

MINUTES

MEETING NAME BSC Panel

Meeting number 285

Date of meeting 13 December 2018

Venue ELEXON Ltd, 350 Euston Road, NW1 3AW

Classification Public

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
	Mitch Donnelly	MD	Industry Panel Member
	Phil Hare	PH	Independent Panel Member
	Stew Horne	SH	Consumer 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
	Jemma Williams	JW	ELEXON (Part Meeting)
	Elliott Harper	EH	ELEXON (Part Meeting)
	Steven Bradford	SB	ELEXON (Part Meeting)
	Matthew Woolliscroft	MW	ELEXON (Part Meeting)
	Danielle Pettitt	DP	ELEXON (Part Meeting)
	Nick Baker	NB	ELEXON (Part Meeting)
	Emma Tribe	ET	ELEXON (Part Meeting)
	Harry Collins	HC	ELEXON (Part Meeting)
	Damian Clough	DC	ELEXON (Part Meeting)
	Alina Bakhareva	AB	ELEXON (Part Meeting)
	Nigel Smith	NS	ELEXON (Part Meeting)
	Douglas Alexander	DA	ELEXON (Part Meeting)
	Rebecca Kassube	RK	ELEXON (Part Meeting)
	Colin Berry	CB	ELEXON (Part Meeting)
	Steve Wilkin	SW	ELEXON (Part Meeting)
	Nick Groves	NG	ELEXON (Part Meeting)
	David Stephens	DS	ELEXON (Part Meeting)
	Adam Musgrave	AM	ELEXON (Part Meeting)
	Faysal Mahad	FM	ELEXON (Part Meeting)
	Garth Graham	GG	P374 Proposer (SSE) (Part Meeting)
	Andy Colley	AC	P374 Proposer (SSE) (Part Meeting via teleconference)

MINUTES

	Saskia Barker	SBa	P375 Proposer (Flexitricity) (Part Meeting)
	Dr Paul Troughton	PT	P376 Proposer (Enel Trading) (Part Meeting)
	Rick Parfett	RP	Observer (Association of Decentralised Energy)
Apologies	Mark Bellman	MB	Industry Panel Member
	Victoria Pelka	VP	Consumer Panel Member
	Stuart Cotten	SC	Industry Panel Member

1. Apologies

- 1.1 The Chairman confirmed the apologies of Mark Bellman, Victoria Pelka and Stuart Cotten.

MODIFICATION BUSINESS (OPEN SESSION)

2. Change Report and Progress of Modification Proposals – 285/03

- 2.1 The Modification Secretary provided an update on open Modifications and Change Proposals.
- 2.2 The Modification Secretary asked the Panel to note that in relation to [P297 Receipt and Publication of New and Revised Dynamic Data Items](#), National Grid ESO had provided an update on the cost-benefit analysis it is conducting around the potential for bringing forward the implementation of elements of the Modification which were approved in 2014 and have not yet been implemented.
- 2.3 National Grid ESO had advised that the cost-benefit analysis contains three key elements: cost identification, stakeholder feedback and benefits assessment. It had received four responses to the call for evidence and had made good progress with the identification of costs. However, due to recent market developments, resources have had to be moved to an unexpected but necessary piece of work. National Grid ESO is unable to discuss the specifics but have ensured that Ofgem are aware of the situation.
- 2.4 The Modification Secretary highlighted that National Grid ESO had now published an open [letter](#) to stakeholders detailing that it does not expect to publish the cost-benefit analysis until the week commencing 7 January 2019, instead of by the end of December 2018. This letter also included a revised timetable.
- 2.5 A Panel Member queried what the cause of the cost-benefit analysis delay was down to i.e. work commitments or resource. ELEXON advised it understood that the same people who are working on P297 had been moved to work on the unexpected piece of work which had been prioritised over P297.
- 2.6 The Ofgem Representative advised that Ofgem would be unlikely to make a decision on the associated Modification [P373 'Reversing the changes relating to Approved Modification P297'](#) by 31 January 2019 due to the cost-benefit analysis delay. The Panel agreed that the most pragmatic approach was to extend the P297 Implementation Date for another month to coincide with the 28 February 2019 February Release date to give Ofgem more time to consider the cost-benefit analysis and make its decision for P373.
- 2.7 In relation to [P332 'Revisions to the Supplier Hub Principle'](#), the Modification Secretary advised that it had last given the Panel an update in May 2018 where a seven-month extension had been granted to allow enough time for the Target Operating Models (TOMs), which are being developed as part of the Significant Code Review (SCR) on Electricity Settlement Reform, to be further developed and for the outcome of Ofgem's associated policy work to be known so that the impacts on P332 would be better understood.
- 2.8 ELEXON highlighted that a preferred TOM had now been identified which would be presented in the Design Working Group (DWG)'s final report to Ofgem in January 2019 for Ofgem's approval. The preferred TOM represents a material change from the current baseline against which P332 would be assessed. Further, Ofgem is also considering two areas of policy which will have an impact on P332:

MINUTES

- [Consultation on supplier agent functions under market-wide settlement reform](#) – Ofgem’s preferred position is that the SCR should not include the centralisation of agent functions, but that there may be a case for future models where data is not aggregated for submission into settlement. This is reflected in the preferred TOM. Ofgem are currently consulting on this position and will issue a decision in winter 2018/19.
 - [Future of supply market arrangements – call for evidence](#) (includes Supplier Hub) – Following a call for evidence, Ofgem now consider that there is a strong case for fundamental reforms to be explored. This has the potential to significantly change the baseline against which P332 is assessed.
- 2.9 ELEXON noted that as a result, the Proposer and ELEXON are requesting a further nine-month extension, and a further checkpoint (at the standard scheduled September 2019 Panel meeting) to assess whether P332 should be progressed or withdrawn. This aligns with the planned submission date (end of August 2019) for the delivery of the DWG’s stage two report. The purpose of this stage is to do the detailed work related to the preferred TOM.
- 2.10 In relation to [P363 'Simplifying the registration of new configurations of BM Units' / P364 'Clarifying requirements for registering and maintaining BM Units'](#), ELEXON noted that the draft legal text and redlining was signed off by the Workgroup on 20 November 2018. However, finalising the legal text had taken longer than planned due to the complexities of the drafting. Additionally, ELEXON believed it beneficial to conduct the Assessment Consultation in January 2019, rather than over the Christmas Period. The Panel agreed that this was a sensible approach. A two-month extension was therefore requested by ELEXON and approved by the Panel to the Assessment Procedure. The Assessment Report will not be presented in March 2019.
- 2.11 The Modification Secretary also highlighted to the Panel a number of new Modifications which it anticipates being raised over the next few months. The Modification Secretary believed it would be a very busy and challenging time due to the number of new changes and the number of consequential Workgroups that would need to be held. Further, the new changes related to amending the P344 solution, have very challenging delivery timelines, not least because work will need to start before the final requirements have been approved by the European Network of Transmission System Operators for Electricity (ENTSO-E). These included:
- Brexit Modification;
 - Two European-related Modifications (amendments to Transmission System Operator (TSO) Replacement Reserve (RR) bid submission and European Transparency Regulation (ETR) in submitting Article 12 reporting to the Transparency platform;
 - Aligning the [P344 'Project TERRE implementation into GB market arrangements'](#) and [P354 'Use of ABSVD for non-BM Balancing Services at the metered \(MPAN\) level'](#) solutions;
 - Reviewing BSC rules in regard to actions being taken by the BSC Panel in Events of Default relating to Payment Default and Credit Default;
 - Improving Cashflow for Non Physical Traders (NPT’s) who use Cash for Credit Cover;
 - Amendments to current BSC Panel Elections process; and
 - Removal of Quarterly Reports.
- 2.12 The BSC Panel:
- a) **NOTED** the contents of the December Change Report;
 - b) **APPROVED** a request for a nine month extension to the P332 Assessment Procedure;
 - c) **APPROVED** a request for a two month extension to the P363/P364 Assessment Procedure; and

MINUTES

- d) **REQUESTED** a one month extension from the Authority to the P297 Implementation Date to 28 February 2019.

3. **P374 'Aligning the BSC with the EB GL change process and derogation approach' - 285/04**

- 3.1 ELEXON informed the Panel on the progression options for [P374 'Aligning the BSC with the EB GL change process and derogation approach'](#), in order for it to make an informed decision on how best to further progress the Modification.
- 3.2 The Chairman noted that the BSC Panel sent letters to Ofgem two to three times in the past few months requesting a strong steer from Ofgem for other Modifications before Panel meetings. The Chairman was pleased the Panel received a response from Ofgem in time for the next Panel meeting on all occasions and thanked Ofgem for this.
- 3.3 The Proposer provided a short update to the Panel, via a presentation, around the legal interpretation aspects associated with EBGL. In particular the Proposer noted that of the five options in terms of legal interpretation that ELEXON had previously provided to the Panel that only the first two options, according to National Grid ESO, covers the risk on non-compliance. P374 would facilitate either of the two options. In terms of the third option, the Proposer noted that they had raised various questions over the period and some of these remain open. In terms of the fourth and fifth options, the Proposer noted that according to National Grid ESO there is no clear legal position that says either is the case.
- 3.4 In relation to question one of Ofgem's letter dated 11 December 2018 "Whether the balancing terms and conditions proposed by National Grid ESO on 18 June 2018, and not yet approved, are already subject to the EB GL change process", the Proposer noted Ofgem's response that "At this stage, we expect that any amendment to those terms and conditions would comply with the amendment processes set in the EBGL." The Proposer presented the view that once Ofgem has approved the terms and conditions related to balancing, then according to Ofgem's answer to the question, all amendments impacting those balancing terms and conditions have to go through the EB GL amendment process which is the core of what P374 is seeking to reflect in the BSC.
- 3.5 In relation to question two of Ofgem's letter dated 11 December 2018 "Whether EB GL prevents BSC Derogations being granted through ELEXON's BSC Sandbox where the derogated BSC provisions relate to the Article 18 terms and conditions", the Proposer expressed the view that Ofgem was clear that "Article 62 of the EB GL does not provide the ability to derogate from the obligation set in Article 18", which includes the BSC provisions that form the terms and conditions related to balancing. ELEXON highlighted that it did not believe this position was as clear as the Proposer's interpretation, and noted that the BSC Sandbox provisions already preclude any derogation that contravenes EU law.
- 3.6 A Panel Member requested clarification that when Ofgem makes its decision to seek to amend National Grid ESO's proposal on the terms and conditions related to balancing in January 2019, whether this would help a Definition Procedure Workgroup. ELEXON advised that the Definition Procedure is used to help scope out the defect of a Modification whereas the Assessment Procedure is used to help define a solution, which may be more beneficial given the information that Ofgem provided in its letter dated 11 December 2018. In relation to a decision on the terms and conditions related to balancing, ELEXON noted that this is more closely linked to the solution aspect. The Proposer commented that currently there is no prescribed timetable but that once Ofgem has published its letter seeking amendments to National Grid ESO's proposal for the terms and conditions related to balancing, then there is a prescribed timetable totaling four months from that date.
- 3.7 A Panel Member queried the value of progressing P374 ahead of Ofgem reaching a decision on the terms and conditions related to balancing and National Grid ESO reaching a view of how to comply with EB GL. The Panel Member was concerned that the Panel could be working in advance of a decision that has not yet been

MINUTES

finalised by the Regulator and ESO. They believed it would be pragmatic to wait for Ofgem and National Grid ESO to make its decisions in order to provide certainty before convening a Modification Workgroup. The Proposer commented that as of the date Ofgem makes its decision on National Grid ESO's proposal, then the terms and conditions related to balancing will be finalised and according to that proposal, be implemented immediately, although Ofgem might seek a change around a potential implementation period.

- 3.8 A Panel Member was supportive of sending P374 into either the Definition Procedure or Assessment Procedure as there were still misalignments in legal interpretations between ELEXON and the Proposer of P374, which could be considered through an industry Workgroup. The Panel Member believed it necessary to issue a consultation to ask for industry's views. Additionally, the Panel Member commented that they did not believe it to be in the EB GL spirit for both the TSO and ELEXON to issue a consultation. They suggested that a Workgroup was needed to come up with a single consultation process as there is no benefit to industry to issue a similar consultation twice.
- 3.9 A Panel Member expressed the view that the Panel had been put in an uncomfortable position in determining how to progress P374 and welcomed industry's opinion through a Workgroup once Ofgem had published its decision on the terms and conditions related to balancing. The Panel Member suggested a Workgroup is held only after Ofgem has made its request for amendments on the terms and conditions related to balancing as this would enable a more informed discussion.
- 3.10 A Panel Member agreed with the P374 Proposer that the defect had already been defined and as such to move the Modification on, it should be moved into the Assessment Procedure. Another Panel Member suggested that the Definition Procedure may be more sensible. They were concerned that industry would raise the same concerns as the Panel if it went out to consultation and were unsure that there is even an issue if there is a conflict of legal opinion.
- 3.11 ELEXON clarified that once a Modification had been raised, the defect of that Modification Proposal cannot be changed. Further, once a Modification has been submitted into the Definition Procedure, this does include a consultation and if the Modification is then submitted into the Assessment Procedure, this work can then all be changed. ELEXON highlighted that the Definition Procedure had not been used for a number of years because of the introduction of Proposer ownership and the requirement for a clear defect upon raising a Modification. The Proposer expressed the view that looking at the proposed timetable, if the Modification was to be sent to the Definition Procedure and then to the Assessment Procedure, there would be a significant risk of non-compliance of the BSC if P374 is not progressed ahead of Ofgem making a decision on the terms and conditions related to balancing as there may be a miss-alignment as the BSC would not comply with EU law requirements.
- 3.12 In considering all information, the Panel unanimously agreed that option 4 (Assessment Procedure) was the most sensible approach. ELEXON advised that if Ofgem makes a decision to seek to amend National Grid ESO's proposal on the terms and conditions related to balancing by 14 January 2019 then it would hold a Workgroup meeting in January 2019 but if not, then it will hold a Workgroup in early February 2019 if a decision is made by the end of January 2019. A Panel Member highlighted that there are already two other Modification Workgroups taking place the week beginning 14 January 2019 so to be mindful of Parties having to attend a number of meetings to prevent any risk to quoracy. ELEXON acknowledged an increased level of Workgroup meetings may cause challenges to quoracy noting that market participants may themselves have to prioritise which Modifications to attend based on business value. Further, ELEXON noted that it had planned for this high volume of meetings in January 2019 and suggested it would not hold more than two Workgroups per week.
- 3.13 A Panel Member queried whether an additional question in relation to the level of risk which is appropriate to take could be added to the Workgroup's Terms of Reference. ELEXON agreed to include this.

ACTION 285/01

MINUTES

- 3.14 MB queried whether the legal interpretation issue disappears once Ofgem makes its decision on the terms and conditions related to balancing in January 2019. The Proposer clarified that in January 2019, Ofgem is not deciding on the proposal but rather suggesting to National Grid ESO that certain items should be added and certain items should be deleted from the proposal. However, it will be up to National Grid ESO to put forward a proposal up to two months later which is what Ofgem is then ultimately responsible for approving or rejecting two months after that.
- 3.15 The BSC Panel:
- a) **NOTED** the update provided;
 - b) **AGREED** that P374 progresses to the Assessment Procedure;
 - c) **AGREED** the proposed Assessment Procedure timetable;
 - d) **AGREED** the proposed membership for the P374 Workgroup; and
 - e) **AGREED** the Workgroup's Terms of Reference.
- 4. P376 'Utilising a Baselining Methodology to set Physical Notifications for Settlement of Applicable Balancing Services' - 285/05**
- 4.1 [P376 'Utilising a Baselining Methodology to set Physical Notifications for Settlement of Applicable Balancing Services'](#) proposes to allow the Final Physical Notification which feeds into the Settlement of Trading Charges to be created via a Baselining Methodology. The new Physical Notification will be de-coupled from the Physical Notification used by National Electricity Transmission System Operator (NETSO) for dispatch. This change will allow Balancing Service Providers to be fully recompensed for their actual change from normal usage and the impact this change has on the system, thus enabling greater participation.
- 4.2 A Panel Member requested for two additions to be added to the Workgroup's Terms of Reference: firstly to look at the association with P375 (how they would both work together if Ofgem approved both Modifications) and secondly, to look at what kind of data would be published for Final Physical Notifications (FPNs) at the Boundary Point and how this data interacts with National Grid ESO's dataflows and systems.
- 4.3 A Panel Observer from the Association of Decentralised Energy (ADE) queried whether it would be possible to align the P375 and P376 timetables as they were concerned that some smaller industry parties may struggle to attend numerous Workgroup meetings. ELEXON advised that it does not currently intend on holding the two Workgroup meetings on the same day as although there is a similar issue between the two, the Modifications are looking at the issue in different ways. The current plan is to hold the Workgroup meetings on alternative weeks. ELEXON noted, however, that if industry felt strongly about holding the Workgroup meetings on the same day or on consecutive days then this could be looked in to. The Proposer emphasised that it is likely that the Workgroup membership would be the same for P375 and P376 so it would be helpful to hold them on the same day. The Panel agreed that ELEXON endeavour to take the recommended approach.
- 4.4 The BSC Panel:
- a) **AGREED** that P376 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P376 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference, including the two amendments agreed at the meeting.

MINUTES

5. P375 'Settlement of Secondary BM Units using metering at the asset' – 285/06

- 5.1 [P375 'Settlement of Secondary BM Units using metering at the asset'](#) proposes to settle Secondary Balancing Mechanism (BM) Units using metering equipment behind the defined Boundary Point for Balancing Services (known as 'behind the Meter'), rather than settling using Metering Equipment at the Boundary Point as per current BSC obligations. This will allow balancing-related services on site to be separated from imbalance-related activities, more accurately reflecting the balancing-energy volumes provided by the Balancing Service Provider (BSP).
- 5.2 A Panel Member requested that Ofgem ensures that it sends a representative to the Workgroup meetings as they believed this is a major policy area following [Ofgem's minded to decision](#) to its Targeted Charing Review. This decision implied that behind the Meter does not add much value. The Panel Member commented that as a customer, they were unsure as to why they had to pay for services that are not delivered onto the system itself. However, if there is no measure as to what is happening at the Boundary Point, the Panel Member did not believe that customers should have to pay for complex sites. ELEXON agreed that these areas should be discussed by the Workgroup and welcomed Ofgem's attendance at these meetings.
- 5.3 A Panel requested for the same two additions as P376 to be added to the Workgroup's Terms of Reference: firstly to look at the association with P376 (how they would both work together if Ofgem approved both Modifications) and secondly, to look at what kind of data would be published for Final Physical Notifications (FPNs) at the Boundary Point and how this data interacts with National Grid ESO's dataflows and systems.
- 5.4 Another Panel Member requested that the Workgroup considers the other products that may come into force in the future so that the Modification is as future-proof as possible.
- 5.5 A Panel Member also requested that the Workgroup carefully looks at the rules for Metering Dispensations. In relation to Line Loss Factors (LLFs), the Panel Member queried whether the intention is to obtain the LLFs from the ELEXON website. ELEXON advised that the Meter at the asset will be linked to the Meter at the Boundary Point which has the LLFs. The Panel Member was content that this seemed sensible.
- 5.6 The BSC Panel:
- a) **AGREED** that P375 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P375 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference, including the two amendments agreed at the meeting.

6. P370 'Allow the Panel to designate non-BSC Parties to raise Modifications' – 285/07

- 6.1 [P370 'Allow the Panel to designate non-BSC Parties to raise Modifications'](#) seeks to allow the BSC Panel, instead of Ofgem, to designate interested third parties to raise Modification Proposals. The Proposed Modification has no route of appeal, whereas the Alternative Modification has a route of appeal to Ofgem for interested third parties and BSC Parties to appeal the designation decision made by the Panel.
- 6.2 A Panel Member noted the Change Proposal (CP) that ELEXON would raise on behalf of a non-BSC Party, where the majority of an Issue Group recommended a CP should be raised, and queried whether the Panel would still be the gatekeeper for this. ELEXON advised that they would not as the standard CP process is for Code Subsidiary Documents (CSDs) be taken to the relevant Panel Committee for approval.
- 6.3 The same Panel Member expressed support for the Alternative Modification in having an Appeals process to the Authority as the Authority is able to make decisions based on wider strategic duties whereas the Panel is limited to the Applicable BSC Objectives. They noted that if a non-BSC Party was not to receive a

MINUTES

recommendation from the Panel, then the likelihood of them appealing to the Authority would be very high. A Panel Member commented that Ofgem made it clear in the Workgroup that they did not support appeals being submitted to them; Ofgem had already noted that it would like the Panel to move towards a much more Self-Governance process. The Distribution System Operator (DSO) Representative commented that when the Panel became able to make decisions on its own rather than recommendations to the Authority, one of the concerns from DSOs for Modifications had been that there is no vote for the DSO Representative on the Panel, but this was somewhat mitigated by the right to appeal Panel decisions to Ofgem. If there is no route for appeal to the Authority for designation decisions, then this concern would increase from DSOs.

- 6.4 The Panel agreed that both the Proposed and the Alternative Modification were better than the current baseline as they better facilitated Applicable BSC Objectives (c) and (d), for the reasons given by the Workgroup. However, the Panel Members were split as to whether the Proposed or the Alternative was better. Five Panel Members agreed and five Panel Members disagreed that the P370 Alternative Modification is better than the Proposed Modification. Similarly, they were split on which solution should be approved and rejected. As the Chairman had the casting vote, the Chairman agreed with the Workgroup's recommendation that the P370 Alternative Modification is better than the Proposed Modification and should therefore be approved, for the reasons given by the Workgroup.
- 6.5 ELEXON informed the Panel that the P370 Workgroup recommended that the Report Phase Consultation be issued after, rather than during, the Christmas break as was currently planned. The Panel agreed that the consultation should be issued in January 2019 to ensure as many people as possible were able to consider the proposal and provide a response. As a result, the Draft Modification Report will be presented to the Panel on 14 February 2019 instead of 10 January 2019.
- 6.6 The BSC Panel:
- a) **AGREED** that the P370 Proposed Modification:
 - **DOES** better facilitate Applicable BSC Objective (c);
 - **DOES** better facilitate Applicable BSC Objective (d); and
 - b) **AGREED** that the P370 Alternative Modification:
 - **DOES** better facilitate Applicable BSC Objective (c);
 - **DOES** better facilitate Applicable BSC Objective (d); and
 - c) **AGREED** that the P370 Alternative Modification is better than the P370 Proposed Modification;
 - d) **AGREED** an initial recommendation that the P370 Alternative Modification should be approved and that the P370 Proposed Modification should be rejected;
 - e) **AGREED** an initial Implementation Date for the Proposed Modification of:
 - 29 March 2019 if the Authority's decision is received on or before 22 March 2019; or
 - Five Working Days after the Authority's decision if the Authority's decision is received after 22 March 2019.
 - f) **AGREED** an initial Implementation Date for the Alternative Modification of:
 - 29 March 2019 if the Authority's decision is received on or before 22 March 2019; or
 - Five Working Days after the Authority's decision if the Authority's decision is received after 22 March 2019.
 - g) **AGREED** the draft legal text for the Proposed and Alternative Modification;

MINUTES

- h) **AGREED** the draft redlining for BSCP40 for the Proposed and Alternative Modification;
- i) **AGREED** the draft Issue Group Terms of Reference;
- j) **AGREED** an initial view that P370 should not be treated as a Self-Governance Modification;
- k) **AGREED** that P370 is submitted to the Report Phase; and
- l) **NOTED** that ELEXON will issue the P370 draft Modification Report (including the draft BSC legal text and redlining) for a 15 Working Day consultation on 7 January 2019, and will present the results to the Panel at its meeting on Thursday, 14 February 2019.

NON MODIFICATION BUSINESS (OPEN SESSION)

7. 2018 Market Index Definition Statement Review – 285/08

- 7.1 ELEXON has carried out the review of the Market Index Definition Statement (MIDS) as required at least annually by the BSC. After considering the analysis provided by ELEXON, the Imbalance Settlement Group (ISG) sought industry views on the current parameters weightings and products used. Following the consultation, the ISG recommended that changes are made to the MIDS.
- 7.2 The BSC Panel:
 - a) **NOTED** the ISG's recommendations; and
 - b) **AGREED** that changes are made to the Market Index Definition Statement (MIDS), in line with the ISG's recommendations.

MODIFICATION AND CHANGE BUSINESS (OPEN SESSION)

8. 'Amending Gate Closure references in Market Index Data' – 285/09

- 8.1 This Modification proposes to include data up to the Submission Deadline, instead of Gate Closure, in the Market Index Data calculations by replacing references to 'Gate Closure' with 'Submission Deadline'. ELEXON recommended that the Panel raise this Modification Proposal in accordance with the provisions of Section F2.1.1(d)(i).
- 8.2 A Panel Member queried what EPEX SPOT are charging a one-off fee of £28,000 for as they were concerned that this was not good value for money. Another Panel Member commented that EPEX SPOT are already carrying out the proposed changes so did not agree with the one-off cost, particularly when NordPool have already confirmed that they would not charge for the change. ELEXON advised that it had challenged EPEX SPOT on this; however this is the figure that had been put forward to them.
- 8.3 A Panel Member also queried whether EPEX SPOT and Nordpool are linked as both are based on the same [European Cross-Border Intraday \(XBID\)](#) platform. ELEXON advised that both Parties are submitting separate data into Settlement; EPEX SPOT primarily submits Market Index Data whereas Nordpool often submits Market Index Volume prices which often defaults to zero. A Panel Member commented that XBID went live on 13 June 2018 so both Parties should be using the same algorithm for sorting trades across both platforms. ELEXON noted that the ISG also raised XBID concerns but from the data it is not the same that is being fed into Settlement and subsequently the Settlement Administration Agent (SAA).
- 8.4 A Panel Member queried whether ELEXON already pays EPEX SPOT a fee for this. ELEXON advised that it does annually; there is not a cost associated with contract for Market Index Data providers. However, there

MINUTES

is a charge associated from the Service Management contract as we would be making substantial changes; this would be a one-off fee in order to make the changes.

- 8.5 A Panel Member queried whether the process is able to look at the relative liquidity between EPEX SPOT and Nordpool. ELEXON advised that feeding into the Market Index Data, Nordpool often does not meet the liquidity threshold which is why it defaults to zero on the volumes and the price. However, ELEXON believed Nordpool is a back-up for EPEX SPOT in case it has an outage.
- 8.6 A Panel Member requested that the Panel's concern re the £28,000 cost be included in the consultation and that a question should be added to the consultation as to whether industry believes the costs associated with this change justify the benefits.
- 8.7 The BSC Panel:
- a) **RAISED** the Modification Proposal in Attachment A (in accordance with F2.1.1(d)(i));
 - b) **AGREED** that the Modification Proposal progresses directly to the Report Phase;
 - c) **AGREED** that the Modification Proposal:
 - **DOES** better facilitate Applicable BSC Objective (d);
 - d) **AGREED** an initial recommendation that the Modification Proposal should be approved;
 - e) **AGREED** an initial Implementation Date of:
 - 29 March 2019 if an Authority decision is received on or before 22 February 2019; or
 - 5 weeks after Ofgem approval if an Ofgem decision is received after 22 February 2019.
 - f) **AGREED** the draft legal text;
 - g) **AGREED** the draft changes to the MIDS;
 - h) **AGREED** that the Modification Proposal should not be treated as a Self-Governance Modification; and
 - i) **NOTED** that ELEXON will, subject to Panel agreement, issue the Draft Modification Report (including the draft BSC legal text and draft MIDS) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 10 January 2018.

9. CP1511 'Clarification of BSCP40 definitions and processes' – 285/10

- 9.1 [CP1511 'Clarification of BSCP40 definitions and processes'](#) seeks to implement a number of clarification and improvement changes relating to the BSC Baseline Statement and Configurable Items. These changes include clarifying the definitions of Baseline, Baseline Statement, and Configurable Item. As well as formalising the categorisation of Configurable Items, including the introduction of a new category; Category 3 Configurable Item. ELEXON invited the Panel to approve the proposed changes to BSCP40.
- 9.2 The BSC Panel:
- a) **APPROVED** the proposed changes to BSCP40 for CP1511; and
 - b) **APPROVED** CP1511 for implementation on 29 March 2019 as part of the March 2019 ad hoc BSC Release.

NON-MODIFICATION BUSINESS (OPEN SESSION)

10. Minutes of Meeting 284, 284A, 284B Actions arising

MINUTES

10.1 The minutes of the previous meeting were agreed and an update on the actions provided.

11. Chairman's Report

11.1 The Chairman had nothing to report.

12. ELEXON Report – 285/01

- 12.1 MB provided an update on recent activities and developments relevant to the BSC and ELEXON since the last Panel meeting.
- 12.2 MB highlighted the first of the ELEXON/National Grid TERRE industry days that was held on 11 December 2018. A Panel Member commented that it was a very informative day but requested that National Grid send a representative who is able to answer specific questions to the second TERRE industry day.
- 12.3 MB highlighted that Alena Fielding, Head of Industry Governance from the Department for Business, Energy and Industrial Strategy (BEIS) will be attending and presenting at the 10 January 2019 Panel meeting.
- 12.4 MB advised that for the first time ELEXON hosted a pre-Panel briefing with BSC Parties on 10 December 2018 to go through the agenda of the 13 December 2018 Panel meeting. Although not well attended, those that did attend much appreciated the call and ELEXON intends to continue carrying out this support. A Panel Member queried whether they are able to dial into the pre-Panel briefing call. ELEXON confirmed that they could.
- 12.5 In relation to 4.19 of the ELEXON Report (Suspension of Capacity Market). MB advised that EMRS is working at the direction of the Electricity Settlements Company (ESC) so when monies are not being returned, EMRS is directing Parties to ESC to raise this with them. Additionally, [Issue 76 'Using the BSC to support Suppliers and the Capacity Market Arrangements'](#) has now been raised and the first Issue Group will be held on 17 December 2018.

13. Distribution Report - Verbal

13.1 DL had nothing to report.

14. National Grid Report – Verbal

- 14.1 JW reiterated that the P297 cost-benefit analysis target date had been revised to 7 January 2019 due to other work commitments and thanked all those who responded to the request for information.
- 14.2 JW advised that National Grid ESO's C16 Workshop was held on 6 December 2018. The Workshop was well attended and participation was excellent. National Grid ESO received lots of positive and constructive feedback at the event.
- 14.3 JW highlighted that Ofgem's [Targeted Charging Review](#) (TCR) is now published. National Grid ESO is very interested in stakeholder views on all of the proposals. JW advised that National Grid ESO intends to raise a Modification to address the interaction between the transmission generator residual and the broader interpretation of the European legislation on transmission charging. A Panel Member commented that it is not the content of the TCR in terms of the policy that has caused any concern from industry, but that its publication was bad timing as it was published after the suspension of the Capacity Market news; this has resulted in many parties having follow-up meetings with BEIS.
- 14.4 JW also noted that registration for its BSUoS taskforce to consider changes to Balancing Services Use of System (BSUoS) charges is now open. Parties are requested to sign up through the [Charging Futures website](#) by 4 January 2019 to allow National Grid ESO to organise for the end of January. In particular, Parties are requested to look at the Terms of Reference and provide feedback to ensure that they cover all aspects of current BSUoS charging.

MINUTES

- 14.5 In relation to the TERRE industry day held on 11 December 2018, a Panel Member was concerned that National Grid ESO had publicly stated that its IT systems will be ready potentially in March/April 2019 but more likely in May/June 2019. The Panel Member expressed concern that National Grid ESO needed to be clear and transparent on its timing plus it is focussing on TERRE as the European requirement but a large number of industry members are focussed on wider access for smaller parties. ELEXON's Director of BSC Operations commented that following the TERRE industry day, it is having a feedback call with National Grid ESO on 14 December 2018. This will capture concerns regarding questions and how improvements can be made so the second TERRE industry day on 18 December 2018 is more effective.

15. Ofgem Report – Verbal

- 15.1 Firstly, CD provided an update on open action 284/06 (In relation to Renewables Obligation Certificates (ROCs), Ofgem to provide an update on how many Suppliers had not paid by the deadline of 31 October 2018, what the shortfall in payment is, what the repercussions may be for other Suppliers and customers and whether any sanctions will be taken by Ofgem against the late payers). He advised that 34 Suppliers failed to meet their 1 September 2018 deadline; these Suppliers then had to make their outstanding payments by 31 October 2018 although an interest rate was added to this as a penalty rate. 20 of these Suppliers made the late payment whereas 14 did not which left a shortfall of ~£59million. Approximately £30million of this came from Spark Energy and Extra Energy; both Suppliers have now ceased trading and exited the market.
- 15.2 CD noted that Ofgem then launched an investigation into those Suppliers who had still not made their late payments, three of which have now ceased trading and others have exited the market. The remaining funds do not get picked up through the levelisation and mutualisation fund which is other Suppliers picking up the bill.
- 15.3 CD also advised that Ofgem has launched a [Supplier Licensing Review](#) with responses due by 23 January 2019. The review is looking at how Ofgem licenses, strengthening the criteria for assessing those who are already in the market and those who exit the market.

16. Report from the ISG – 285/01b

- 16.1 The Panel noted the report from the ISG.

17. Report from the SVG – 285/01c

- 17.1 The SVG Panel Sponsor highlighted that at the December 2018 SVG meeting, it was raised that a number of Suppliers had raised proposals for new standard Settlement Classes to specifically apply to Electric Vehicles (EVs) charging. A number of SVG Members and ELEXON raised concerns that standard Settlement Classes are not the correct way to reflect Time of Use Signals for EVs as the profiling would be incredibly flat whereas EV load can be spikey. This could significantly affect Distribution Network Operators (DNOs) around charging times.
- 17.2 The SVG Panel Sponsor noted that the proposal is being presented to the 8 January 2019 SVG meeting but having had discussions with some SVG Members and ELEXON, the preferred way forward is to hold an Issue Group. A Panel Member highlighted that the Issue Group would also need to take into account [Smart Energy Code \(SEC\) Modification Proposal 0046: Allow DNOs to control Electric Vehicle chargers connected to Smart Meter infrastructure](#).

18. Report from the PAB – 285/01d

- 18.1 The Panel noted the report from the PAB.

MINUTES

19. Report from the TDC – 285/01e

19.1 The Panel noted the report from the TDC.

20. Trading Operations: BSC Operations Headline Report – 285/02

20.1 The Panel noted the BSC Operations Headline Report.

21. System Price Analysis Report (SPAR) – ISG211/09

21.1 The Panel noted the System Price Analysis Report.

NON MODIFICATION BUSINESS (OPEN SESSION)

22. Ofgem request for information – 285/11

22.1 ELEXON notified the Panel of a request for information received from the Authority, related to the rollout of smart Meters.

22.2 A Panel Member queried what the data is for. ELEXON advised that the Authority is requesting the data on behalf of BEIS who are undertaking a study related to smart Meters. ELEXON understands that this study is looking at consumers' consumption patterns following a smart Meter installation.

22.3 A Panel Member also queried whether the data will include whether the Meters are settled Half Hourly (HH). ELEXON noted that it would not.

22.4 A Panel Member queried whether the industry could have sight of the data requested. ELEXON commented that it could not share the data as this is confidential as it contains Metering System IDs (MSIDs). ELEXON noted that it could provide industry counts of MSIDs in the different HH measurement classes if desired as that data is not considered confidential.

22.5 The BSC Panel:

a) **NOTED** the request for information.

23. Approval of Configurable items for P369 'National Grid Legal Separation changes to BSC' – 285/12

23.1 [P369 'National Grid Legal Separation changes to BSC'](#) has been approved for implementation on 29 March 2019. ELEXON invited the Panel to approve the BSC Configurable Items amended for P369.

23.2 The Chairman queried whether all Committee Chairs were supportive of the approach to invite the Panel rather than the Panel sub-Committees to approve the BSC Configurable Items. ELEXON confirmed that they were all in agreement that this was the most sensible approach.

23.3 The BSC Panel:

a) **NOTED** that no Industry comments were received on the BSC Configurable Items amended for P369; and

b) **APPROVED** the BSC Configurable Items amended for P369 to become effective on 29 March 2019.

24. De Minimis Acceptance Threshold (DMAT) and Continuous Acceptance Duration Limit (CADL) Parameter Review – 285/13

24.1 The De Minimis Acceptance Threshold (DMAT) and Continuous Acceptance Duration Limit (CADL) are two pricing parameters used to classify and remove balancing actions from the Imbalance Price Calculation.

MINUTES

Following attendance at the September and October ISG to present our initial analysis, and presenting the views of Industry at the November ISG, the ISG agreed with the recommendation that DMAT be reduced from 1MWh to 0.1MWh and CADL be reduced from 15 minutes to 10 minutes. ELEXON invited the Panel to seek approval for the recommended changes from the Authority.

- 24.2 A Panel Member queried whether ELEXON's analysis of the impact on Imbalance Price in the SPAR which it is going to conduct prior to 1 April 2019 could include a rolling CSV file of the Settlement Periods like what was previously carried out for [P305 'Electricity Balancing Significant Code Review Developments'](#) as this information was extremely useful. ELEXON advised that it would look at the impact on its processes in order to deliver this request
- 24.3 A Panel Member commented that this seems a sensible approach in order to make Imbalance Prices as close as possible to reality. They were therefore fully supportive of the recommendations.
- 24.4 The BSC Panel:
- a) **NOTED** the recommendation of the ISG, the analysis and consultation responses provided;
 - b) **AGREED** that DMAT be set to 0.1MWh and CADL to 10 minutes on 1 April 2019;
 - c) **SOUGHT** approval from the Authority that DMAT be set to 0.1MWh and CADL to 10 minutes; and
 - d) **AGREED** that the next review of DMAT and CADL be held in no more than two years' time or earlier if required.

25. BSCCo Business Plan 2019-2020 – 285/14

- 25.1 ELEXON invited the Panel to note the draft BSCCo Business Plan and Budget for 2019-2020.
- 25.2 The Vice-Chairman, Phil Hare (PH) noted that it was important for the Panel to provide a response to the draft BSCCo Business Plan and Budget for 2019-2020. He therefore requested Panel Members put themselves forward to help prepare a response including a summary of the Panel's comments ready for submission by 22 January 2019. Mitch Donnelly, Diane Dowdell and Derek Bunn volunteered to support Phil Hare on this work.
- 25.3 A Panel Member commented that this was a good robust draft which they felt very comfortable with. Additionally, it recognises many challenges faced by the industry and acknowledges various pinch points on resource e.g. increase in Virtual Lead Parties (VLPs), wider BM access and implementation of Project TERRE.
- 25.4 The Chairman emphasised that the Panel's response is important as the Board takes the Panel's comments into consideration.
- 25.5 The BSC Panel:
- a) **NOTED** the intended publication of the BSCCO Business Plan w/c 17 December 2018 and the invitation to industry to comment prior to 21 January 2019; and
 - b) **AGREED** that the Panel wishes to provide its own comments and so nominated Phil Hare, Mitch Donnelly, Diane Dowdell and Derek Bunn to prepare a response for submission prior to 22 January 2019.

26. Any other Business

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

27. Next meeting

- 27.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 10 January 2019.