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MEETING NAME	BSC Panel
Meeting number	282
Date of meeting	13 September 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
	David Lane	DL	DSO 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)
	Phil Hare	PH	Independent Panel Member
	Rhys Kealley	RK	Independent Panel Member (alternate for MD)
	Richard Hall	SH	Consumer Panel Member (alternate for VP and SH)
	Stuart Cotten	SC	Industry Panel Member
	Tom Edwards	TE	Industry Panel Member
	Mark Bygraves	MB	ELEXON CEO
	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 (Part Meeting)
	Harry Parsons	HP	ELEXON (Part Meeting)
	Ivar Macsween	IM	ELEXON (Part Meeting)
	Jemma Williams	JW	ELEXON (Part Meeting)
	Rebecca Kassube	RKa	ELEXON (Part Meeting)
	Damian Clough	DC	ELEXON (Part Meeting)
	Karen Lavelle	KL	ELEXON (Part Meeting)
	Peter Frampton	PF	ELEXON (Part Meeting)
	David Thomas	DT	ELEXON (Part Meeting)
	Elliott Harper	EH	ELEXON (Part Meeting)
	Darren Draper	DD	ELEXON (Part Meeting)
	Matthew Woolliscroft	MW	ELEXON (Part Meeting)
	David Stephens	DS	ELEXON (Part Meeting)
	Alina Bakhareva	AB	ELEXON (Part Meeting)
	Christopher Day	CDa	ELEXON (Part Meeting)
	Jonathan Dixon	JD	Ofgem (Part Meeting)
	Leon Walker	LWa	National Grid (Part Meeting)
	Alessandra De Zottis	AZ	UK Power Reserve

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Apologies	Barbara Vest	BV	Industry Panel Member
	Mitch Donnelly	MD	Industry Panel Member
	Stew Horne	SH	Consumer Panel Member
	Victoria Pelka	VP	Consumer Panel Member

1. Apologies

- 1.1 The Chairman confirmed the apologies of Barbara Vest, Mitch Donnelly, Stew Horne and Victoria Pelka.

NON-MODIFICATION BUSINESS (OPEN SESSION)

2. Update on Faster Switching Programme – Verbal update

- 2.1 Jonathan Dixon from Ofgem attended the Panel to provide an update on recent developments, particularly around its Faster Switching programme, the development of the Retail Energy Code (REC) consultation and Ofgem's Significant Code Review (SCR).
- 2.2 JD advised that the REC was necessitated by the need to provide governance around the new Central Switching Service (CSS) market role. He reminded the Panel that the intention is for the REC to be a 'modern' code to replace the Supply Point Administration Agreement (SPAA) in the gas market and its broad equivalent the Master Registration Agreement (MRA) in the electricity market. The driver from an Ofgem perspective is to tidy up retail governance to make it more effective, taking into account the Competition and Markets Authority (CMA)'s findings. This involves not being too prescriptive, ensuring there is flexibility and utilising new technologies.
- 2.3 In the same way that the financial sector has gone through a step change in compliance in relation to FinTech products, machine learning etc., JD advised that Ofgem is going through a similar process to make licensing reporting easier by making better use of its data analytics. He noted that the intention is to feed this application through to the industry codes so that what works at a licensing level should also be applicable at Code Administration level.
- 2.4 JD noted that as part of developing the REC, there is a time critical issue attached to it in relation to providing clarity on the CSS to the Data and Communications Company (DCC), who is managing the tender process for the switching arrangements. Its intention is to therefore implement v2.0 and v3.0 in parallel. JD also commented that as part of this, Ofgem is using lessons learned from the rollout of smart Meters and Project Nexus to ensure it provides some more robust governance that it can utilise for the implementation stages.
- 2.5 In relation to potential timescales, JD advised that Ofgem is currently reviewing the responses received to the [REC Consultation](#) that closed on 31 July 2018. Following this, Ofgem welcomed challenges from industry on its rationale prior to publishing its statutory consultation on licence modifications which will be issued on 4 October 2018. If industry is still in agreement, it intends to issue its direction that the Licence modifications be made in early November 2018 followed by a 56-day fallow period. Following this, the Licence and v1.0 of the REC should take effect from mid-January 2019.
- 2.6 JD highlighted that this is the first time that Ofgem had conducted an SCR with the power to draft a Modification themselves, rather than directing industry to develop Modifications. He noted that the REC will impact seven different codes and therefore believed it to be unrealistic for seven different legal teams to produce legal drafting that was consistent. JD acknowledged that careful coordination was required. He therefore noted that Ofgem's proposal is for Gowlings, with whom they have a good relationship, to carry out the legal drafting for the REC, and will also provide a coordination and quality assurance role to ensure

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consistency of the drafting. Ofgem recognised that itself and Gowlings do not have the in-depth knowledge of the codes to know all the implications and unintended consequences, so it is necessary to liaise with subject matter experts from these codes to be able to do so.

- 2.7 JD advised that the consequential changes on the BSC are not expected to be material. The main changes relate to pointing the BSC in the direction of a new code rather than to the MRA.
- 2.8 JD also highlighted to the Panel that Ofgem intends to draft a 2020/2021 vision of licences at the time the switching arrangements go-live in March 2019. This is intended to detail Ofgem's direction of travel, consequences of the switching programme and proposal to tidy up the Licence e.g. obligations surrounding the SCR are included six times in the Distribution Licence, which is unnecessary.
- 2.9 A Panel Member expressed the view that they were supportive of the approach but was concerned that 2021 is not that far away, noting that there is a significant amount of work to do before then. However they were concerned as to how Suppliers are going to be able to follow this programme and get involved. The Panel Member believed it would be down to the Code Bodies to put forward Suppliers' views in order to bring everything together under the new code. JD advised that Ofgem had not ruled out issuing another consultation before everything is baselined. However its intention is to move through the process with industry rather than having one large consultation near the end of the process.
- 2.10 A Panel Member queried how the Panel can ensure it has looked at all the controversial issues before it sees the final Modification. He added that being made aware of any issues early is necessary in this case. The Panel agreed to come back to this at a later date.
- 2.11 A Panel Member queried how Ofgem intends to roll-out the changes to the different codes at the same time. He noted that the same resource, particularly from smaller Parties would be involved in doing this which is a lot of work to do at once. He added that smaller Parties may struggle so suggested a staggered approach may be more appropriate. JD advised that Ofgem intends to reduce the burden by only having one Modification report as it would be unfair on Parties to respond to up to seven different code consultations. However there will be an increased volume of text in comparison to other Modifications. JD also highlighted that Ofgem wants to ensure that all documentation is published as early as possible so that industry is made aware of the changes early.
- 2.12 MB queried what the intended start date is as previous documentation detailed April 2020 whereas JD had indicated a different start date of 2021. JD advised that there is considerable risk to the current planned go-live date for CSS of April 2020. A more likely go-live date is summer 2021.
- 2.13 MB also advised the Panel that ELEXON had again extended its offer to Ofgem to engage in any of the points that it had made in its [response](#) to the REC Consultation. Additionally, MB highlighted that it has been informed that the process to appoint the REC Administrator itself will be made available in the October 2018 documentation.
- 2.14 MG noted that Ofgem can learn from previous code mistakes commenting that previously, one of the issues with the BSC was the tension between the role of the Panel and the role of the Board as the lines had been blurred. MG highlighted the 2013 [Knight Review](#), noting that since then, there has been greater accountability and these difficulties have disappeared. He expressed the view that Ofgem would be able to learn from this, especially with the roles of the REC Panel and Manager.
- 2.15 JD advised the Panel that if they had any further comments to feel free to contact him directly or via ELEXON.

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MODIFICATION AND CHANGE BUSINESS (OPEN SESSION)

3. Change Report and Progress of Modification Proposals – 282/03

- 3.1 The Modification Secretary provided an update on open Modifications and Change Proposals.
- 3.2 In relation to [P344 'Project TERRE implementation into GB market arrangements'](#) and [P354 'Use of ABSVD for non-BM Balancing Services at the metered \(MPAN\) level'](#), a Panel Member suggested that ELEXON should provide an information sheet for customers to let them know how they can be involved in the processes which are complicated. The Panel Member noted that the benefit of this information sheet coming from ELEXON is that it would be considered independent rather than from the aggregator or Supplier who are directly involved with the customer. The Transmission Company Representative noted that as part of this, customers should be made aware that they may fall far of any volume tolerance that they have in their contracts with the Supplier if the Supplier is not being made aware of the activity going on.
- 3.3 A Panel Member also supported the information sheet highlighting that at the Association of Decentralised Energy (the 'ADE') there is a concern regarding some actions of aggregators which have been misleading customers. Currently, they are trying to solve this via a Code of Conduct. ELEXON agreed to provide this feedback to the P344 and P354 implementation teams.

ACTION 282/01

- 3.4 The BSC Panel:
- a) **NOTED** the contents of the September Change Report.

4. Update on P297 'Receipt and Publication of New and Revised Dynamic Data Items' – Verbal

- 4.1 Leon Walker from National Grid attended the Panel to provide an update on [P297](#). Providing a recap on National Grid's process with the Modification, LWa reported that having reassessed the current and future market requirements, significant system changes will have to be implemented over the next few years. They will involve amending many of National Grid's current systems as well as its Electricity Balancing System (EBS).
- 4.2 LWa noted the draft letter that National Grid had written to the Panel, highlighting four different elements to P297 and detailed how National Grid proposes to address each of these areas:
- **Alternative to Electronic Data Logging (EDL)** (sharing of data between National Grid and market participants): LW noted that it was now planning to develop this element via its [wider access to BM roadmap](#) piece of work, for delivery in December 2019. They therefore proposed to remove this from the scope of P297.
 - **Data items submitted by market participants**: Currently, the Stable Export Limits (SEL) and Stable Import Limits (SIL) data is submitted via a snapshot of its current and future value. Under P297, the intention was to show this as a profile, similar to how Physical Notifications (PNs) and Maximum Export Limit (MEL) are submitted. In looking to make this change, LWa advised that it had spoken to market participants via various forums to assess their views of the perceived benefits of this in light of the complexity of making the changes. From these discussions, it had identified a more efficient way of submitting SEL and therefore proposed a change to the P297 solution to access the potential operational and system benefits. LWa highlighted that subject to a further impact assessment, it would be able to make this change by December 2019 in line with Project TERRE in order to package the changes up together in a controlled manner.

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- **Ramp rates:** LWa commented that following the discussions with market participants about the ramp rates, it had reached the conclusion that further work is needed to assess the benefits of this aspect of the P297 solution. Greater flexibility and submission procedures are more important than thought at the time of the P297 approval so the P297 change on its own may no longer be more suitable. As this change will involve a complex change to the National Grid systems, the company wants to carry out further analysis before deciding on the optimal way forward. He was therefore unable to advise when this component will be delivered.
- **Difference in the ability to submit Notice to deviate from zero (NDZ) and Last Time to Cancel Sync data (LTCS):** LWa advised that following discussions with market participants, National Grid had struggled to identify any benefits from implementing this part of P297. They advised that this was likely due to BM Start Up which provides instructions for NDZ and LTCS. Historically the costs of BM Start Up had been significantly high but these had dramatically decreased in the past few years. Accordingly, LWa proposed removing this component entirely from the P297 solution.

4.3 A Panel Member commented that when market participants do not allow two-shift limits to be a real instruction, they were told by National Grid that they had to use NDZ and LTCS as a means to manage two-shift limits on power stations. The Panel Member queried whether this was correct. The Transmission Company Representative agreed to consult their colleagues and confirm this.

ACTION 282/02

- 4.4 A Panel Member queried how National Grid intends to consult on the proposed changes for P297; they believed that it was necessary for industry to have heavy involvement in the proposals. The Panel Member accepted that in relation to EDL and Electronic Data Transfer (EDT)* technology has moved on but noted that there may be more flexibility in the market now e.g. new plants, that may not be aware of the previous discussions had under P297. The Transmission Company Representative advised that National Grid intends to raise a new BSC Modification in October 2018 so that Parties can take into account all the considerations detailed.
- 4.5 The Panel agreed that a new Modification would be required as National Grid's proposal appears to be a different solution from that approved by the Authority. However, the Panel queried the potential timescales for implementing the revised P297 solution. LWa commented that the changes are complex, would involve assessment by a Workgroup and require examination of several different systems. For obvious reasons, this would need to be carried out in a controlled manner.
- 4.6 A Panel Member was concerned that National Grid intends to remove one data item entirely. Although Parties use BM Start Up less than they did previously, they noted that it can have a significant impact on prices. They therefore agreed that industry engagement via a Workgroup is vital to progressing P297 or its alternative successfully so that issues such as these can be discussed.
- 4.7 A Panel Member was concerned that it had asked National Grid on numerous occasions to report progress on P297 and had received no real update since it was approved four years ago. In addition, a Panel Member was concerned that the benefits from P297, as proposed by National Grid, will have not been realised. In response, LWa indicated that these options have been formed after speaking to market participants since P297 was approved and it should take due account. The Panel Member noted that this then suggested some serious questions around due process for the Panel's governance; all such considerations of the benefits would have already been taken as part of the Modification process in the first place. The Chairman further emphasised the point that P297 was raised by National Grid and after going through the Panel's process, was then approved by the Authority in 2014. However, for the past four years the Panel had not received a satisfactory update on the Modification's progress.

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- 4.8 The Transmission Company Representative advised that the intention was to provide stakeholder feedback from various forums e.g. its IS Forum, which it believed would be useful to help alleviate concerns that P297-solutions were sub-optimal. A Panel Member expressed the view that at the IS Forum, National Grid delivered its proposal for P297 rather than opening the area up for discussion. Additionally, the Panel Member expressed concern that this situation is akin to National Grid using its monopoly position to implement what it wants, which they found unacceptable. They highlighted that Code compliance is of the highest importance. If a Party had been in breach of a Code for four years, the expectation would be that National Grid would have complained to Ofgem and Ofgem, in all likelihood, would have considered taking enforcement action for breach of licence.
- 4.9 The Transmission Company Representative highlighted that National Grid had remained compliant with the BSC and its licence because the Panel approved the P297 Implementation Date being extended. A Panel Member believed that was part of the problem; by extending the Implementation Date, the Transmission Company remain compliant and so removing the need for any action. The Chairman reiterated that a fundamental part of the problem is that the Panel appears to have little or no sanctions to be able to do anything whereas Ofgem does have such power.
- 4.10 The Transmission Company Representative commented that their intention was to bring its proposal to the Panel for discussion and they acknowledged Panel's sole authority as to whether to put a 'new' P297 into assessment. They suggested that proposing a new Modification in this way also supports their ambition to increase transparency of the implementation of P297 with industry stakeholders.
- 4.11 A Panel Member noted a parallel with the Nexus programme in the gas market where system changes were approved by the Authority but still had not yet been implemented. New functionality that Suppliers wanted was approved but Gas Network Operators have continued to indicate that it is too difficult to implement. The Panel Member queried whether there are similar differing views under P297. LWA advised that because of the varying roles in the market, each with their own needs, a number of options need to be considered and this can be challenging at times.
- 4.12 A Panel Member commented that there appears to be a lack of incentive to make this Modification happen. They highlighted the [Ofgem's System Operator Incentive Scheme](#) which was announced in 2018, noting the change from financial targets to operational targets. Although not delivering P297 does not itself fit into this, the System Operator (SO)'s Performance Panel will receive feedback from market participants on the System Operator's performance and it may be that the Panel should highlight the non-delivery of P297 for their consideration.
- 4.13 The Chairman queried what the best legal approach would be to move P297 on from its current position to a position where a revised P297 Modification can be raised. ELEXON Legal advised that there is no specific mechanism in the BSC by which the Authority can withdraw its approval of a Modification. However, there is some strong case law which states that "an express power to do something comes with an implied power to undo something". Ofgem could therefore use this to undo its approval of P297. ELEXON Legal also identified a more complicated route which would involve extending P297 indefinitely i.e. continuously putting in a new date and raising a new Modification which is based on the current baseline. However, this could lead to a number of difficulties as the baseline in 2014 is very different to the baseline in 2018.
- 4.14 The Chairman queried whether an option could be for one Modification to be raised to reverse P297 and subsequently a second Modification could be raised to consider the solution afresh. ELEXON Legal confirmed that this would be a sensible approach. A Panel Member was concerned that they did not want to set a precedent for Ofgem being able to un-do a Modification that had received Ofgem approval.
- 4.15 The Ofgem Representative advised that Ofgem's policy team is in discussions with National Grid to work through each element of the Modification and understand why it should not be delivered now. This involves looking at what the benefits were back in 2014 when P297 was approved, whether things have changed

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significantly over time or whether National Grid does not have the finances to deliver the Modification. They added that they hoped to get this resolved as soon as possible.

- 4.16 The Modification Secretary reminded the Panel that P297 is still part of the November 2018 Release. Although Parties are aware that P297 will not be implemented in the November 2018 Release, it still is officially in the Release. The Modification Secretary recommended that the Panel writes to Ofgem following the September meeting as there is a risk that this may be too late to do this after the 11 October 2018 meeting. Alternatively, the Panel could choose to simply not propose a new Implementation Date in full expectation that P297 would then be recorded as undelivered and both ELEXON, and National Grid being non-compliant.
- 4.17 MB commented that it would be unsatisfactory if ELEXON was penalised for a failure that was not its fault. Members of the Panel agreed that it should avoid the situation that the Ofgem official statistics suggest that ELEXON had failed in its role of Code Administrator to deliver such the Modification. The Panel reiterated its support for ELEXON. It was suggested that the Panel could write to Ofgem at the time the statistics were compiled to inform them of the reason for the non-delivery so that ELEXON's performance would not be impaired.
- 4.18 The Modification Secretary highlighted that not proposing a new Implementation Date would mean that the BSC document changes would still have to be implemented. ELEXON Legal confirmed that the November 2018 Release date is the date in which by law the BSC legal text would change otherwise ELEXON would be in breach of Section F. The Panel did not believe this would be sensible and further expressed its disappointment that National Grid had put them in such an awkward position.
- 4.19 The Panel overall agreed not to propose a new Implementation Date for P297, a Modification that, in its current form, will not be implemented. The Panel agreed to seek to resolve the situation through correspondence with Ofgem and as such asked ELEXON to write to Ofgem and seek its recommendation on the best way forward.

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5. P371 'Inclusion of Non-BM Fast Reserve and Non-Tendered Fast Reserve actions into the calculation of the Imbalance Price and extension of the new cash-out price arrangements to Fast Reserve' – (282/04)

- 5.1 [P371](#) aims to extend the scope of the cash-out price arrangements introduced by the Electricity Balancing Significant Code Review (EBSCR) and include the price of Non-Balancing Mechanism (BM) Fast Reserve, Non-Tendered Fast Reserve and Spin Gen actions into the calculation of the Imbalance Price. The aim is to correct the calculation of the Imbalance Price; guarantee fair and harmonised treatment of all services which cost should be included; provide greater transparency and, ultimately, ensure National Grid's compliance with the Balancing Services Adjustment Data Methodology Statement (BSAD).
- 5.2 The Chairman queried whether the problem is that there is a defect in the BSC or non-compliance with BSAD. The Proposer commented that it is both. The Proposer also highlighted that it had been in discussions with National Grid to see if it could do something unilaterally. However, the Proposer and National Grid had concluded that this was not possible but that the most sensible approach was to raise a BSC Modification.
- 5.3 A Panel Member queried why the identified Balancing Services are not part of BSAD. A Panel Member commented that this was because these Balancing Services were considered system balancing actions rather than energy balancing actions. The Transmission Company Representative commented that the market has moved on considerably since the BSAD was compiled and suggested that this should be explored again by the Workgroup.

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- 5.4 A Panel Member suggested that as part of the assessment of the Modification, whether it has any effect should be looked in to as the Reserve Scarcity Price (RSP) function has only been triggered seven times in two years and only twice has had an impact on cashout. The Panel Member noted that it would be a waste of cost and resource if there is no impact on cashout. Additionally, the Panel Member suggested that the Workgroup should look at the European Codes issue as following Ofgem's review; the Joint European Standing Group (JESG) agreed that the RSP was a waste of time and should be removed rather than adjusted. If RSP was removed, this would help ensure that parties are compliant with European Codes.
- 5.5 A Panel Member commented that it not clear that the activation of Fast Reserve is to do with resource scarcity and suggested that this may be down to dynamic uncertainty. Additionally, the Panel Member noted the sending of signals to market participants and queried what the Proposer expects market participants to do with this. A Panel Member commented that some new market participants are able to respond to signals as they are able to trade after gate closure. They added that there are some parties who are likely to be able to take advantage of this in the future by having a transparent price signal. A Panel Member queried whether the benefits would be that this would allow parties to go out of balance. The Panel Member confirmed that this would be the case. The Proposer commented that these were interesting issues which should be discussed by the Workgroup.
- 5.6 A Panel Member highlighted that RSP is causing problems amongst some Suppliers and smaller generators as it does not feed into cashout but that a signal is submitted that is causing an issue i.e. looks too long or too short. Another Panel Member noted that RSP is not dynamic yet. The dynamic has more periods where the RSP would be material than the static so this should also be considered by the Workgroup.
- 5.7 The Transmission Company Representative advised that if there are any additional balancing services to do with cashout that are not included in the title of the Modification, the Workgroup should still consider these so that the bigger picture is taken into account.
- 5.8 The BSC Panel:
- a) **AGREED** that P371 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P371 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference.
- 6. 'Speeding up the approval process for the publication of BSC data on the BMRS' – (282/05)**
- 6.1 This Modification proposes to simplify the governance arrangements and reduce the timescales for the publication of BSC data on the Balancing Mechanism Reporting Service (BMRS).
- 6.2 The BSC Panel:
- a) **RAISED** the Modification Proposal in Attachment A (in accordance with F2.1.1(d)(i));
 - b) **APPOINTED** the Proposer's representative for the Modification, Thomas Edwards;
 - c) **AGREED** that this proposed Modification progresses to the Assessment Procedure;
 - d) **AGREED** the proposed Assessment Procedure timetable;
 - e) **AGREED** the proposed membership for the Workgroup; and
 - f) **AGREED** the Workgroup's Terms of Reference.

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7. CP1505 'Allowing off-site Commissioning of Current Transformers preinstalled in cut outs or switchgear at manufacture for use in Low Voltage installations' – (282/06)

(David Overman (GTC - CP1505 Proposer) joined the Panel meeting via teleconference)

- 7.1 [CP1505](#) seeks to allow 'off site' Commissioning of current transformers preinstalled in cut outs or switchgear at a manufacture or commissioning agent for use in low voltage (LV) installations. This is in order to achieve greater efficiency in the Commissioning process. The SVG approved CP1505, but as the ISG determined that the CP should not be approved, ELEXON invited the Panel to make the final determination.
- 7.2 A Panel Member queried whether there was a particular reason for six members of the ISG rejecting CP1505 and only one ISG Member voting to approve the CP. ELEXON confirmed that a balanced discussion took place with reasons provided being a combination of the wider Commissioning issues, accountability issue and the risk that equipment fails between factory and install (timescales/transportation). The ISG Panel Sponsor believed the main concern was around accountability for rectifying errors identified during the Commissioning process and noted that a BSC Issue was raised (which has now been raised as [Issue 72 'Ensuring measurement transformer assets installed by a Non-BSC Party are successfully Commissioned within BSC timescales'](#)), the existing accountability issue could be exacerbated through the off-site Commissioning process with no confirmation it would be further investigated.
- 7.3 A Panel Member queried whether the ISG's concern was the Commissioning process leading to errors or the Commissioning process in itself has errors/issues built into it. The ISG Panel Sponsor advised that the concern was that there would be unanticipated issues that occurred in between off-site tests i.e. storage or transportation and installation on site. Therefore if the overall Meter Operator Agent (MOA) Commissioning on site testing was not carried out, the risk to Settlement could increase.
- 7.4 The Panel queried how quantifiable the impact on risk to Settlement is from the implementation of CP1505. The DSO Representative commented that CoP4 appears to be being brought into line with current practice and is not introducing any additional risk. Commissioning will be conducted in a factory where CTs are then packaged up and moved to site. They added that it would be obvious if the equipment is damaged en route as it would either not work or be picked up by the MOA on site. In relation to the overall Commissioning process, the Panel is aware that there are issues with this. However, they understood that the process cannot be fully rectified in one change and acknowledged the work to improve the baseline with CP1505 and the raising of Issue 72.
- 7.5 A Panel Member commented that CP1505 appears to be being driven by cost efficiency to remove unnecessary processes so queried the consumer benefit of this. ELEXON advised that it had not assessed the direct consumer impact as it relates to business costs which may ultimately be passed through, either upwards or downwards, to the consumer. However there are currently health and safety aspects for consideration e.g. carrying heavy equipment around the site. Further, injection testing equipment required for on-site Commissioning where there is no load present is expensive with these operational costs, ultimately passed through to the consumer. The CP1505 Proposer commented that there would be a cost to them for the manufacture to carry out the work. However, they believed that this would be less than completing the work on-site. The Proposer highlighted that ensuring consistency, obtaining the correct results and the health and safety concerns as being more important than the financial benefit.
- 7.6 The BSC Panel:
- a) **APPROVED** the proposed changes to CoP4 for CP1505;
 - b) **APPROVED** CP1505 for implementation on 1 November 2018 as part of the November 2018 Release; and
 - c) **NOTED** that CP1505 was approved by the SVG at its meeting on 29 May 2018.

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(David Overman (GTC - CP1505 Proposer) left the Panel meeting)

8. Update to Modification Workgroup's Terms of Reference to better support engagement with Parties – (282/07)

- 8.1 ELEXON invited the Panel to approve a new standard Terms of Reference (ToR) for Modification Workgroups. The ToR have been updated to better support participant Workgroup engagement by reducing the attendance threshold to maintain voting rights from 2/3 to 50% and allowing alternates.
- 8.2 The Transmission Company Representative commented that the Connection Use of System Code (CUSC) does not allow an alternate to be someone else in the meeting; it has to be an alternate who is not an existing member of the Workgroup.
- 8.3 A Panel Member commented that under the CUSC, the alternate member attends the meeting on behalf of the member to represent the member company whereas under the proposal put forward to the Panel, an alternate attends as an independent member (as does the member) who is impartial so is able to put forward their own views.
- 8.4 A Panel Member was concerned that one Workgroup Member could turn up to a meeting and for example, have five different Workgroup Members' votes if various members were unable to attend. They suggested that to prevent this, an alternate cannot be an existing member of the Workgroup. Another Panel Member highlighted that the intention of amending the Workgroup's Terms of Reference was to enable more parties to attend and increase their willingness to engage. The Modification Secretary advised that they would return to the Panel if this became an issue or it was clear that the Terms of Reference were being abused in the ways outlined by various Panel Members. The Panel agreed that it would be sensible for the Modification Secretary to include an update on how the changes are working at an appropriate time.
- 8.5 A Panel Member commented that a lot of the concerns could be relieved by good chairmanship in giving Workgroup Members a steer on what is expected from them.
- 8.6 The BSC Panel:
- a) **APPROVED** the Workgroup standard Terms of Reference in Attachment A; and
 - b) **NOTED** the contents of the paper.

NON-MODIFICATION BUSINESS (OPEN SESSION)

9. Minutes of Meeting 281 Actions arising

- 9.1 The minutes of the previous meeting were agreed and an update on the actions provided.
- 9.2 The Panel agreed to keep action 3 open ('National Grid to inform the Panel what the intended benefits of P297 are to the industry') until the letter to Ofgem has been agreed by the Panel and submitted.

10. Chairman's Report

- 10.1 The Chairman highlighted the results of the BSC Panel Elections 2018 noting that two existing BSC Panel Members (Barbara Vest and Andy Knowles) did not stand, three existing BSC Panel Members did (Stuart Cotten, Mitch Donnelly and Thomas Edwards) and all were successful.
- 10.2 The Chairman expressed his thanks to Andy Knowles for his contribution in his one term on the BSC Panel for 2016-2018. He highlighted that he had been an extremely independent Panel Member which had provided value to the Panel. The Chairman also expressed his thanks to Barbara Vest for her huge contribution,

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commitment and considerable BSC presence over a large number of years. He requested that both Andy and Barbara be invited to the BSC Panel Christmas Lunch on 13 December 2018.

- 10.3 The Chairman congratulated Lisa Waters and Mark Bellman and welcomed their membership to the Panel.
- 10.4 The Chairman also confirmed that he had received an overwhelming response from the Panel for Phil Hare and Derek Bunn to continue in their posts as independent Panel Members and for Diane Dowdell to continue her role as a non-elected Industry Panel Member. He therefore invited them to continue for another term.
- 10.5 The Chairman advised that a lessons learned exercise had been carried out following the 2018 Panel Elections. The Panel and Committee Support Manager advised that following its own observations and feedback received from some of those BSC Parties involved in the process, it intends to raise two BSC Modifications to improve the BSC Panel Elections process: the first Modification would be straightforward in bringing the BSC Panel Elections up to date with modern technology i.e. removing 'via fax' and 'via post' and allowing 'via email' to become an acceptable method of voting. The second Modification would be broader, for example, in looking at the timing of the BSC Panel Elections and tightening up the wording in the BSC. The Panel and Committee Support Manager advised that these Modifications were now with the BSC Change Team so would be brought to the Panel shortly to ensure that these changes are made in time for the BSC Panel Elections.
- 10.6 The Chairman informed the Panel that a Credit Committee meeting was held on 7 September 2018. The Credit Committee agreed to increase the CAP from £59/MWh to £75/MWh which was higher than the £70/MWh detailed in the [consultation](#).
- 10.7 The Chairman also noted that it intends to have an ELEXON table at the Energy Industries Club on 17 October 2018.

11. ELEXON Report – 282/01

- 11.1 MB provided an update on recent activities and developments relevant to the BSC and ELEXON since the last Panel meeting.
- 11.2 MB highlighted [ELEXON's response](#) to National Grid's consultation on CUSC Modification [CMP285 'CUSC Governance Reform – Levelling the Playing Field'](#). A Panel Member highlighted to Ofgem a point put forward in the consultation response that following SO/TO separation, it should look at what votes National Grid should have on various codes. Currently the CUSC has two CUSC Panel Members present who are able to provide a combined vote whereas under the BSC, the single Transmission Company Representative is unable to vote on Modification business. The Transmission Company Representative expressed the view that parties such as National Grid, who have commercial consequences associated to changes to its codes, should have a robust presence in voting on these arrangements.
- 11.3 MB advised that it is delaying ELEXON's customer survey until the results of Ofgem's cross-code survey results have been made available.
- 11.4 MB noted section 3.3 of the paper which detailed that on 22 August 2018, BEIS notified ELEXON of a letter that BEIS Minister Claire Perry had published, announcing an upcoming Statutory Instrument (SI) relating to energy and Brexit. MB advised that this SI has now been [published](#).
- 11.5 A Panel Member noted section 3.2 of the paper that ELEXON will examine any technical notification papers on the impacts of 'no deal' of potential relevance to ELEXON or the BSC. They queried whether any have any potential relevance to ELEXON or the BSC so far. MB advised that so far they have not but will make the Panel aware of anything that does have any impact.
- 11.6 MB advised that Ofgem had published its [analysis report](#) on 2 August 2018 relating to the Electricity Balancing Significant Code Review (SCR) and subsequent BSC Modification [P305 'Electricity Balancing](#)

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[Significant Code Review Developments](#)'. A Panel Member queried where ELEXON's analysis agrees and differs with Ofgem's, noting that there had been minimal change. ELEXON advised that from what it had seen from Ofgem's analysis, it is largely based on ELEXON's data so is similar to the findings that were reported in ELEXON's [P305 Post-Implementation Review](#), which was published in February 2017. ELEXON noted that it will continue to report on Imbalance Prices through the monthly System Price Analysis Report (SPAR), and will continue to make sure BSC Parties are aware of the second phase of Modification changes due to be implemented on 1 November 2018. Additionally, ELEXON will carry out a second post-implementation review once the second phase has been implemented for a while.

- 11.7 MB drew the Panel's attention to its KPIs in relation to performance of its Service Providers, primarily CGI. He advised that there is a 'Path to Green' (service improvement plan), which ELEXON is challenging. MB also advised that he had reported this to the CGI Head of UK and it is on their reporting dashboard which they have to discuss with the Global Chief Executive Officer. Additionally, he noted that he had a meeting with CGI on 13 September 2018 where performance would be discussed.

12. Distribution Report - Verbal

- 12.1 DL had nothing to report.

13. National Grid Report – Verbal

- 13.1 JW noted that National Grid has raised an Issue Group in relation to non-BM STOR to consider whether there is merit in taking forward work this area following Panel's concerns regarding cash-out.
- 13.2 JW advised that following a successful launch of the [wider access to BM roadmap](#), National Grid held a webinar attended by approximately 125 stakeholders. This webinar received some very positive feedback.
- 13.3 JW advised the Connection Use of System Code (CUSC) Modification [CMP295 'Contractual Arrangements for Virtual Lead Parties \(Project TERRE\)'](#) has been re-prioritised by the CUSC Panel to ensure it progresses swiftly for implementation alongside the TERRE arrangements.
- 13.4 JW noted that responses to Ofgem's [consultation](#) on 'Getting more out of our electricity networks through reforming access and forward-looking charging arrangements' are due by 18 September 2018. The Electricity System Operator (ESO) will respond and is likely to make this public.
- 13.5 JW also noted that on 22 August 2018 it held a joint workshop with ELEXON on Article 52 of the European Balancing Guidelines (EB GL) (requiring all Transmission System Operators (TSOs) to make harmonisation proposals for key elements of imbalance settlement). JW noted that there was good attendance and this made positive steps to ensure correct implementation in GB frameworks.
- 13.6 A Panel Member noted that in early 2018, National Grid ran some 'war games' in relation to TERRE and queried whether National Grid intends to run these again. JW agreed to check and to update the Panel in October.

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14. Ofgem Report – Verbal

- 14.1 CD advised that Gen4u have ceased to trade and Octopus Energy have been appointed as the Supplier of Last Resort. Gen4u have less than 500 domestic customers.
- 14.2 In relation to Ofgem's cross-code survey, CD apologised for the delay and indicated that the results should be published in a couple of weeks.
- 14.3 CD advised that in relation to Half Hourly (HH) Settlement, it had published the second (of three) iterations of its outline business case for HH Settlement. The overall draft economic assessment suggests substantial

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potential benefits, which suggests that its decision on the project should centre on the when and how, rather than whether market-wide HH Settlement reform should be introduced.

- 14.4 CD advised that Ofgem is seeking feedback on two areas: HH export Settlement and commercial drivers on the industry to deliver market-wide HH Settlement reform. Responses are invited by 17 October 2018.
- 14.5 In relation to SO legal separation, CD highlighted that Ofgem has published its final decision to modify the licence and granted consent to partially transfer the licence to the new separated entity.
- 14.6 In relation to the price cap, CD highlighted that Ofgem has published its decisions on the price cap. The next step is to make the decision on this in November 2018.
- 14.7 In relation to enforcement and compliance, CD advised that it had published its second six-monthly compliance and enforcement report. This aimed to help Suppliers learn from its work and better understand their obligations. Additionally, British Gas provided incorrect terms and conditions to millions of customers, and wrongly charged 94,000 customers. Consequently, they have paid out £2.65m in refunds, compensation and redress to customers that were affected.
- 14.8 CD also advised that Ofgem is currently redeveloping its website to better meet the needs of users.

15. Report from the ISG – 282/01b

- 15.1 The Panel noted the report from the ISG.
- 15.2 A Panel Member highlighted that the incorrect calculation of the Market Index Price was drawn to the ISG's attention. He added that a Market Index Definition Statement (MIDS) review is being presented to the ISG at its October meeting.

16. Report from the SVG – 282/01c

- 16.1 The Panel noted the report from the SVG.

17. Report from the PAB – 282/01d

- 17.1 The Panel noted the report from the PAB.

18. Report from the TDC – 282/01e

- 18.1 The Panel noted the report from the TDC.

19. Trading Operations: BSC Operations Headline Report – 282/02

- 19.1 The Panel noted the BSC Operations Headline Report.

20. System Price Analysis Report – ISG208/08

- 20.1 The Panel noted the System Price Analysis Report (SPAR).

21. Reference Network Mapping Statement for 2018-19 – 282/08

- 21.1 The methodology for the production of the draft reference network mapping statement for 2017-18 was approved by the Panel in August 2017, and was applied in the derivation of Seasonal Zonal Transmission Loss Factors for use in 2018-19, as required by Approved Modification [P350 'Introduction of a seasonal Zonal Transmission Losses scheme'](#). At the October 2018 meeting the BSC Panel will be invited to approve any proposed changes to the draft reference network mapping statement.
- 21.2 A Panel Member queried whether this should be the Reference Mapping Statement for 2019-2020. ELEXON confirmed that this is one year in arrears which is why it is 2017-2018.

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- 21.3 A Panel Member queried whether Nominated Electricity Market Operators (NEMOs) should be included. ELEXON confirmed that they would not be as they only use anything that is live in 2017-2018 but that they will be included in the 2019-2020 Reference Network Mapping Statement (NMS).
- 21.4 A Panel Member noted that National Grid is offering connections for 33kV on its tertiary windings so queried how this would feed through to the NMS. ELEXON advised that it has been in continuous discussions with National Grid regarding the draft NMS so will raise this with its contact if there is a discrepancy.
- 21.5 A Panel Member queried whether it is likely that any changes will be made to the draft reference NMS. ELEXON advised that it is unlikely as it had currently not received any comments to the [consultation](#) which closes on 14 September 2018.
- 21.6 The BSC Panel:
- a) **NOTED** the methodology for producing the draft reference NMS;
 - b) **NOTED** the draft reference NMS;
 - c) **NOTED** the Network Mapping Statement for the Determination of Transmission Loss Factors;
 - d) **NOTED** the proposed approach for consulting with industry on the draft reference NMS; and
 - e) **NOTED** that ELEXON will present the draft reference NMS to the BSC Panel for approval at its October 2018 meeting.

NON MODIFICATION BUSINESS (OPEN SESSION)

22. Progression Approach Options for a Potential Modification to Extend the Panel's Scope to Raise Modifications – (282/09)

- 22.1 ELEXON summarised the pros and cons of progressing a proposal to modify the Code, to extend the Panel's scope to raise Modifications, as either an Issue or a Modification. ELEXON invited the Panel to progress the proposal as an Issue.
- 22.2 A Panel Member expressed the view that an Issue Group should be raised so that industry can let the Panel know if this is the direction it wishes the Panel to take or whether there is any interest in the topic. Additionally, they did not believe that the Panel should be involved in competition and strategic direction of the industry as their view was that the Panel is a checks and balance board.
- 22.3 A Panel Member believed that a Modification would be the most straightforward route. However, if an Issue Group was the preferred method, the Panel Member suggested that the scope should be broadened e.g. whether the Panel should be voting on Modifications or whether a Change Board should be created, whether ISG and SVG meetings could be combined as they are currently both conducted via teleconference. A Panel Member agreed commenting that the main issue that should be looked at is the purpose of the Panel itself.
- 22.4 MB acknowledged that the current proposal is narrow but advised the Panel that it had considered whether ELEXON itself should be able to raise Modifications but concluded that this should be ruled out as it was a step too far. A Panel Member observed that National Grid is able to raise Modifications to industry codes that it administers and questioned whether this should be the case. However they noted that this is out of scope for this proposal.
- 22.5 The Ofgem Representative commented that it seemed sensible to get the issue discussed either through a Modification or Issue Group.
- 22.6 The BSC Panel:

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- a) **COMMENTED** on the pros and cons of progressing the proposal as either an Issue or a Modification;
- b) **COMMENTED** on the draft Modification Proposal in Attachment A; and
- c) **AGREED** that an Issue is raised.

23. Review of Specified Charges for Additional BM Units – (282/10)

- 23.1 ELEXON addressed the Panel action out of the 8 March 2018 Panel meeting ([Panel 276](#)), to identify options for a review of Section D charges, focusing on the Specified BSC Charge for Additional BM Units in particular. ELEXON recommended that the Panel should not undertake any systematic review of charges at this time, but should reduce the Additional BM Unit Monthly Charge from £100 to £60 per month with effect from 1 October 2018, with the potential for further reductions next year.
- 23.2 A Panel Member commented that the paper highlights that from previous reviews of BSC Specified Charges, the option of basing charges on cost drivers was favoured by Parties, i.e. BSC Parties should in general pay for costs in a manner that is reflective of the costs of providing the product or service giving rise to the cost. This would include costs which are directly cost reflective (e.g. number of Metering System IDs (MSIDs)) or otherwise energy volumes. ELEXON therefore endeavours to identify cost drivers for each BSC Specified charge whenever possible. The Panel Member was concerned that picking £60 for the Additional BM Unit Monthly Charge was a random number and not cost-reflective, which was contradictory to the paper's intention.
- 23.3 The Transmission Company Representative noted that the Additional BM Unit route is the route that many parties are using to participate in wider access earlier than 2019 so ELEXON does not want to preclude these parties participating. ELEXON advised that this is not intended to be a barrier.
- 23.4 A Panel Member advised that BM costs are not a barrier for new participants in comparison to National Grid's charges which are significantly higher. They added that if an Issue Group is formed, it should focus on cross-code charging to look at the total cost of getting into the BM.
- 23.5 A Panel Member noted that there is a significant amount of change going on in the industry but emphasised that there is no evidence that this will slow down. Therefore there is not going to be a right time to carry out a full review. Another Panel Member agreed, commenting that they supported a full review of the current principles to ensure consistency.
- 23.6 A Panel Member noted that although the costs for new entrants may not fully capture the time and expenditure incurred by ELEXON as part of their Market Entry function, industry is happy to effectively subsidise these costs as it is in the industry's best interests for new entrants to be fully aware of how the various BSC processes work. This is because, if they get things wrong it is more likely to cost existing parties a lot more, than a slight increase in their BSC Charges which they currently pay. ELEXON agreed that this was an important concept to capture, to ensure this continues when considering any future charges.
- 23.7 A Panel Member noted that Additional BM Unit charges may not be the only charges in this particular bracket. ELEXON advised that this is correct. If ELEXON looks at the total that falls under the 'no cost' driver approach, this relates to approximately £3million per annum which does not have a specified cost driver associated to it.
- 23.8 A Panel Member queried what the magnitude is. ELEXON highlighted the historic cost recovery figures detailed in Appendix 1 of the paper. ELEXON advised that currently, Additional BM Unit charge is recouping £110,000 per annum based on its £100 per month. Therefore if the charge is reduced to £60, there is approximately £40,000 that BSC Parties would pick up via funding shares.
- 23.9 Overall, the majority of the Panel agreed that a full review of Section D charges should be carried out and that an Issue Group should be formed. The Panel agreed that the Issue Group should focus on ELEXON's

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costs only but to take into account Ofgem's findings from its review of cost recovery of residual charges, which are due by the end of 2018. The Panel requested that ELEXON return to the Panel in October to present the Issue Group's Terms of Reference.

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23.10 The BSC Panel:

- a) **AGREED** that a full review of Section D charges is carried out for charging year 2019/20; and
- b) **AGREED** that the Additional BM Unit Monthly Charge should be reduced to £60/month with effect from 1 October 2018, and reviewed again prior to the 2019/20 BSC Year.

24. BSC Panel Strategy – (282/11)

- 24.1 ELEXON provided the Panel with a draft of a revised BSC Panel Strategy for discussion and sought the Panel's input prior to finalisation and publication.
- 24.2 A Panel Member suggested that the two Issue Groups agreed at today's meeting should be included in the BSC Panel Strategy (Issue Group re role of the Panel and the Issue Group in relation to a review of Section D charges). ELEXON agreed to add these in.
- 24.3 A Panel Member noted that the BSC Panel Strategy mentions risk but highlighted that the Panel does not currently have a risk register. The Panel Member suggested that a risk register should be included to add in potential upcoming risks for example, if ELEXON wins the bid to become the REC Administrator, current ELEXON resource will be moved around which could be a risk.
- 24.4 A Panel Member requested that 'Suppliers in a box' and the ability to transfer businesses between Parties (related to Section H Default) should be included. A Panel Member also suggested that the BSC Panel Strategy should explicitly bring out new business models and technologies.
- 24.5 A Panel Member suggested that the Strategy considers historical delivery of this year's plan so that there can be some better confidence that it is achievable in light of the many other demands on ELEXON.
- 24.6 A Panel Member noted that whilst the paper listed long term issues the Panel had previously discussed as topics for the Panel to revisit, they noted open action 273/03 (ELEXON to determine the best way of cataloguing and progressing issues raised by the BSC Panel). The Panel Member suggested that this action should set out a process for how the Panel/ELEXON will go about considering these issues or they may just remain on a list and nothing happen with them. The Panel agreed to keep this action open so that this issue could be addressed and for the Panel Secretary to return to the Panel once it has considered this process.
- 24.7 A Panel Member also suggested that dates be included in the document so that the Panel can monitor how it is addressing the issues identified.
- 24.8 A Panel Member also requested that ELEXON monitors how many Parties read the Panel Strategy.
- 24.9 The BSC Panel:
 - a) **NOTED** and **COMMENTED** on the draft version of the Panel Strategy.

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 11 October 2018.