

281/01 – ELEXON REPORT

MEETING NAME BSC Panel

Date of meeting 9 August 2018

Paper number 281/01

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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:

- The European Network of Transmission System Operators for Electricity (ENTSO-E) consultation on Project Manually Activated Reserves Initiative (MARI) Implementation Framework. Our response included the following:
 - We reiterated our role as a trusted partner of ENTSO-E, highlighted the importance of engagement and coordination with ELEXON on MARI developments, and stressed the importance of developing in cooperation with Project Trans European Replacement Reserves Exchange (TERRE).
- Ofgem’s consultation on the Switching Programme: Proposed modifications to regulation and governance. Our response included the following:
 - We agreed with Ofgem’s intention for the Retail Energy Code (REC) to become a best-in-class industry code and highlighted the need for the following principles as critical:
 - early establishment of the REC Company (RECCo) and appointment of the enduring Code Manager is required;
 - the success of the REC will be dependent on appointing the right individuals to the RECCo Board and REC Panel; and
 - greater clarity is required on lines of accountabilities between the REC Panel and REC Manager.
 - We also highlighted that consideration needs to be given to ensure the REC Manager tender accommodates for profit and not-for-profit bids.
- The National Audit Office (NAO) calling for evidence on the smart Meter rollout. Our response:
 - highlighted the importance of smart Meters and Half Hourly (HH) Settlement to smart systems and developing innovation;

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- suggested that the benefits of smart grids be included in the smart Meter cost-benefit analysis;
 - called for Code Administrators to help maximise the benefits of smart Meters;
 - highlighted the crucial role of the Data and Communications Company (DCC) following recent failings; and
 - Drew the NAO's attention to the role that ELEXON has to play in ensuring that smart meters deliver their long term benefits.
- Following receipt of our response, the NAO has contacted ELEXON to invite us to further discuss the issues we raised. A meeting has been arranged for Thursday 2 August 2018.

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

BSC Panel Elections 2018

2.3 The following candidates have been nominated to stand in the 2018 BSC Panel Election. The candidates below wished to highlight the following affiliations:

Candidate	Nominated By	Affiliation(s)
Daniel Beaven	Steven Vallender, National Grid Interconnectors Ltd	National Grid Interconnectors Ltd
Joseph Underwood	Alastair Tolley, EP UK Investment Ltd	Energy UK
Lisa Waters	Nicholas Sillito, PeakGen Top Co.Ltd	-
Mark Bellman	Andrew Morran, ScottishPower Energy Retail Ltd	ScottishPower Energy Retail Ltd
Mitch Donnelly	Kevin Woollard, British Gas Trading Ltd	British Gas Trading Ltd
Stuart Cotten	Paul Youngman, Drax Power Ltd	Drax Power Ltd
Thomas Edwards	Alessandra De Zottis, UK Power Reserve	Cornwall Insight

2.4 The candidates' personal statements can be found on the [BSC Panel Elections](#) page of the ELEXON website.

2.5 Please note that we had originally received an additional nomination from Alison Lankester-Bell of Haven Power Ltd for Martin Brooks of Haven Power Ltd to stand as a candidate in the 2018 BSC Panel Elections. However, on 31 July 2018, we were advised by Alison Lankester-Bell that they wished to revoke their nomination for Martin Brooks due to conflicting work priorities. Any votes received for Martin Brooks will be disregarded. Further details can be found in [ELEXON Circular - EL02861](#).

2.6 We have issued voting papers via post to all Trading Parties. Trading Parties are entitled to submit two voting papers: one for each Energy Account held by that Party (production account and consumption account). On each voting form, voters are entitled to provide three votes – a first, second and third preference vote. To be counted in the election process, hard copies of the forms must be returned by post to the Election Co-ordinator, Claire Kerr, at ELEXON Limited, 4th Floor, 350 Euston Road, London NW1 3AW, to arrive no later than 17:00 on 24 August 2018. A faxed copy of the forms will also be accepted (fax number: 020 7380 4050).

2.7 We will announce the results of the BSC Panel Election at the beginning of September and, in any case, no later than 14 September 2018. All individual responses will be treated as confidential although the total votes cast for each candidate at each round will be published.

3. Industry News

European Developments

- 3.1 The Government published its [Brexit White Paper](#) on 12 July 2018. For BSC related issues, there is little new except to note that it appears that the UK will put in place arrangements to replicate the EU's Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) Regulation requirements, which is of relevance to the BSC as the Balancing Mechanism Reporting System (BMRS) hosts the GB electricity REMIT inside information platform.
- 3.2 Article 52 of the European Electricity Balancing Guideline (EB GL) requires all Transmission System Operators (TSOs) to make harmonisation proposals for key elements of imbalance settlement. On 16 July 2018 these proposals were issued for the mandated public two-month consultation. Responses must be submitted by 28 September 2018. To assist GB industry with this, ELEXON and National Grid are proposing to host a workshop dedicated to this later in August 2018.
- 3.3 We have been led to understand by National Grid that it has applied to Ofgem for an exemption from 15 minute settlement otherwise required by the EB GL Article 53. If granted by Ofgem, GB will remain HH settled for an indefinite period, although in this case the EB GL does require a cost-benefit analysis on moving to a harmonised 15 minute settlement to be carried out every three years; and, subject to Brexit, the future Clean Energy Package legislation may yet remove the possibility of indefinite exemptions.

4. Operational News

Supplier of Last Resort

- 4.1 The Panel is aware of two Supplier of Last Resort (SoLR) events relating to NGP and Iresa. We worked with Ofgem to deliver the SOLR and keep industry informed.

Ofgem data request

- 4.2 A request for information pursuant to paragraph 3.6.1 of section C of the Balancing and Settlement Code was received from Ofgem. Historic Daily Profile Data Report (D0018) data flows were provided to meet the request and an ongoing bi-annual provision is required. Ofgem requested this information following legislation to introduce a temporary tariff cap for all customers on Standard Variable ('SVT') and default tariffs. This proposed legislation creates a new statutory role for Ofgem to deliver this measure for Government. Ofgem will have a new duty to design and implement the tariff cap (the 'default tariff cap').

EMR Update

- 4.3 The following EMR Circulars have been issued since the last Panel meeting:
 - EMRC160: Capacity Market updates applied to the EMR Settlement documents;
 - EMRC161: Suppliers to receive refund of excess Operational Costs and Settlement Costs Levy for Financial Year 2017/18;
 - EMRC162: Capacity Market – Capacity Cleared Price Adjusted for UK Consumer Prices Index; and
 - EMRC163: Suppliers to receive Capacity Market Credit Cover and Supplier Charge schedule for the upcoming Delivery Year.
- 4.4 All EMR circulars are all available to download from the [EMR Circulars page](#) of the EMRS website.
- 4.5 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'.

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5. Settlement Reform and support for Ofgem projects

Ofgem Market wide Half Hourly Settlement

- 5.1 The ELEXON-led Design Working Group (DWG) recently consulted on five skeleton Target Operating Model (TOM) options for market-wide HH Settlement. We received 19 responses, which you can find on the [DWG](#) page of our website.
- 5.2 ELEXON and the DWG thank all respondents for taking the time to provide views. The DWG is encouraged that the responses confirm all five TOMs to be viable options and that it has not missed any other TOM or significant aspects of design. The responses show that there is no industry consensus at this stage on an overall preferred TOM. As a result, the DWG will take all of the TOMs forward for further detailed design and evaluation. You can find a more detailed summary of the DWG's discussion of the responses in its [Meeting 8 Headline Report](#).

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
- Appendix D – Report from the PAB
- Appendix E – Report from the TDC

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