Objectives, because of difficulty demonstrating that: 1. long term benefits exist for system operational efficiency (objective b); 2. long term benefits for competition outweigh short-term discrimination (objective c), and 3. long term benefits for administrative efficiency outweigh short term costs. The purpose of derogations appears to be to trial potential modifications to establish whether there are long term benefits or not. H10.2.7: We assume the Sandbox Applicant is required to be a BSC Party, so is captured under H10.2.7(b)(i). H10.3.2: This should be 'subject to the following paragraphs of this paragraph H10'. Although the applicant may hear of sendback directly from the Authority, it would be considerate if it was informed by BSCCo as soon as BSCCo becomes aware, ie. H10.3.6(b)(i) should not depend on the BSC Panel

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Respondent	Response	Rationale
		having agreed a process. H10.3.4: There is some overlap/ambiguity between legal text at H10.3.4 (no explicit sendback process) and H10.3.6 (assuming sendback process), which should be eliminated. H10.4.3(c): An applicant should have opportunity to withdraw its application to the Authority if the fees, finalised only in the BSC Sandbox Report, are prohibitive. However, this is probably something to be considered by the Authority rather than the BSC. H10.4.3(e): If not already indemnified under other general terms in the BSC, the BSC Panel should also be indemnified here. H10.5: Some flexibility over the exact start time (Derogation Period Commencement Date) of a 'Derogation Period' may be sought in practice, given that party applicants may not start development until approval is obtained, and development is always subject to uncertainty. The BSC should acknowledge the possibility of requests to change the start time. H10.6.1(b)(ii): 1. This requires limitation to modification proposals raised before a particular date, say 3 months after the trial period, allowing time to fully assess trial results. 2. It should refer to the Implementation Date of an approved modification proposal; and/or the appeal deadline data for a rejected modification proposal. We note that many modification proposals take more than a year to be assessed, determined upon, and implemented. H10.6.3: Typo asuch. H10.7.3: The Authority should be informed in circumstances where a BSC Derogation no longer meets the Eligibility Criteria or is in breach of a Derogation, regardless of whether BSC Panel recommendation is made to remove the BSC Derogation. There could be circumstances where multiple parties are involved, but the Derogation could remain in place, or limited to certain parties. There could be circumstances where minor or temporary deviations from eligibility, or breaches, are not deemed sufficiently material to recommend

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Respondent	Response	Rationale
		cessation, but the Authority should be informed.
ElectraLink	Yes	-
National Grid	Yes	The draft legal text appears to deliver the intention of the Proposal, although we have a concern in relation to Clause 10.1.1 which we would encourage the Proposer and the Work Group to further explore. The concern relates to codifying that the BSC Company and Transmission Company are unable to apply for a BSC Derogation and is twofold. Firstly, is there a risk with this element of the Proposal that a BSC Sandbox Application requires a consequential derogation by the BSC Company or the Transmission Company and this could then become restrictive i.e. the application could be unsuccessful solely due to the fact that the BSC Company and/or the Transmission Company would in turn be unable to derogate against one of their own obligations. Secondly, as Transmission Company we feel that excluding us from being able to apply for a BSC Sandbox Application might be an unnecessary barrier to innovation i.e. we have a strong focus on innovation as a business and we would not wish to be restricted from submitting a BSC Sandbox Application ourselves in future if we identify a suitably innovative proposal in relation to the balancing and settlement arrangements. As the Proposal has been revised to have both the entry point and decision point being with Ofgem, and as the Transmission Company will not be able to vote on the merits of any BSC Sandbox Application, we feel that appropriate controls will be in place and the code restriction on the Transmission Company under Clauses 10.1.1 could be removed. Therefore, as it stands we feel that the Proposal is unnecessarily restrictive and instead of the Proposal seemingly second guessing what may or may not be a suitable trial the focus should instead be on introducing a process with robust controls to ensure that any suitable trials (i.e. those meeting the identified criteria) can be progressed.
Npower Limited	Yes	We agree that the legal text delivers the intent of P362. We note and agree that there is flexibility given to adapt the derogation criteria through a non-codified document, which can be updated as the process evolves.

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Respondent	Response	Rationale
Scottish Power	Yes	-
Scottish Power Generation	Yes	The draft legal text appears to deliver the intent of P362.
TMA Data Management	Yes	-

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Question 3: Do you agree that P362 does not meet the Self-Governance Criteria and so should not be progressed as a Self-Governance Modification?

Summary

Yes	No	Neutral/No Comment	Other
9	0	0	0

Responses

Respondent	Response	Rationale
Centrica	Yes	We agree that P362 does not meet the Self Governance Criteria as the proposed change has a material impact on competition and the codes governance and modification procedures.
Drax Power Limited	Yes	The modification is likely to have a material effect on BSC parties and therefore should not progress as a self-governance modification.
ElectraLink	Yes	We agree that P362 does not meet the Self-Governance Criteria as it will have a material effect on the Code's governance procedures.
EDF Energy	Yes	The proposal would facilitate selective non-compliance with standard terms of the BSC, with potential consequential impacts and costs for all or other BSC parties, thus affecting several BSC objectives. Self-governance of this enabling proposal is not appropriate.
National Grid	Yes	We believe this should not be progressed as a Self-Governance Modification Proposal as it will materially affect the governance procedures of the BSC and it could also potentially interact with some of the other areas under the Self-Governance Criteria.
Npower Limited	Yes	This modification is clearly not self-governance and could materially impact: i) existing or future electricity consumers; ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and v) the Code's governance procedures or modification procedures,
Scottish Power	Yes	-
Scottish Power	Yes	As P362 has a potential impact on competition (and

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Respondent	Response	Rationale
Generation		indeed is intended to better facilitate competition) it does not meet the Self-Governance Criteria.
TMA Data Management	Yes	P362 is not a self-governance modification.

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Question 4: Do you agree with the Workgroup's recommended implementation approach?

Summary

Yes	No	Neutral/No Comment	Other
9	0	0	0

Responses

Respondent	Response	Rationale
Centrica	Yes	We agree with the workgroups implementation approach as the changes are document only changes.
Drax Power Limited	Yes	N/A
ElectraLink	Yes	ElectraLink believes that the introduction of P362 is an essential conduit towards achieving better market governance. P362 enables the industry (and outside players) to drive sensible changes to market processes and allow the market to restructure and take advantage of any changes to technology or business models that are not accounted for within existing regulatory arrangements. As change is occurring now, we agree with ELEXON's approach to implementing P362 and the proposed implementation date of 5WD following Authority Consent.
EDF Energy	Yes	5 working days following Authority approval seems appropriate given that no central IT system changes are required; Elexon have prepared internal processes as part of the assessment; and no IT or process changes by BSC Trading Parties are required.
National Grid	Yes	If approved we see no reason why a longer implementation period would be required.
Npower Limited	Yes	We support the implementation of P362 five working days after the Authority's decision given that this is a document only change. We understand that Elexon administration costs (and therefore BSC Party costs) will be controlled by Elexon and not driven by applicant volume.
Scottish Power	Yes	-
Scottish Power Generation	Yes	As P362 can be implemented as a standalone release we agree with the recommended

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Respondent	Response	Rationale
		implementation of 5 working days after approval.
TMA Data Management	Yes	We support an implementation approach of 5 days after approval as a standalone release.

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Question 5: Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P362 which would better facilitate the Applicable BSC Objectives?

Summary

Yes	No	Neutral/No Comment	Other
6	2	0	1

Responses

Respondent	Response	Rationale
Centrica	Yes	-
Drax Power Limited	Yes	N/A
ElectraLink	Yes	We have not identified any Alternative Modifications.
EDF Energy	Other	An alternative proposal including assessment by an industry working group could improve the thoroughness of the assessment process. However, industry resources are increasingly limited relative to the level of central and regulatory resource, and the process would become very similar to the modification process, so we are unsure whether this would be an effective approach for what Ofgem wishes to achieve.
National Grid	No	Whilst our preference would be for the Proposer and the Work Group to consider our response to Question 2 and for the Proposer to then amend their Proposal we believe that a potential alternative modification proposal could simply be the aforementioned change to Clause 10.1.1 as when this change is compared to the current Proposal there would likely be further improvement under Applicable BSC Objective C as there would be more opportunities for a successful innovative BSC Sandbox Application.
Npower Limited	No	An alternative could be the proposed process without the option to extend the derogation through a transition period, where a related modification is raised. This would make the process simpler and reduce the amount of time a derogation is required for, however the derogated party may experience regression costs / impact.
Scottish Power	Yes	-

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Respondent	Response	Rationale
Scottish Power Generation	Yes	-
TMA Data Management	Yes	-

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Question 6: Will the implementation of P362 impact your organisation?

Summary

Yes	No	Neutral/No Comment	Other
3	5	0	1

Responses

Respondent	Response	Rationale
Centrica	No	-
Drax Power Limited	No	There would be no direct and immediate impact though there are obvious risks in diluting compliance with BSC rules and parties obligations.
EDF Energy	Other	Impact on individual BSC Parties will depend on the precise nature of the Derogation Proposals which come forward.
ElectraLink	Yes	Whilst ElectraLink wholly supports the introduction of a regulatory sandbox. We believe that this solution will be further enhanced by the implementation of a technical sandbox that provides the ability to establish innovative end-to-end data transfer arrangements in a controlled, ring-fenced manner. ElectraLink is launching a technical sandbox which aligns closely with ELEXON's regulatory sandbox. The technical sandbox, which will go live at the end of April 2018, will enable the definition and transmission of new and amended data flows across the Data Transfer Service (DTS) without engaging the energy industry's formal change control procedures contained in a variety of industry codes, including the BSC. We are already in dialogue with a number of innovators to demonstrate how this service can facilitate real market innovation. Bringing together ELEXON's regulatory sandbox and ElectraLink's technical sandbox will facilitate the cost-effective and timely prototyping of new, market solutions to challenge and improve the current industry processes. Case Study 1 (see APPENDIX 1) sets out ElectraLink's technical sandbox solution that will enable the energy market to design and test new or amended data flows in a secure environment. Users of the Technical Sandbox will be able to design new

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Respondent	Response	Rationale
		flows, or change existing flows, using a simple, on-line tool. They will be able to share these new flow designs with other users of the tool or with the whole energy market. Once the designs have been agreed, ElectraLink will implement the flows onto the DTS, enabling the energy market to transmit and receive the new flows and assess whether they are fit for purpose, ensuring they do not impact on existing processes. We believe that the introduction of the regulatory and technical sandbox will facilitate innovation in the market. See APPENDIX 1 for case study. In some cases, implementing a change to the BSC within the standard change process will require market participants to create or amend the existing data transfer processes. The mechanisms for doing this e.g. the MRA, take many months, and sometimes years, to complete. The Technical Sandbox will give parties a uniform and controlled means to design and test flows without going through the current change mechanisms. This will reduce the risk of technical issues following the application of a BSC-CP, assist all parties with a better understanding of the proposed changes or new flows and reduce the time taken to get changes through the industry's change mechanisms, if it is decided to proceed with market wide implementation. If a BSC-derogated solution requires amendments to existing data transfer requirements, derogated parties can utilise the technical sandbox in two ways: Existing DTS Users (who have already acceded to the DTSA) will be able to use their existing connection to use to the technical sandbox, whilst parties not already connected to the DTS could either accede to the DTSA (if they are a market participant) or connect to the DTS via a commercial agreement with ElectraLink. All DTS connections can communicate with one another within the technical sandbox, irrespective of whether they are a commercial or DTS User. ElectraLink may also be impacted in our role as Code Administrator for SPAA and DCUSA if consequential changes are needed to either Code as a result of a derogation raised under the BSC. We expect this process to be picked up under the cross-code innovation process being developed by Ofgem

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Respondent	Response	Rationale
		and enshrined in the CACoP. ElectraLink is working closely with Ofgem to develop a joined-up strategy to better support innovation in the energy market. We are supportive of Ofgem's intention to introduce a new Principle in the CACoP to formalise the role of Code Administrators in the cross-code innovation process and we recognise the role that P362 plays in this framework.
National Grid	Yes	We will be impacted by the Proposal but only in relation to our inability (or ability) to submit a BSC Sandbox Application – we will not need to take material action between an Ofgem approval of the Proposal and the Implementation Date of the Proposal.
Npower Limited	Yes	As a BSC party we will need to adapt our change process to take into account a review and response for any BSC derogation applications raised, prior to Panel review.
Scottish Power	No	-
Scottish Power Generation	No	Provided the Sandbox eligibility criteria are rigorously assessed by Elexon and the BSC Panel we do not foresee any significant impact on our organisation through an impact on Settlement.
TMA Data Management	No	-

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Question 7: Will your organisation incur any costs in implementing P362?

Summary

Yes	No	Neutral/No Comment	Other
0	9	0	0

Responses

Respondent	Response	Rationale
Centrica	No	-
Drax Power Limited	No	As above there will be no direct and immediate impact.
EDF Energy	No	-
ElectraLink	No	ElectraLink will not incur direct costs with this modification, however, we believe the introduction of a fee could be a barrier to entry for some participants, so we support setting the initial cost to £0.
National Grid	No	We do not believe that we will incur any costs as a direct result of the implementation of this Proposal
Npower Limited	No	Costs for a minor process change only. This is based on the assumption that levels of derogations that progress further that the application stage will be relatively low.
Scottish Power	No	-
Scottish Power Generation	No	As outlined in our response to Question 6 we do not foresee any significant impact on our organisation.
TMA Data Management	No	-

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Question 8: How long (from the point of Ofgem approval) would you need to implement P362?

Responses

Respondent	Rationale
Centrica	We are happy with the proposed implementation timescales.
Drax Power Limited	The implementation period in the modification is appropriate.
EDF Energy	We require no notice for implementation of P362 itself, since it is a facilitating modification with no direct impact on Party interfaces with the BSC, or Trading or BSCCo charges. The implementation period for specific Derogation Applications submitted under P362, if it is approved, would depend on the nature of the application, noting that proposals may affect other parties as well as the applying party.
ElectraLink	No impact to our services.
National Grid	N/A
Npower Limited	The 5 working days proposed is initially adequate, however if large volumes of derogation requests are applied for by parties, a more robust internal process would be required.
Scottish Power	We would require 1 month lead time to allow an interval to inform SP organisation of change.
Scottish Power Generation	As outlined in our response to Question 4 we do not see any requirement for an implementation period greater than 5 working days.
TMA Data Management	No lead time required, we are supportive of P362 being implemented as soon as possible.

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Question 9: Do you agree with the send back provisions?

Summary

Yes	No	Neutral/No Comment	Other
9	0	0	0

Responses

Respondent	Response	Rationale
Centrica	Yes	-
Drax Power Limited	Yes	The role of Ofgem and send back provisions are appropriate.
EDF Energy	Yes	We agree that the impacts of changes to recommendations made by the BSC Panel to the Authority should be assessed under the BSC using a similar process as that which led to the original recommendations.
ElectraLink	Yes	-
National Grid	Yes	We agree with the send back provisions within the Proposal.
Npower Limited	Yes	We agree with the proposed send back provisions as it will: • Increase transparency of the interaction between Ofgem and the BSC Panel. • Mirror the exiting BSC modification process more closely. • Allow the BSC Panel to amend derogation conditions where the authority is not in agreement. All of these will increase protection for BSC parties.
Scottish Power	Yes	-
Scottish Power Generation	Yes	-
TMA Data Management	Yes	We agree with the workgroup that option 2, the send back is the best way forward as it allows Ofgem to provide feedback on the innovation report but still allows the BSC to re-assess the derogation application following the send back.

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Question 10: Do you agree with the Workgroup's proposal for a maximum two year trial period and a maximum three year derogation period if an associated Modification has been raised within the Derogation Period?

Summary

Yes	No	Neutral/No Comment	Other
8	1	0	0

Responses

Respondent	Response	Rationale
Centrica	Yes	We agree with the majority workgroup views that in most cases 12 months should be a sufficient trial period. If the maximum two/three year period is required then we believe an interim report should be produced for review by the Panel after years one and two.
Drax Power Limited	No	As highlighted in question one the maximum length of time allowable for derogation period should be two years (inclusive of trial period and transition period). This is sufficient for what should be a test / trial of a new approach. Derogations should be duly justified by the proposer, and should not be extendable beyond the initial period requested by the applicant.
EDF Energy	Yes	We note that the modification process can sometimes take more than a year, depending on the complexity and materiality/priority of the issue. It is not clear how the BSC Panel will prioritise Elexon resources between normal modification and change processes, and the proposed derogation processes.
ElectraLink	Yes	The recommendation of a limited derogation period (2 year) with the option of a transitionary period (which can be extended) is an appropriate approach, given the current requirements of the changing market. Whilst we believe the timeframes outlined are sensible to current needs, we believe these timelines should be open to review, dependent on the scale of the projects that ask for derogation.
National Grid	Yes	It will be important to ensure that any trial period is the shortest period necessary to test the proposal as expected by the Proposal i.e. the maximum trial period should not become the standard trial period.

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Respondent	Response	Rationale
Npower Limited	Yes	Two years will allow a derogation to run across two consecutive seasons and a year should enable any modification raised to reasonably to progress to approval (or not). We agree that a derogation should be granted for the shortest period possible that would still allow a meaningful trial.
Scottish Power	Yes	-
Scottish Power Generation	Yes	We agree with the Workgroup's proposed maximum trial and derogation periods but note that applications for derogation should seek the shortest amount of time necessary to test the proposal and raise a modification. WE would expect most Trial periods to be of shorter duration than two years to minimise the potential impact on Settlement.
TMA Data Management	Yes	2 year trial period and maximum 3 years derogation are generous timescales.

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Question 11: Do you agree with the content of Attachment D, with specific consideration of the application approach, eligibility criteria and monitoring approach described?

Summary

Yes	No	Neutral/No Comment	Other
8	0	0	1

Responses

Respondent	Response	Rationale
Centrica	Yes	-
Drax Power Limited	Yes	The content of BSC Sandbox procedure is appropriate and puts into effect the intent of P362. We would see benefit in the applicant clearly defining the success criteria for the derogation as well as the minimum scope when presenting their application to the panel. Applicants should also clearly define the benefits to other Industry parties as part of its success criteria - how it will remove barriers and bring opportunities to all BSC Parties.
EDF Energy	Other	We have not reviewed the draft 'BSC Sandbox Procedure'.
ElectraLink	Yes	We agree with the content of Attachment D. We recommend specific consideration should be given to how applications of a confidential or commercially sensitive nature are dealt with.
National Grid	Yes	We generally agree with the intent and content of Attachment D for the Proposal.
Npower Limited	Yes	We are supportive of the proposed process, of note: • That non BSC parties can explore potential BSC barriers, prior to accession. • That all existing BSC parties can provide a view on potential derogation impacts, prior to the Panel making a recommendation to Ofgem. • That BSC costs could be recovered from applicants. • The eligibility criteria are robust. • Reporting and monitoring will be specific to each derogation.

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Respondent	Response	Rationale
Scottish Power	Yes	-
Scottish Power Generation	Yes	The draft BSC Procedure (Appendix D) appears to reflect all the eligibility criteria and monitoring requirements discussed by the P362 Workgroup in their report.
TMA Data Management	Yes	-

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Question 12: Do you have any further comments on P362?

Summary

Yes	No
3	6

Responses

Respondent	Response	Comments
Centrica	No	-
Drax Power Limited	No	N/A
EDF Energy	Yes	Referring to the consultation document: Page 12 identifies Elexon costs to implement the proposal as £240. However, the list of impacts to operate the sandbox includes templates, local work instructions, guidance, and webpage support. It seems unlikely these will cost only £240. Derogation proposals will be received by Elexon from the Authority. How will proposals be prioritized by Elexon and the BSC Panel to avoid excessive Elexon resource requirements? The workgroup supported transparency of Ofgem's decision process. How will this be achieved? Elexon will need to co-ordinate with other code administrators to ensure that proposals put before the Panel are consistent, to avoid the need for conditional recommendations by the Panel, or send-back of recommendations by Ofgem (page 17). Page 19: How will transparency of Elexon expenditure on sandbox applications be ensured? Page 22: Additional derogation requests, including variations on existing ones, could undermine the intended derogation period limitations. Page 23: A subsidiary document not under change control creates risk for all concerned. Page 24 and elsewhere: It is not clear what is meant by 'mature technology and products'. Innovation could involve new hardware technology and new software or IT technology not compliant with existing BSC requirements. As long as the risks and benefits of new technology are identified, why

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Respondent	Response	Comments
		shouldn't it be allowed? Page 25: Elexon and NGET are prohibited from applying for derogation… what about DNOs, MRASCo, SECA and others who are also code administrators and for whom cross-code issues could interact with the BSC? Liability arising in reconciliations: Parties currently provide no explicit credit against reconciliation liabilities; simply pay or default. It seems odd to require it from derogated parties, unless the derogation specifically transfers liability from initial settlement into reconciliation. There is nothing about this in the legal text, so presumably it is not part of the final workgroup solution.
ElectraLink	No	-
National Grid	Yes	As additional point we would like to make is that we feel it is important that if the Proposal is implemented then the additional time and effort associated with the process should be closely monitored and it should remain proportionate to the intent behind the Proposal i.e. an agile process which does not require the same time and effort as a standard Modification. Therefore, we would expect the level of analysis and the effort required to develop each Sandbox Report (etc) to remain at a much lower level than would be the case for a standard Modification. In the event a similar level of analysis and effort were to be required to assess any future application to the point where a recommendation could be made by the BSC Panel (and subsequent decision by Ofgem) then we would question whether that application would be suitable for the process envisioned by the Proposal.
Npower Limited	Yes	It is worth noting that without actual examples of derogations that may be requested the proposed BSC process is best guess, so may need to evolve over time. The protections for BSC parties appear robust.
Scottish Power	No	-
Scottish Power Generation	No	-
TMA Data Management	No	-

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Appendix 1 – Case Study provide by Electralink

Case Study 1: The Technical Sandbox

In response to the requirements of a fast-evolving energy market, ElectraLink is procuring a replacement for the Data Transfer Service (DTS) called the UK Energy Market Data Hub (EMDH). The EMDH will build on the solid foundation of the DTS, which currently transfers all electricity settlements, supplier hub, gas retail and renewable generation flows, to add new services to improve market data transparency.

ElectraLink will continue to provide cost-effective data transfer, with improved interface capabilities, reporting, storage and more flexible ways of interacting with the service. In addition, ElectraLink will provide new central services to cost-effectively support suppliers, network operators, metering operators and emerging parties with access to market processes and data.

The EMDH is a natural evolution of the DTS, increasing the transparency of industry data and processes to inform business process improvement for new and legacy market participants.

As part of this process improvement, ElectraLink will be introducing a technical sandbox at the end of April 2018. This will demonstrate how some of the industry's pain points can be addressed through improving the current data transfer requirements and arrangements. This will facilitate innovative processes to be trialled in a secure, ring-fenced environment.

This could also be used to enable new processes to be tested prior to entering the change process, reducing risk and time to implement change.

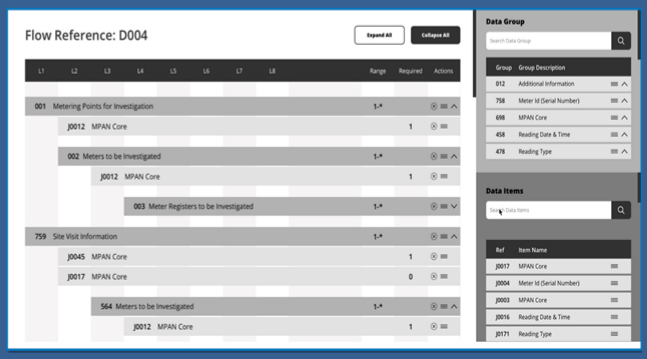


Fig 1: A high level view of the Technical Sandbox.

The sandbox environment allows users to quickly build and test new data flows using a GUI design engine. Users can re-use, edit or add data items, groups and flows to the technical sandbox.

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