Initial Written Assessment

P378 'Introduction of a CM Supplier Interim Charge'

To allow the industry to collect funds from customers, via Suppliers, to plan for the orderly and fair reinstatement of the GB Capacity Market once state aid clearance is given by the European Commission.



ELEXON recommends P378 is treated as an Urgent Modification and progressed with the timetable outlined in this document.

This Modification is expected to impact:

- Suppliers
- BSCCo

ELEXON

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 1 of 18

Contents

1	Why Change?	3
2	Solution	6
3	Proposed Progression	11
4	Likely Impacts	13
5	Recommendations	16
Apı	pendix 1: Glossary & References	17

About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel at an ad-hoc Panel meeting on 21 December 2018. The Panel will consider the recommendations and agree how to progress P378.

There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress, including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the P378 Proposal Form.
- Attachment B contains a summary of the proposed solution.



Contact

Matthew Woolliscroft

020 7380 4165

Matthew.woolliscroft@elexon.co.uk



285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 2 of 18

1 Why Change?

Background

On 15 November 2018 the General Court of the Court of Justice of the European Union found in favour of Tempus Energy, against the European Commission (EC), annulling the Commission's State aid approval for the GB Capacity Market (CM). All CM cost recovery by Suppliers and payments to capacity providers have been suspended with all credit cover available to be returned.

The UK Government has confirmed that it intends to work with the EC to reinstate the CM, believing that it is the most cost effective way of ensuring security of supply in the GB energy market. It has advised capacity providers that they should continue to fulfil their CM obligations during this period.

On 19 December 2018, BEIS launched a <u>consultation</u> around technical amendments to the CM, which stated:

'After careful consideration of the representations from industry, we are minded to continue to collect payments from suppliers during the [CM] standstill period, and welcome views on our intended approach and on how these payments should be collected. The two options we are considering, discussed below, are: for ESC to continue to collect the Supplier Charge, or a modification to the Balancing and Settlement Code (BSC).'

BEIS has further communicated to the market that it will look to secure agreement from the Commission that the currently suspended CM payments will be paid to capacity providers, and thus the Suppliers will be asked to fund those repayments. As it is unclear when such repayments will be made, the potential timing and size of the bill to Suppliers, and therefore customers, is unknown, but could be substantial.

Issue 76

Issue 76 'Using the BSC to support Suppliers and the Capacity Market Arrangements' was raised by VPI Immingham LLP on 6 December 2018. The Issue Group meeting was held on 17 December 2018 to discuss the optimal solution and gauge industry support for a subsequent Modification Proposal. P378 is based on the solution developed by the Issue 76 Workgroup. To support Issue 76 and any subsequent Modification Proposal ELEXON sought external legal advice. This can be found on the Issue 76 meeting page.

What is the issue?

BEIS has requested that the parties obliged under the CM continue to discharge their obligations during the CM standstill period. As this is the BEIS minded to position, it is therefore prudent that Suppliers also continue to collect CM payments from customers. However, the Electricity Settlement Company (ESC), pending the outcome of the BEIS consultation noted above, was instructed to stop collecting the CM payments from Suppliers by the Secretary of State. As such Suppliers currently appear to have no robust legal basis for taking money from customers, to help them plan for any future liabilities if back payments are authorised.

While the market has supported the continuation of the CM, and urged the Government to find a pragmatic way forward, this industry is now 'missing' one month (December 2018)



What is the Capacity Market?

The Capacity Market is designed to ensure sufficient reliable capacity is available by providing payments to encourage investment in new capacity or for existing capacity to remain open. Monthly payments for the provision of capacity are made to Capacity Providers in line with their Capacity Agreements. Monthly payments are received from suppliers based on forecast demands, which is reconciled once actual data is available. This payment is in relation to the Supplier Charge Levy.

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 3 of 18

of CM payments by Suppliers. Furthermore the ESC has advised Suppliers that they can request the return of the money already paid to the ESC in respect of the CM in both October and November 2018. The value of the missing payments will escalate further as each month passes. The Proposer therefore believes it is for the industry itself to undertake some contingency planning for the orderly reinstatement of the CM scheme in order to protect the CM parties and their customers from a price shock at some point in the future.

Risk of defaulting BSC Parties due to Large CM payment

There is currently a substantial CM liability being accumulated by the Supplier in the GB electricity market. The Proposer does not believe that all Suppliers feel willing to go on collecting CM payments from customers when they are not being billed by the ESC, and is concerned that not all will be saving all charges they have levied. There is therefore a substantial risk to all customers, Suppliers, CM agreement holders and all BSC Parties that reinstatement of the CM creates a default risk across the market. The market has already seen Suppliers face material costs from the RO mutualisation process and this Modification will aim to reduce the risks to all parties. A future large CM payment will put further Suppliers at risk of failure unless some sensible planning is achieved.

Suppliers going out of business will have implications across the market place, for example:

- Renewable generators with Power Purchase Agreements (PPAs) will be concerned about Supplier defaults;
- Electricity System Operator (ESO) security of supply concerns will increase if Generators or Demand Side Response (DSR) providers cannot fund their activities for the longer term;
- Customers will risk substantial bills at a later point in time and the smearing of additional costs; and
- Knock on impacts to monopolies both for their funding and potentially operationally.

All of these issues have an impact on BSC Parties and the efficient operation of the BSC. We therefore believe that the BSC is an appropriate vehicle to help manage this market wide risk.

Use of the BSC to mitigate risks

Issue 76 'Using the BSC to support Suppliers and the Capacity Market Arrangements' was raised to discuss the possibility of using the BSC to help the market manage the planning for the return of the CM, in line with Government policy. There was broad consensus that the BSC could be used for this purpose and that forward planning was a sensible action by the market as a whole. This was subsequently recognised by Government in BEIS's CM consultation of 19 December. This Modification is therefore based on many of the points raised and agreed in the Issue 76 workgroup

At the Issue 76 meeting a number of Suppliers also raised issues around how they would account for such payments. The Proposer recognises that every new charge, levy, fine, etc. which a business faces they need to account for. However, it is not for BSCCo to offer accounting advice and the Proposer believes that the Suppliers could seek independent tax

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 4 of 18

advice collectively through bodies such as Energy UK or the I&C Shippers and Suppliers Group (ICoSS).

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 5 of 18

2 Solution

Proposed solution

This Modification would introduce a new interim BSC charge on Suppliers to be known as the CM Supplier Interim Charge. The charge will form a simple fund, without provisions for credit cover or the mutualisation of any shortfall. Any failure to make a payment will be treated as being in default of the BSC, and carries the same BSC sanctions. A summary of the key features can be found in attachment B. The process would be as follows:

Payment collection

Under this solution, BSCCo will be required to obtain the existing payment schedule for the CM Supplier Charge from the ESC for the 2018/19 delivery year. This schedule details the monthly amounts that each Supplier is required to pay for the Supplier Charge Levy. Under this Modification, Suppliers will be required to consent that this data can be shared with BSCCo for the purpose of invoicing a BSC Planning Charge.

ELEXON will run a manual billing process on the first Working Day (WD) of each month to bill Suppliers for the new CM Supplier Planning Charge based upon the payment schedule provided by ESC. As BEIS has informed industry that its minded position to require back payment in the event that State aid clearance is granted for the CM, the charge should also recover payments for the 'missing months' (October to December 2018). The Proposer believes that as industry is aware that back payments will be required the first invoice should collect any payments due from 1 January 2019. The 'missing months' would be smeared across the subsequent two invoices. The below table illustrates this, in the assumption that payments will begin from March 2019.

Payment of charges for interim months		
Payment month	Payments due for	
March 2019	January 2019 and February 2019 and	
	March 2019	
April 2019	April 2019 and Half out total due for October and November December 2018	
May 2019	May 2019 and Half out total due for October and November December 2018	
June 2019 onwards	According to monthly billing schedule	

This will avoid Suppliers being given a substantial shock bill, while also ensuing that missing funds are quickly recovered.

Whereas Suppliers' ESC Supplier Charges are revised by the ESC once actual data is available and the revised charges are applied from May to September and a notice of the revised payments, using actual data, is sent to Suppliers before the start of the Delivery Year, the BSC will not be revising the payment schedule and the money collected will be based on the monthly payments already notified to each Supplier. The BSC will not be making any CM payments, nor will it be reconciling CM Supplier payments, it will just be facilitating the sensible planning by the market for the achievement of the Government's

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 6 of 18

stated policy aims. It will be the role of the ESC to reconcile the payments to the Suppliers once the CM is reinstated and to make necessary back payments for CM agreement holders

The payment window for the CM Supplier Interim Charge will be 5WD.

The Proposer has requested a 'commencement date', from which monthly payments will be collected, of **1 January 2019**. This is irrespective of implementation date and has been notified to industry.

The Proposer believes that payments should begin being collected as soon as is practicable, so as to provide the greatest certainty to industry and reduce any risk of a price shock. They believe that if an Ofgem decision is received by the middle of a month then it should be implemented to allow charges to be collected the following month. (E.g. is an Ofgem decision is received on 14 February, the first collections would be made on 1 March).

Consequence of non-payment

If a Supplier defaults on the new CM Supplier Interim Charge, then it will be subject to the usual BSC default process under Section H. The default process should be initiated quickly.

BSCCo will not hold any credit for this new CM Supplier Interim Charge nor will there be any mutualisation of unpaid invoices. It is recognised that events of default, or change in owners, would under ESC CM payment reconciliation processes alter a Supplier's liability, but the BSC process will not make those changes.

Failure to make any payment of this charge will, as with other BSC non-payments, be an event of default under the BSC and as such will have the normal sanctions applied to it, including the ability to be expelled from the BSC. In the event of any default, the Supplier's BSC Credit Cover will only pay outstanding BSC charges excluding any unpaid CM Supplier Interim Charge. This will ensure that BSC parties have the same financial exposure to defaulting BSC parties as they currently do.

Releasing of funds

The money collected will be held by BSCCo until one of these events occurs.

The CM is reinstated and invoices for payment for the relevant months are issued by the ESC

BSCCo will on behalf of the Suppliers commence the transfer of the payments by Suppliers into the CM Planning Fund to the ESC along with the information on the contribution made by each Supplier to the CM Planning Fund. The money will be paid directly to the ESC against Suppliers' invoices. The Issue 76 Workgroup agreed that this would ensure the collected monies are used for the purpose they were collected for.

If the CM standstill is not lifted after all routes of appeal are exhausted as determined by the Panel on request by a Supplier

BSCCo will repay to Suppliers the amount that each has paid into the fund.

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 7 of 18

The end of September 2020

The Proposer believes that a longstop date of the 30 September 2020 should be included in the solution as a backstop. At this time, if no other triggers have been invoked, then the payments made will be returned to Suppliers.

The Proposer notes that how Suppliers choose to refund their customers is a commercial issue over which the BSC has no vires. The regulatory body with the power to force Suppliers to act in a specific manner, such as repay customers, is Ofgem.

Reporting requirements

ELEXON will make publicly available:

- the total value of the Fund;
- the total invoiced amount;
- the amount collected that month; and
- the amount invoiced for that month

10WD after the payment due date each month. This will be done via ELEXON Circular and published on the BSCCo Website.

For a more detailed explanation of the solution please refer to the Attachment A and for a summary please refer to Attachment B.

Issues for consideration

The Proposer believes that the Panel should consult on the following questions.

Questions to be included in the consultation

Should this Fund be set up to cover the period up to the end of the current CM Delivery Year (as drafted) or cover the Delivery Year 2019/20 as well?

Is the schedule of payments outlined above (i.e. where the 'missing months' are recovered) sensible?

Is the long stop date for repayments of the Fund to Suppliers set at the right point in time?

The proposal is to place the money in an Elexon account. Are parties satisfied with this and if not what type of account would be more appropriate?

This proposal does not facilitate Suppliers who may want to make additional or ad hoc payments into this fund. Would Suppliers want the ability to pay more to plan for what they believe may be their financial exposure in the future?

Legal advice on compliance with the Transmission Licence

ELEXON has taken preliminary external legal advice on whether the scheme proposed by P378 falls within the scope of the BSC under the Transmission Licence. This issue relates specifically to the scope of the BSC rather than ELEXON's vires. The latter can be adjusted by a BSC Modification approved by Ofgem whereas the former can only be adjusted by a change to the Transmission Licence. The preliminary external legal advice is that P378

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 8 of 18

would be consistent with the Transmission Licence on the basis that the Licence provides a clear basis for the BSC to facilitate the operation of the CM. Mindful that this is a question that Ofgem will need to be satisfied on when deciding whether to approve or reject P378, ELEXON is seeking a more detailed view.

Applicable BSC Objectives

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

The Proposer believes that the Modification better facilitates the **Applicable BSC Objectives (b)**, **(c)**, **(d)** and **(f)** for the below reasons.

Proposer views against Applicable BSC Objective (b)

The Proposer believes that the Modification will better facilitate BSC Applicable Objective (b) as providing industry with the certainty that funds will be available to Capacity providers if the standstill is lifted will encourage participants to continue normal operations, thus protecting the operation of the Transmission System.

Proposer views against Applicable BSC Objective (c)

Having the funds available for efficient restarting of CM payments will reassure investors to continue normal operations. The continued collection will also help Suppliers protect their customers against a price shock upon the restarting of the CM by requiring all Suppliers to continue paying into a fund, will ensure a level playing field by removing the risk that prudent Suppliers will pay more in the event that any shortfall is mutualised.

Proposer views against Applicable BSC Objective (d)

By introducing a BSC planning charge, the there is less risk of Parties paying Default Funding Shares on defaulting Parties liabilities as a result of shock CM charges. By



What are the Applicable BSC Objectives?

- (a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence
- (b) The efficient, economic and coordinated operation of the National Electricity Transmission System
- (c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity
- (d) Promoting efficiency in the implementation of the balancing and settlement arrangements
- (e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]
- (f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation
- (g) Compliance with the Transmission Losses Principle

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 9 of 18

requiring Suppliers to pay into the fund, it is less likely that Suppliers will default on payments upon the restarting of the CM.

Proposer's views against Applicable BSC Objective (f)

If the CM standstill is lifted, the existence of the fund will make it easier for the market to return to normal operations of the CM regime. While this will not help the regime at present, the Proposer believes that this future planning will aid the efficient and economic return to normal CM operations.

Implementation approach

The Proposer believes that this solution should be implemented as soon as is possible in order to provide the industry with the assurance and confidence it seeks. The Proposer therefore believes that P378 should be progressed as an **Urgent Modification**.

We believe this Modification proposal should be implemented 5WD after the Authority's decision.

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 10 of 18



Urgency request

The Proposer believes that P378 should be treated as an Urgent Modification, and should follow an accelerated timeline. The reasons for this are detailed in the Proposal Form (Attachment A). In summary, the Proposer believes P378 should be treated as an Urgent Modification Proposal because:

- Without Suppliers ability to plan and collect money from customers now, under P378, there is a significant risk that any future collection of payments under the CM, if the standstill is lifted and payments backdated, would have a significant commercial impact on Suppliers, their customers and the Capacity providers;
- The inability of the Suppliers to easily bill customers for charges they are highly likely to face in the future is creating an ongoing, and increasing, risk to them and their customers that they will not be able to comply with the CM Regulations when the CM is reinstated;
- Being able to centrally plan for compliance with the CM will make it more equitable
 for customers as all Suppliers will comply. This allows Suppliers time to manage
 funds for repayment and reassures investors that funding for back payments is
 being accumulated in a prudent manner, so when back payments can be made the
 money to pay them will be available. It is therefore crucial that P378 is
 implemented as soon as possible. To enable this an urgent timetable is needed;
- A customer facing a one off bill in say 8-9 months of CM back payments may well get pushed into debt, fuel poverty or, as a business user, insolvency;
- All BSC Parties are already facing costs from Supplier defaults and to store up the
 costs likely to create further defaults in future months is a risk best managed via a
 centrally provide type of saving scheme;
- There is an additional driver for an expedited timeline, which is the price cap review period. Currently CM payments are allowed under the price cap. However, with no obligation to pay remaining, it is unclear whether Suppliers can continue to collect the money from their customers, without this scheme in place. This could leave suppliers facing a significant bill on resumption of the CM without any means to pay it. The next CM price review will be in February, therefore it is critical that there is certainty on this levy before then.

Next steps

ELEXON recommends P378 is progressed as an Urgent Modification to ensure that security of supplies for consumers is protected.

BSC Section F2.9 states that where the Proposer of a Modification recommends that it should be treated as an Urgent Modification, the Panel shall make a recommendation to the Authority as to:

- whether the Panel believes the proposal should be treated as an Urgent Modification; and
- the procedure and timetable to be followed in the event that the Authority instructs that the proposal shall be treated as an Urgent Modification Proposal.

What is an Urgent Modification?

Ofgem provides guidance on its website that an **Urgent Modification** should be linked to an imminent issue or current issue that if not urgently addressed may cause: (i)a significant commercial impact on Parties, consumers or stakeholders, (ii)significant impact on the safety and security of electricity systems or (iii)a party to be in breach of any legal requirements.



What is the Self-Governance Criteria?

A Modification that, if

implemented:
(a) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and (ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity

transmission system; and (iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and (v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 11 of 18

The proposer has provided the timetable outlined below. This proposed timetable ensures that industry are consulted and notified when payments will commence.

Timetable

Where the Authority grants a Modification Urgent status, it may direct a timetable that it believes is appropriate for the progression of the Modification, and therefore the below timetable should be treated as a preferred approach:

Proposed Urgent Progression Timetable for P378	
Event	Date
Present Initial Written Assessment to Panel	21 December 2018
Consultation – minimum 10WD	14 January 2019 – 25 January 2019
Present Draft Modification Report to Panel	28 January 2019
Issue Final Modification Report to Authority	29 January 2019

In order to meet this timetable an Ofgem decision on urgency would be required by 9 January 2019.

The Proposer believes it is important that the P378 legal text is issued as part of the consultation. The earliest the legal text will be available to issue for consultation will be the 14 January 2019. Should an Ofgem decision on urgency be received earlier than requested, we would issue the consultation earlier. The earliest we would issue the consultation is 7 January 2019. We would then issue the legal text as soon as it is ready. We would not bring forward the closing date for the consultation.

Should the Modification not be treated as urgent by the Authority we recommend the Panel determine how best to proceed at its scheduled meeting on 10 January 2019.

Should the Panel not recommend that this Modification Proposal be treated as urgent the Panel will need to determine whether P378 should proceed direct to the Report Phase or into the Assessment Procedure, for consideration by a Workgroup

Self-Governance

The Proposer does not believe this Modification should be progressed as a Self-Governance Modification as it believes the Modification will have a material impact on consumers by requiring Suppliers to continue collecting payments from its customers during the CM standstill. It will also have a material impact on competition by ensuring that a level playing field is maintained for Suppliers during the CM standstill. P378 therefore materially impacts the Self-Governance criteria (i) and (ii).

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 12 of 18

4 Likely Impacts and costs

Estimated central implementation costs of P378

We estimate that P378 incur implementation costs from the following:

- Effort for external lawyers to draft the legal text; and
- Effort to implement document changes to the BSC.

We aim to provide further details on these costs to the Panel at its meeting on 21 December.

Ongoing ELEXON costs

We will operate the new charge using existing resources and do not anticipate any additional operational costs.

Impact on BSC Parties and Party Agents	
Party/Party Agent	Potential Impact
Suppliers	Suppliers will be required to pay the new BSC Planning Charge until September 2019

Impact on Transmission Company
No impact identified.

Impact on BSCCo	
Area of ELEXON	Potential Impact
Finance	ELEXON's finance will need to issue manual invoices for the new charge and asset up a new account in which to hold the funds.

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
No impact identified.	

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
No impact identified	

285B/01
P378
Initial Written Assessment

21 December 2018 Version 1.0

Page 13 of 18

Impact on Code	
Code Section	Potential Impact
Section D 'BSC Cost Recovery and Participation Charges'	Changes will be required to implement the P378 solution.
Section H 'General'	
Section N ' Clearing, Invoicing and Payment'	
Section X 'Definitions and Interpretation'	

Impact on Code Subsidiary Documents	
CSD	Potential Impact
N/A	No impact identified.

Impact on other Configurable Items		
Configurable Item	Potential Impact	
N/A	No impact identified.	

Document	Potential Impact
Ancillary Services Agreements	No impacts identified.
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Master Registration Agreement	
Supplemental Agreements	
System Operator- Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 14 of 18

Impact on a Significant Code Review (SCR) or other significant industry change projects

Both ELEXON and the Proposer do not believe this Modification impacts any on-going SCR, and ELEXON submitted P378 to the Authority to request SCR exemption on 21 December 2018.

Impact on Consumers

The Proposer believes that this Modification will help protect consumers from a price shock if the CM standstill is lifted. Further details can be found in the Proposal Form.

Impact on the Environment

No impact identified.

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 15 of 18

5 Recommendations

We invite the Panel to:

- RECOMMEND to the Authority that P378 should be treated as an Urgent Modification Proposal;
- AGREE the Urgent P378 progression timetable for recommendation to the Authority;
- AGREE that P378:
 - DOES better facilitate Applicable BSC Objective (b);
 - DOES better facilitate Applicable BSC Objective (c);
 - o **DOES** better facilitate Applicable BSC Objective (d); and
 - DOES better facilitate Applicable BSC Objective (f);
- AGREE an initial recommendation that P378 should be approved;
- AGREE an initial Implementation Date of:
 - 5WD following the Authority's decision;
- AGREE an initial recommendation that P378 should not be treated as a Self-Governance Modification Proposal;
- NOTE that ELEXON will either:
 - issue the P378 Draft Modification Report (including the draft BSC legal text) for at least a 10 WD consultation and will present the results to the Panel at its meeting on28 January 2019; or
 - return to the Panel on 10 January to ask the Panel how P378 should proceed.

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 16 of 18

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym		
Acronym	Definition	
BEIS	Department for Business, Energy and Industrial Strategy	
BSC	Balancing and Settlement Code	
BSCCo	Balancing and Settlement Code Company	
CSD	Code Subsidiary Document	
CM	Capacity Market	
DSR	Demand Side Response	
EC	European Commission	
EMR	Electricity Market Reform	
ESC	Electricity Settlement Company	
ESO	Electricity System Operator	
ICoSS	I&C Shippers and Suppliers Group	
IWA	Initial Written Assessment	
PPA	Power Purchase Agreement	
SCR	Significant Code Review	
WD	Working Day	

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links				
Page(s)	Description	URL		
3	BEIS consultation on amendments to the CM	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachmentdata/file/767015/proposals-for-technical-amendments-to-the-capacity-market.pdf		
3	Capacity Market page of the EMRS Website	https://www.emrsettlement.co.uk/about- emr/capacity-market/		
3	Issue 76 page of the BSCCo Website	https://www.elexon.co.uk/smg-issue/issue-76/		
3	Issue 76 meeting pager of the BSCCo Website	https://www.elexon.co.uk/meeting/issue-76/		
10	Ofgem Guidance on Urgent Modifications	https://www.ofgem.gov.uk/publications-and- updates/ofgem-guidance-code-modification- urgency-criteria-0		

285B/01
P378
Initial Written Assessment
21 December 2018
Version 1.0
Page 17 of 18

285B/01

P378

Initial Written Assessment

21 December 2018

Version 1.0

Page 18 of 18