

# 288/01 – ELEXON REPORT

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<b>MEETING NAME</b>	BSC Panel
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<b>Date of meeting</b>	14 March 2019
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<b>Paper number</b>	288/01
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<b>Owner/author</b>	Mark Bygraves
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<b>Purpose of paper</b>	For information
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<b>Classification</b>	Public
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<b>Summary</b>	This paper provides a summary of recent issues and developments relevant to the BSC and ELEXON since the last Panel meeting.
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## 1. Overview

1.1 This paper is provided for the information of the Panel. It presents an overview of activities and developments within ELEXON and the balancing and settlement arrangements and summarises the business of the Panel meeting. Detailed information on operational matters will be provided in other reports, particularly the Trading Operations Report.

## 2. ELEXON News

### Consultation Responses

2.1 We have responded to six consultations since our last update to the Panel as follows:

- Ofgem's consultation on licence conditions and guidance for network operators to support an efficient, coordinated and economical Whole System.
  - Our response highlighted the importance of a wide definition of whole system, and agreed that licences should contain obligations to consider the whole system.
- National Grid Electricity System Operator (NGESO)'s Draft Forward Work Plan 2019-2021.
  - Our response requested a greater focus on collaborative working between ESO and ELEXON, and development of a consistent, industry-wide approach to data publication.
- NGESO's C16 Annual Review: Annual Industry Consultation for 2019-20.
  - Our response suggested a number of corrections and clarifications, in particular on the treatment of Replacement Reserve (RR) products and the requirements of generators to provide System Ancillary Services.
- Ofgem's consultation on its Forward Work Programme 2019-21.
  - Our response welcomed Ofgem's Forward Work Programme and indicated our support for workstreams on supplier licencing, switching programme, the review of energy codes and supporting innovators.
- Energy Networks Association (ENA)'s Open Networks Project consultation on Phase 3 of the 2019 Work Programme.
  - Our response highlighted the areas of the Open Network Project likely to impact on settlement and set out the areas of work ELEXON should be involved in to maintain consistency between national and local arrangements.

- The Department for Business, Energy and Industrial Strategy (BEIS)'s consultation on the future for small-scale low-carbon generation.
  - Our response proposed that all export should be metered and settled in order to effectively allocate energy on the system, and highlighted potential issues with implementing the Smart Export Guarantee (SEG), especially in short timescales.

2.2 These consultation responses are available on the [industry insights](#) page of the ELEXON website.

### **Open letter to BSC Parties from Michael Gibbons, ELEXON Chairman**

- 2.3 On 14 February 2019, Michael Gibbons, ELEXON's Chairman, wrote an [open letter](#) to BSC Parties and our stakeholders. The letter set out the key activities of the ELEXON Board. It includes updates on our strategy, Foundation Programme and governance.
- 2.4 If anyone has any comments or questions, please contact ELEXON Communications at [communications@elexon.co.uk](mailto:communications@elexon.co.uk).

## **3. Industry News**

### **European Developments**

#### **Brexit**

- 3.1 National Grid ESO raised [P382 'Amendments to the BSC to reflect the United Kingdom's withdrawal from the European Union without a deal'](#) on 4 March 2019. This Modification proposes amendments to the BSC in the event of the UK leaving the EU without a deal.
- 3.2 In February 2019 ELEXON, Ofgem and National Grid ESO were in discussion regarding the Government's 'no deal' Statutory Instrument (SI) that amends the European Transparency Regulation. We believe that the SI does not automatically result in the status quo for transparency data reporting in GB because it would require ESO to develop its own reporting system. However, it appears that we can maintain the status quo if Ofgem approves the BMRS as a 'reporting service' under the amended Transparency Regulation. For that to occur, Ofgem is also required to satisfy itself that the Balancing Mechanism Reporting System (BMRS) meets certain criteria.
- 3.3 ELEXON and National Grid ESO have drafted a letter requesting the Authority to approve BMRS as the GB 'reporting service' in the event that this SI amends the Transparency Regulation. We provided evidence of BMRS compliance with the criteria.
- 3.4 The rest of this European section assumes that we continue to be bound by European energy law, which is the current default assumption adopted by the energy industry including Ofgem, even if a 'no deal' Brexit is now challenging this assumption.

### **Electricity Balancing Guideline (EB GL)**

- 3.5 As reported last month, on 4 February 2019, Ofgem published its formal [Request for Amendment](#) of the Electricity Balancing Guideline (EB GL) Article 18 proposals made by National Grid ESO. On 28 February 2019, ESO issued a public [consultation](#) on its amended Article 18 proposals.
- 3.6 Related to this is BSC Modification proposal [P374 'Aligning the BSC with the EB GL change process and derogation approach'](#). P374 covers what changes might be needed to the BSC Modification process to comply with the EB GL Article 18 change process. The first P374 Workgroup meeting took place on 20 February 2019.

### **P378 Rejected by the Authority**

- 3.7 On 20 February 2019, the Authority rejected Proposed Modification [P378 'Introduction of a CM Supplier Interim Charge'](#). P378 proposed to use the BSC to introduce a Capacity Market (CM) Supplier Interim Charge for Suppliers with effect from 1 January 2019. This would have acted as a contingency fund to protect the industry, and customers, from a price shock in the event that the Capacity Market standstill is lifted and back-payments are required to be made. BEIS had previously stated that they were minded to see collection recommence, and that the BSC route was one option to be considered.
- 3.8 The basis for Ofgem's rejection was it would be unlawful for them to approve it. Naturally neither ELEXON nor the BSC Panel would wish to be associated with anything unlawful. The Authority's decision letter, the Final Modification Report, and a copy of the Transmission Company's direction letter for P378 are available on the [P378 page](#) of our website. This report includes the Panel's views on P378.
- 3.9 We would like to thank the industry for its participation in a process where the modification was raised, urgency granted, it was consulted on, and discussed at the BSC Panel with a recommendation to Ofgem all within six weeks, including the Christmas period. If you have any questions or would like to discuss this Modification further, please contact Matthew Woolliscroft on 020 7380 4165 or email [bsc.change@elexon.co.uk](mailto:bsc.change@elexon.co.uk).
- 3.10 BEIS has since announced that the Electricity Settlements Company (ESC) will be empowered to receive voluntary payments from Suppliers and that all monies will become due, including for months since October 2018, as soon as the CM suspension is lifted.

### **P373 Approved by the Authority**

- 3.11 On 21 February 2019, the Authority approved Modification [P373 'Reversing the changes relating to Approved Modification P297'](#) for implementation on 27 February 2019 (5 Working Days (WDs) following an Authority decision).
- 3.12 P373 proposed to fully reverse the changes to the BSC for Approved Modification [P297 'Receipt and Publication of New and Revised Dynamic Data Items'](#). By delivering P373 and P297 on the same day (27 February 2019), the P297 changes will be reversed, which will maintain ELEXON and National Grid ESO compliance with the BSC. As part of the Authority's determination on whether to approve P373, National Grid ESO provided its cost-benefit analysis on delivering some or all of the P297 provisions on its existing systems architecture, through further Modifications.
- 3.13 If anyone has any questions or would like to discuss this Modification further, please contact Elliott Harper on 020 7380 4302 or email [bsc.change@elexon.co.uk](mailto:bsc.change@elexon.co.uk). Further information on National Grid ESO's next steps as outlined in the letter can be obtained by contacting Simon Sheridan [simon.sheridan@nationalgrid.com](mailto:simon.sheridan@nationalgrid.com).

### **BEIS/Ofgem Review of Codes and Code Governance**

- 3.14 There is a separate presentation on this item.

## **4. Operational News**

### **February 2019 Release Successfully Implemented**

- 4.1 Two Modifications and one Change Proposal (CP) were successfully implemented on 28 February 2019:
- [P344 'Project TERRE implementation into GB market arrangements'](#) (Stage 1): All BSC Changes and the majority of BSC Configurable Items amended for P344 became effective on 28 February 2019. In addition, system changes (Central Registration Agent (CRA), Energy Contract Volume Allocation Agent (ECVAA), and Supplier Volume Allocation Agent (SVAA)) were implemented to allow Virtual Lead Parties

(VLPs) to accede to the BSC and to register Secondary BM Units and related Metering System ID (MSID) pairs; this is to ensure that they are ready to participate in TERRE when it goes live in Q4 2019.

- [P359 'Mechanised process for GC/DC declarations'](#): This modification will introduce a centralised and automated process for re-declaring BM Unit Metered Volumes following a breach of the Generation Capacity (GC) or Demand Capacity (DC) limits. These changes will impact Generators, Suppliers and Interconnector Users as these Parties submit GC and DC values.
- [CP1510 'Allow the online management of registrations, Market Entry and Market Exit'](#): This CP updates BSC Procedures (BSCP) to reference the Self-Service Gateway as an additional interface to accede to the BSC. The Self-Service Gateway is being delivered as part of ELEXON's [Foundation Programme](#) as a new alternative to the existing paper-based method. This will go live on a later date, which will be advised separately. More updates for this will be available via Release circulars in the coming weeks.

4.2 Following the implementation of the February 2019 Release, there have been a number of changes to the Balancing and Settlement Code Procedure (BSCP) documents, including the forms which BSC Parties use to provide registration data to ELEXON. In order to safeguard data integrity, any old versions of BSCP forms received will be rejected effective from 11 March 2019.

4.3 To access the latest forms, please visit the [BSCPs](#) page of the ELEXON website. More information on the complete scope, key dates and the impacted documents is available on the [February 2019 BSC Release](#) page of our website. If anyone has any queries, they should contact Adey Bolaji on 0207 7380 4255 or email [releases@elexon.co.uk](mailto:releases@elexon.co.uk).

### Decrease in Credit Assessment Price

- 4.4 On 6 March 2019, the Credit Assessment Price (CAP) decreased from £68/MWh to £56/MWh. A [consultation](#) paper on the value of CAP was issued on 4 February 2019 following a breach of the CAP trigger level. Parties may notice a change in their Credit Cover Percentage, and should review the amount of Credit Cover lodged. Parties were therefore invited to indicate whether they agreed with the proposal to decrease the value of CAP to £56/MWh, from its current approved level of £68/MWh.
- 4.5 The consultation closed on 12 February 2019. All responses were in agreement with the proposed value and therefore, in accordance with the CAP Review Guidance, a Credit Committee meeting will not be held. Further information can be found at the following [link](#) on the ELEXON website.
- 4.6 However, following a decrease in forward market prices, a CAP review was triggered. We propose to decrease the value of CAP to £49/MWh from the last notified CAP value of £56/MWh and as such have issued a [consultation](#), which we encourage Parties to respond to by 12 March 2019. If all respondents and Credit Committee members agree with the proposed value, there will be no Credit Committee meeting and the new CAP value will be implemented on the proposed date of 3 April 2019. However, if one or more respondents or a Credit Committee member requests it, ELEXON will arrange a Credit Committee meeting after the consultation closes to determine the new CAP.
- 4.7 Parties can find more information on the CAP, Credit Committee and the review process on the [Credit Committee](#) page of our website. This also includes a FAQs section to help Parties become more familiar with the process.

### Three Committees are seeking new members

- 4.8 We are always keen to encourage people to participate in the various Committees and groups we manage on behalf of the industry. Vacancies have become available on the Imbalance Settlement Group (ISG), Trading Disputes Committee (TDC) and Credit Committee (CC).

- 4.9 We advertised in Newscast on 11 February 2019 and 25 February 2019 and published an [article](#) on the ELEXON website. If anyone has any questions, they should contact Claire Kerr, Panel Committee Support Manager at [bsc.admin@elexon.co.uk](mailto:bsc.admin@elexon.co.uk) or on 020 7380 4293.

### Transmission Loss Factors – Prevailing Network Mapping Statement

- 4.10 The latest version of the Prevailing Network Mapping Statement is now available from the Transmission Loss Factors Determination section on the [ELEXON Portal](#). The Prevailing Network Mapping Statement updates the Reference Network Mapping Statement to include any new registrations and de-registrations since 31 August of the previous Reference Year.
- 4.11 If Parties have any questions, they should email [bm.unit@elexon.co.uk](mailto:bm.unit@elexon.co.uk).

### CALF Values for the Summer 2019 BSC Season: 1 May appeal deadline

- 4.12 The Credit Assessment Load Factor (CALF) values for the Summer 2019 BSC Season, which runs from 1 June to 31 August 2019, are available from the Credit/Credit Alerting section under the Financial and Credit menu on the ELEXON Portal.
- 4.13 If you are the Lead Party of a non-Credit Qualifying BM Unit, you can appeal an assigned CALF value if you believe it does not accurately represent your expected activity. To raise an appeal, complete the CALF Appeals pro forma in Appendix 5 of the [CALF Guidance document](#) and email it to [bsc.servicedesk@cgi.com](mailto:bsc.servicedesk@cgi.com) by 1 May 2019.
- 4.14 If Parties have any questions, they should email [SettlementOperations@elexon.co.uk](mailto:SettlementOperations@elexon.co.uk).

### EMR Update

- 4.15 The following EMR Circulars have been issued since the last Panel meeting:
- EMRC174: Updates applied to the EMR Settlement Systems and processes.
- 4.16 All EMR circulars are available to download from the [EMR Circulars page](#) of the EMRS website.

## 5. Settlement Reform and support for Ofgem projects

### Ofgem Market wide Half Hourly Settlement (MHHS)

- 5.1 On 15 February 2019, Ofgem published a [report](#) from the ELEXON-led Design Working Group (DWG) on the DWG's [preferred Target Operating Model](#) (TOM) for Market-wide Half Hourly Settlement (MHHS). Development of the TOM forms part of Ofgem's Significant Code Review (SCR) on Electricity Settlement Reform.
- 5.2 The DWG would like industry's views on the TOM before Ofgem makes the final decision on whether to approve it. The DWG's development of the TOM forms a key output of Ofgem's Significant Code Review (SCR) on Electricity Settlement Reform. The reform will impact both existing and future participants in the energy market. The DWG therefore encourages views from all stakeholders.
- 5.3 A [consultation](#) was issued on 18 February 2019, with responses due by 15 March 2019. If stakeholders have any questions about the TOM, ELEXON's MHHS team will be happy to help via [dwgsecretary@elexon.co.uk](mailto:dwgsecretary@elexon.co.uk).

## 6. Summaries of Panel Business – Tabled

- 6.1 Summaries of papers considered and decisions made by the Panel Committees since the last Panel meeting can be found in their headline reports, included as attachments to this paper.

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## 7. Recommendations

7.1 We invite you to:

- a) **NOTE** the contents of this paper.

## Appendices

Appendix A – ELEXON monthly KPIs

Appendix B – Report from the ISG

Appendix C – Report from the SVG

Appendix D – Report from the PAB

Appendix E – Report from the TDC

### For more information, please contact:

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