

MINUTES

MEETING NAME BSC Panel

Meeting number 280

Date of meeting 12 July 2018

Venue ELEXON Ltd, 350 Euston Road, NW1 3AW

Classification Public

ATTENDEES AND APOLOGIES

Attendees	Michael Gibbons	MG	BSC Panel Chairman
	Andy Knowles	AK	Industry Panel Member
	Colin Down	CD	Ofgem Representative
	Derek Bunn	DB	Independent Panel Member
	Diane Dowdell	DD	Industry Panel Member
	Jon Wisdom	JW	Transmission Company Representative
	Lisa Waters	LW	Industry Panel Member (alternate for BV)
	Mitch Donnelly	MD	Industry Panel Member
	Phil Hare	PH	Independent Panel Member
	Stew Horne	SH	Consumer Panel Member
	Stuart Cotten	SC	Industry Panel Member
	Victoria Pelka	VP	Consumer Panel Member
	Mark Bygraves	MB	ELEXON CEO
	Allison Chappell	AC	ELEXON Board Member
	David Rigney	DR	ELEXON Board Member
	Lawrence Jones	LJ	Modification Secretary
	Victoria Moxham	VM	Panel Secretary
	Claire Kerr	CK	Panel and Committee Support Manager
	Nigel Perdue	NP	ELEXON Director of Operations
	Nicholas Brown	NB	ELEXON Company Secretary (Part Meeting)
	Edwin Foden	EF	ELEXON (Part Meeting)
	Harry Parsons	HP	ELEXON (Part Meeting)
	Ivar Macsween	IM	ELEXON (Part Meeting)
	John Lucas	JL	ELEXON (Part Meeting)
	Katie Wilkinson	KW	ELEXON (Part Meeting)
	Mike Smith	MS	ELEXON (Part Meeting)
	Peter Frampton	PF	ELEXON (Part Meeting)
	Damian Clough	DC	ELEXON (Part Meeting)
	John Martin	JM	National Grid (P369 Proposer)
	Alessandra De Zottis	AD	UK Power Reserve (Observer)
	Colin Prestwich	CP	SmartestEnergy (Observer)
	Dr Mark Earthey	ME	Matrica (Observer)
	John Conway	JC	Total Gas and Power
Apologies	Barbara Vest	BV	Industry Panel Member
	David Lane	DL	DSO Representative

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1. Apologies

- 1.1 The Chairman confirmed the apologies of Barbara Vest and David Lane.

MODIFICATION BUSINESS (OPEN SESSION)

2. Change Report and Progress of Modification Proposals – (280/03)

- 2.1 The Modification Secretary provided an update on open Modifications and Change Proposals.
- 2.2 In relation to the Authority's decision to approve the Proposed Modification for [P354 'Use of ABSVD for non-BM Balancing Services at the metered \(MPAN\) level'](#) (customer consent), CD commented that it was not particularly helpful that the Panel made the opposite recommendation for [P344 'Project TERRE implementation into GB market arrangements'](#) (mandatory sharing of data). However, he noted that the Authority will make a decision based on the information in front of them, probably by 25 July 2018.
- 2.3 In relation to Modification [P355 'Introduction of a BM Lite Balancing Mechanism'](#), the Modification Secretary advised that the Proposer (as a member of the Flexible Generators Group (FGG)) is still in discussions with National Grid and has indicated that he wants to wait for a P344 decision before deciding what to do with P355. The Modification Secretary highlighted that a no-deal Brexit is also a consideration. He asked the Panel to note that an extension to the P355 Assessment Report is likely to be presented at the 9 August 2018 Panel meeting.
- 2.4 In relation to Modifications [P363 'Simplifying the registration of new configurations of BM Units'](#) and [P364 'Clarifying requirements for registering and maintaining BM Units'](#), the Modification Secretary noted that the Workgroup are considering whether a principle based approach to the defect would be effective or whether to revert to a version of the original solution. Workgroup Members had therefore asked that no further Workgroups take place until the direction of [Issue 70 'Settlement of Secondary BM Units using metering at the asset'](#) and [Issue 71 'Introduction of a baselining methodology as an alternative to Physical Notifications'](#) was known.
- 2.5 The first Issue 70 and 71 meeting took place on 11 July 2018. It was agreed that P363/P364 have no overlap with Issue 70 and Issue 71 and as such Workgroups should resume for these Modifications. The Modification Secretary asked the Panel to note that a revised progression plan would be presented to the Panel at its 9 August 2018 meeting.
- 2.6 A Panel Member commented that ELEXON needs to ensure that the P363/P364 Workgroup keeps on track as they are trying to solve all the problems regarding configuration, which is not possible. The Panel Member added that the Workgroup should focus on getting to a working solution even if the solution is not perfect.
- 2.7 The BSC Panel:
- a) **NOTED** the contents of the July Change Report.

3. P369 'National Grid Legal Separation changes to BSC' – (280/04)

- 3.1 [P369](#) proposes to modify the Balancing Settlement Code (BSC) to reflect the creation of a new National Grid Electricity System Operator (NGESO) that is legally separate from National Grid Electricity Transmission Limited (NGET).
- 3.2 The Chairman noted ELEXON's recommendation not to treat P369 as Self-Governance and invited the Panel's views on this. A Panel Member commented that they believed P369 could be treated as Self-Governance as it

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could be seen as a consequential change from the amendments to the Transmission Licence. However, they noted that P369 is contingent on changes to other industry codes. Therefore if all the corresponding Modifications are sent to Ofgem (and at the same time), it would mean the Authority would be able to make a decision on the changes to all industry codes at the same time.

- 3.3 Another Panel Member agreed that P369 could be treated as Self-Governance as it seemed like a straightforward document only change that would not directly have a material impact on the operation of the Transmission System or on the competition in the generation distribution and supply of electricity. The Panel Member therefore queried why we were not treating it as such, commenting that the industry codes should be able to communicate with each other. CD commented that from an Ofgem perspective, the changes appear to be straightforward (although stating that no in depth review had been completed). It would therefore seem sensible to align Self-Governance across all industry codes.
- 3.4 A Panel Member commented that they disliked the wording of the Modification's legal text as they believed retaining the term 'Transmission Company (TC)' and changing its definition to National Grid ESO is confusing and would be a barrier to entry as new parties may incorrectly interpret TC to mean the Transmission Owner without checking BSC Section X-1 for the definition of TC as the ESO. The same Panel Member also commented that the terminology used in the BSC is different to that being used by the Connection Use of System Code (CUSC) and the Grid Code, which use the term 'the Company', where possible. The Panel Member was strongly of the view that all references to TC should be replaced, although this may involve a lot of work.
- 3.5 The P369 Proposer commented that in relation to whether P369 should be treated as Self-Governance, the Authority had provided direction in regards to the transfer of the Transmission Licence and shareholding within ELEXON from NGET to NGESO. Due to the Authority's significant involvement in the legal separation process across all codes, it is logical for the Authority to have the final decision on the Modification and for it not to be progressed as Self-Governance.
- 3.6 In relation to the wording of the Modification's legal text, the Proposer highlighted that the same approach had been taken for the CUSC and the Grid Code as for the BSC, namely retaining the existing phrase each time it appeared but changing its meaning in the definition section. The Proposer emphasised that the aim of this Modification was to try and make the minimal change and disruption possible to achieve legal separation so amending all references from TC to something else in the BSC would be going beyond this guiding principle. ELEXON commented that there were 703 instances of TC within all BSC Sections (except E and J), plus the term System Operator (SO) which was also inconsistently used in the Code Subsidiary Documents (CSDs), had also been updated to 'TC' for consistency. This guiding principle had been received by industry participants when National Grid issued an open letter to parties on 22 September 2017, informing them of this change.
- 3.7 A Panel Member queried what the feedback from Parties was. The Proposer commented that no negative feedback was received and Parties had highlighted that the industry is busy and wanted to see the changes progressed as quickly as possible. Another Panel Member commented that a balance needs to be struck between minimum change and effective change and whose responsibility sits with who is more important.
- 3.8 A Panel Member queried whether a consistent term should have been used across all industry codes. ELEXON noted that this would have been difficult to do so as all industry codes already have different definitions of various terms.
- 3.9 The Proposer highlighted the term 'NGESO' had not been used across all codes as if NGESO's role were to change in the future, all references would need to be reviewed and amended once again. 'NGESO' had only been used where additional specificity was required such as in the SO Transmission Owner Code (STC). The Proposer noted that the term 'the Company' was used where possible in National Grid owned codes in order

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to achieve minimum change and to allow NGESO's role to be easily amended if it were to change in the future. However, this term would not be suitable within the BSC and may lead to confusion.

- 3.10 The Chairman queried whether there is time now to make the 703 changes possible as if there is, then there appeared to be a consensus amongst the Panel Members that this should be done. ELEXON advised that as the legal separation is due to take effect from 1 April 2019, National Grid had requested that all code changes are approved by October 2018. As the timeline currently stands, an Authority decision is due to be made by mid-September 2018. However, if the Panel wanted to make any changes to the legal text following the Report Phase Consultation, it would introduce a risk that an October approval date would not be met as a second Report Phase Consultation would have to be issued and analysis completed to ensure the new terminology did not cause any conflicts.
- 3.11 MB commented that the BSC changes work from a legal perspective but acknowledged Panel Members' concerns and that they do not support the approach taken.
- 3.12 The majority of the Panel (six out of ten) supported the approach for achieving legal separation set out in the current approach to P369, although many had serious concerns that the terminology was confusing. Four Panel Members had strong concerns over the terminology and disagreed with P369's approach and that the terminology should be made clearer. The Panel overall agreed that the Proposer should consider the Panel's discussion in further detail and decide the best course of action in regards to the progression of the Modification. This should then help alleviate the Panel's concerns when it comes to making its final recommendations to Ofgem.

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- 3.13 The BSC Panel:
- a) **AGREED** that P369 progresses directly to the Report Phase;
 - b) **AGREED** that P369:
 - o **DOES** better facilitate Applicable BSC Objective (a);
 - c) **AGREED** an initial recommendation that P369 should be approved;
 - d) **AGREED**; an initial Implementation Date of 29 March 2019 as part of an March 2019 BSC Release;
 - e) **AGREED** the draft legal text;
 - f) **AGREED** the draft changes to the CSDs;
 - g) **AGREED** an initial view that P369 should not be treated as a Self-Governance Modification; and
 - h) **NOTED** that ELEXON will issue the P369 Draft Modification Report (including the draft BSC legal text and CSDs) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 9 August 2018.

4. 'Allow the Panel to designate non-BSC Parties to raise Modifications' – (280/05)

- 4.1 This Modification seeks to allow the Panel to designate bodies representative of interested third parties to raise BSC Modifications and for the Authority to be the appeals body.
- 4.2 A Panel Member expressed the view that they were supportive of the Modification but noted that they had received a copy of an email from a BSC Party (originally sent to National Grid and ELEXON) surrounding other considerations that may need to be taken into account, e.g. wording in the Transmission Licence and in secondary legislation. The Panel Member commented that they had received this due to their experience on Modification [P264 'Two-thirds majority requirement for Panel recommendations on licence originated Modifications'](#). Whilst the Transmission Licence did not appear to prohibit the approach proposed under P264,

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the Modification was not consistent with the process set out under secondary legislation, therefore the Authority has no option other than to reject the Modification. As this Modification is linked to the same section, C3(3)(d), of the Transmission Licence, it was suggested it may be prudent to ensure there is nothing that will block the Modification in its current form.

- 4.3 ELEXON's Company Secretary commented that in the Transmission Licence it states "Licensee, Party, Authority and such other bodies as BSC does provide...". He therefore believed that this Modification is covered by this point, but agreed to check the associated secondary legislation.

ACTION 280/01a

- 4.4 A Panel Member asked the Workgroup to look at how long from when a Panel decision is made can a Party appeal to Ofgem as they believed that 15 Working Days, as currently proposed, is too short. The Transmission Company Representative noted that they were supportive of the Modification but also asked that the Workgroup looks at any undue burden on the Panel in regards to administration and number of changes coming through.
- 4.5 Another Panel Member asked that the Workgroup considers the various processes for managing workflows as they did not want the Panel to hold things up. The same Panel Member also commented that if the intention was to charge a fee, they would be strongly against this. Another Panel Member agreed commenting that they had the same views on a fee as for Modification [P362 'Introducing BSC arrangements to facilitate an electricity market sandbox'](#). ELEXON noted that Terms of Reference to this effect were already included but these points would be specifically drawn out during Workgroup meetings. ELEXON commented that the Association for Decentralised Energy ('ADE') have already carried out some research on this topic. Other code bodies who have already introduced the ability for non-party members to be able to raise Modifications to their code have seen no significant increase in the number of Modifications received. The ADE research is the type of evidence we will seek as part of the Workgroup process received.
- 4.6 A Panel Member queried how ELEXON intends to pro-actively find people to attend the Workgroup given that it affects non-BSC Parties. ELEXON advised that it will email representatives of organisations using its standard list but will additionally contact interested past Workgroup members and carry out the same approach that National Grid used for its Power Responsive Forum. ELEXON agreed to speak to National Grid on this point.
- 4.7 A Panel Member also commented that under the gas Uniform Network Code (UNC), the impact of other parties entering the Modification process increased the amount of alternative solutions proposed. However, he noted that the BSC already mitigates against this in only allowing one alternative solution as part of a Modification Proposal.
- 4.8 CD commented that from an Ofgem perspective, this Modification is encouraging it is encouraging to see ELEXON and the Panel looking at ways to make the current process more efficient.
- 4.9 The Modification Secretary highlighted that as this is a Panel-raised Modification, the Modification needs a representative. He therefore suggested that as the Modification Secretary, it would be sensible for him to take on this role. The Panel agreed with this recommendation.
- 4.10 The BSC Panel:
- a) **RAISED** the Modification Proposal in Attachment A (in accordance with F2.1.1(d)(i));
 - b) **AGREED** that this proposed Modification progresses to the Assessment Procedure;
 - c) **AGREED** the proposed Assessment Procedure timetable;
 - d) **AGREED** the proposed membership for the Workgroup; and

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e) **AGREED** the Workgroup's Terms of Reference.

5. **P361 'Revised treatment of BSC Charges for Lead Parties of Interconnector BM Units' – (280/06)**

- 5.1 [P361](#) seeks to exclude Interconnector Balancing Mechanism (BM) Units from the Main Funding Share and SVA (Production) Funding Share BSC Charges, in order to better facilitate the European Union (EU) Third Package.
- 5.2 A Panel Member noted the open action 279 (04) for Ofgem to provide the Panel with an update as to whether BSC Charges are included in the scope of its Targeted Charging Review Significant Code Review (SCR). The Ofgem Representative advised that it is currently undertaking two projects related to network access; the Targeted Charging Review SCR and the Electricity Network Access project. For the latter, the Ofgem Representative noted that it has set up taskforces under the Charging Futures Forum (CFF) to consider forward-looking charging and access changes. The taskforces have published their thinking and Ofgem will publish a consultation on their proposed way forward shortly.
- 5.3 The Ofgem Representative also advised that the Targeted Charging Review is reviewing residual charging arrangements. It has been working closely with the Distribution Network Operators (DNOs) and SO to understand the practical considerations underpinning any reform to the arrangements, and subsequent code changes which could result from this. Ofgem plans to consult on a minded to decision and draft an impact assessment later in the year.
- 5.4 The Ofgem Representative also noted that Ofgem is aware of the importance of ensuring that a consistent approach is taken to the different reforms underway across the energy system. Its work on the TCR and Electricity Network Access project is closely aligned and taking a holistic approach, and will together ensure the electricity network charging and access arrangements are fit for purpose now and in the future. Interconnectors and cross-border issues are not under the scope of either the TCR or the Electricity Network Access task forces. BSC charges therefore do not fall under the scope of the TCR and were not considered for inclusion in the scope of the TCR.
- 5.5 A Panel Member commented that the external legal advice set out a clear argument that the BSC should be consistent with the EU Third Package arrangements. However, the Panel Member noted that the BSC has its own Applicable BSC Objectives and therefore queried whether EU compliance overrides the internal efficiency arguments or whether these should be balanced. ELEXON's Company Secretary Legal commented that these decisions are subjective but that the Panel should weigh up the external legal guidance against the Applicable BSC Objectives. If Panel Members are convinced by the external legal guidance, then this would be a strong argument for Applicable BSC Objective (e). ELEXON's Company Secretary Legal reiterated that the external legal guidance is not definitive.
- 5.6 The Chairman noted the responses received to the Report Phase Consultation and asked the Panel to provide its rationale as to why they disagreed with the external legal guidance. A Panel Member noted that although P361 better facilitates Applicable BSC Objective (e), this is outweighed by the competition arguments put forward in relation to Applicable BSC Objective (c). Another Panel Member disagreed that BSC Charges are network access charges. Another Panel Member commented that even if they did agree with the external guidance, they disagreed with the P361 Proposed solution and as such this is detrimental to Applicable BSC Objective (d).
- 5.7 Another Panel Member commented that the external legal guidance based the risk of non-compliance on the effect the current arrangements have on cross-border exchanges, with the Panel Member of the view that the cross-border market was not being distorted. The Panel Member noted that BSC Charges are much less significant, when compared against other charges such as Transmission Network use of System (TNUoS) charges. ELEXON noted that this risk formed a basis of the opinion taken by the internal ELEXON legal

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counsel and that the external legal counsel, who are more specialised on this topic, placed less emphasis on it.

- 5.8 A Panel Member posed the question that if the Panel takes the external legal guidance as correct, what risks could be associated. ELEXON's Company Secretary Legal confirmed that there would be a risk as it would mean that the BSC is non-compliant with EU law. However, this would also indicate that the BSC has not been compliant for a couple of years and raises this risk to the surface. He added that the European Commission could require GB to revise its arrangements, which would fall under Ofgem's remit as the National Regulatory Authority (NRA), to correct the misaligned market arrangements. Another Panel Member asked the Panel to note that as a member of European Network of Transmission System Operators for Electricity (ENTSO-e)'s Advisory Board in Brussels, there is a current sense of unhappiness with how NRA's are dealing with Interconnectors. As such, it could increase the risk of action from the European Commission, should a breach be determined.
- 5.9 Another Panel Member wanted to understand the financial consequences of the Panel rejecting the external legal guidance if it is found to be in breach of EU Law. ELEXON noted that the legal guidance was not conclusive and that the European Commission's action would be against GB i.e. Ofgem rather than the BSC Panel itself.
- 5.10 The Transmission Company Representative commented that there is an opportunity for parties who feel disadvantaged by P361 to follow up on this via an Appeals Process if Ofgem rejects the Modification. A Panel Member queried whether Nominated Electricity Market Operators (NEMOs) would have an avenue to appeal the decision at a European level should the Modification be rejected. ELEXON's Company Secretary did not believe that this would be the case but agreed to check for clarity purposes.

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- 5.11 A Panel Member thanked ELEXON for the analysis made available in Attachment H but noted that further analysis of potential consumer impacts would have been welcomed, along with a distributional breakdown for party costs for the future energy scenarios analysis. A Panel Member queried whether the cost distribution for the future scenarios presented would mirror that previously given in the Assessment Report. ELEXON clarified that this would likely be the case, so long as parties would be generating similar volumes.
- 5.12 The BSC Panel:
- a) **AGREED** that the P361 Proposed Modification:
 - o **DOES NOT** better facilitate Applicable BSC Objective (e); and
 - o **DOES NOT** better facilitate Applicable BSC Objective (c);
 - b) **AGREED** that the P361 Alternative Modification:
 - o **DOES NOT** better facilitate Applicable BSC Objective (e); and
 - o **DOES NOT** better facilitate Applicable BSC Objective (c);
 - c) **AGREED** that the P361 Alternative Modification is better than the P361 Proposed Modification;
 - d) **AGREED** a recommendation that both the P361 Proposed Modification and P361 Alternative Modification should be rejected;
 - e) **APPROVED** an Implementation Date for P361 of:
 - o 28 February 2019 (as part of the February 2019 BSC Release);
 - f) **APPROVED** the draft legal text for the Proposed Modification;
 - g) **APPROVED** the draft legal text for the Alternative Modification; and

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h) **APPROVED** the P361 Modification Report.

6. **P362 'Introducing BSC arrangements to facilitate an electricity market sandbox' – (279/07)**

- 6.1 [P362](#) proposes to enable Parties to be derogated from specific obligations in the BSC to enable pre-competitive and innovative products and services to be tested in the live environment for a limited period of time.
- 6.2 A Panel Member noted that the paper suggests that applicants are able to ask for a maximum Derogation Period of two years which they believed went beyond the idea of a proof of concept. The Panel Member commented that the sandbox is rightly intended to trial innovative services and products rather than testing economic viability. Another Panel Member commented that this is a point of judgement and applicants are going to have to ensure they are clear as to their rationale for requesting a specific timescale in which to test a proposal. Another Panel Member commented that the eventual nature of the applications the Panel may receive is unpredictable so an applicant may not achieve their desired outcome in the first time instance of a trial. Another Panel Member commented that under the BSC, it takes 14 months for data to crystallise so 24 months to carry out a trial seems a sensible amount of time on the basis of facilitating contingency and flexibility.
- 6.3 ELEXON advised that the Workgroup spent considerable time debating this point and asked the Panel to note that it is able to set conditions on Derogations such as the scope e.g. two summers only to obtain data, to mitigate risks. Further, the applicant is required to submit the shortest period necessary to test the proposal and must justify this request. ELEXON noted that it would assess and work with the applicant on the appropriate Derogation Period before presenting it to the Panel.
- 6.4 The Chairman noted that the applicant is required to provide a reason for requesting a certain timescale but queried whether the Panel can recommend to Ofgem to reject or amend the timescale if they disagreed. ELEXON confirmed that this is the case.
- 6.5 A Panel Member noted the arguments received to the Report Phase Consultation against the Alternative Modification. The Panel Member commented that it would not be helpful to exclude National Grid as the Panel is currently unaware of the particularities of the projects that may be presented, should the Modification be implemented. Another Panel Member agreed, commenting that National Grid is well versed in the Modification process so would be adept at ascertaining whether the BSC sandbox or Modification process would be most suitable for a specific proposal.
- 6.6 The Transmission Company Representative commented that National Grid intends to be flexible and agile in their response to innovative ideas. Additionally, it is likely that they will have parties consulting them and working with National Grid to clarify and confirm various aspects of the sandbox process. A Panel Member was of the view that National Grid would be one of the most likely parties to utilise the sandbox process.
- 6.7 Another Panel Member commented that the Panel needs to be mindful of how its decisions for Sandbox applications can set precedence. The Panel Member noted that the Panel needs to be flexible and consider applications on a case-by-case basis but maintain a consistent approach.
- 6.8 The BSC Panel:
- a) **AGREED** that the P362 Proposed Modification:
 - o **DOES** better facilitate Applicable BSC Objective (c);
 - o **DOES** better facilitate Applicable BSC Objective (d); and
 - b) **AGREED** that the P362 Alternative Modification:

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- **DOES** better facilitate Applicable BSC Objective (c);
- **DOES** better facilitate Applicable BSC Objective (d); and
- c) **AGREED** that the P362 Alternative Modification is better than the P362 Proposed Modification;
- d) **AGREED** that the P362 Alternative Modification should be approved and that the P362 Proposed Modification should be rejected;
- e) **APPROVED** an Implementation Date for the Proposed and Alternative Modification of:
 - 5 Working Days following the Authority's approval;
- f) **AGREED** that P362 should not be treated as a Self-Governance Modification;
- g) **APPROVED** the draft legal text and Code Subsidiary Document for the Proposed Modification;
- h) **APPROVED** the draft legal text and Code Subsidiary Document for the Alternative Modification; and
- i) **APPROVED** the P362 Modification Report.

7. P368 'Amendments to Section Z to better facilitate the production of the Risk Evaluation Methodology, Risk Evaluation Register and Risk Operating Plan' – (280/08)

- 7.1 [P368](#) seeks to amend provisions in the timing and revision of the Performance Assurance Framework (PAF) Procedure documents in order to support the objectives of the PAF Review in delivering a more efficient and effective PAF.
- 7.2 The BSC Panel:
- a) **AGREED** that the P368 Proposed Modification:
 - **DOES** better facilitate Applicable BSC Objective (d);
 - b) **DETERMINED** (in the absence of any Authority direction) that P368 is a Self-Governance Modification Proposal;
 - c) **APPROVED** P368;
 - d) **APPROVED** an Implementation Date of 1 November 2018 as part of the November 2018 BSC Release;
 - e) **APPROVED** the draft legal text; and
 - f) **APPROVED** the P368 Modification Report.

8. CP1506 'New Interconnector fuel type' – (280/09)

- 8.1 [CP1506](#) seeks to enable the Balancing Mechanism Reporting System (BMRS) to receive, store and publish data relating to the forthcoming Nemo Link Interconnector, by amending the Interface Design Document (IDD): Part 1 – Interfaces with BSC Parties and their Agents, with the proposed new Fuel Type Category.
- 8.2 A Panel commented that there are lots of new BMUs coming along and suggested that aligning fuel types on the BMRS with those in the Capacity Market would be useful.
- 8.3 The BSC Panel:
- a) **APPROVED** the proposed changes to the IDD: NETA Interface Definition and Design Part 1 – Interfaces with BSC Parties and their Agents for CP1506;
 - b) **APPROVED** the Nemo Link Interconnector as a Fuel Type Category under paragraph 6.1.18(l) of Section Q of the BSC; and

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- c) **APPROVED** CP1506 for implementation on 1 November 2018, as part of the November 2018 BSC Release.

NON-MODIFICATION BUSINESS (OPEN SESSION)

9. Minutes of Meeting 279 Actions arising

- 9.1 The minutes of the previous meeting were agreed subject to minor amendments and an update on the actions provided.

10. Chairman's Report

- 10.1 The Chairman emphasised that those with the ability to vote for those ELEXON's directors who had been appointed or re-appointed by the Board during the previous year should do so from 1.30pm today prior to the start of the Annual BSC Meeting at 2pm.
- 10.2 The Chairman informed the Panel that Panel Election nominations should be sent by post to the Elections Coordinator, Claire Kerr, by 25 July 2018.
- 10.3 The Chairman drew the Panel's attention to the third [open letter](#) he wrote to BSC Parties on 10 July 2018, explaining the work the Board has been doing to develop our strategy and the activities that fit into it and the increased emphasis we are placing on our engagement with our stakeholders. The Chairman also noted that it demonstrates the accountability that was introduced as part of Modification [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#).
- 10.4 The Chairman highlighted the new ['what ELEXON does'](#) video, which has been regarded as very useful. This video is also available with subtitles.
- 10.5 The Chairman asked the Panel to note that the Energy Industries Club events will commence again in October 2018. He highlighted that Panel Members will receive invitations in due course.

11. ELEXON Report – 280/01

- 11.1 MB provided an update on recent activities and developments relevant to the BSC and ELEXON since the last Panel meeting.
- 11.2 Additionally, MB reported that coming out of ELEXON's internal staff engagement survey, one of the things it had decided to undertake was the Investors in People (IIP) accreditation. MB was delighted to announce that at the first attempt we achieved silver accreditation. As the standards had been made tougher over the past couple of years, the assessor had noted that this achievement was impressive.

12. Distribution Report - Verbal

- 12.1 There was nothing to report.

13. National Grid Report – Verbal

- 13.1 JW noted that the IS Change Forum was held on 4 July 2018, with 68 individuals in attendance. JW commented that National Grid was grateful for ELEXON's excellent support. The event appears to have been well received by industry and as such National Grid is going to plan these more regularly.
- 13.2 JW noted that the wider BM access roadmap is still on track to be published at the end of July 2018.

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- 13.3 JW noted that the European Network Codes (ENC) Communications [plan](#) is now available on the National Grid website. He highlighted that engagement is crucial and details of webinars, podcasts and other materials are now available to help parties with the content of the ENC.
- 13.4 JW advised that the corresponding TERRE Modifications [CMP296 'Aligning the CUSC to the BSC post-P344 \(Project TERRE\) to exempt Virtual Lead Parties from BSUoS'](#) and [CMP297 'Aligning CUSC and BSC post-TERRE \(Section 11\) – consequential modification to introduce definition of Virtual Lead Party'](#) have been sent to Ofgem for decision. JW also noted that the first Workgroup for consequential TERRE Modification [CMP295 'Contractual Arrangements for Virtual Lead Parties \(Project TERRE\)'](#) will commence the week beginning 16 July 2018.
- 13.5 JW also noted that National Grid released its Future Energy Scenarios (FES) on the 12 July 2018. There is a "[FES in 5](#)" document available on the National Grid website which gives a high level overview of the content.

14. Ofgem Report – Verbal

- 14.1 CD advised that Ofgem had published its [fourth annual Enforcement Overview](#) (covering April 2017 - March 2018). It had provided an overview of all enforcement and alternative enforcement activities over the past year and any on-going work.
- 14.2 CD advised that in relation to enforcement and compliance in the past month:
- [SSE compensated customers](#) £190,000 due to delays in switching customers to a new tariff when it ended its partnership with a white label;
 - [EDF Energy pays £350,000](#) after missing its smart Meter installation targets for 2017; and
 - Ofgem extended its [ban on Iresa](#) taking on new customers in light of their continued customer service issues.
- 14.3 CD advised that the government had selected [Martin Cave](#) as its preferred candidate to be Ofgem's next Chairman.
- 14.4 CD asked the Panel to note that Ofgem had published its [consumer impact financial report](#) for 2017/2018. This report noted the cost benefit our policies delivered; for every £1 spent, Ofgem delivered £87 of direct benefits to consumers (plus lots of indirect benefits). Ofgem also published a [report on vulnerable customers](#) which looked at whether they are experiencing positive outcomes. In the report, Ofgem looked at trends relating to debt levels and debt repayment rates, prepayment meters, disconnections and support for vulnerable consumers.
- 14.5 CD also asked the Panel to note that Ofgem had published its [decision on the statutory consultation on amendments to the Capacity Market Rules 2018](#). It had decided to take forward a number of rule changes.

15. Report from the ISG – 280/01b

- 15.1 The Panel noted the report from the ISG.

16. Report from the SVG – 280/01c

- 16.1 The Panel noted the report from the SVG.

17. Report from the PAB – 280/01d

- 17.1 The Panel noted the report from the PAB.

18. Report from the TDC – 280/01e

- 18.1 The Panel noted the report from the TDC.

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19. Trading Operations: BSC Operations Headline Report – 280/02

19.1 The Panel noted the BSC Operations Headline Report.

20. System Price Analysis Report (SPAR) – ISG206/06

20.1 The Panel noted the System Price Analysis Report.

20.2 A Panel Member commented that they enjoyed the in-depth article about tagging and how it works. He suggested that this type of work should be made more widely available as it helps people to understand the complex nature of when prices are set in the BM. He added that it might be useful to get this type of work into journals.

20.3 MB confirmed that although this work was available in the SPAR, ELEXON should draw more attention to it via Newscast and should try and get it published.

20.4 Another Panel Member commented that he found the appendices excellent and suggested that these should be compiled.

20.5 NP thanked the Panel for their feedback and noted that this is a continuing theme to look to put articles into the SPAR or somewhere else. If any Panel Members has any ideas of where these may be best placed, he welcomed any feedback on this.

ACTION 280/05

21. Metering Dispensations and non-standard BMUs – update – (280/10)

21.1 ELEXON provided the Panel with an update on the actions that it had taken to implement the recommendations from the review of Metering Dispensations and non-standard BM Units.

21.2 A Panel Member queried whether parties involved are now cooperating. He noted that at a previous Panel meeting update, this was low down on parties' agendas.

21.3 ELEXON advised that it had struggled with a couple of parties to get some information from them but that they had not yet issued the main part of the Metering Dispensation review, the Grid Supply Point (GSP) review where there is difference metering. ELEXON noted that it had just issued letters to parties to ensure it has the correct contact details. Once a formal letter is sent requesting diagrams etc., more information should be available from parties. This will then indicate whether it is difficult to obtain information from certain parties. ELEXON was hopeful that it had good contacts so should receive all information it requests.

21.4 The same Panel Member commented that the Panel would be willing to put weight behind this issue if ELEXON is struggling to get information from certain parties. ELEXON thanked the Panel for their support with this.

21.5 The BSC Panel:

- a) **NOTED** the progress made towards the implementation of the recommendations from the review of Metering Dispensations and non-standard BM Units.

22. Proposed approach to providing metered data for calculation of Final Consumption Levies (FCLs) – (280/11)

22.1 ELEXON presented a paper that proposed that ELEXON (as BSCCo) should consult interested parties on implementing new processes (under BSC governance) to ensure that Final Consumption Levies (FCLs) are not charged on imports to licensed (but Exemptable) generation. This would bring FCL charging processes in line with the Department for Business, Energy and Industrial Strategy (BEIS)/Ofgem Smart Systems and

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Flexibility Plan (published in July 2017). The paper also highlights related issues around network charging and exempt supply.

- 22.2 A Panel Member noted the term 'licensed generators' and queried whether exempt generators should also be treated in the same manner. The Panel Member noted that the exemption regime is meant to provide a lighter touch to the licensing regime but noted that it would be odd if an exempt generator or large generator who holds a licence is paying for levies. Further, the Panel Member was concerned that Ofgem may receive a large number of licence applications as a result. ELEXON agreed that this was likely to happen as an implication of government policy. ELEXON asked the Panel to note that the policy is routed in the definition of 'supply' in the Electricity Act. Under the Electricity Act, if you have a generation licence then you are not subject to FCLs on imports to your generating units.
- 22.3 A Panel Member commented that they were aware that parties are already doing this. Both [Renewables Obligation \(RO\) Guidance](#) and [Feed-in Tariffs \(FIT\) Guidance](#) states that Suppliers have to extract what they submit to Ofgem for their licensed generation. The Panel Member noted that it is the Contracts for Difference (CfD) and Capacity Market (CM) data that are causing the issue as this data to be provided by BSCCo whereas parties are already doing this for the RO and FIT; if parties have a licence for their storage site, they should not be paying the RO or FIT on imports to their storage assets. ELEXON agreed that this was its understanding of the problem.
- 22.4 A Panel Member queried when ELEXON's consultation is likely to be issued. ELEXON confirmed that it proposed not to publish its own Consultation until Ofgem had published its decision on 'Clarifying the regulatory framework for electricity storage', which is likely to be at the end of July 2018. A Panel Member was of the view that ELEXON's consultation should not be contingent on Ofgem publishing its decision. ELEXON noted that it would be sensible to wait for this decision as it will be asking questions on the number of sites affected and what type of sites etc. which will be unclear until the rules around storage have been clarified. ELEXON therefore believed it would get more value out of the consultation if it waits for this decision.
- 22.5 The Panel agreed that it would be sensible to review this approach at the next Panel meeting if an Ofgem decision has not yet been made. ELEXON agreed to update the Panel on whether Ofgem has published its decision, and when ELEXON expects to issue its consultation at its 9 August 2018 Panel meeting.

ACTION 280/03

- 22.6 A Panel Member also requested that ELEXON speaks to BEIS and Ofgem regarding the exemption issue. CD agreed for Ofgem to provide an update on whether they expect the policy on FCLs to drive an increase in the number of parties applying for generation licences, and if so whether they expect this to cause any issues.

ACTION 280/04

- 22.7 The BSC Panel:
- a) **NOTED** that BSC processes cannot currently identify electricity supplied to Licensed Exemptable generation, and as a result these imports are charged CFD and CM levies (contrary to the position stated in the BEIS/Ofgem Smart Systems and Flexibility Plan);
 - b) **NOTED** that ELEXON, LCCC and EMRS are discussing how this issue could be solved using a hybrid approach, delivered under BSC governance but making use initially of EMR systems and data flows;
 - c) **AGREED** that ELEXON should consult BSC Parties (and other interested parties e.g. licensed generators) on whether they support this hybrid approach (and the other points described in paragraphs 5.3 and 6.4 above), and bring the responses back to the BSC Panel for a decision; and

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- d) **AGREED** that the consultation should be issued as soon as possible after Ofgem has published its decision on 'Clarifying the regulatory framework for electricity storage'.

23. Approval of Panel Meeting dates 2019

- 23.1 ELEXON presented a list of proposed dates for the BSC Panel meetings in 2019 and asked for Panel approval of those dates.
- 23.2 The BSC Panel:
 - a) **APPROVED** the proposed Panel dates for 2019; and
 - b) **APPROVED** their publication on the ELEXON website.

24. Any other Business

- 24.1 There was no other business in the Open session.

25. Next meeting

- 25.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 9 August 2018.