
















BSC Modification Proposal Form		At what stage is this document in the process?
<p><b>PXXX</b></p> <p><b>Mod Title:</b> Extend the scope of the Panel's powers to raise Modifications</p>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b> <i>(Please insert a short statement of intent; mandatory for Proposer to complete.)</i></p> <p>To enable the Panel to raise Modifications for a wider set of conditions than is currently allowed.</p>		
	<p><i>Please provide an initial view of the preferred governance route and how you want the Modification to be progressed</i></p> <p>The Proposer recommends that this Modification should: <i>(delete as appropriate)</i></p> <ul style="list-style-type: none"> <li>be raised by the Panel in accordance with the provisions of Section F2.1.1(d)(i);</li> <li><b>not</b> be a Self-Governance Modification Proposal;</li> <li>be assessed by a Workgroup and submitted into the Assessment Procedure</li> </ul> <p>This Modification will be presented by the Proposer to the BSC Panel on <i>DD MMM YYYY (BSC Change Analyst to provide date)</i>. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p>	
	<p>High Impact: <i>Insert Parties and Party Agents impacted</i></p> <p>n/a</p>	
	<p>Medium Impact: <i>Insert Parties and Party Agents impacted</i></p> <p>BSC Panel</p>	
	<p>Low Impact: <i>Insert Parties and Party Agents</i></p> <p>ELEXON</p>	

**Guidance on the use of this template:** *Please complete all sections unless specifically marked for the BSC Change Analyst to complete.*

*Green italic text is provided as guidance and should be removed before submission.*

*The BSC Change Analyst is available to help and support the drafting of any Modifications, including providing guidance on completion of this template and the wider Modification process. For questions and support please contact BSC Change at [bsc.change@elexon.co.uk](mailto:bsc.change@elexon.co.uk).*

Contents		 Any questions?
1	Summary	3
2	Governance	3
3	Why Change?	4
4	Code Specific Matters	6
5	Solution	6
6	Impacts & Other Considerations	7
7	Relevant Objectives	8
8	Implementation Approach	9
9	Legal Text	9
10	Recommendations	9
<b>Timetable</b> <p>Please provide Proposer and Proposer Representative contacts and an indicative timetable. The BSC Change Analyst will update the contents and provide any additional Specific Code Contacts. The BSC Change Analyst can provide specific dates based on your Implementation Approach in Section 8.</p>		 [Insert email]
<b>The Proposer recommends the following timetable: (amend as appropriate)</b>		 [Insert number]
Initial consideration by Workgroup	DD MMM YYYY	Proposer:
Assessment Procedure Consultation	DD MMM YYYY - DD MMM YYYY	[Insert name]
Workgroup Report presented to Panel	DD MMM YYYY	 [Insert email]
Report Phase Consultation	DD MMM YYYY - DD MMM YYYY	 [Insert number]
Draft Modification Report presented to Panel	DD MMM YYYY	Proposer's representative:
Final Modification Report submitted to Authority [not Self-Governance]	DD MMM YYYY	[Insert name]
Final Modification Report published [Self-Governance]	DD MMM YYYY	 [Insert email]
		 [Insert number]
		Other:
		[Insert name]
		 [Insert email]
		 [Insert number]
		Other:
		[Insert name]
		 [Insert email]
		 [Insert number]

# 1 Summary

*Please provide a summary of the Proposed Modification (i.e. **what** is the identified defect, **how** do you propose this defect is addressed, **why** this change needs to be made).*

## What is the issue?

[BSC Section F 'Modification Procedures'](#) paragraph 2.1.1 details who can raise a BSC Modification Proposal. Currently the BSC Panel can only raise Modifications under certain conditions. BSC Parties, excluding National Grid, have raised the majority of Modifications (~66% of all Modifications), whilst National Grid have raised 15% and the Panel have raised 19% of all Modifications. The constraints placed on the Panel's ability to raise Modifications are unnecessarily restrictive as it prevents the Panel from reducing the burden on Parties, enabling innovation and driving strategical changes. This issue also applies to Change Proposals and Issues, although these are second order issues, the Workgroup should establish whether changes are needed to these processes too.

## What is the proposed solution?

The Workgroup should decide on the scope of the extension in F2.1.1(d) but it could range from:

- Allowing the Panel to raise Modifications (as a Party can); to
- Better facilitating at least one of the Applicable BSC Objectives, other than Objective (d) which is already permitted where recommended by BSCCo.

This would:

- Promote improvements in the Panel's self-governance arrangements;
- Reduce the burden on Parties (including National Grid) to be Proposer's;
- Enable, but not require the Panel to raise strategic changes that address calls for specific actions from BEIS and Ofgem; and
- Complement P370 'Allow the Panel to designate non-BSC Parties to raise Modifications' as it would enable the Panel to raise Modifications for non-BSC Parties where they have a valid proposal but are unable to support it.

# 2 Governance

This Modification should not be considered suitable for treatment as urgent, Fast Track or Self-Governance.

## Justification for proposed progression not Self-Governance

The proposal not to treat this Modification as a Self-Governance Modification Proposal has been taken because it does not meet the Self-Governance Criteria. Specifically, criterion (a)(v) which relates to the impact on the Code's governance and Modification Procedures. This Modification, if implemented, will amend the Modification Procedure itself and the power of the Panel to raise Modifications and will therefore materially impact criterion (a)(v).

## Requested Next Steps

This Modification should be:

- submitted into the Assessment Procedure; and
- assessed by a Workgroup.

## 3 Why Change?

### What is the issue?

#### **Panel objectives**

The BSC sets out the Panel's objectives and functions (see B1.2.1 and B3.1.2 respectively). The Transmission Licence Condition C3(3) sets out the Applicable BSC Objectives. All Modification Proposals must demonstrate that the Modification Proposal better facilitates at least one of the Applicable BSC Objectives compared to the current baseline.

Whilst the Panel objectives and the Applicable BSC objectives are distinct and independent from each other, there is some overlap. The table in Appendix 1 shows the overlap.

Further, F1.2.2, amongst other things, requires the Panel to operate the Modification Procedures "with a view to ensuring that the Code facilitates achievement of the Applicable BSC Objective(s)".

It is inconsistent to ask the Panel to facilitate Applicable BSC Objectives a) to c) for the purposes of discharging its objectives but at the same time not allow it to raise Modifications that would better facilitate these objectives. Whilst the distinction between the Panel objectives and the Applicable BSC Objectives is deliberate, not enabling the Panel to raise Modifications that would better facilitate the equivalent Applicable BSC Objectives is limiting the Panel's ability to meet their own objectives.

#### **Panel Role**

The Panel is the guardian of the BSC and ensures that the BSC is given effect fully and promptly. The electricity industry is increasingly under public scrutiny and criticism. This culminated in the CMA report. In addition, disruptive technology and new operating models are increasingly impacting the electricity industry. It is important the BSC, including the Panel, continues to be seen as enabling this innovation and is not seen to be a barrier.

The BSC and the Panel has not escaped this critique, with calls in particular from new market participants and Ofgem to drive reform and enable innovation.

When the Panel was established it was beyond doubt that the Panel was there to serve BSC Parties. The Modification Procedures were established to enable the BSC to evolve and Parties were seen as best placed to evolve the BSC. Whilst these viewpoints are still very relevant, it's important to recognise that the market has evolved, requiring the role of code administrators and panels to evolve too.

Extending the Panel's powers will enable the Panel to respond to changes quickly and, should the Panel wish, it will enable the Panel to drive change forward to evolve the BSC. At the heart of this issue is a question around whether the current principles that the Panel employ are still the right ones. For example, who is the Panel there to serve (e.g. Parties, consumers, industry, Ofgem) and should the Panel be reactive or proactive. Currently the Panel is an arbiter of process and works for the interests of industry, but now may be the time to change.

## **Risks**

The Panel can currently raise Modifications on the recommendation of BSCCo but only where the Modification Proposal will better facilitate Applicable BSC Objective (d)<sup>1</sup> - promoting efficiency in the implementation and administration of the balancing and settlement arrangements.

Whilst this existing power does grant the Panel a reasonably wide remit to raise Modifications, there will be instances where a Modification Proposal does not better facilitate Objective (d). This is unnecessarily restrictive.

There are already appropriate checks and balances for Panel raised Modifications and these same checks and balances would apply if the Panel were able to raise Modifications which better facilitate other Applicable BSC Objectives. For example, the Modification Procedures would still need to be followed and Ofgem will make the final decision for Modifications that do not meet the Self-Governance criteria. There is no additional risk to Settlement or in to the Modification Procedures from allowing the Panel to raise Modifications more generally. There may be a an increased risk of increasing workload for industry if the Panel raise additional Modifications, but this may be in part offset by reducing the burden on Proposers who have to invest considerable effort in researching and progressing their Modifications, should the Panel raise the Modifications on their behalf.

## **Supporting Parties**

Raising a Modification Proposals can be a major resource drain for Parties. For more complex Modifications it may even act as a barrier to raising a Modification, as research and analysis will be required to support and justify the proposal.

The Panel often appoints ELEXON as its representative where it raises Modifications. This means that ELEXON conducts the research and analysis. Decisions that the Proposer would normally make in the Workgroup, such as deciding what the solution should be, are made by majority Workgroup views. This provides an appropriate check and balance, as the Panel and ELEXON do not hold the pen, but it does move the burden from Proposers to ELEXON. Further, this Proposal could complement P370 (if approved) by reducing the burden on non-BSC Parties.

## **Supporting innovation**

It is generally accepted that the energy industry is currently going through significant levels of change. As a consequence demands are many and varied, be they originating from:

- consumers and prosumers, from existing or new market entrants;
- from European or Government policy; or
- from technology and data driven solutions.

It is not just the volume of change that is challenging as many of the changes are complex and many of the outstanding challenges are framework level and fundamental. At the same time, there is demand for faster, more agile change, particularly for 'quick wins'. This creates a landscape that is inherently uncertain. This is not a landscape unique to the energy industry, but one that all industries are facing.

Extending the Panel's powers to raise Modifications more generally will enable, but not require, the Panel to support change and explore innovative ideas.

---

<sup>1</sup> see F2.1.1(d)(i)

## 4 Code Specific Matters

*Please provide any specialist information (that is Code-specific), such as technical skillsets required and any reference documents.*

### Technical Skillsets

*Provide the required technical skillset that will be required to assess this modification.*

[Insert text here]

### Reference Documents

*Provide any reference documents that need to be considered.*

[Insert text here]

*The BSC Change Analyst may set alternative subheadings appropriate to the specific Code.*

### Insert subheading here

[Insert text here]

## 5 Solution

*Please concisely set out in detail the Code changes that are proposed, setting out specific document changes and system changes required.*

*This section is “owned” by the Proposer and will not be altered by the Workgroup and so should set out the change you, as Proposer, wish to see made. This can be amended later to take into account issues raised by a Workgroup.*

### Proposed Solution

At its simplest level BSC Section F2.1.1(d)(i) should be amended to read so that the Panel may modify the Code

- (i) where the proposal would better facilitate any of the objectives in Condition C3(3)(d) of the Transmission Licence, except Condition C3(3)(a), or on the recommendation of BSCCo in accordance with ~~Section C3.8.8 or~~ Section H9.8;

Condition C3(3)(a) relates to Objective (a) “The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence”. As this Objective relates to the Transmission Company discharging its Obligations under its Transmission Licence it would not be appropriate for the Panel to raise Modifications on this basis (albeit there are no restrictions on Parties). The Workgroup should explore whether any other Objectives should be excluded.

Section C3.8.8 requires BSCCo to keep under review whether any possible modification of the Code from time to time would better facilitate the Objectives (d). This provision is no longer needed and so should be deleted. However, the Workgroup may consider it appropriate for the Panel to only raise Modifications

which have been recommended by BSCCo, in which case this provision should be expanded to include other relevant Objectives.

The Panel can currently decide to treat the Modification' that they raise as a Self-Governance Modification. Whilst a Workgroup should consider whether this is still appropriate for this proposal, it is not currently proposed to restrict this, as industry will still be consulted and Ofgem can direct that a Modification be treated as not Self-Governance.

Similarly, this solution does not currently propose any changes to the Modification Secretary's ability to reject Modification Proposals (F2.1.3) for failure to meet the requirements to submit a Proposal and for the Panel to reverse this decision (F2.1.3(c)). However, a Workgroup should consider this as part of the Assessment Procedure. A Workgroup should also consider if any changes are needed to ensure that the Panel is not fettering its discretion in raising a proposal. Both of these concerns already exist but have not manifested themselves and there is no reason or evidence to believe they will be exacerbated by extending the scope of the Panel's ability to raise Modifications.

## 6 Impacts & Other Considerations

### Impacts

This Modification will impact the Panel and ELEXON, as it will amend the Modification Procedures. No other direct impacts are anticipated.

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Modification does not impact any existing SCRs or other significant industry change projects. The Proposer requests that this Modification be exempt from the SCR Process.

### Consumer Impacts

Day to day operation of balancing and Settlement will be unaffected so there will be no direct cost on consumers.

### Environmental Impacts

No environmental impacts have been identified

## 7 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(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	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	<b>Positive</b>
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

### **Objective (d)**

This Modification will, if implemented, improve the efficiency in the operation and implementation of the BSC arrangements by:

- Enabling, but not requiring, the Panel to progress Modifications on behalf of Parties, reducing their burden; and
- Enabling, but not requiring, the Panel to respond to strategic changes.

This Modification will also extend and improve the scope of the Panel's Self-Governance arrangements as it will give the Panel more options than they currently have to progress Modifications.



## 8 Implementation Approach

As this will be a “documentation only” change it is proposed to be implemented 5 Working Days following an Authority decision.

## 9 Legal Text

Proposed legal text has been provided in section 5 above.

## 10 Recommendations

### Proposer’s Recommendation to the BSC Panel

The BSC Panel is invited to:

- Raise this Modification Proposal in accordance with Section F2.1.1(d)(i);
- Agree that this Modification proposal not be progressed as a Self-Governance Modification Proposal; and
- Agree that this Modification Proposal be sent into the Assessment Procedure for assessment by a Workgroup.

## 11 Appendix 1 – Overlap between Panel objectives and BSC Applicable Objectives

<p><b>Panel objectives are defined in F1.2.1: The Panel shall conduct its business under the Code with a view to achieving the following objectives:</b></p>	<p><b>Applicable BSC Objective: The licensee shall at all times have in force a BSC, being a document designed so that the balancing and settlement arrangements facilitate achievement of the objectives set out below;</b></p>
<p>a) that the Code is given effect fully and promptly and in accordance with its terms;</p>	
<p>b) that the Code is given effect in such manner as will facilitate achievement of the objectives (so far as applicable to the manner in which the Code is given effect) set out in Condition C3(3)(a) to (c) of the Transmission Licence, namely:</p> <ul style="list-style-type: none"> <li>(i) the efficient discharge by the Transmission Company of the obligations imposed under the Transmission Licence;</li> <li>(ii) the efficient, economic and co-ordinated operation by the Transmission Company of the Transmission System, and</li> <li>(iii) promoting effective competition in the generation and supply of electricity, and (so far as consistent therewith) promoting such competition in the sale and purchase (as defined in the Transmission Licence) of electricity;</li> </ul>	<ul style="list-style-type: none"> <li>a) the efficient discharge by the licensee of obligations imposed upon it by this licence;</li> <li>b) the `efficient, economic and co-ordinated operation of the national electricity transmission system;</li> <li>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;</li> </ul>
<p>c) that the Code is given effect without undue discrimination between Parties or classes of Party;</p>	
<p>d) consistent with the full and proper discharge of the functions and responsibilities of the Panel and BSCCo, that the Code is given effect as economically and efficiently as is reasonably practicable; and</p>	<p>d) promoting efficiency in the implementation and administration of the balancing and settlement arrangements described in paragraph 2;</p>
<p>e) subject to the express provisions of the Code (including provisions as to confidentiality and including paragraph 1.2.2) and to any other duties of confidence owed to third parties, that there is transparency and openness in the conduct of the business of the Panel and BSCCo.</p>	
	<p>e) compliance with the Electricity Regulation and any relevant legally binding decision of the</p>

	European Commission and/or the Agency;
	f) implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation; and
	g) compliance with the Transmission Losses Principle