

MINUTES

MEETING NAME BSC Panel

Meeting number 283

Date of meeting 11 October 2018

Venue ELEXON Ltd, 350 Euston Road, NW1 3AW

Classification Confidential

ATTENDEES AND APOLOGIES

Attendees	Michael Gibbons	MG	BSC Panel Chairman
	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
	Phil Hare	PH	Independent Panel Member
	Rhys Kealley	RK	Industry Panel Member (and alternate for MB and MD)
	Stew Horne	SH	Consumer Panel Member (and alternate for VP)
	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 (Part Meeting)
	Claire Kerr	CK	Panel and Committee Support Manager
	Nigel Perdue	NP	ELEXON Director of Operations
	David Beaumont	DBe	Ofgem (Part Meeting) (via teleconference)
	Elliott Harper	EH	ELEXON (Part Meeting)
	Steven Bradford	SB	ELEXON (Part Meeting)
	Karen Lavelle	KL	ELEXON (Part Meeting)
	Damian Clough	DC	ELEXON (Part Meeting)
	Chris Stock	CS	ELEXON (Part Meeting)
	Mike Smith	MS	ELEXON (Part Meeting)
	Katie Wilkinson	KW	ELEXON (Part Meeting)
	Danielle Pettit	DP	ELEXON (Part Meeting)
	Darren Draper	DDr	ELEXON (Part Meeting)
	Alessandra De Zottis	AZ	Observer (UK Power Reserve)
Apologies	Mark Bellman	MB	Industry Panel Member
	Mitch Donnelly	MD	Industry Panel Member
	Victoria Pelka	VP	Consumer Panel Member

1. Apologies

1.1 The Chairman confirmed the apologies of Mark Bellman, Mitch Donnelly and Victoria Pelka.

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MODIFICATION BUSINESS (OPEN SESSION)

2. Change Report and Progress of Modification Proposals – 283/03

- 2.1 The Modification Secretary provided an update on open Modifications and Change Proposals.
- 2.2 The Modification Secretary highlighted that ELEXON is still awaiting a decision from Ofgem on [P361 'Revised treatment of BSC Charges for Lead Parties of Interconnector BM Units'](#). If Ofgem wants to approve P361, it can no longer be delivered in the February 2019 Release, as there is no longer enough time to deliver the system changes. Additionally, if approved, P361 will now only apply from 1 April 2019 and will not re-calculate and re-bill the 2018/2019 financial year (1 April 2018 to 31 March 2019). The Modification Secretary advised that it had notified industry of these ramifications.
- 2.3 CD commented that complex legal questions are still being worked through for P361 but that Ofgem intended to make a decision as soon as possible.
- 2.4 A Panel Member queried whether Interconnector charges are being included in the review of BSC Charges. The Modification Secretary agreed to find out whether these will be included.

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- 2.5 In relation to [P363 'Simplifying the registration of new configurations of BM Units'](#)/[P364 'Clarifying requirements for registering and maintaining BM Units'](#), the Modification Secretary advised that the proposed solution had taken longer than expected as the solution was now significantly different to the originally proposed solution. This is because the Workgroup is introducing a principles based approach to BM Unit registration alongside standard configurations. Additionally, two lead analysts have been signed off on long-term sick, one of which has now left ELEXON. However, to prevent any resourcing issues, the BSC Change team has now got a contractor on board and is actively recruiting further support.
- 2.6 In relation to P366, a Panel Member commented that it was important to note that this Modification could still be included in Ofgem's Significant Code Review (SCR). The Modification Secretary also advised that Supplier charges were being looked at under the Performance Assurance Framework (PAF) Review.
- 2.7 The BSC Panel:
 - a) **APPROVED** a request for an additional two month extension to the P363/P364 Assessment Procedure;
 - b) **APPROVED** a request for an additional three month extension to the [P366](#) Assessment Procedure;
 - c) **APPROVED** a request for a one month extension to the [P370](#) Assessment Procedure; and
 - d) **NOTED** the contents of the September Change Report.

3. P373 'Reversing the changes relating to Approved Modification P297' – 283/13

- 3.1 [P373](#) proposes to reverse the changes to the BSC for Approved Modification [P297 'Receipt and Publication of New and Revised Dynamic Data Items'](#).

(David Beaumont from Ofgem's SO Policy team dialed in via teleconference)

- 3.2 JW apologised for the way the 11 September 2018 letter regarding P297 from National Grid to the BSC Panel came across as that was not National Grid's intention. He asked the Panel to recommend to Ofgem that P373 is treated as Urgent in accordance with the proposed Urgent timetable. Additionally, JW noted that National Grid wishes to invite the Panel to recommend to the Authority that the P297 Implementation Date is extended if Urgency on P373 is not granted.

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- 3.3 ELEXON noted agreement that the Urgent Modification route is the best approach. It would create certainty around the P297 provisions for market participants, is an honest and transparent approach given lack of EBS delivery date and ensures that ELEXON and National Grid Electricity System Operator (ESO) remain compliant with the BSC provisions. ELEXON highlighted that Ofgem would be requested to provide a decision on Urgency by 5pm, Friday 12 October 2018.
- 3.4 DBe advised that to manage expectations, Ofgem would struggle to meet a one Working Day (WD) turnaround on the Urgency request. Furthermore, Ofgem was unsure that it would be able to make a decision on the merits of the Modification by 1 November 2018 under the proposed Urgent timetable which included only a 5WD decision turnaround.
- 3.5 MG commented that the Panel would have hoped that the Urgency timetable in principle was achievable because of the discussions and correspondence between ELEXON and Ofgem prior to the Panel meeting. ELEXON confirmed it had previously encouraged National Grid and Ofgem to communicate in a manner that would allow the proposed Urgency timetable to be met.
- 3.6 A Panel Member agreed with recommending that P373 be treated as Urgent (using Ofgem criteria (a) 'a significant commercial impact on parties, consumers or other stakeholder(s)' and (c) 'a party to be in breach of any relevant legal requirements') but queried whether the granting of an extension to the P297 Implementation Date would affect the case for granting Urgency. Urgency criterion (a) was met because market participants had already invested in P297 provision development and (c) was satisfied as ELEXON could be left in breach of the BSC through no fault of its own. Another Panel Member commented that an extension is required either way to avoid P297 continuing in perpetuity. They were concerned that Ofgem may not be able to make a decision on P373 before 1 November 2018, in which case ELEXON and National Grid would still be in breach.
- 3.7 Another Panel Member also agreed with treating P373 as Urgent and welcomed National Grid bringing forward P373 to try and resolve the issue. They commented that had sympathy for Ofgem as they are also being put in a difficult position having approved a Modification back in 2013 that had associated perceived benefits that National Grid was now seeking to reverse. However, as some market participants have already spent money trying to include data items into their systems that are no longer coming, they were not convinced that every market participant is fully aware that these changes, in reality, are not going to happen. The Panel Member recommended that Ofgem take the uncomfortable step and treat P373 as Urgent to give industry greater certainty and transparency at the earliest opportunity.
- 3.8 A Panel Member commented that the costs to industry are uncertain and will continue, which is no benefit to the consumer. They therefore agreed that P373 should be treated as Urgent so that P297 is stopped for transparency purposes and to provide industry certainty over the P297 provisions that will not be delivered.
- 3.9 A Panel Member agreed with the consensus of the Panel that they want to see a change happen as there are risks involved in it being held in perpetuity. However, they were concerned about Parties who have already spent money noting that the risk could increase if Parties are not consulted on the proposed changes. ELEXON advised that it will consult with Parties as part of any Modification route (Urgent, Report Phase or via Assessment) so will ask a question as part of the consultation in relation to industry costs that have already been spent in relation to P297. The Panel Member agreed that this would be sensible.
- 3.10 Another Panel Member agreed with (a) and (c) of Ofgem's urgent criteria. However, they acknowledged the concern in Ofgem's letter of 8 October 2018 that without any evidence of what the future plan is, they would be hesitant to agree that P373 is treated as Urgent. JW advised that a future plan is expected to be ready by 19 October 2018 but that the outputs of the plan would not be available until the end of December 2018. ELEXON advised that National Grid's future plan is outside the scope of P373 as P373 proposes to back out all the approved P297 changes whereas the future plan is looking at the cost/benefit analysis of what to take forward for any future Modification, but acknowledged that the plan is an important step for ensuring clarity.

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- 3.11 A Panel Member commented that the Panel rejected an extension to P297 at the September 2018 Panel meeting due to a lack of information. They were mostly concerned with the breach as of 1 November 2018 by National Grid ESO and through no fault of its own, ELEXON. The Panel Member supported the Urgency request but also agreed that the conditional extension request was helpful as a back-up mechanism as it avoids any last minute rushes, which may cause problems. JW advised that National Grid wants the Panel to be involved as much as possible so welcomed any feedback on the future plan or any further information it required.
- 3.12 DBe commented that if no or few responses were received to the industry consultation, then Ofgem would question the consultation process that had been carried out. A Panel Member highlighted that ELEXON may not receive a large number of responses to the P373 consultation as Parties are very busy although they are interested in the proposed changes. Further, that market participants would assume that Ofgem would do the right thing for the whole industry by approving Urgency and subsequently the Modification. CD also noted that it is half term for some schools the w/b 15 October 2018.
- 3.13 Overall, the BSC Panel unanimously agreed with all recommendations as detailed below.
- 3.14 The BSC Panel:
- a) **AGREED** a recommendation to the Authority that P373 should be treated as an Urgent Modification Proposal;
 - b) **AGREED** an Urgent P373 progression timetable for recommendation to the Authority;
 - c) **AGREED** that P373 progresses directly to the Report Phase;
 - d) **AGREED** that P373:
 - o **DOES** better facilitate Applicable BSC Objective (a); and
 - o **DOES** better facilitate Applicable BSC Objective (d);
 - e) **AGREED** an initial recommendation that P373 should be approved;
 - f) **AGREED** an initial Implementation Date of:
 - o 1 November 2018;
 - g) **AGREED** the draft legal text;
 - h) **AGREED** that P373 should not be treated as a Self-Governance Modification;
 - i) **NOTED** that ELEXON will either:
 - o Subject to an Urgent timetable, issue the P373 Draft Modification Report (including the draft BSC legal text) for a 5 Working Day consultation and present the results to the Panel at an extra meeting on 24 October 2018; or
 - o Subject to a straight to Report Phase timetable, issue the P373 Draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation and present the results to the Panel on 8 November 2018; and
 - j) **REQUESTED** an extension from the Authority to the Implementation Date for P297 to the earlier of
 - o 31 January 2019; or
 - o The Implementation Date for (Approved) Modification P373.

(David Beaumont left the BSC Panel meeting via teleconference).

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4. Issue 70 'Settlement of Secondary BM Units using metering at the asset' Report – 283/04

- 4.1 [Issue 70](#) looked into whether data from existing Operational Metering located behind the Meter, can be used for Settlement purposes and if not, whether the Parties will need to install additional metering at the asset for Settlement purposes. ELEXON presented the Issue 70 Report to the Panel.
- 4.2 A Panel Member queried whether Parties have to deliver onto the total system for Secondary BM Units. They believed that this was a policy issue for Ofgem and the Department for Business, Energy and Industrial Strategy (BEIS) and as such any Proposer who was looking to raise a Modification out of Issue 70 or Issue 71 should make sure it has an answer to this before raising a Modification. ELEXON advised that Flexitricity have agreed to be the Proposer for Issue 70.
- 4.3 A Panel Member advised that there was a Performance Assurance process within both issues that would be included when a Meter is registered. Therefore the question is how this Performance Assurance process is built in when Parties build a BM Unit that does impact the total system. The Panel agreed that this is a policy issue and as such a response is required from BEIS prior to a Modification being raised.
- 4.4 CD also queried whether a response is required from Ofgem. A Panel Member noted that this is largely a BEIS issue but that if there is operational metering behind the boundary Meter then this will also be an Ofgem issue as it is being discussed under Ofgem's SCR and Targeted Charging Review.
- 4.5 The BSC Panel:
 - a) **NOTED** the Issue 70 Report.

5. Issue 71 'Introduction of a baselining methodology as an alternative to Physical Notifications' Report – 283/05

- 5.1 [Issue 71](#) sought to examine the possibility of Physical Notifications for dispatch and Settlement being created via a baselining methodology. ELEXON presented the Issue 71 Report to the Panel.
- 5.2 The Panel also agreed that a response from BEIS and Ofgem was required before a Modification was raised out of Issue 71.
- 5.3 The BSC Panel:
 - a) **NOTED** the Issue 71 Report.

NON-MODIFICATION BUSINESS (OPEN SESSION)

6. Minutes of Meeting 282 Actions arising

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

7. Chairman's Report

- 7.1 The Chairman noted that MG and MB had attended both the Labour and Conservative Party conferences. He advised that they were both mainly overshadowed by Brexit and there was a lot less discussion on energy policy issues this year compared to previous years. However, both conferences expressed commitments of varying degrees and targets to decarbonisation, in particular significant offshore wind and electric vehicles.

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- 7.2 The Chairman informed the Panel that there will be an Energy Industries Club lunch on 17 October 2018 with the Director of National Grid ESO attending as the guest speaker. The Chairman advised that there was one place available if any Panel Member would like to attend.
- 7.3 The Chairman noted that with the start of the new Panel, it was a good time to review the Panel Sponsors of the Panel Committees. The Chairman advised that the Panel Secretary will be in touch informally with Panel Members regarding the Panel Sponsor positions but if they would like express an interest to sit on a particular Committee, to let the Panel Secretary know as soon as possible.

8. ELEXON Report – 283/01

- 8.1 MB provided an update on recent activities and developments relevant to the BSC and ELEXON since the last Panel meeting.
- 8.2 MB advised that Ofgem had now published its results of the [Code Administrators Performance survey](#). MB was delighted that ELEXON has come out top for a second year in a row with a net satisfaction score of 86%. ELEXON also came top in several specific questions including a near perfect score (97%) for the provision of support that we give, and 95% of participants felt satisfied with how we keep them informed about the BSC. MB highlighted that these results show that ELEXON is highly regarded and seen as helpful, trusted, independent, reliable market experts setting the standard. MB noted that although the results are very pleasing, ELEXON is not complacent and noted that there is always room for improvement.
- 8.3 MB commented that he was also pleased that an improvement had been made in responses from smaller participants who felt more supported than they did last year. These results will now feed into ELEXON's annual customer survey which it intends to issue in the next month.
- 8.4 MB queried what Ofgem's intention is in regards to presenting the Code Administrator survey result. CD advised that the current future thinking is to have all Code Bodies attend one session rather than Ofgem reporting back at each individual Panel meetings. However, CD agreed to report back once this had been agreed at Ofgem.

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- 8.5 A Panel Member queried whether EMRS intends to push for another Capacity Market mock stress event. MB advised that the previous mock stress event was carried out in May 2018 and another mock stress event is planned for 19 March 2019.
- 8.6 A Panel Member noted section 3.7 of the paper in relation to Ofgem's call for evidence on the ESO's performance, and queried whether the Panel should also be providing a response to this. MB advised that ELEXON will be providing a response because of its numerous interfaces with National Grid. One of the main features of its response is to understand National Grid's transparency issues in relation to the Balancing Mechanism Reporting System (BMRS). MB noted that Ofgem had made the observation that BMRS already delivers this role for the industry and that National Grid should consider using this before inventing new systems. However, ELEXON will not be making any specific reference to P297. A Panel Member commented that the Panel could welcome National Grid's work on information provision as a step in the right direction. However, the Panel overall agreed not to send a separate letter from the Panel.
- 8.7 Another Panel Member queried whether ELEXON will be including any EMR issues. MB advised that the Low Carbon Contracts Company (LCCC) and Electricity Settlements Company (ESC) have made it clear that they will be providing a response and therefore would not expect their contractor (ELEXON) to make a response.

9. Distribution Report - Verbal

- 9.1 DL had nothing to report.

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10. National Grid Report – Verbal

- 10.1 JW noted that National Grid's second IS Change Forum will be held on 15 October 2018. He also advised that ELEXON has a stand at the event.
- 10.2 JW advised that National Grid has carried out a workshop on the future of Balancing System Use of System (BSUoS) charges on 5 October 2018. A second workshop is being held on 12 October 2018. JW noted that the workshops filled up very quickly so National Grid could only accommodate 20 participants at each. However, a webinar will be held on 19 October 2018; National Grid currently has over 100 participants signed up. A Panel Member advised that they had attended the workshop which they found useful. Members of the workshop had agreed that before any further Modifications are raised, National Grid should speak to Ofgem to find out what it will accept as there has recently been approximately eight BSUoS Modifications, which is not the best use of industry's time.
- 10.3 JW advised that the annual C16 consultation process will commence on 6 December 2018.
- 10.4 JW noted that National Grid has relaunched elements of its System Operator (SO) forward plan. This will include a joint charging and Settlement forum which will be held w/b 15 October 2018, pulsing its "Manage my Profitability" plan and publishing its Code Administrator improvement plan out of the results of the Code Administrator performance survey. JW also noted that later in Quarter three it will publish its energy and adequacy operability updates in the context of Brexit and carry out a comprehensive review of BSUoS charging. A Panel Member requested that an executive summary is included in the SO forward plan. JW agreed to feed this back.

11. Ofgem Report – Verbal

- 11.1 CD advised that in relation to enforcement and compliance, Ofgem has opened compliance cases into First Utility, Ovo Energy and Utilita regarding complaints handling, and has expanded its compliance engagement with ScottishPower. Ofgem has also ordered seven other Suppliers to come up with complaint handling improvement plans.
- 11.2 CD also asked the Panel to note that Npower was refusing to comply with Ofgem's request that they take part in a collective switching trial. It has subsequently ordered Npower to allow 100,000 of its customers to join the trial, by issuing a provisional order.
- 11.3 CD also advised that following Ofgem's intervention, Green Star Energy has compensated customers (c.£680k) for miss-selling and not issuing annual statements.
- 11.4 A Panel Member queried whether Ofgem speaks to Citizens Advice particularly in relation to their review on Suppliers' customer service. CD noted that they do speak to Citizens Advice regularly, including in a tripartite with the Energy Ombudsmen This includes if it is taking action against a Supplier. This is to ensure they are all coordinated in their approach.
- 11.5 CD highlighted that Ofgem has published a [call for evidence on ESO performance](#). It will feed any views and evidence into the mid-year review process, including the mid-year Performance Panel meeting. Ofgem is seeking any views/evidence by 17 October 2018.
- 11.6 CD also highlighted that Ofgem has published a [consultation on supplier agent functions under market-wide settlement reform](#). Its proposed position is that its work on settlement reform should not include centralisation of agent functions.
- 11.7 CD advised that it had now published the results of the [Code Administrators Performance survey](#). CD noted that the overall satisfaction score (across all Code Administrators) was unchanged since the previous survey, but that bar one Code Administrator, respondents on average perceived performance had improved. MB commented that he believed an opportunity is missed if Ofgem does not highlight good and bad results and

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instead summarises everything together. CD advised that Ofgem does publish the 11 different Code Administrators results so Parties are able to delve into the detail of each and read the comments that were made.

- 11.8 Finally, CD noted that Ofgem had approved a new principle to the Code Administrators Code of Practice (CACoP) in relation to facilitating innovation, following the recent sandbox developments.

12. Report from the ISG – 283/01b

- 12.1 The Panel noted the report from the ISG.

13. Report from the SVG – 283/01c

- 13.1 The Panel noted the report from the SVG.

14. Report from the PAB – 283/01d

- 14.1 The Panel noted the report from the PAB.
- 14.2 A Panel Member also noted that an additional PAB meeting will take place on 24 October 2018 in relation to the PAF Review process.

15. Report from the TDC – 283/01e

- 15.1 The Panel noted the report from the TDC.

16. Trading Operations: BSC Operations Headline Report – 283/02

- 16.1 The Panel noted the BSC Operations Headline Report.

17. System Price Analysis Report (SPAR) – ISG209/11

- 17.1 The Panel noted the System Price Analysis Report.
- 17.2 A Panel Member queried whether ELEXON could have a look at the graph size as they tried to look at what the prices (system long and system short) but because they were both a shade of blue, Parties are unable to tell if the system is long or short. ELEXON agreed to take a look at this and provide the Panel with an update at its next meeting.

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- 17.3 A Panel Member noted that in the September 2018 SPAR Report there was an article on temperature. They commented that this article was really useful and queried whether more of these articles were going to be published in the future. ELEXON's Director of BSC Operations advised that the intention of this article was as an insight piece only but that if the Panel believed there to be value in this being a regular inclusion, he would discuss this with the Market Analysis team. He also advised that all of [ELEXON's Insight](#) pieces are available on the website.

18. Update on the Implementation of the Recommendations from the review of Metering Dispensations and Non-Standard BM Units – 283/06

- 18.1 ELEXON provided the Panel with an update on the actions that ELEXON had taken to implement the recommendations from the review of Metering Dispensations and non-standard BM Units.
- 18.2 ELEXON noted that at the August 2018 Panel meeting, the Panel advised that it may be able to help with writing to certain Parties in order to obtain diagrams that had been requested on numerous occasions. ELEXON advised that it had received nine more diagrams since the Panel paper was submitted but that there

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were still seven outstanding, five of which are from a Licensed Distribution System Operator (LDSO) who has not responded in the past month. ELEXON noted that without these diagrams, it is unable to complete the review.

- 18.3 The Panel queried who the LDSO is. ELEXON confirmed the identity noting that although written to, they have still not provided a response despite the cut-off date being 30 August 2018. The Panel agreed that the Party should be written to and was supportive of ELEXON's approach.
- 18.4 The DSO Representative queried whether he could also help with rectifying this situation. He advised that he had raised this as a broad issue at the Commercial Operations Group on 10 October 2018, i.e. that these diagrams were outstanding. He noted that a comment had been made that some LDSOs had been finding it difficult to get the diagrams. However, he was happy to approach the relevant LDSOs directly. ELEXON agreed that this would be useful.
- 18.5 The BSC Panel:
- a) **NOTED** the update.

NON MODIFICATION BUSINESS (OPEN SESSION)

19. BSC Panel Strategy – 283/07

- 19.1 ELEXON provided an updated version of the BSC Panel Strategy, which incorporated comments provided by the Panel at its September 2018 meeting. ELEXON sought the Panel's approval of the document for use and publication, and set out a process for its ongoing review.
- 19.2 A Panel Member noted open action 273/03 for ELEXON to determine the best way of cataloguing and progressing issues raised by the BSC Panel. The Panel Member agreed that they were happy with how the changes suggested at the September 2018 Panel meeting had been incorporated into the updated version of the BSC Panel Strategy. He suggested that this is reviewed again in the next quarter as it may be worth including a roadmap at this point.
- 19.3 A Panel Member also suggested that it would be useful to include a section on the BSC Panel's processes and governance. The Panel Secretary advised that this information already exists in various guises but was happy to include a section on this in the next version which would be available in the next quarter.
- 19.4 The BSC Panel:
- a) **APPROVED** the Panel Strategy for use and publication.

20. PAB's Terms of Reference – 283/08

- 20.1 At the August 2018 meeting, the Panel agreed to a review of the Performance Assurance Board (PAB)'s Terms of Reference. ELEXON has performed the review and the redlining has been endorsed by PAB at its September 2018 meeting.
- 20.2 MG noted the adjustments in section 2.1.2 and queried whether the scenario could exist where there could be the Distribution System Operator Member and three Industry Members present but no Consumer Member representation as the quorum is for four members to be present. ELEXON noted that this could be a scenario but that it was content with this possibility.
- 20.3 A Panel Member noted that by adding two Consumer members, ELEXON had suggested that further changes would be required. They therefore queried what these changes would be. ELEXON advised that if the Panel agreed that Consumer Members should be part of the composition of the PAB, there is a later reference to a

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Consumer Focus Member in 6.3.1(vii) which it believed should subsequently be removed. The Panel Member agreed that this seems sensible.

20.4 The BSC Panel:

a) **APPROVED** the proposed changes to the PAB's Terms of Reference.

21. Reference Network Mapping Statement 2017-2018 – 283/09

21.1 The draft Network Mapping Statement (NMS) was issued for Industry consultation on 31 August 2018. No comments or responses were by the consultation deadline. ELEXON therefore invited the BSC Panel to approve the draft reference Network Mapping Statement 2017-2018 for use in the BSC Year 2019-2020.

21.2 The BSC Panel:

b) **NOTED** that no BSC Parties provided a response to the draft reference NMS consultation;

c) **NOTED** that no amendments were made to the draft reference NMS as a result of the consultation response;

d) **APPROVED** the draft reference NMS 2017-2018 for use as the reference NMS in the BSC Year 2019-2020; and

e) **NOTED** that ELEXON will provide the reference NMS 2017-2018 to the Transmission Loss Factor Agent and the Transmission Company and will publish it on the BSC Website no later than 19 October 2018.

22. Terms of Reference for a full review of ELEXON charges – 283/10

22.1 Following discussion of Specified BSC Charges at the 13 September 2018 Panel meeting, ELEXON was tasked with bringing a paper back to the Panel identifying Terms of Reference for a full review of Section D charges initially via an Issue Group. ELEXON recommended that the Panel should wait until the release of Ofgem's minded to decision in relation to the [Targeted Charging Review](#) due in Quarter four of this year, before the Issue Group is raised.

22.2 ELEXON queried whether the Panel would want to wait until Ofgem has published its minded to decision on the Targeted Charging Review in Quarter 4 of this year before raising an Issue Group. A Panel Member was of the view that the two reviews were not related except that they both have some principles associated with them. They therefore believed that the review of ELEXON's charges should start as soon as possible. MG highlighted section 1.5 of the paper that states that at its 13 September 2018 meeting, 'the Panel agreed that the Issue Group should focus on ELEXON's costs only, but to take into account Ofgem's findings from its Targeted Charging Review'.

22.3 A Panel Member queried whether ELEXON has the original principles detailed i.e. from New Electricity Trading Arrangements (NETA) papers for when it originally set its charges, which could be reviewed as part of this work. MG agreed, noting that these could be a useful comparison against the principles currently being put forward.

22.4 MB observed that currently, one of the principles is that fixed proportions of ELEXON's costs are met by generators and Suppliers despite this almost certainly misaligned with the underlying effort. ELEXON acknowledged that it does not charge for the support that it provides which is predominantly for new and smaller participants to the market via the OSM Support Manager role. Currently, OSMs are predominantly focussed on Suppliers rather than generators so changes to service such as these will have huge ramifications. MB highlighted that this review has the potential for far-reaching consequences as it will be a big piece of work for industry.

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- 22.5 A Panel Member commented that principles should include fairness, cost reflectivity and drivers of behaviour change rather than who picks up what element of the charge. The Panel Member also suggested that materiality and distributional effects should be considered.
- 22.6 Another Panel Member commented that this debate has already started by Interconnectors requesting that they no longer pay charges (P361). Additionally, with the introduction of [P344 'Project TERRE implementation into GB market arrangements'](#), what charges non-BSC Parties should be paying is an issue.
- 22.7 A Panel Member commented that as a Citizens Advice representative they are close to the Targeted Charging Review. They highlighted that one of the obvious considerations is that ideally, all of the charging reviews should be carried out at the same time so that there is consistency and an overall vision of what the core principles should be. The Panel Member advised that they do not want ELEXON to repeat work so suggested a scoping exercise of what could be looked at now and what could be looked at later once decisions, such as those in relation to Ofgem's Targeted Charging Review, are made.
- 22.8 A Panel Member queried whether any charging reviews had been carried out previously. ELEXON advised that the only reviews that had been carried out were of a specific charge not of what the charge should be and who should pay for it.
- 22.9 A Panel Member commented that the Panel needs to be mindful of other industry work already going on such as TERRE and BM Access. The Panel Member also noted that the outcome of National Grid's Balancing Services Use of System (BSUoS) charging review was relevant and should be taken into consideration.
- 22.10 A Panel Member queried what is meant by 'Balancing Services' in principle 4, as they were concerned that this may get confused with National Grid's Balancing Services. ELEXON advised that this refers to new aggregators entering the market and Virtual Lead Parties who will use Balancing Services. However, ELEXON agreed to amend the term to prevent any confusion.
- 22.11 The Panel emphasised that this was a significant piece of work but agreed that the review should take place. However the Panel agreed that some scoping of principles, key headlines, as well as detailing what the current costs are and who pays for them should be presented to the Panel prior to raising an Issue Group. ELEXON agreed to present a wider scoping document at the 8 November 2018 Panel meeting to include these considerations.

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- 22.12 The BSC Panel:

- a) **AGREED** for ELEXON to return to the Panel at its 8 November 2018 meeting with a wider scoping document which includes, inter alia, the current costs and recovery of charges for BSC Parties, the key or sensitive issues to be considered, the likely requirement for ELEXON resources, and the proposed terms of reference, to allow the Panel to provide comments prior to raising an Issue Group.

23. Any other Business

- 23.1 A Panel Member queried whether ELEXON had received any sandbox applications. MB advised that ELEXON was aware that some applications had been submitted to Ofgem but as per the sandbox process, Ofgem has the initial filtering role. It had therefore not yet received any applications from Ofgem.

24. Next meeting

- 24.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 8 November 2018.