

# 290/01 – ELEXON REPORT

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<b>MEETING NAME</b>	BSC Panel
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<b>Date of meeting</b>	9 May 2019
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<b>Paper number</b>	290/01
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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 key 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 two consultations since our last update to the Panel as follows:
- National Infrastructure Commission's call for evidence on The Future of Regulation
    - Our response noted that data is key to unlocking innovation and that consolidating the Code governance landscape would be beneficial to innovation
  - BEIS's consultation on the enrolment of Secure SMETS1 meters in the DCC
    - Our response stated that it is essential that all SMETS variants can have data collected via DCC and that incompatible meters should be replaced
- 2.2 These consultation responses are available on the [industry insights](#) page of the ELEXON website.

### Cross Code Working: European Network Codes Implementation Plan

- 2.3 We published the March 2019 update for the European Network Codes (ENC) implementation plan on 10 April 2019. We have worked with National Grid Electricity System Operator (NGESO) and the Energy Networks Association to develop the plan. It aims to support BSC Parties and Code Administrators in managing the changes that ENCs are introducing into the BSC, Grid Code and Distribution Code.
- 2.4 The March 2019 update will be available on the [European page of the ELEXON website](#).
- 2.5 For more information about the Grid Code and Distribution Code, visit the websites of [National Grid ESO](#) and the [Energy Networks Association](#) respectively.
- 2.6 If you have any questions, please email [bsc.change@elexon.co.uk](mailto:bsc.change@elexon.co.uk).

### Final 2019/20 BSCCo Business Plan is published

- 2.7 We have published the final version of our 2019/20 BSCCo Business Plan which focuses on how we will continue to deliver 'best in class' customer service and actively support innovation in the energy sector.

- 2.8 ELEXON has achieved the highest customer satisfaction rating among code administrators for two years running, in the 2017 and 2018 Ofgem code administrators' performance survey. The business plan sets out how we will work to improve our services including our website and underlying systems while helping to deliver change in the sector.
- 2.9 [Read the full BSCCo Business Plan](#) in a new easy to view format.

### 3. Industry News

#### European and Brexit Developments

##### Brexit

- 3.1 The UK Government and the European Union agreed on 11 April 2019 that the Brexit date should move to a later date (it had been scheduled for 12 April 2019), to a variable date that should not be later than 31 October 2019. Since that agreement, until the time of writing this report, there have been no further formal developments.
- 3.2 The rest of this European section assumes that we continue to be bound by European energy law, which has been the default assumption adopted by the energy industry including Ofgem. In fact, some obligations remain in the event of no deal because they are being retained into UK law.

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

- 3.3 NGESO submitted its amended EB GL Article 18 proposal to Ofgem on 4 April 2019, following an industry consultation in March, to which ELEXON responded. We proposed changes to the mapping to the BSC. Under the EB GL, Ofgem now has a two-month period in which to consider the revised proposal.
- 3.4 As previously noted, changes may be needed to the BSC Modification process to comply with the EB GL Article 18 change process (which is the subject of BSC Modification proposal [P374](#)). The second P374 Working Group meeting took place on 24 April 2019.

##### Clean Energy Package of European legislation

- 3.5 The European Parliament gave [approval](#) to the final elements of the 'Clean Energy Package' of European legislation on 26 March 2019. The next steps are for EU Member State ministers to give their formal approval, with these final elements possibly coming into force in May/June 2019. However, most of the Electricity Regulation part of the Package will not apply until 2020; and, subject to Brexit, the UK Government will need to transpose the Electricity Directive into UK law by 31 December 2020.
- 3.6 ELEXON has been party to the development of these laws via BEIS, Energy UK and Europex, and we are not expecting significant impacts on the BSC from the Regulation, but we will now re-review the final texts of both the Electricity Regulation and Electricity Directive, to ensure that we prepare for any Brexit scenario that includes compliance with these.

##### REC Manager and Ofgem Switching Programme

- 3.7 Ofgem will consult in May 2019 on the code and licence changes that will be required for the Switching Programme go live in spring 2021. This will include the newly drafted REC schedules and key items of REC governance. In parallel with these changes, Ofgem also plans to launch a separate SCR to deliver the consolidation of the MRA and SPAA into the REC. This will require consequential changes to the BSC and so ELEXON is coordinating with MRASCo and Ofgem as to how to progress these changes and ensure the codes remain aligned. This is expected to run in parallel with the Design Build Test (DBT) phase of the Central Switching Service (CSS), resulting in a single consolidated version of the REC being ready at go live, along with all the consequential changes to other codes. Details of this approach will be contained in the May consultation. There is no further information on timing of the appointment process for the REC Manager.

### 4. Operational News

#### **Nine months to go for change to BSC Performance Standards for Meter Systems in Measurement Classes F and G**

- 4.1 Performance Standards for Half Hourly (HH) Metering Systems in Measurement Classes (MC) F and G will increase from 90% of energy settling on actual data at the First Reconciliation Run (R1) to 99% on 1 January 2020.
- 4.2 If the new standards are met, this will result in better settlement accuracy earlier, as there will be a higher volume of actual energy, rather than estimates by the R1 run, which is 39 working days after each Settlement Period.
- 4.3 The PAB is closely monitoring MC E, F and G settlement Performance Standards and the latest update, which contains recommendations which the PAB agreed, can be found [here](#).

#### **BSC Modification P370 is approved by Ofgem**

- 4.4 Ofgem approved P370 'Allow the Panel to designate non-BSC Parties to raise Modifications' on 27 March which allows the BSC Panel to designate non-BSC Parties to raise code Modifications. P370 went live on 3 April 2019.
- 4.5 If you have any questions or would like to discuss this Modification further, please contact Faysal Mahad on 020 7380 4375 or email [bsc.change@elexon.co.uk](mailto:bsc.change@elexon.co.uk)

#### **Updated working versions of the Project TERRE Interface Definition and Design spreadsheets**

- 4.6 We have published the latest working versions of the Interface Definition and Design (IDD) Part 1 and Part 2 spreadsheets for Project TERRE (Trans-European Replacement Reserves Exchange). BSC Modification [P344](#) allows independent aggregators to access the Balancing Mechanism as Virtual Lead Parties (VLPs). This also allows them to participate in Project TERRE.
- 4.7 The latest versions of the spreadsheets specify how industry parties will need to develop or amend their systems so they are ready to participate in TERRE. They have been updated since the previous versions published in early April. We have not issued the latest versions formally for industry consultation and they are still subject to changes.
- 4.8 The spreadsheets have been made available for use by Virtual Lead Parties (VLPs) and other Balancing and Settlement Code (BSC) Parties to develop or amend their systems in readiness for Project TERRE implementation. Final versions of the spreadsheets will be available this summer.
- 4.9 More information is available in the latest [P344 implementation circular](#) (which includes links to the spreadsheets).

#### **March 2019 Smart Meter Technical Detail Report shows that majority of installs are still SMETS v1.0 Meters**

- 4.10 Our latest Smart Meter Technical Detail Report shows that in March the number of SMETS v1.0 Meters installed continued to fall. However the majority of smart meters installed (43.48%) continue to be SMETS v1.0, rather than the more advanced SMETS v2.0 Meter.
- 4.11 In February 2019 the number of SMETS v1.0 Meters installed was 125,000, down from the previous 145,000. This decreased further to 100,000 in March. The number of SMETS v2.0 installs has continued to increase in March to 86,000 compared with 56,000 in February.
- 4.12 The March report shows that overall 9.49 million electricity meters have been replaced with smart meters – just over a third of the total number of electricity meters in Britain.

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- 4.13 You can view the report on our [website](#). If you have any questions, please email [SettlementOperations@elexon.co.uk](mailto:SettlementOperations@elexon.co.uk).

### **Focus of 2019/20 Technical Assurance Agent specific sample audit**

- 4.14 This year's Technical Assurance Agent (TAA) specific sample audit starts from late July 2019 and we are helping BSC customers prepare for inspections.
- 4.15 In the 2019/20 audit year, the TAA specific sample audit will focus on CoP 1 and CoP 2 Metering Systems. During the 2019/20 audit year, the TAA will inspect 250 CoP 1 and CoP 2 Metering Systems.
- 4.16 These Metering Systems are used to meter sites where large volumes of energy are being consumed. The specific sample audit is important as CoP 1 and CoP 2 Metering Systems are deemed by the Performance Assurance Board (PAB) to be of higher risk.
- 4.17 See our [news article](#) which gives advice on preparing for these visits and further background.

### **Electricity Market Reform Update**

- 4.18 On behalf of the Low Carbon Contracts Company (LCCC), EMR Settlement Ltd has issued a notice to Suppliers to inform them of the Total Reserve Amount (TRA) and the Interim Levy Rate (ILR) for Quarterly Obligation Period 1 July 2019 to 30 September 2019. More information, including instructions for joining a webinar, is in [EMR Circular 176](#).
- 4.19 The following EMR Circulars have been issued since the last Panel meeting:
- EMRC177: Summer 2019 Baseload Market Reference Price published
  - EMRC178: New Regulations enable Suppliers to make Voluntary Capacity Market Payments to ESC
- 4.20 All EMR circulars are all available to download from the [EMR Circulars page](#) of the EMRS website.

## **5. Settlement Reform and support for Ofgem projects**

### **Design Working Group consultation reconfirms its preferred Target Operating Model**

- 5.1 The ELEXON-led Design Working Group (DWG) ran a consultation on its preferred Target Operating Model (TOM) for Market-wide Half Hourly Settlement (MHHS) during February and March 2019. We received 23 public responses, which the DWG discussed at its 26 March meeting.
- 5.2 The Design Working Group (DWG) subsequently discussed the responses to its consultation. The responses raised no new arguments that impact the DWG's TOM design or choice of TOM. The responses raise a variety of points and suggestions regarding the transition to the TOM, including on the importance of a managed transition to the reduced Settlement timetable. The responses also provided a variety of points and suggestions on the approach for transitioning from the current Settlement arrangements to the TOM. The DWG will now develop the transition approach before consulting on it in June 2019. Ofgem will use the DWG's final report in August 2019 in its concluding business case decision on how and when to proceed with MHHS.
- 5.3 [See more information and links to the consultation responses.](#)
- 5.4 We currently anticipate that Industry Code changes could be drafted during 2020, with the TOM fully in effect from 2023 after a phased transition.
- 5.5 The timescales for the DWG's development of its transition approach remain challenging with the consultation due in June and only two meetings to agree both the approach and consultation. We're mitigating this by establishing work streams to focus on particular areas. Ofgem at a recent Public Interest Advisory Group advised they had agreed to a position on data access for HH data from smart meters to

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confirm they are inclined towards the position whereby Customers can 'opt out'. We are following up with Ofgem to seek confirmation of this position. However, our TOM is robust to this position, but the business benefits of HHS could be reduced if customers opt out.

### Energy Data Taskforce

- 5.6 We continue to provide support and advice to the Energy Data Taskforce. We attended an initial data release workshop at BEIS on 25 March at which various proposals were presented. We have developed ELEXON's position on the proposals and have sent our position to the chair of the Taskforce.
- 5.7 ELEXON already comply with key recommendations of the Taskforce, with available and accessible data enhanced by a detailed data catalogue. We have said that a key focus of the work moving forwards needs to be in those areas where data is not currently measured or recorded e.g. DNOs and embedded generation.
- 5.8 The Taskforce are keen on a proposal by the Office for National Statistics (ONS) that the ONS operates a national energy data catalogue. We have supported this idea, subject to the caveat that it should be an index to the data and not a complete duplication of all data.

### 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. Please note the May 2019 TDC Meeting was cancelled, as such the TDC headline report has not been included.

### 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 SVG

Appendix C – Report from the PAB

Appendix D – Report from the ISG

### For more information, please contact:

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