

DRAFT MINUTES

MEETING NAME BSC Panel

Meeting number 286

Date of meeting 10 January 2019

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
	Mark Bellman	MB	Industry Panel Member
	Phil Hare	PH	Independent Panel Member
	Rhys Kealley	RK	Industry Panel Member (alternate for 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
	Claire Kerr	CK	Panel and Committee Support Manager
	Nigel Perdue	NP	ELEXON Director of Operations
	Angela Love	AL	ELEXON Direction of Strategy and Communications (Part Meeting)
	Allison Chappell	AC	ELEXON Board Member
	Elliott Harper	EH	ELEXON (Part Meeting)
	Danielle Pettitt	DP	ELEXON (Part Meeting)
	Craig Murray	CM	ELEXON (Part Meeting)
	Nick Baker	NB	ELEXON (Part Meeting)
	Katie Wilkinson	KW	ELEXON (Part Meeting)
	Mike Smith	MS	ELEXON (Part Meeting)
	Peter Frampton	PF	ELEXON (Part Meeting)
	Colin Berry	CB	ELEXON (Part Meeting)
	Kevin Spencer	KS	ELEXON (Part Meeting)
	Emma Tribe	ET	ELEXON (Part Meeting)
	Rebecca Kassube	RK	ELEXON (Part Meeting)
	Roger Harris	RH	ELEXON (Part Meeting)
	Rob Greenoak	RG	ELEXON (Part Meeting)
	Richard Hampson	RH	ELEXON (Part Meeting)
	Alina Bakhareva	AB	ELEXON (Part Meeting)
	Alena Fielding	AF	BEIS (Part-Meeting)

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Lesley Nugent	LN	Ofgem Representative (Part Meeting)
Dan Starman	DS	New Anglia Energy (Part Meeting)
Alessandra De Zottis	AZ	Observer (UK Power Reserve)
Paul Farmer	PF	Observer (First Utility) (Part-Meeting via teleconference)

Apologies	Mitch Donnelly	MD	Industry Panel Member
	Victoria Pelka	VP	Consumer Panel Member

1. Apologies

- 1.1 The Chairman confirmed the apologies of Mitch Donnelly and Victoria Pelka.

NON-MODIFICATION BUSINESS (OPEN SESSION)

2. Joint BEIS/Ofgem review of codes and code governance – Verbal

- 2.1 Alena Fielding (AF) from the Department for Business, Energy and Industrial Strategy (BEIS) presented to the Panel an update on the review of codes and code governance that BEIS is leading on with Ofgem.
- 2.2 AF highlighted the Secretary of State's November 2018 [speech](#) (see December 2018 ELEXON Report for a summary) in which he detailed how he saw the energy market evolving and what he believed the challenges to be. AF recognised that the energy industry's pace and complexity of change had increased; this had identified that the underlying framework needs reviewing as a result.
- 2.3 AF noted that the challenges of codes and code governance are well-recognised and have evolved over time. There are currently 11 different code bodies which work well when the pace of change is predictable and business models align, however there is a lot more diversity in the market now which has caused a shift to this model. She highlighted that this is particularly evident when there are large system changes which require cross-code coordination amongst many of the different code bodies.
- 2.4 AF advised that BEIS and Ofgem believe that fundamental changes are required to the existing model, particularly around the degree of industry self-governance. Additionally, they would like to look at whether there is currently a function missing in the energy space that would help with setting strategy and coordination; even if code bodies are empowered, they may need discussions with government to better understand the direction of travel for change.
- 2.5 AF highlighted that BEIS/Ofgem have tried to be reasonably ambitious in socialising the changes by Summer 2019. To obtain industry views, BEIS/Ofgem are attending various code Panel meetings and are holding two industry workshops on 4 February and 18 February 2019 at the BEIS Conference centre, where they hope to obtain some feedback on the various options from attendees. Following this feedback, BEIS/Ofgem intends to issue a consultation to the industry.
- 2.6 The Chairman commented that ELEXON strongly welcomed the review. The Chairman expressed his concern in relation to cross-code operations where different code managers exhibited different degrees of willingness to cooperate; and the difficulties this causes. A Panel Member believed the review to be a good idea and was supportive of merging some of the codes. They noted that the Retail Energy Code (REC) provides the opportunity to look at whether the retail market should be kept separate to wholesale market. Another Panel Member suggested that the Connection Use of System Code (CUSC) and Grid Code should be transferred to ELEXON as they considered it inadvisable that the ESO administered these codes or any code to which they are a Party. The Panel Member also noted that it would be beneficial for these codes to be linked.

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- 2.7 MB noted that ELEXON welcomed the review and would be participating in the workshops. MB commented that fragmentation is not sustainable given the amount of change that the market is facing but has highlighted to BEIS/Ofgem that whatever is proposed needs to be achievable.
- 2.8 A Panel Member commented that it was good to hear that the review is taking a more strategic direction for code governance. Discussions they have had with smaller parties have indicated that parties have felt there had been no strategic direction on issues in the past such as network charging. AF commented that they are looking at other markets, jurisdictions and strategic functions and the potential of introducing an overall body. She noted that to resolve issues such as these, an extra layer of bureaucracy would be introduced; highlighting that for the changes to be meaningful, they may need to introduce some powers. A Panel Member expressed concern at creating greater bureaucracy but agreed that Code Administrators should be encouraged to work together. They noted that when codes such as the BSC put forward solutions to cross-code Modifications, if other Code Administrators do not help to resolve the issues, the introduction of powers would be very useful otherwise other Code Administrators are not compelled to help find a solution.
- 2.9 In relation to prioritisation, a Panel Member expressed the view that industry often gets told that it is not responsive and does not move quickly enough but then gets encouraged to prioritise what it does on a daily basis. Therefore, as well as looking at how the industry prioritises changes, the Panel Member suggested that BEIS/Ofgem should look at whether the industry should provide sufficient resource for changes. They highlighted that often the BSC is quick to respond to change but then this gets slowed down by other code bodies not being as responsive. The ELEXON Board Member commented that code bodies have a role in managing change but that they are also responsible for the day-to-day services, which the industry relies on. Additionally, when changes are implemented, she requested that BEIS/Ofgem allow sufficient time for changes to be introduced so that the industry has the ability to adapt accordingly.
- 2.10 AF agreed that the resourcing issue is extremely relevant to the review. She commented that it appears to often be the temptation to get Ofgem to deal with various situations but this may not always be the best route to take. She acknowledged that this issue needed fixing and that it could be a strategic body's responsibility to provide the necessary resource to carry out the strategic change e.g. similar to Ofgem's Significant Code Review (SCR) where appropriate resource is assigned to that particular project. A Panel Member commented that the industry often needs guidance but often Ofgem requests that industry resolves the issue itself. They noted that industry can sometimes come up with a solution but then be in a position where Ofgem disagrees with it; having guidance at the start may resolve this issue.
- 2.11 A Panel Member supported the ethos behind the review but encouraged BEIS/Ofgem to listen to what the industry is suggesting. In the past, the Panel Member noted that there were concerns that industry groups were not being listened to e.g. in relation to Feed in Tariffs (FiTs). They agreed with moving things forward but with as little cost as possible to industry and consumers. Another Panel Member suggested that BEIS/Ofgem may find it useful to put themselves in the position of a new entrant who wants to become a Supplier or small generator and walkthrough the journey of what they have to do. For example, the role of a Virtual Lead Party (VLP) who now has to sign up to various code bodies but did not previously have to. AF agreed that it would be sensible to test the customer journey on any new model that was proposed.
- 2.12 A Panel Member commented that there is an unfortunate perception that Panel's deliberations are frustrating change. He added that Panel's discussions are an important part of forming solutions to ways forward. ELEXON's Director of Strategy and Communications advised that she had sat on various Panels and could understand the comments made in relation to other code panels. At times there appears to be more of a commercial interest coming into Panel meetings and it is not clear who Panel Members are representing. She agreed that something should be done in relation to the perception but that this would vary across code bodies. MB suggested that BEIS/Ofgem should look at behaviours, identifying in its view both good and bad, of code panels and code managers, and whether there is a correlation with their constitution and their

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business models. He said there needed to be a clear articulation of the problems that needed addressing. He also queried whether Xoserve are included in the scope of the review, pointing out that ELEXON provides an end-to-end service of code manager, delivery of operations and policy support. AF confirmed that the scope is wide enough to accommodate all aspects including Xoserve; the review will look at the licence and will focus on certain functions that are needed.

- 2.13 The Chairman noted that code bodies have completely different business models e.g. some are for-profit and some are not. He queried whether business models are in the scope of the review and whether BEIS/Ofgem are going to state their preferred business model for code bodies in the future. AF advised that the scope includes looking at what functions are currently missing to make code governance work better, which code bodies can deliver change at pace and if there is something missing, include a criteria for this. If this results in the relevant body having to be independent then this could be the conclusion it arrives at, even if this means a public sector organisation. The Chairman commented that the issue with a public body is that they are not independent of the government.
- 2.14 A Panel Member commented that there used to be a more 'hands-on' approach to codes from Ofgem, as there always used to be a representative from the Authority who attended the Panel and Modification Workgroups. They noted that this had improved again recently and was extremely useful. They did not believe that it fettered Ofgem's discretion to advise industry whether changes are in line with its own policy.
- 2.15 AF thanked the Panel for the useful and constructive discussion and was glad to hear that the Panel was overall supportive of the review. The Chairman suggested that it may be useful for AF to attend the BSC Panel meeting again in Summer 2019. AF agreed to attend the Panel meeting when she had useful information to feedback on the review.

3. Update on the treatment of gas in the context of SO/TO separation – Verbal

- 3.1 The Transmission Company Representative, Jon Wisdom (JW), presented an update on the treatment of gas in relation to the System Operator (SO)/Transmission Operator (TO) separation.
- 3.2 JW noted that there is one SO model where the governance had been designed to respect business separation whilst making use of dual fuel leadership to enrich and add value across the two SO functions. He clarified that some managers have dual fuel responsibility but staff members do not.
- 3.3 JW advised that it is introducing a concept called System Operator Function Information (SOFI), which had been set up to ensure that different information is not transferred between different areas of National Grid i.e. that ESO specific information is protected. It will be strictly managed to ensure that potential conflicts of interest are avoided. For this, an annual compliance statement will be published and there will be a dedicated ESO Compliance Officer to ensure that compliance measures provide support and transparency.
- 3.4 The Chairman noted that the case was made to separate the Electricity System Operator (ESO) from the system and queried why there is not a similar separation for gas operations. JW noted that a case had not been made. The gas SO is still a part of National Grid Gas Transmission and there is no plan to change this as far as JW was aware.
- 3.5 A Panel Member commented that SOFI appeared to be a very useful tool but queried who would decide what is and is not shared externally by National Grid. JW clarified that SOFI will ensure that information is not transferred between different National Grid entities rather than external ring-fencing for things that should or should not be published.
- 3.6 A Panel Member commented that National Grid is not technologically neutral with respect to the means of production for electricity given that it has an interest in the sustainability of gas infrastructure. He noted that there may be a conflict of interest. JW agreed to take the point away in relation to the gas SO being a part of the gas transmission and to report back at the next Panel meeting.

MODIFICATION BUSINESS (OPEN SESSION)

4. Change Report and Progress of Modification Proposals – 286/03

- 4.1 The Modification Secretary provided an update on open Modifications and Change Proposals.
- 4.2 The Chairman highlighted that [P361 'Revised treatment of BSC Charges for Lead Parties of Interconnector BM Units'](#) was submitted to the Authority on 13 July 2018 and noted that there had now been a six-month delay in receiving the Authority's final decision. The Ofgem Representative commented that complex legal questions are still being worked through for P361 and noted that Ofgem intended to make a decision as soon as possible. He added that Ofgem should have a better view on an expected decision date by the 14 February 2019 Panel meeting. The Modification Secretary noted that due to the delayed decision, a new Impact Assessment would need to be carried out and subsequently a revised Implementation Date if Ofgem's final decision was to approve P361.
- 4.3 In relation to [P297 'Receipt and Publication of New and Revised Dynamic Data Items'](#), the Modification Secretary noted that the Panel had requested a one month extension to the P297 Implementation Date on 13 December 2018 upon Ofgem's guidance due to the ESO's cost-benefit analysis being delayed. Ofgem approved this extension request on 7 January 2019 to 28 February 2019 as part of the February 2019 Release. The Modification Secretary also highlighted that the ESO published its [cost-benefit analysis](#) on 9 January 2019 and confirmed this will be additionally distributed to the BSC Change distribution list, as well as the Grid Code distribution list.
- 4.4 JW noted that National Grid received four responses from stakeholders when an open call for evidence on the cost benefits of P297 was issued between 6 November - 19 November 2018; one of these requested that their response be kept confidential. JW asked the Panel to note that all responses were qualitative rather than quantitative. JW advised that National Grid had recommended a course of action based on the cost-benefit analysis and views of respondents. The majority of respondents agreed that the proposed changes in relation to Stable Export Limits (SEL) and Stable Import Limited (SIL) should go ahead but that ramp rates should be given priority as delivering better value for market participants. JW commented that National Grid believes there are benefits to implementing SEL and SIL in future but not as a realisable benefit now as there are actions it would need to take on the system to manage distributed generation sites. However, National Grid ESO intends to propose that the changes to SEL and SIL are made through the Grid Code and BSC frameworks, once Ofgem's decision on P373 is received.
- 4.5 In relation to Last Time to Cancel Sync (LTCS), JW noted that there was no quantifiable evidence that there would be a benefit to making these changes. In relation to ramp rates, JW noted that there was strong qualitative feedback received from respondents that this change would be beneficial although this change would be the most expensive to implement. JW advised the Panel that these changes would be made independently of National Grid's Electricity Balancing System (EBS).
- 4.6 A Panel Member queried whether there is now a target go-live date for EBS. JW confirmed that to his knowledge there is not.
- 4.7 The Chairman queried whether the process had now been set up ready for a decision to be made by Ofgem at the end of February 2019 now that the cost-benefit analysis had been received. The Ofgem Representative confirmed that it had. The Modification Secretary highlighted that both P297 and [P373 'Reversing the changes relating to Approved Modification P297'](#) have an Implementation Date of 5 Working Days (WDs) following an Ofgem decision so a decision would need to be made by Ofgem by 21 February

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2019 to make the February 2019 Release. The Modification Secretary requested that if Ofgem is going to be unable to make this deadline, to let ELEXON know as soon as possible.

- 4.8 In relation to [P366 'Change to Supplier Charge SP08a calculations to account for small scale non-domestic Non Half Hourly hard-to-read Meters'](#), the Modification Secretary advised that the Proposer and Workgroup have agreed a Proposed and Alternative solution for Assessment Procedure Consultation following three meetings. ELEXON are currently waiting for the Proposer to confirm the hard to read criteria for the legal text prior to issuing the Assessment Procedure Consultation; the Proposer plans to confirm the criteria by the end of January 2019. A two-month extension was therefore requested and approved by the Panel.
- 4.9 In relation to [P372 'Speeding up the approval process for the publication of BSC data on the BMRS'](#), the Workgroup agreed a solution for Assessment Procedure Consultation in December 2018. However, it took a month to find a quorate number of Workgroup Members, which combined with the Christmas period has manifested in a two month delay. A two-month extension was therefore requested and approved by the Panel. The Modification Secretary also highlighted to the Panel that part of the P372 solution is to create a new Panel sub-Committee in relation to publishing data on the Balancing Mechanism Reporting System (BMRS).
- 4.10 In relation to [P378 'Introduction of a CM Supplier Interim Charge'](#), the Modification Secretary noted that the Panel recommended urgency to Ofgem at its meeting on 21 December 2018 and that Ofgem had approved urgency on 8 January 2019. Industry had been notified, which included highlighting information on the payment profile of the solution. The Chairman thanked Ofgem for providing a response to the Urgency request in time for the January 2019 Panel meeting.
- 4.11 The Modification Secretary confirmed that the P378 consultation will be issued the week beginning 14 January 2019. It will include additional questions as ELEXON has been working very closely with Ofgem to ensure that Ofgem does not have to carry out its own separate consultation; something ELEXON wants to avoid. Additionally, the Modification Secretary asked the Panel to note that an ad-hoc Panel meeting would need to be held around 30 January 2019 so to keep diaries free around this time.
- 4.12 A Panel Member queried whether the P378 solution allows for the process of Supplier failures i.e. is there a process to ensure that cash is mutualised. The Modification Secretary highlighted that the solution does not allow for any mutualisation or any Credit Cover arrangements in accordance with the preference of the [Issue 76 'Using the BSC to support Suppliers and the Capacity Market Arrangements'](#) Workgroup to keep the solution as simple as possible. Further, the Panel Member queried where the cash liability sits. The Modification Secretary advised that under P378, the solution is to receive cash flow from Suppliers and not do anything with it until the CM is no longer suspended. At this point, the fund would be moved to the Electricity Settlements Company (ESC) who would then do everything that the Supplier regulations requires it to do. A Panel Member commented that the bigger issue is if there is never approval to remove the CM's suspension and the Modification Secretary advised that; in this case (or by September 2020, whichever is the earlier) the funds would be returned to Suppliers or to a Supplier's Administrator or Liquidator if they were no longer trading.
- 4.13 MB commented that some preliminary analysis has been carried out in the Electricity Market Reform Settlement (EMRS) team which identified that given the current number of Supplier failures, there is currently a shortfall in funding of approximately 1.3%, which would eventually be mutualised by ESC if the CM suspension was lifted. However, he noted it was unclear whether all of the Capacity Market Providers would remain compliant and entitled to receipt of payments so the shortfall of actual funding could be less.
- 4.14 A Panel Member commented that Ofgem had been extremely helpful in giving a list of their concerns in order to try to avoid Ofgem carrying out a separate consultation. They added that one of the biggest issues is in relation to the profiles of collecting the money; they would prefer the payment profiles in both the BSC Modification and the ESC Regulatory route to be aligned. The Panel Member also suggested that Suppliers

need to let ELEXON know what they want to minimise a risk of a cash shock. Another Panel Member noted that it would be ESC's decision as to whether it returns Suppliers' funds all in one go or as steady payments if and when the CM commences again. If there is a shortfall due to a number of Suppliers exiting the market, it would be down to ESC to work out how to mutualise this shortfall.

- 4.15 With regards to concerns expressed by some to ensure returned funds made their way back to consumers, JW commented that in 2013, Suppliers had to return money to customers because of government intervention in network charges and policy costs so should point Ofgem in this direction for reassurance.
- 4.16 The Modification Secretary highlighted that as discussed and agreed with the Panel in 2018, ELEXON is committed, where possible, to both simplify and maintain the BSC. ELEXON is currently required to publish Quarterly Reports under BSC Section C3.9.1. We have identified that the BSC Quarterly Reports have not been read for at least two years. The reason for this could be that the content is available elsewhere on the BSC Website in a timelier manner e.g. key successes are included in the monthly ELEXON Report. The Quarterly Reports require 3-5 days effort to produce but add little value as duplicating information already on the BSC Website and widely available to industry; resulting in inefficient use of ELEXON resources. Further, the information in the Quarterly Reports has in many cases been superseded by the time of publication. We are also engaging in other more relevant and timely ways e.g. webinars, pre-Panel briefing call, re-design of website and Newscast.
- 4.17 The Modification Secretary queried whether the Panel had any appetite to remove this unnecessary and burdensome provision as we estimate the effort of progressing the Modification will be off-set by the effort of not producing the reports within one year. The Panel agreed that this seemed a sensible Modification to progress.
- 4.18 In relation to ELEXON's Brexit preparations, the Modification Secretary advised that Ofgem had been liaising with all Code Administrators. ELEXON had received a letter on 7 January 2019 to this effect, which requested for any issues or comments to be raised with Ofgem. Ofgem held a meeting with the Code Administrators Code of Practice (CACoP) on 7 December 2018 to discuss potential Brexit Modifications. Since that meeting, BEIS have published draft Statutory Instruments (SIs) for a 'no-deal' scenario.
- 4.19 The Modification Secretary emphasised that discussions and analysis are still on-going, but current key working assumptions for 'no-deal' Modifications are that Brexit Modifications would be Self-Governance and not Urgent; they would be progressed straight to the Report Phase as they would be self-evident. ELEXON is currently exploring with Ofgem as to whether Modifications could be progressed during Ofgem's 56-day standstill period following a licence change direction.
- 4.20 Additionally, the Modification Secretary noted that ELEXON is assuming that no Central System changes will be required. However, there are some risks it would need to consider:
- Sending of Transparency Data – ELEXON would no longer be legally required to send data via BMRS, but there is no legal issue if ELEXON continued to send this data.
 - Publishing Transparency Data – The ESO is responsible for publishing data. Regulations allow third parties to publish data and require Ofgem to approve the 'reporting service'. ELEXON understands that the Government intent, and ESO desire, is to continue to use BMRS.
 - REMIT reporting – The ESO is required to report on REMIT to Ofgem. ELEXON assumes that 'reporting' does not require any change to BMRS as Ofgem can pull data via APIs.
 - TERRE - It is not yet clear whether the GB market will have access to the TERRE product; further changes impacting Central Systems could be required to remove TERRE elements but keep wider access. This risk cannot be delivered within 56 days; however there is no need to remove straight away as no immediate impact.

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- Definitions and terms – these will need to be updated e.g. to point to new legislation.

- 4.21 Further, the Modification Secretary noted that should a deal with a transition period get approved, ELEXON assumes no change will be needed on day one.
- 4.22 A Panel Member queried whether ELEXON was satisfied with the process by which SIs are being transcribed from European Law into UK and whether ELEXON believed the SIs to be of sufficient quality in related to balancing and settlement. ELEXON advised that it is in discussions with BEIS and agreed to feedback these outcomes with the Panel.

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- 4.23 A Panel Member commented that Interconnectors are preparing their new market access rule documents and NEMOs have Final Physical Notifications (FPNs) submitted by implicit day ahead and queried whether these risks are also being included. The Modification Secretary agreed to explore this in time for the February 2019 Panel meeting.

ACTION 286/03

- 4.24 The BSC Panel:
- a) **APPROVED** a three-month extension to the P366 Assessment Procedure;
 - b) **APPROVED** a two-month extension to the P372 Assessment Procedure;
 - c) **COMMENTED** on a potential Modification to remove Quarterly Reports;
 - d) **COMMENTED** on the Brexit preparations; and
 - e) **NOTED** the contents of the January Change Report.

5. **P379 'Enabling consumers to buy and sell electricity from/to multiple providers through Meter splitting' – 286/04**

- 5.1 [P379](#) proposes to enable individual consumers to be supplied by multiple Trading Parties through a Balancing and Settlement Code (BSC) Settlement Meter at the Boundary Point. It will amend the market rules to support development of non-traditional business models and innovation, expanding upon the solution to be implemented by BSC Modification [P344 'Project TERRE implementation into GB market arrangements'](#). It will achieve this through the creation of a new Party Agent role, the Customer Notification Agent (CNA), who would reconcile power flows through the Settlement Meter, enabling accurate allocation of volumes and costs, which in turn will allow Trading Parties to reflect these volumes in their bills and payments to consumers.
- 5.2 ELEXON advised that unfortunately the Proposer, Nigel Cornwall of New Anglia Energy had been delayed and as such, Dan Starman would be presenting P379 on his behalf. Panel Member Tom Edwards expressed a conflict of interest as he works for another of the Proposer's organisations; he therefore agreed to abstain from voting on this Modification.
- 5.3 The Chairman queried what the earliest Implementation Date for P379 would be. ELEXON advised that mid-2020 would likely be the earliest possible Implementation Date; however this is subject to impact assessments and complexities of solution(s) developed. ELEXON advised that 30 market participants had already signed up to be part of the P379 Workgroup at the time of the Panel meeting.
- 5.4 A Panel Member queried what the implications would be if the UK is out of the EU and therefore not obligated or allowed to participate in the TERRE product. ELEXON advised that P379 would still be possible to implement as it integrates with wider market access initiatives, enabling innovation and a wider range of business models. ELEXON clarified that irrespective of pending Brexit outcomes, the intention is to implement

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the wider access part of the TERRE solution, which would not be impacted by Brexit. ELEXON confirmed that it is working with National Grid ESO to fully understand all potential outcomes from Brexit. As the wider market access provisions will still be included in the new BSC Central Systems developments, P379 will be able to build upon these systems.

- 5.5 A Panel Member noted ELEXON's Foundation Programme and industry's commitment to this significant change to BSC Central Systems, and so queried whether P379 would build upon that platform. ELEXON advised that it would as the Foundation Programme, whilst being the mechanism to deliver TERRE, is much wider in scope, and includes BSC Central Systems likely impacted by P379.
- 5.6 A Panel Member commented that the Modification Proposal details existing processes in relation to Half Hourly (HH) metering however the solution details two-way HH metering. The Proposer noted that as part of the solution, the suggestion is for the Workgroup to agree whether P379 refers to HH or Non HH (NHH) metering. Through some of its innovation projects, the Proposer advised that it had identified increasing difficulties around metering arrangements in order to resolve the projects. Therefore the Proposer believed that it would be important to obtain both net and gross volumes behind the Meter. The Panel Member requested that a Terms of Reference be included for the Workgroup to look at Settlement accuracy and Performance Assurance. ELEXON agreed to include these.
- 5.7 The same Panel Member also noted that the Modification Proposal details the Metering Point Administration Service (MPAS) which is a Master Registration Agreement (MRA) term and suggested that the term Supplier Metering Registration Service (SMRS), which is the BSC term, be used instead. Further, the SMRS provides the MPAS service as defined in the MRA. ELEXON clarified that this terminology was used due to the potential MRA impacts, adding that it would ensure clear terminology for all readers is considered and used for future P379 reports. Additionally, ELEXON clarified that it will engage with the MRA if required, depending on the solution developed by the Workgroup.
- 5.8 A Panel Member requested that the Workgroup's Terms of Reference includes consideration of data that will be publicly available to the wider market. ELEXON agreed to include this noting the implications on GDPR.
- 5.9 A Panel Member expressed concern that there is a risk that the proposed changes will require significant changes to both BSC Central Systems and Parties' systems in order to be able to interface with each other. He requested that a detailed cost-benefit analysis including the impact on distribution businesses should be included as part of P379. ELEXON noted that as part of the Modification process, an industry impact assessment can be carried out as part of the Assessment Procedure and before the Assessment Procedure Consultation which picks up the costs and benefits to Parties. The responses to this impact assessment are then considered by the Workgroup in developing its solution. ELEXON clarified that this optional part of the process can be invoked to assist the Workgroup in developing an economic solution.
- 5.10 A Panel Member noted they had been in discussions with some Parties regarding community energy and peer-to-peer trading and suggested that some legal expertise as to what Parties can legally do should be included as the exemption and charging regimes do not appear to include a lot of information on activities such as these. Further, a Panel Member requested that the Workgroup discuss the requirements of legal contracts between Parties. ELEXON advised that it will procure the relevant legal experience to help the Workgroup to develop the solution, whether that is from ELEXON's own legal team or external legal resources (subject to Panel approval).
- 5.11 A Panel Member noted that customer billing is always in consumers top three issues so it would be useful for the Panel to be kept informed of any changes to the consumer experience. If the Modification is not assessed properly, the Panel Member was concerned that there would be unintended consequences that would impact consumers. ELEXON agreed that the Workgroup should look at the customer experience, particularly if there are going to be large consequential impacts, highlighting that consumer impacts are already identified as part

of the Modification reports. ELEXON added that it will ensure the Workgroup fully considers all potential consumer impacts.

- 5.12 A Panel Member noted that a nine-month Assessment Procedure appeared to be ambitious based on the number of issues the Workgroup would need to discuss. They therefore requested that ELEXON returns to the Panel with an interim report in 3-4 months' time detailing how the Workgroup is progressing with the Modification. ELEXON agreed this was sensible in addition to the standard Change Report inclusion and to return to the Panel with an update in June 2019.

ACTION 286/04

- 5.13 The BSC Panel:

- a) **AGREED** that P379 progresses to the Assessment Procedure;
- b) **AGREED** the proposed Assessment Procedure timetable;
- c) **AGREED** the proposed membership for the P379 Workgroup; and
- d) **AGREED** the Workgroup's Terms of Reference.

6. P377 'Amending Gate Closure references in Market Index Data' – (286/05)

- 6.1 [P377](#) 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'.
- 6.2 ELEXON advised that there were a few manifest errors regarding the Report Phase Consultation, the draft redlining for the Market Index Definition Statement (MIDS) and in BSC Section T. In section 4.4.2 of the MIDS, there was a graphical representation of the Timebands which was there for illustrative purposes to aid understanding of Timebands. By changing references in the MIDS from Gate Closure to the Submission Deadline, the intention was to update this diagram accordingly. ELEXON noted that this was unfortunately omitted from the Report Phase Consultation. ELEXON noted that based on the current legal text in the approved MIDS redlining that was consulted on, the text and the graph in 4.4.2 would be misleading. ELEXON therefore requested that the Panel approve the new diagram. The Panel agreed to approve this amendment.
- 6.3 Secondly, ELEXON highlighted that the BSC Section T redlining that was approved and consulted on by industry was correct. However, the attachment that was presented to the Panel missed out the word 'the'. ELEXON therefore asked the Panel to approve the redlining that they had previously seen and that was sent out for consultation. The Panel agreed to approve the previous version of the redlining.
- 6.4 Thirdly, ELEXON asked the Panel to note that the recommendations that were included in the slides varied slightly to the recommendations in the paper. It was confirmed that the recommendations on the slides were correct and that the P377 DMR had been updated to reflect this.
- 6.5 ELEXON reminded the Panel that they had requested an update on EPEX SPOT detailing an implementation cost of £28,000. EPEX SPOT have advised that they require a five-week lead time to implement the proposed changes. Nordpool have also confirmed that they are able to implement in this timeframe. ELEXON asked the Panel to note that EPEX SPOT is normally the party that derives the Market Index Price. Further, EPEX SPOT's systems are more complex so require detailed testing which is driving the majority of the associated costs. ELEXON confirmed to the Panel that EPEX SPOT and Nordpool are not directly comparable in terms of system, market share or risk which is why there is a price gap.
- 6.6 A Panel Member queried whether there is a gap in the MIDS if XBID is not included. ELEXON advised that currently, the UK is not part of XBID but if it did become part of XBID then any necessary changes to the MIDS would be picked up as part of the next MIDS review.

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6.7 The BSC Panel:

- a) **AGREED** that the P377 Proposed Modification:
 - **DOES** better facilitate Applicable BSC Objective (d)
- b) **AGREED** a recommendation that the P377 Proposed Modification should be approved
- c) **APPROVED** an Implementation Date for the Proposed Modification of:
 - 29 March if an Authority decision is received on or before 22 February 2019 or
 - 5 weeks after Ofgem approval if an Authority decision is received after 22 February 2019
- d) **APPROVED** the draft legal text for the Proposed Modification; and
- e) **APPROVED** the P377 Modification Report.

NON-MODIFICATION BUSINESS (OPEN SESSION)

7. Minutes of Meeting 284C, 285 and Actions arising

- 7.1 The Chairman advised that ELEXON had received a number of comments from the [P374 'Aligning the BSC with the EB GL change process and derogation approach'](#) Proposer on the minutes of the December Panel meeting, almost all of which had been included in the latest version of the minutes. In section 3.3, the Chairman highlighted that "In terms of the third option, the Proposer noted that they had raised various questions over the period and some of these remain open" had been amended with ELEXON's language rather than the Proposer's. ELEXON believed the Proposer's language was accusatory and that the current text better reflected the discussion had at the meeting.
- 7.2 In relation to 284C, a Panel Member noted "The Chairman queried that in the circumstance where three rival innovators submitted their applications which were all of similar ideas, whether the implication is that ELEXON would sanction one or all three of the applications" and queried whether this should state ELEXON or the Panel. ELEXON agreed to confirm this in time for the February 2019 Panel meeting.

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- 7.3 The minutes of the previous meeting were subsequently agreed and an update on the actions provided.

8. Chairman's Report

- 8.1 The Chairman informed the Panel that a second pre-Panel briefing call had been held on 7 January 2019. Only one BSC Party attended but the BSC Party commented that they found the call extremely useful. The BSC Party requested that a meeting invite be sent to them directly so that they are able to forward on the call details to other Parties when requested. ELEXON noted that this was sensible and agreed to include the BSC Party in the meeting invite and to publicise the call more widely than Newscast, Twitter etc. for example on the front page of the ELEXON website on briefing call days.

9. ELEXON Report – 286/01

- 9.1 MB provided an update on recent activities and developments relevant to the BSC and ELEXON since the last Panel meeting.

10. Distribution Report - Verbal

- 10.1 DL had nothing to report.

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11. National Grid Report – Verbal

- 11.1 JW noted that National Grid's C16 licence consultation will be published on 21 January 2019. National Grid ESO conducted feedback sessions in early December 2018 which fed into the report.
- 11.2 JW advised that at the next Transmission Charging Methodology Forum (TCMF) on 16 January 2019, an update will be provided on the ESO's position under Ofgem's Targeted Charging Review. Additionally, an update will be provided on the Balancing System Use of System (BSUoS) taskforce that will be run at the end of January 2019/early February 2019 and continue until May/June 2019.
- 11.3 MB queried in relation to TERRE (given industry's wish for greater transparency on the timing of National Grid's Electricity Balancing System (EBS) and P297 and that ELEXON had to dovetail its TERRE system changes with those of National Grid), what National Grid's timing was for its own TERRE systems. JW advised that the intention is to publish something in early 2019 (in time for the February 2019 Panel meeting) in relation to development and rollout of TERRE.

12. Ofgem Report – Verbal

- 12.1 CD advised that on 18 June 2018, Ofgem received a proposal for the Implementation Framework for the exchange of balancing energy from Replacement Reserves (RR) in accordance with Article 19 of the Electricity Balancing Guidelines (EB GL). The proposal was developed by all Transmission System Operators (TSOs) performing the RR process and was submitted to Ofgem by the relevant TSOs in GB in line with its assignment of obligations. On 19 December 2018, Ofgem [approved](#) the RR IF.
- 12.2 CD noted that in relation to Electricity Access and Forward Looking charging, Ofgem had published its [decision](#) on the scope and form of the review of Electricity Access and Forward-looking Charging. As part of this Ofgem have decided to launch a Significant Code Review (SCR).

13. Report from the ISG – 286/01a

- 13.1 The Panel noted the report from the ISG.

14. Report from the SVG – 286/01b

- 14.1 The Panel noted the report from the SVG.

15. Report from the PAB – 286/01c

- 15.1 The Panel noted the report from the PAB.

16. Trading Operations: BSC Operations Headline Report – 286/02

- 16.1 The Panel noted the BSC Operations Headline Report.

17. System Price Analysis Report (SPAR) – ISG212/04

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

18. Update on Implementation of the Recommendations from the review of Metering Dispensations and Non-Standard BM Units – 286/06

- 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. Since the Panel update in October 2018, we have closed two out of the outstanding four recommendations.
- 18.2 A Panel Member reassured the Panel that the Licensed Distribution System Operator (LDSO) is trying very hard to resolve the five outstanding issues; this has involved the LDSO having to go out to various sites to

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check that the diagrams agree with what is on site. The Panel Member had been assured by the LDSO that ELEXON would receive draft versions of all the outstanding requests by 11 January 2019; however it would need to finalise these after the site visits. The Panel Member highlighted that one of these is different in that the LDSO is not the Registrant; it is another LDSO so both LDSOs are going to attend the site visit together to work out the various responsibilities to ensure that ELEXON has the correct details.

18.3 The BSC Panel:

- a) **NOTED** the progress made towards the implementation of the recommendations from the review of Metering Dispensations and non-standard BM Units.

NON MODIFICATION BUSINESS (OPEN SESSION)

19. Approval of 'Generation Capacity and Demand Capacity Estimation Methodology and Challenge Guidance' – 286/07

19.1 ELEXON drafted a document for Approved Modification [P359 'Mechanised process for GC/DC declarations'](#), which sets out the methodology for the estimation of revised Generation Capacity (GC) or Demand Capacity (DC) values following a GC or DC breach, and provides guidance on the process for a BSC Party to challenge the estimation. ELEXON invited the Panel to approve this document and to delegate the authority for approval of future versions of this document and the execution of processes to the Imbalance Settlement Group.

19.2 A Panel Member noted that they had spoken to ELEXON about the scenario where the current methodology would mean Parties' GC may be calculated on something that happened in the previous BSC Season which may no longer be representative. The Panel Member commented that they were still supportive of the proposed changes noting that a Change Proposal (CP) could be raised in the future if this became a live issue that needed resolving. ELEXON noted that it had been in discussions with the Market Analysis team who advised that GC would be increased but it would be a beneficial increase as it would be based on GC and Supplier Export Credit Assessment Load Factor (SECALF).

19.3 The BSC Panel:

- a) **NOTED** that the 'Generation Capacity (GC) and Demand Capacity (DC) Estimation Methodology and Challenge Guidance' document has been produced to meet the two P359 requirements;
- b) **APPROVED** the 'Generation Capacity (GC) and Demand Capacity (DC) Estimation Methodology and Challenge Guidance' document to become effective on 28 February 2019;
- c) **APPROVED** the inclusion of the 'Generation Capacity (GC) and Demand Capacity (DC) Estimation Methodology and Challenge Guidance' in the BSC Baseline Statement as a Category 2 Configurable Item; and
- d) **AGREED** to delegate the authority for the approval of changes to the 'Generation Capacity (GC) and Demand Capacity (DC) Estimation Methodology and Challenge Guidance' to the ISG.

20. Approval of Approved Insurance Product Provider – 286/08

20.1 ELEXON sought the Panel's approval of Zurich Insurance plc as an Approved Insurance Product provider. Approval is required as the company is registered outside of the United Kingdom (UK).

20.2 The Chairman noted section 2.2 of the paper that "Zurich Insurance plc is regulated by Central Bank of Ireland and subject to limited regulation by the Financial Conduct Authority (FCA)" and queried what they are not being regulated for by the FCA. ELEXON agreed to take this question away for further clarity.

20.3 The BSC Panel:

- a) **APPROVED** Zurich Insurance plc as an Approved Insurance Product provider.

21. BSC Panel strategy – 286/09

21.1 ELEXON provided an updated version of the BSC Panel Strategy, and sought the Panel's approval of the document for use and publication.

21.2 The BSC Panel:

- a) **APPROVED** the Panel Strategy for use and publication.

22. Design Working Group update on the preferred Target Operating Model for Market-wide Half-Hourly Settlement – Verbal

22.1 ELEXON provided the Panel with an [update](#) on the Design Working Group (DWG)'s preferred Target Operating Model (TOM) for Market-wide Half-Hourly (HH) Settlement.

22.2 ELEXON advised that following the BSC Panel update, it would be providing an update to the Smart Energy Code (SEC) Panel on 11 January 2019 and would then attend other Code Administrator Panels throughout January 2019.

22.3 The Ofgem Representative commented that this piece of work is one of Ofgem's strategic priorities.

22.4 A Panel Member expressed surprise that the final disputes run is still so long and did not believe this was ambitious enough. ELEXON advised that the current threshold for disputes is £3,000 and the intention is to increase the threshold so that Trading Disputes are no longer the norm. However, there is nervousness as Parties do not want to get into a situation where there is litigation. ELEXON also highlighted that Central Volume Allocation (CVA) is out of scope for this piece of work.

22.5 The BSC Panel:

- a) **NOTED** the update.

23. Any other Business

23.1 There was no other business in the Open session.

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 14 February 2019.