

# MINUTES

---

<b>MEETING NAME</b>	BSC Panel
---------------------	-----------

---

<b>Meeting number</b>	287
<b>Date of meeting</b>	14 February 2019
<b>Venue</b>	ELEXON Ltd, 350 Euston Road, NW1 3AW
<b>Classification</b>	Confidential

---

## ATTENDEES AND APOLOGIES

---

<b>Attendees</b>	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	National Electricity Transmission System Operator Representative (Part Meeting)
	Lisa Waters	LW	Industry Panel Member
	Mark Bellman	MBe	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) (Part Meeting)
	Stuart Cotten	SC	Industry Panel Member
	Tom Edwards	TE	Industry Panel Member
	Mark Bygraves	MB	ELEXON CEO
	Elliott Harper	EH	Modification Secretary
	Claire Kerr	CK	Panel and Committee Support Manager
	Nigel Perdue	NP	ELEXON Director of Operations
	Adam Musgrave	AM	ELEXON (Part Meeting)
	Faysal Mahad	FM	ELEXON (Part Meeting)
	Jeremy Caplin	JC	ELEXON (Part Meeting)
	Steve Wilkin	SW	ELEXON (Part Meeting)
	Darren Draper	DD	ELEXON (Part Meeting)
	Colin Berry	CB	ELEXON (Part Meeting)
	Peter McLinton	PM	ELEXON (Part Meeting)
	Tom Walklate	TW	ELEXON (Part Meeting)
	John Lucas	JL	ELEXON (Part Meeting)
	Mark De Souza-Wilson	MD	ELEXON (Part Meeting)
	Rebecca Kassube	RK	ELEXON (Part Meeting)
	Nick Baker	NB	ELEXON (Part Meeting)
	Maureen Paul	MP	Ofgem (Part meeting)
	Grahame Neale	GN	National Grid ESO (Part Meeting via teleconference)
	<b>Apologies</b>	Mitch Donnelly	MD
Victoria Pelka		VP	Consumer Panel Member
Victoria Moxham		VM	Panel Secretary

# MINUTES

---

## 1. Apologies

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

## NON-MODIFICATION BUSINESS (OPEN SESSION)

---

## 2. Recent trends in the energy market – Ofgem’s State of the Energy Market Report

- 2.1 Maureen Paul (MP), Head of Analytical Strategy and Economics Community at Ofgem presented [slides](#) on Ofgem’s State of the Energy Market 2018.
- 2.2 A Panel Member thanked MP for the excellent analysis but commented that although it is useful to look back and reflect on 2016/2017, it is not so relevant when the market changes quickly and dramatically, as in the current electricity market. The Panel Member therefore queried what the intention is in relation to publishing a more up-to-date version. MP advised that the presentation is much later than planned, as ideally the analysis would have been presented around September 2018 in order to be more relevant. She advised that going forwards, Ofgem intends to publish the report much earlier. Unfortunately, Ofgem is unable to achieve this for 2019 but for 2020, Ofgem will be forced to do so as the Secretary of State has required Ofgem to report on the conditions of effective competition by August 2020, which means the report needs to be ready much earlier.
- 2.3 The Chairman queried when Ofgem expects to publish the next report. MP advised that this will be around mid-September 2019 but for the year 2020, they would hope to be able to publish this report in July.
- 2.4 A Panel Member expressed concern at the lack of information by National Grid ESO in relation to embedded generation and Demand Side Response (DSR) and queried whether Ofgem had the same issue. They commented that what happens with Distribution Network Operators (DNOs) is of interest to the market as a whole. MP advised that in the last two reports, Ofgem had not looked at embedded generation or DSR in detail but would take these back as areas for both the retail and wholesale monitoring teams to look at to see how they are obtaining data for these areas.
- 2.5 In relation to wholesale markets, a Panel Member commented that it was good to see that the prices are reflective for transparency purposes. Additionally, having data on the forwards market and how much is being traded/liquidity is a good measure of how healthy the wholesale market is, as industry would like to have transparency of prices in the longer term. The Panel Member also queried whether National Grid’s forecasting demand is the same as what National Grid forecasts for the Capacity Market (CM). They noted that this would be a useful comparison as if the numbers are the same, then it would be the Loss of Load target. MP advised that detailed in the full report is forward market liquidity and what it means for competition. In relation to Loss of Load, Ofgem is considering whether this is currently set at the correct standard (3.5 hours) as the analysis shows that this figure may be too conservative; it may be leading to too high a cost for the consumer.
- 2.6 A Panel Member noted that the slides contain the profits of the big six Suppliers and queried whether Ofgem does the same analysis for all medium/small Suppliers in the market as there often appears to be a focus on the big six. MP advised that Ofgem does not have the same obligations to obtain this same information from small/medium Suppliers. However, Ofgem is currently looking at whether Ofgem’s Consolidated Segmental Statement (CSS) and the licence condition surrounding this are still fit for purpose. Additionally, MP noted that Ofgem did obtain all this information for the price cap but they do not receive this regularly; those that do share this information do so on a voluntary basis.
- 2.7 A Panel Member noted that Ofgem is concerned about the peak demand forecast from National Grid and queried what Ofgem intends to do about this, taking into account Ofgem’s incentive scheme for accurate

# MINUTES

---

forecasting. MP noted that this is to do with advocacy but that Ofgem wants to look into National Grid ESO consistently over-forecasting as they believe this to be an issue with the modelling; more can be done to make the model more accurate.

- 2.8 A Panel Member queried whether any analysis was carried out in relation to trends on consumers e.g. what is pressuring households beyond energy. They noted that energy costs appear proportionate in comparison to other utilities for consumers. MP commented that Ofgem does not have that information but that an annual report of the review of the Regulators, which is due to be published shortly, will contain this information at a high level. Ofgem has also been working with the UK Regulators Network (UKRN) who have published a report going back five years looking at affordability across all utilities. MP noted that Ofgem looks at affordability, vulnerability and fuel poverty as this is based on a person's income; a proportion of which is spent on energy.
- 2.9 A Panel Member observed the level of switching and queried what the graph would look like for 2018 as a number of Suppliers have since exited the market. They also noted slide 30 re the average net consumer cost (2016 prices) of policies per tonne of carbon dioxide saved, over 2010-2017. The Panel Member commented that the yellow bar graph appeared high for a relatively low return. The Panel Member queried whether Ofgem is expecting a dividend at some point e.g. if it reaches a critical mass. MP reiterated that this report is backwards looking so is not caught up to the situation as of now. However, this has demonstrated the strength of medium-sized Suppliers as many of these are taking on customers through the Supplier of Last Resort (SoLR) process. Ofgem also believes these medium-sized Suppliers to be financially stronger and able to provide a stronger competitive restraint on the big six Suppliers. In relation to the graph of consumer costs of carbon, MP noted that this is a government policy so the Department for Business, Energy and Industrial Strategy (BEIS) has this information. Ofgem does not look forward on this but it is useful to include as it gets industry to look at renewables.
- 2.10 MP agreed to return to the Panel in September/October 2019 to provide an update on the effective competition framework.

## MODIFICATION BUSINESS (OPEN SESSION)

---

### 3. Change Report and Progress of Modification Proposals – 287/03

- 3.1 The Modification Secretary provided an update on open Modifications and Change Proposals.
- 3.2 In relation to [P361 'Revised treatment of BSC Charges for Lead Parties of Interconnector BM Units'](#), the Modification Secretary advised that ELEXON had been engaging with Ofgem to provide further information where requested to help inform Ofgem's decision. The Ofgem Representative advised that instructions had been sent to Counsel and that they were expecting a response by 1 March 2019. Once Ofgem receives guidance, it will aim to make a determination on P361 within a month, although precise timings will depend on the response from Counsel and other resourcing priorities. The Chairman highlighted that P361 was submitted to the Authority on 13 July 2018, seven months prior, and there had been no further clarity on when a final decision would be reached. The Modification Secretary noted that due to the extended decision timescales, a new BSC Service Provider Impact Assessment would be required to inform a revised Implementation Date, if Ofgem's was minded to approve P361.
- 3.3 In relation to [P378 'Introduction of a CM Supplier Interim Charge'](#), the Modification Secretary informed the Panel that Ofgem had continued to include the Capacity Market charges in the Standard Variable Tariff (SVT) [price cap](#) recently announced for the period from 1 April 2019 and queried whether Ofgem was in a position to provide any timescales on when it would likely make a decision on P378, the Final Modification Report

# MINUTES

---

- having been submitted to Ofgem on 5 February 2019. The Ofgem Representative acknowledged the Urgency status of the Modification but commented that Ofgem was not in a position to provide decision timescales.
- 3.4 MB noted that a number of Parties had been asking when BEIS would decide which route to take to re-start CM collections (under the BSC or Electricity Settlements Company (ESC)). MB clarified that BEIS does not formally have a role in the BSC Modification process but that in any event, both routes could be used since as soon as ESC is able to start invoicing, the BSC will stop invoicing. When asked whether ESC will shortly restart collections on a voluntary basis, MB noted that this decision is for BEIS/ESC but his concern was he did not want Ofgem to delay the BSC Modification pending such a decision even though industry had made it clear that they wanted ESC to restart collections on the original basis and to pick up historical payments since October 2018, in preference to a BSC solution. A Panel Member also highlighted to Ofgem that the situation is starting to get desperate for Suppliers.
- 3.5 In relation to [P297 'Receipt and Publication of New and Revised Dynamic Data Items'](#), the Modification Secretary highlighted that a decision on [P373 'Reversing the changes relating to Approved Modification P297'](#) was required by 21 February 2019. This is so that the P297 changes could be reversed in time for the 28 February 2019 BSC Release date. The Ofgem Representative confirmed that Ofgem was aiming to make a decision on or before 21 February 2019.
- 3.6 A Panel Member queried whether there was a backup plan if Ofgem did not make a decision by 21 February 2019. The Panel Member was concerned that they did not want to hold an urgent Panel meeting unnecessarily as this would take up Panel Members' time and resource. The Modification Secretary confirmed that if a decision was not made by 21 February 2019, the P297 provisions would be implemented but no changes would be made to BSC Central Systems. The Panel agreed that it would be sensible to request an extension to the P297 Implementation Date if Ofgem would not be forthcoming with a decision on P373 on or before 21 February 2019.
- 3.7 The National Electricity Transmission System Operator (NETSO) Representative (JW) advised that in its [cost-benefit analysis](#) of P297, it had indicated that it would take forward further Modifications to implement Stable Export Limit (SEL)/Stable Import Limit (SIL) provisions and associated reporting on the Balancing Mechanism Reporting Service (BMRS) in March 2019. This will require consideration of how best to amend the Grid Code Modification [GC0068 'Grid Code New and Revised Unit Data and Instructions'](#) requirements and then raise consequential changes to the BSC. JW advised that in March 2019.
- 3.8 JW noted that National Grid had received further feedback that, due to the potential benefits highlighted by respondents to its call for evidence, it should further consider the benefits of other elements of GC0068 and P297. He suggested that raising a BSC Issue Group would be the most appropriate way of doing this. Whilst there is a mechanism to do this under Grid Code governance, it is not as formal or structured as the BSC Issues process and so JW recommended that a BSC Issue Group would be the most suitable route to take.
- 3.9 MB queried why the changes need to be carried out sequentially as he would not want the BSC Systems to be accused of being the delaying factor; the changes need to occur in parallel. JW clarified the intention to raise changes under the Grid Code first and get an agreed set of timescales from the Grid Code Panel before raising a BSC Issue Group in respect of the related changes. This would ensure coordination between the Grid Code and BSC processes, preventing misalignment and unintended issues arising. JW noted that National Grid would be responsible for raising the BSC Modification.
- 3.10 A Panel Member noted support of a BSC Issue Group, but flagged that smaller Parties would not want National Grid ESO to direct resource away from its work on BM access and dispatch of smaller plant. JW advised that National Grid ESO's cost-benefit analysis highlighted that it did not wish to jeopardise or negatively impact its work on wider access and TERRE. Therefore it suggested an Implementation Date of November 2020, subsequent to the work on wider access and TERRE being completed.

# MINUTES

---

- 3.11 The Modification Secretary requested the Panel confirms its rationale for Run-up/Run down rates being considered under BSC governance, given that they are primarily related to the Grid Code. A Panel Member agreed that it is a Grid Code issue but noted that all Grid Code Parties are also party to the BSC. The Panel Member believed the BSC Issues process to be the most efficient means of discussing the issue in the best interests of market participants. Another Panel Member commented that the issue would relate to data publishing on the BMRS, which would lead to BSC impacts. The Panel Member noted that the Issue Group may want to consider the implications of [P372 'Speeding up the approval process for the publication of BSC data on the BMRS'](#).
- 3.12 In relation to [P371 'Levelling the playing field - Inclusion of Spin-Gen, Non-BM Fast Reserve and Non-Tendered Fast Reserve actions into the calculation of the Imbalance Price and extension of the cash-out price arrangements to Fast Reserve'](#), the Modification Secretary advised that 14 actions came out of the first Workgroup meeting which was held on 24 October 2018; including detailed analysis for ELEXON and National Grid to jointly complete. This analysis, which could not have been foreseen at the point the Assessment Procedure timetable was agreed by the Panel, has taken time to complete, which has pushed the second Workgroup meeting date to the end of February 2019. ELEXON was therefore requesting a four-month extension to the P371 Assessment Procedure.
- 3.13 A Panel Member acknowledged that the next Workgroup meeting would take place in February 2019 but queried why it would take until July 2019 to be presented back to the Panel. The Modification Secretary advised that this timescale is to allow the Workgroup to fully consider any material or substantive comments to the Assessment Procedure Consultation. The same Panel Member highlighted that the Proposer had not been notified of these amended timescales. The Modification Secretary advised that they would ensure engagement with the Proposer.
- 3.14 In relation to [P363 'Simplifying the registration of new configurations of BM Units'](#) and [P364 'Clarifying requirements for registering and maintaining BM Units'](#), the Modification Secretary advised that the final Workgroup meeting is planned for 6-8 March 2019. Subject to Workgroup availability and the consultation responses received, it is probable that the P363/P364 Assessment Report will either be a late paper or presented to the Panel at the 11 April 2019 meeting. Additionally, it is likely that the Modification will either be amalgamated or one withdrawn due to the solution being the same to resolve the defects under each Modification. The Modification Secretary therefore requested a one-month extension to the P363/P364 Assessment Procedure.
- 3.15 In relation to ELEXON's Brexit preparations, ELEXON is continuing to seek clarity from BEIS and Ofgem on Brexit arrangements, assuming there would be no immediate need for Modifications under a 'deal' scenario. ELEXON has been advised by National Grid ESO that in any scenario, it wishes for the GB market to participate in the TERRE balancing product. However, in the event of a 'no deal' scenario, ELEXON highlighted that it is not currently the case, as GB has been advised that it will not be able to participate in TERRE. ELEXON is therefore looking at how it can provide clarity to BSC Parties on how industry funds are being spent on the development of TERRE post-Brexit, through further Modifications. A Panel Member requested that National Grid ESO return to the 14 March 2019 Panel meeting to outline its internal plans for IT system developments including if its key focus is no longer TERRE. Another Panel Member noted that knowing the various options to progress changes in a 'no deal' Brexit scenario e.g. in relation to wider access and impact on BSC Central Systems would be beneficial.
- ACTION 287/01**
- 3.16 A Panel Member commented that Ofgem's latest update on 'no-deal' Brexit advised that Modifications to codes would be a priority and therefore highlighted that Urgent Modifications may be needed at a later date. The Ofgem Representative confirmed that Ofgem's view is for code bodies to be progressing changes by 29 March 2019 but not necessarily through the urgency route. The Modification Secretary advised that ELEXON

# MINUTES

---

has carried out in-depth mapping and analysis into what changes will be required. It has been in discussions with Ofgem in relation to potential timescales outside of the Panel meeting as well as all the other code bodies to ensure they are all working together to provide consistency to industry.

3.17 The Modification Secretary advised that Ofgem [published](#) its request for amendment to National Grid ESO's proposed terms and conditions related to balancing in respect of the European Balancing Guidelines (EB GL) on 4 February 2019. A Panel Member commented that the letter details provided concerning the Article 18 change process or derogations do not fully inform the solution in progress for Modification [P374 'Aligning the BSC with the EB GL change process and derogation approach'](#). Therefore, until there are clearer legal positions on the issues outlined under P374, the Panel is unable to have any further meaningful discussion.

3.18 The BSC Panel:

- a) **APPROVED** a four-month extension to the P371 Assessment Procedure;
- b) **APPROVED** a one-month extension to the P363/P364 Assessment Procedure
- c) **NOTED** the contents of the February Change Report.

## 4. P380 'Revision to Replace Reserve Bid Data Submission Deadline Requirements' – 287/04

4.1 Recent changes to the Replacement Reserve Implementation Framework (RRIF), specifically the Transmission System Operator (TSO) energy bid submission gate closure time for Replacement Reserves (RR), mean that National Grid as the GB Electricity System Operator (ESO) will not be able to be compliant with the Balancing and Settlement Code (BSC) obligations introduced under Modification [P344 'Project TERRE implementation into GB market arrangements'](#). P380 proposes to modify the BSC Section Q 'Balancing Mechanism Activities' wording introduced by P344 to ensure National Grid ESO's continued compliance with the BSC and the RRIF.

4.2 The BSC Panel:

- a) **AGREED** that P380 progresses directly to the Report Phase;
- b) **AGREED** that P380:
  - **DOES** better facilitate Applicable BSC Objective (a);
  - **DOES** better facilitate Applicable BSC Objective (b);
  - **DOES** better facilitate Applicable BSC Objective (d); and
  - **DOES** better facilitate Applicable BSC Objective (e);
- c) **AGREED** an initial recommendation that P380 should be approved;
- d) **AGREED** an initial view that P380 should be treated as a Self-Governance Modification;
- e) **AGREED** the draft legal text;
- f) **AGREED** an initial Implementation Date for P380 of:
  - 27 June 2019 (June 2019 BSC Release); and
- g) **NOTED** that ELEXON will issue the P380 draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 14 March 2019.

# MINUTES

---

## 5. 'Removal of Quarterly Reports' – (287/05)

- 5.1 This Modification proposes to remove Section C3.9.1 of the BSC in respect of 'quarterly reports'. Currently, the quarterly reports are not viewed by market participants, as the information is made readily available in a more timely and accessible manner elsewhere on the BSC website. Therefore, the current quarterly reports process utilises ELEXON resource that could be better-used adding greater value for our customers.
- 5.2 A Panel Member queried whether there was a need to continue to publish the quarterly report relating to finance, as outlined in the Proposed solution for P381. The Panel agreed that this information should still be published for transparency purposes but recommended that ELEXON monitor their readership on the website over the next year.
- 5.3 Another Panel Member queried whether the previously published quarterly reports will still be available on the ELEXON Website. ELEXON confirmed that all previous versions of the quarterly report will still be visible on the ELEXON webpages for 12 months but that these would then be archived. However, customers would still be able to access these previous versions via the search facility even when they have been archived.
- 5.4 A Panel Member expressed support for the Modification but queried whether there were similar prescriptive obligations in the BSC which could be removed or simplified to make the Code as efficient as possible. ELEXON confirmed that it continuously seeks to find opportunities to make the Code more efficient for both market participants and ELEXON as BSCCo. As at previous Panel meetings, ELEXON noted that it would present a BSC Simplification Opportunities paper if it identified any similar improvements to the current arrangements that should be made.
- 5.5 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:
    - 27 June 2019 (June 2019 BSC Release)
  - f) **AGREED** the draft legal text;
  - g) **AGREED** an initial view that the Modification Proposal should be treated as a Self-Governance Modification; and
  - h) **NOTED** that ELEXON will, subject to Panel agreement, issue the Draft Modification Report, including the draft BSC legal text, for a 10 Working Day Report Phase Consultation and will present the results to the Panel at its meeting on 14 March 2019.

## 6. P370 'Allow the Panel to designate non-BSC Parties to raise Modifications' – 287/06

- 6.1 [P370](#) proposes to move the body responsible for designating non-BSC Parties to be able to raise Modification Proposals from Ofgem to the BSC Panel. The Proposed solution has no route of appeal whereas the Alternative solution has a route of appeal to Ofgem.
- 6.2 A Panel Member highlighted that the response from the Flexible Generation Group (FGG) had been included in the consultation responses as a collective single response whereas the FGG consists of a number of companies (many of which are non-Parties) and are not just generators. Similarly, the Association of

# MINUTES

---

Decentralised Energy (ADE) had been listed as a Trade Association and queried why there is this distinction between the two. The Panel Member emphasised that for both, a number of non-BSC Parties had taken the time and effort to respond.

- 6.3 The Chairman commented that ELEXON should be mindful of the way it presents minority views to the Panel from the consultation responses. There may be a majority view from the consultation responses but then ELEXON appears to focus its presentation on the minority opinion; this sometimes creates an imbalance in the way the responses are presented. A Panel Member expressed the view that they found value in going through the full set of consultation responses.
- 6.4 A Panel Member queried whether at the point a non-BSC Party was granted designation to the BSC, whether they would be able to raise multiple Modifications to the BSC. ELEXON advised that it is specific so that for a designation, a non-BSC Party would only be able to raise a specific Modification. If a non-BSC Party then wished to raise another Modification, they would require another designation.
- 6.5 The Distribution System Operator (DSO) reiterated his support for the Alternative Modification as he was of the view that the Applicable BSC Objectives do not take into account the views of distributors. Therefore offering the route of appeal to the Authority would enable these views to be heard.
- 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** that the P370 Alternative Modification should be approved and that the P370 Proposed Modification should be rejected;
  - e) **APPROVED** an Implementation Date for the Proposed and Alternative Modification of:
    - 29 March 2019, if an Authority decision is received on or before 22 March 2019, as an ad-hoc BSC Release; or
    - five Working Days after an Authority decision, as a standalone BSC Release, if a decision is received after 22 March 2019.
  - f) **AGREED** that P370 should not be treated as a Self-Governance Modification;
  - g) **APPROVED** the draft legal text for the Proposed and Alternative Modification;
  - h) **APPROVED** the draft redlining for BSCP40 for the Proposed and Alternative Modification;
  - i) **APPROVED** the draft Issue Group Terms of Reference subject to removing 4.1.7; and
  - j) **APPROVED** the P370 Modification Report.



# MINUTES

---

## 7. Issue 76 'Using the BSC to support Suppliers and the Capacity Market Arrangements' – 287/07

- 7.1 [Issue 76](#) was raised to consider how the BSC could be used to provide stability and certainty to Market Participants during the Capacity Market standstill. It was noted that following Issue 76, Modification P378 had been raised.
- 7.2 The Chairman expressed great satisfaction that Ofgem had sent two representatives to the Issue Group.
- 7.3 The BSC Panel:
- a) **NOTED** the Issue 76 Report.

## NON-MODIFICATION BUSINESS (OPEN SESSION)

---

### 8. Minutes of Meeting 285B, 286, 286C and Actions arising

- 8.1 The minutes of the previous meetings were agreed and an update on the actions provided.
- 8.2 A Panel Member queried when the Panel intended to have the wider PAB discussion that was raised a number of months ago. The Chairman suggested that it would be sensible to have the discussion when Industry Member Mitch Donnelly (MD) was in attendance at the Panel meeting as he had originally raised a number of points for discussion. Another Panel Member advised that they had also spoken to the PAB Chairman as they had similar concerns to MD. The Panel agreed that if MD was not in attendance at the 14 March 2019 Panel meeting, then MD's alternate should bring forward MD's views at the 11 April 2019 Panel meeting so the discussion can still take place in his absence.
- 8.3 A Panel Member noted Ofgem's view that Ofgem did not believe there was a need for all code bodies to draw attention or notify each other when one of that codes' Parties enters default. They quoted the example of Utility Professional Business Operations Limited who went bust in the gas market on 26 November 2018 but that it was not until 13 December 2018 Panel meeting when an action was taken in relation to electricity. They therefore queried how much was lost to the industry between an action being taken in the gas market compared to that when the position was discussed in the electricity market. If the value is material then that could be provided to Ofgem as evidence that something needs to be done to coordinate an 'early warning' across fuels and between codes. ELEXON agreed to look into this and report back to the Panel.

**ACTION 287/02**

### 9. Chairman's Report

- 9.1 The Chairman noted that a bi-annual open letter from the Board to BSC Parties was due to be issued by 15 February 2019. This letter is now available at the following [link](#).
- 9.2 The Chairman advised that industry Non-Executive Directors (NEDs) Volker Beckers and Alison Chappell have come to the end of their tenure and so two new NEDs are to be appointed to the ELEXON Board. As a consequence of the changes implemented by [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#), the Chairman advised that ELEXON received 137 applications from industry; there were only seven applications received pre-P324.
- 9.3 The Chairman advised that a [consultation](#) on the Credit Assessment Price (CAP) was triggered by a decrease in forward market prices. We are proposing to reduce the value of CAP to £56/MWh from its current value of £68/MWh. If all respondents and Credit Committee members agree with the proposed value, there will be no Credit Committee meeting. The new CAP value will then be implemented on the proposed date of 6 March 2019.

# MINUTES

---

## 10. ELEXON Report – 287/01

- 10.1 MB provided an update on recent activities and developments relevant to the BSC and ELEXON since the last Panel meeting.
- 10.2 MB advised that the only response received to the draft BSCCo Plan for 2019/2020 was from the BSC Panel, although more organisations had participated in the webinar in mid-January 2019. The next step is to take the BSCCo Business Plan for 2019/2020 to the Board in March 2019 so that it can take effect from 1 April 2019. A Panel Member commented that ELEXON should take it as a compliment that only one consultation response was received, as Parties only tend to respond if they have concerns.
- 10.3 MB advised that ELEXON presented at BEIS/Ofgem's first Codes review workshop, which was held on 4 February 2019, and will again at the second workshop on 18 February 2019. MB noted that the focus of ELEXON's presentation was to ensure that BEIS/Ofgem understands what the problems are it is trying to resolve and advocating the simplification and consolidation of 11 industry codes/arrangements down to three: retail and Smart Energy Code (SEC), wholesale and settlement code and networks code, each being dual fuel and managed by a single or combined Code Manager who is an independent expert. ELEXON also argued that Xoserve and the Data and Communications Company (DCC) should be included in the review.
- 10.4 ELEXON advised that the workshop participants, of which there were approximately 50, were asked to vote on what they thought were the most important points for consideration. The highest votes received were in relation to ensuring that best practice was replicated across all industry codes and code Panels, to introduce a strategic oversight function, to move from Code Administrators to Code Managers with greater powers and responsibilities and to consolidate the codes. The lowest votes received were in relation to increasing Ofgem's powers.
- 10.5 ELEXON also observed that there were not many Suppliers in attendance at the workshop, only SSE and RWE generation. There were a number of consultants and academics but ELEXON wanted to ensure that those impacted the most will be in attendance at the 18 February 2019 workshop. ELEXON noted that a greater number of Suppliers would be in attendance at the second workshop, which it was pleased to see.
- 10.6 A Panel Member queried whether the workshop was a 'talking shop' or whether important conclusions were being reached. MB advised that at this stage it was more of a 'talking shop' but the commitment from BEIS/Ofgem was to take everything away after the two workshops and return with some recommendations in May 2019.
- 10.7 The Chairman suggested that following the two workshops, it may be worthwhile for Angela Love, ELEXON's Director of Strategy and Communications who presented at these workshops, to attend the March 2019 Panel meeting to describe the issues/models she believes are on BEIS/Ofgem's agenda. ELEXON agreed that this was sensible.

**ACTION 287/03**

## 11. Distribution Report - Verbal

- 11.1 DL had nothing to report.

## 12. National Grid Report – Verbal

- 12.1 JW advised that National Grid ESO's [C16 statements](#) consultation closes at 12pm on 18 February 2019 and so invited Parties to respond.
- 12.2 In relation to Article 18 of the EB GL, JW noted that National Grid ESO had received Ofgem's response on the 4 February 2019 to the terms and conditions related to balancing. It intended to release a four-week consultation on the 25 February 2019 and then has a total of two months to respond to Ofgem, which

# MINUTES

---

includes the consultation period. JW advised that National Grid ESO also intend to run a webinar to give parties an opportunity to hear directly from them.

- 12.3 In relation to the Article 16 exemption, JW advised that National Grid ESO is intending to request an exemption from this particular element of EB GL to allow it to continue to include utilisation payments in contracts for providers. This will not be part of National Grid ESO's Article 18 consultation but it will discuss and take feedback at its webinar.
- 12.4 The Chairman noted that the Panel was expecting a proposed timetable in relation to TERRE published this week and queried what National Grid's position was in relation to this. JW advised that the latest publication was issued in December 2018 with a proposed date of December 2019. It was noted this information was already published when the action was raised and given the criticisms associated with the lack of information relating to P297 timescales, it was believed this action therefore remained outstanding.

## 13. Ofgem Report – Verbal

- 13.1 CD advised that Ofgem expects both P380 and the 'Removal of quarterly reports' Modifications to be Significant Code Review (SCR) exempt.
- 13.2 In relation to Ofgem's EU Exit preparations, these are being shared with all code panels. The key message is for code panels to prioritise 'no deal' Brexit Modifications.
- 13.3 In relation to Licence Changes, CD highlighted that Ofgem published a [statutory consultation](#) on the licence changes it expects to make in the event of a 'no deal' Brexit on 14 January 2019. CD advised that responses to this consultation are due by 15 February 2019. These proposed licence changes aim to ensure that retained EU law will function effectively at the point of exit, and takes into account the provisions in the statutory instruments prepared by Government. They do not seek to change existing obligations and duties of licensees, or to change current policy positions. CD advised that provided Ofgem gets enough clarity from Government on a 'no deal' outcome, it plans to sign off on these licence changes ahead of exit day.
- 13.4 CD noted that in December 2018, Ofgem met with all Code Administrators to discuss progress on 'no deal' code changes. It also published an open letter in December 2018 where it set out that it is the responsibility of licensees and Code Administrators to make these changes, and that 'Day 1' 'no deal' changes should be prioritised and progressed so that the codes can be updated as close to exit day as possible.
- 13.5 CD highlighted that In January 2019, Jonathan Brearley wrote to the Code Administrators to stress the importance of on-going EU Exit preparations, including for a 'no deal' Brexit. The changes the Code Administrators have identified seem to be minor and can be made using the Self-Governance route. To ensure the codes are updated in a timely manner and to minimise uncertainty for industry, Ofgem expects this work to be prioritised.
- 13.6 In relation to market-wide Half Hourly Settlement (HHS), Ofgem published a call for evidence on potential consumer impacts from market wide HHS, in particular thinking about how Supplier behaviour might change (in terms of what tariffs they offer etc.) and how consumers might respond to that. Responses are due by 29 March 2019.

## 14. Report from the SVG – 287/0bc

- 14.1 The Panel noted the report from the SVG.

## 15. Report from the PAB – 287/01c

- 15.1 The Panel noted the report from the PAB.

# MINUTES

---

## 16. Report from the TDC – 287/01d

16.1 The Panel noted the report from the TDC.

## 17. Trading Operations: BSC Operations Headline Report – 287/02

17.1 The Panel noted the BSC Operations Headline Report.

17.2 A Panel Member observed that on page 2, the end of the sentence is missing. ELEXON agreed to amend the current version and re-publish an updated version on the website<sup>1</sup>.

## 18. System Price Analysis Report (SPAR) – ISG213

18.1 The Panel noted the System Price Analysis Report.

18.2 A Panel Member commented that the report contained an excellent pricing review post-[P305 'Electricity Balancing Significant Code Review Developments'](#).

## NON-MODIFICATION BUSINESS (OPEN SESSION)

---

## 19. Review of Specified Charges – 287/08

19.1 This paper reviewed the BSC Specified Charges as set out in BSC Section D, which are determined by the Panel. ELEXON recommended that the flat charge levied of £0.00632/SVA MSID per month for both Half Hourly and Non Half Hourly, across all Measurement Classes increases to £0.00757 and the introduction of a £125 per month charge for Virtual Lead Parties and £60 per month for each Secondary BM Unit.

19.2 A Panel Member observed that there is a 20% increase in the transaction rate and queried what the total cost, volumes and rates have been over the past three years and whether there is an indication of any significant difference. ELEXON agreed to provide these figures in time for the 14 March 2019 Panel meeting.

### **ACTION 287/04**

19.3 ELEXON advised that in relation to the Supplier Volume Allocation (SVA) charge, the £2.8million figure is 50% of the SVA budgeted costs. These costs have increased significantly which are largely down to the Data Transfer Network (DTN) charges; approximately £1million more are expected this year derived from usage.

19.4 The BSC Panel:

- a) **APPROVED** the new SVA Specified Charge of £0.00757/SVA MSID per month;
- b) **APPROVED** the new Secondary BM Unit Charge of £60/SBMU per month; and
- c) **APPROVED** the new Virtual Lead Party Monthly Charge of £125 per month.

## 20. Approval of the BSC Architectural Principles for document amended for CP1511 – 287/09

20.1 ELEXON presented a revised version of the BSC Architecture Principles Document, which had been amended for approved Change Proposal [CP1511 'Clarification of BSCP40 definitions and processes'](#).

20.2 The BSC Panel:

---

<sup>1</sup> Post-meeting note: This is now available at the following [link](#).

# MINUTES

---

- a) **NOTED** that version 5.2 of the BSC Architecture Principles Document has been produced to implement changes required by CP1511;
- b) **APPROVED** version 5.2 of the BSC Architecture Principles Document to become effective as version 6.0 on 29 March 2019; and
- c) **NOTED** that the BSC Architecture Principles Document will become a Category 3 Configurable Item in the BSC Baseline Statement on 29 March 2019.

## 21. Approval of updated BSCPs for the P344 solution – 287/10

- 21.1 ELEXON presented further low materiality changes to BSC Configurable Items for P344 that have already been approved for inclusion in the February 2019 Release, and invited the Panel to approve the further changes.
- 21.2 A Panel Member observed that in BSCP503, a number of Electricity Market Reform (EMR) notification documents have been deleted and queried whether this was an error. ELEXON confirmed that prior to the TERRE Release, it had created four Data Transfer Catalogue (DTC) data flows between the Supplier and EMRS. As part of developing the [P354 'Use of ABSVD for non-BM Balancing Services at the metered \(MPAN\) level'](#) solution, it was agreed that the same data was required to go into SVA Agent (SVAA) as for P344. These dataflows have therefore been re-purposed so they can be used for both EMRS and TERRE; the EMRS ones have subsequently been re-labelled.
- 21.3 The BSC Panel:
  - a) **NOTED** that we have made non-material changes to documents amended for the February 2019 Release;
  - b) **NOTED** the rationale for only seeking approval of revised versions of BSCP503 and BSCP602 for P344;
  - c) **APPROVED** the revised versions of BSCP503 and BSCP602 to become effective on 28 February 2019; and
  - d) **NOTED** that the revised versions of BSCP503 and BSCP602 supersede the versions previously approved by the Panel for P344.

## 22. Approval of Replacement Reserve Schedule Methodology – 287/11

- 22.1 ELEXON invited the Panel to approve the new BSC Configurable Item 'Replacement Reserve (RR) Schedule Methodology', which had been developed for BSC Modification P344.
- 22.2 A Panel Member highlighted that the RR Schedule Methodology is a complicated document and suggested that it would be useful to produce a guidance note to accompany the methodology. In addition, a Panel Member suggested that it would be useful to hold an industry workshop to step through the document. ELEXON queried what additional help industry might need, noting that only two detailed responses were received to the consultation. ELEXON advised that it was open to producing a guidance note or hosting an industry workshop if this would be of use for market participants.
- 22.3 A Panel Member suggested an 'expert's guide' to stepping industry through the process, particularly aimed at analysts who would be involved in the dispatch process would be the most useful. Another Panel Member commented that hosting the workshop slightly later in the year (late spring) would be the most appropriate. ELEXON agreed to take this suggestion away and provide the Panel with an update at its 14 March 2019 meeting.

**ACTION 287/05**

# MINUTES

---

22.4 A Panel Member was pleased that the RR Schedule Methodology now matches National Grid's methodology so the two codes are now aligned. Another Panel Member queried whether BSC Parties are able to propose changes to the methodology. ELEXON advised that as this will be a Category 3 Configurable Item, only the BSC Panel are able to change the methodology but ELEXON and National Grid are able to propose changes for the Panel to consider. A Panel Member highlighted that the RR Schedule Methodology needs to be kept aligned with National Grid's methodology so there needs to be an element of control in regards to amendments. ELEXON advised that there are areas within the methodology in relation to dispatch, which it envisaged Parties would speak to ELEXON about if changes were required. ELEXON also advised that changes to the methodology could be made by the Panel at a future meeting if it believed this was appropriate. The Panel agreed that ELEXON should consider the key steps and concerns of there being a more direct route for Parties to propose changes to the methodology. ELEXON agreed to bring these proposals back to the next Panel meeting.

**ACTION 287/06**

22.5 The BSC Panel:

- a) **NOTED** the responses received to the consultation;
- b) **APPROVED** version 0.4 of the RR Schedule Methodology Document to become effective as version 1.0 on 7 November 2019; and
- c) **AGREED** that the RR Schedule Methodology Document will become a Category 3 Configurable Item in the BSC Baseline Statement on 7 November 2019.

## 23. Updates to Panel Committees' Terms of Reference – 287/12

23.1 Changes to the Panel Committees' Terms of Reference are required following the approval of [P369 'National Grid Legal Separation changes to BSC'](#), scheduled to be implemented on 29 March 2019. In addition, amendments are required to the Performance Assurance Board (PAB)'s Terms of Reference to accommodate the recording of PAB meetings and the Supplier Volume Allocation Group (SVG)'s Terms of Reference to capture the new responsibility recently delegated to the SVG by the Panel, in relation to recording volumes of exempt supply. ELEXON invited the Panel to approve these amendments to the Panel Committees' Terms of Reference, to be effective immediately.

23.2 The BSC Panel:

- a) **APPROVED** the proposed changes to the ISG's Terms of Reference;
- b) **APPROVED** the proposed changes to the SVG's Terms of Reference;
- c) **APPROVED** the proposed changes to the TDC's Terms of Reference; and
- d) **APPROVED** the proposed changes to the PAB's Terms of Reference.

## 24. Any other Business

24.1 The Chairman highlighted to the Panel that there was a recent coincidence of a matter that was discussed in the confidential session at the 10 January 2019 meeting in relation to Section H Defaults, appearing in one of the well-known consultants' monthly reports. He highlighted that the data involved in the discussion was available in the public domain but reminded Panel Members that all discussions in the confidential session should remain confidential. Additionally, the Panel should be mindful of comments they make outside of the meeting in particular to members of the media.

24.2 A Panel Member commented that as the PAB Panel Sponsor, they had briefly referenced this as part of the PAB update as he believed it to be a performance issue. The Panel agreed that the Panel Committees should

# MINUTES

---

be reminded of their obligations from time to time. Another Panel Member noted that if the data is publicly available then the Panel should not worry about industry knowing these types of matters, as they are critical to industry. The Panel should therefore be careful to only have confidential discussions when the matter is and should be confidential.

## 25. Next meeting

- 25.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 14 March 2019.