

# MINUTES

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**MEETING NAME** BSC Panel

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**Meeting number** 292

**Date of meeting** 11 July 2019

**Venue** ELEXON Ltd, 350 Euston Road, NW1 3AW

**Classification** Public

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## ATTENDEES AND APOLOGIES

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<b>Attendees</b>	Michael Gibbons	MG	BSC Panel Chairman
	Colin Down	CD	Ofgem Representative
	David Lane	DL	DSO Representative
	Jon Wisdom	JW	NGESO Representative
	Lisa Waters	LW	Industry Panel Member
	Stuart Cotten	SC	Industry Panel Member
	Diane Dowdell	DD	Industry Panel Member
	Tom Edwards	TE	Industry Panel Member
	Mitch Donnelly	MD	Industry Panel Member
	Phil Hare	PH	Independent Panel Member
	Derek Bunn	DB	Independent Panel Member
	Stew Horne	SH	Consumer Panel Member
	Simon Sheridan	SS	Presenter NGESO
	Anne Heal	AH	ELEXON Board Member
	David Titterton	DT	ELEXON Board Member
	Mark Bygraves	MB	ELEXON CEO
	Nigel Perdue	NP	ELEXON Director of Operations
	Lawrence Jones	LJ	Modification Secretary (Part Meeting)
	Victoria Moxham	VM	Panel Secretary
	Jason Jackson	JJ	Panel and Committee Support Manager
	Nick Baker	NB	ELEXON (Part Meeting)
	John Lucas	JL	ELEXON (Part Meeting)
	Elliott Harper	EH	ELEXON (Part Meeting)
	Tom Darwen	TD	ELEXON (Part Meeting)
<b>Apologies</b>	Mark Bellman	MBe	Industry Panel Member
	Victoria Pelka	VP	Consumer Panel Member

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## Apologies

1.1 The Chairman confirmed the apologies of Victoria Pelka and Mark Bellman.

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## 2. Any other Business

- 2.1 PH reported Ofgem's formal confirmation of MG's re-appointment as Chairman for a further term. PH noted the good way in which the ELEXON Board had interacted with the Panel during the entire process to appoint a joint Chair for the ELEXON Board and the Panel. PH also recorded agreement of the BSC Panel subcommittee with the ELEXON Board remuneration committee in respect of MG's remuneration.

## I. NON-MODIFICATION BUSINESS (OPEN SESSION)

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### 3. EB GL Article 18 Changes – Verbal

- 3.1 SS provided an update on the progress NGESO has made on the EB GL Article 18 Terms and Conditions (Ts&Cs) and their implementation into GB frameworks. Currently these Ts&Cs are out for industry consultation and will need to be submitted to Ofgem as a final version by 4 August 2019.
- 3.2 SS noted that some of the future change processes in EB GL Article 18 will need embedding in the GB frameworks to ensure compliance and that Code Modifications are being raised across Codes by NGESO to facilitate this. In respect of the BSC, to ensure the process remains as clear and simple as possible for industry, NGESO may need to delegate certain responsibilities to ELEXON to ensure an efficient and compliant outcome. SS noted that the BSC Modification is likely to be raised in August 2019.
- 3.3 Of the BSC changes discussed within NGESO's presentation a PM queried whether it would be more appropriate to wait and raise a complete Modification marrying up all of the required changes once NGESO and ELEXON have a clearer picture of how it will all fit together in respect of the BSC.
- 3.4 SS noted that NGESO and ELEXON had been working together closely for at least six months in order to avoid unnecessary duplication of effort. SS stressed the importance of compliance with the EB GL but also that of ensuring it is straightforward and efficient for customers and industry to progress these changes.
- 3.5 SS noted that as well as working closely with ELEXON, NGESO had been keeping Ofgem up to date on its progress. Ofgem reportedly noted that they wished for decision on associated Modifications to sit with Ofgem. A PM noted EB GL Article 16.6 consultation which indicates that NGESO shall consider if there is a requirement to mutualise pricing. SS noted that it would still be considering this.
- 3.6 A PM queried whether there would be Connection and Use of System Code (CUSC) Changes required as well as BSC Changes, noting that there have been challenges in aligning the two in the past. SS noted that there would be changes required to both the CUSC and the BSC and that work was being carried out to ensure the alignment of the same. The PM also queried the impact on inflight Modification [P374](#). The Chairman noted that there would be an impact around the electricity market sandbox and that ELEXON was working to make sure that it gets this right.
- 3.7 The Panel Chairman asked the NGESO representative what the real barrier is to NGESO delegating everything impacting the BSC and BSC Change process to ELEXON. SS noted that NGESO would be delegating most relevant items, noting however that NGESO felt more comfortable responding directly to industry feedback and comments in respect of the associated consultations.
- 3.8 The Chairman asked Ofgem whether it could comment. CD noted that he had not sought an Ofgem view on the subject.
- 3.9 The BSC Panel:
- a) **NOTED** the update provided.

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## II. MODIFICATION BUSINESS (OPEN SESSION)

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### 4. Change Report and Progress of Modification Proposals – (292/03)

- 4.1 LJ ran through the contents of the July 2019 Change Report. LJ highlighted the recently raised Issue 84 which relates to ELEXON taking on management of the payment arrangements for the radio teleswitching service previously provided by the Electricity Networks Association (ENA), whereby ELEXON would charge suppliers direct rather than the service be funded by DNOs. The Consumer PM, SH noted his support for the swift action taken by ELEXON to address this significant industry issue. SH noted that the cessation of the teleswitching service would have severely impacted some of the most fuel impoverished people in the UK, particularly in Scotland where it will have impacted heating facilities where freezing temperatures are regularly experienced. Ofgem echoed SH's support for ELEXON taking a proactive approach on this issue.
- 4.2 The BSC Panel:
- a) **APPROVED** a three-month extension to the P376 Assessment Procedure; and
  - b) **NOTED** the contents of the July Change Report.

### 5. Impact of Potential TERRE Derogation on Implementation of Modification P344 – (292/05)

- 5.1 The Chairman asked the Ofgem representative how realistic a non-derogation scenario was likely to be. Ofgem noted that it could not say.
- 5.2 A PM asked CD who the appropriate contacts at Ofgem would be if Parties wished to voice opposition to National Grid being granted a derogation. The PM noted that they had received a significant number of emails from BSC Parties indicating that NGESO should not be granted such a derogation when it had committed to meet the original timescales. CD suggested that the PM email him or Leonardo Costa at Ofgem.
- 5.3 The Panel Chairman asked the PM why BSC Parties would oppose such a derogation. The PM stated that the explanation for requiring the derogation provided by NGESO was unclear, as it would be possible for GB to participate in Trans European Replacement Reserves Exchange (TERRE) ahead of France. The NGESO representative noted that the key reason for requesting the derogation was that there was no consumer benefit to derive from the launch of the TERRE when RTE was the key player in that market place. JW noted that NGESO continued to progress the delivery of the Wider Access element of [P344](#) which would have a consumer benefit and which would allow participants to participate in more markets. JW noted that it didn't make sense to implement the TERRE at a cost when there was no consumer benefit to derive.
- 5.4 A PM noted that providing the central IT platform (LIBRA) was on track the GB market could still take advantage of the TERRE and derive consumer benefit regardless of whether or not it was able to physically trade with networks within continental Europe. The PM noted that this was thanks to the efficiencies facilitated by the algorithmic optimisation provided for by LIBRA. JW noted that NGESO's understanding was that consumer benefit could only be derived through interaction through the interconnectors, noting that LIBRA would only provide for internal GB products of which others already exist. JW suggested that if parties did have evidence that TERRE in GB only would provide a consumer benefit, they should make it available, as that was not the NGESO's understanding.
- 5.5 A PM suggested that BSC Parties may have concerns around NGESO's capacity to deliver. The PM queried NGESO's confidence that it was on track to go live were the derogation not granted. JW noted that NGESO was still working to deliver according to originally agreed timetables in the current absence of a derogation.
- 5.6 A PM highlighted previous perceived failures on the part of NGESO to provide necessary information and specifications to Parties interested in participating in TERRE. JW noted that this represented critical national

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infrastructure and that NGESO was therefore required to ensure documentation was distributed in a secure manner to Parties with a verified need to access it. JW agreed to take the details of relevant Parties to put them in touch with the relevant teams at NGESO.

- 5.7 ELEXON proceeded to walk through its plans for the implementation of P344. A PM noted the challenges presented by uncertainty, requesting that ELEXON provide interested Parties with more clear information and scheduling in respect of the testing programme. The PM noted that it would be important for Parties to understand this in order to efficiently manage their internal resourcing and scheduling. ELEXON confirmed it was mindful of this and agreed to take this away as an action and work to communicate more clearly with industry in respect of test plans, noting the dependency on NGESO for its testing regime. The PM noted that this would be critical in helping Parties decide what work to prioritise and which work can be delayed.
- 5.8 The Panel Chairman asked CD whether Ofgem could provide an indication as to a realistic timeline for the derogation. CD noted that he couldn't provide an indication at that point in time. The Panel Chairman noted that this meant the derogation decision could be made as late as the day before go live. A PM noted that this would drive further uncertainty and further challenges. The Panel Chairman requested that CD consider this and that Ofgem work to provide a public decision as early as possible.
- 5.9 The BSC Panel **NOTED** that:
- a) The NETSO had requested a derogation from Ofgem to delay GB participation in TERRE until 2020 (keeping GB aligned with France), but still intended to implement wider access in December 2019;
  - b) BSC Section H2.5 requires the TERRE and wider access elements of Modification P344 to become effective together, and therefore by default the BSC systems for both would come into operation in December 2019 (even if Ofgem approved the derogation); and
  - c) We will continue to investigate whether there would be benefits in amending BSC Section H2.5 and/or BSC Systems to allow certain TERRE-related BSC processes to come into effect at a later date (should the derogation be approved), but that only fairly minor changes are likely to be possible (or desirable) at this late stage.

## 6. CP1516 AR: New Interconnector Fuel Type Categories: ElecLink & IFA2 – (292/06)

- 6.1 A PM queried the interactions between Change Proposal (CP)1516 and implemented Modification [P372](#) 'Speeding up the approval process for the publication of BSC data on the BMRS', given they understood P372 to speed up changes to the Balancing Mechanism Reporting Service (BMRS). ELEXON noted that while P372 had sped up the governance mechanisms to progress changes to the BMRS, ELEXON would still need to develop the BMRS systems aspects, for which timescales are not impacted by P372.
- 6.2 A PM flagged that a market participant, who was also an Imbalance Settlement Group (ISG) member, provided views on CP1516 outside the formal CP consultation, which had not been explicitly documented in the CP1516 Assessment Report. ELEXON acknowledged the response was not explicitly outlined in the Assessment Report paper, and would be included as part of the Final CP Report. ELEXON also highlighted the feedback was provided verbally to the Panel, with such feedback aligning to that provided by ElecLink's consultation response.
- 6.3 A PM highlighted comments they received from both large and small scale market participants that they were not in support of an interim solution for CP1516, as they will need to make changes to their systems to align with this CP. The Panel member noted this could affect costs passed to consumers.
- 6.4 ELEXON acknowledged the inconvenience and associated costs for market participants resulting from the interim solution, highlighting that it worked to ensure the same level of data availability through the interim solution. ELEXON expanded that due to overlaps in BSC Central System developments with P344 'Project

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TERRE', Wider Market Access and this CP1516, a compromise had to be made in order to preserve the delivery of Wider Access and TERRE, while still implementing CP1516 as soon as possible. ELEXON noted that it would come back to the BSC Panel in October 2019 to provide an update on an assessment of whether the BMRS platform can be amended to more efficiently add future Interconnector data, which may include implementing the enduring solution for CP1516 earlier than the addition of the next Interconnector.

- 6.5 A PM noted that in the future, further amendments to fuel types on the BMRS would be required and questioned whether this would be possible given ELEXON's ongoing assessment. ELEXON responded that its assessment would consider wider implications on the BMRS than just Interconnector fuel types.
- 6.6 On the matter of consultation responses and fair representation, the BSC Panel discussed the importance of ensuring that ELEXON presents a balanced, fair and unbiased view of consultation responses, noting a natural tendency for voices of dissent to carry more weight. ELEXON highlighted that in the case of CP1516, whilst market participants were favourable of implementing CP1516, they were not in favour of an interim solution, which gave rise to an unusual situation in the case of CP1516.
- 6.7 Referencing the [Energy Systems Catapult Energy Data Task Force](#) report, a PM queried whether successful implementation of ELEXON's foundation programme would make it quicker to implement similar changes in the future. MB confirmed ELEXON was actively seeking opportunities to be able to deliver changes to the BMRS quickly and efficiently.
- 6.8 A PM requested that ELEXON place a link from the BMRS to the new webpage containing disaggregated data for ElecLink and IFA2, which ELEXON confirmed was part of the solution and hence would be implemented.
- 6.9 The BSC Panel:
- a) **APPROVED** the proposed changes to the NETA Interface Definition and Design: Part 1 - Interfaces with BSC Parties and their Agents for CP1516;
  - b) **APPROVED** CP1516 for implementation on 30 November 2019 as part of an ad-hoc BSC Release; and
  - c) **APPROVED** the ElecLink and IFA2 Interconnectors as Fuel Type Categories under paragraph 6.1.18 (I) of section Q of the BSC effective from 30 November 2019.

## 7. P388 IWA 'Aligning the P344 & P354 Solutions' – (292/04)

- 7.1 A PM noted questions in the [P354](#) consultation which indicated that it wouldn't apply to other balancing services such as Firm Frequency Response (FFR) and Enhanced Frequency Response (EFR). The PM queried whether [P388](#) would make it any more likely that NGESO would be able to apply the Applicable Balancing Services Volume Data (ABSVD) methodology to those other frequency or reserve services which were not captured by P354. The NGESO representative noted that he did not have an answer but that he would take this away and return with a response. ELEXON noted that this was a NGESO issue as opposed to a BSC issues and that it would therefore not take a view.

**ACTION 292/01**

- 7.2 The BSC Panel:
- a) **AGREED** that P388 progresses directly to the Report Phase;
  - b) **AGREED** that P388:
    - i) **DOES** better facilitate Applicable BSC Objective (d);
  - c) **AGREED** an initial recommendation that P388 should be approved
  - d) **AGREED** an initial P388 Implementation Date of 1 April 2020;

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- e) **AGREED** the draft legal text;
- f) **AGREED** an initial view that P388 should not be treated as a Self-Governance Modification;
- g) **AGREED** the proposed P388 timetable; and
- h) **NOTED** that ELEXON will issue the P388 Draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation.

## III. NON-MODIFICATION BUSINESS (OPEN SESSION)

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### 8. Minutes of Meeting 291 and Actions arising

- 8.1 The minutes from the June 2019 Panel Meeting number 291 were approved.
- 8.2 ELEXON presented the updates included within the [public July 2019 Panel Actions log](#) which can be found on the [July 2019 Panel meeting page](#).
- 8.3 In respect of BSC Panel action 291 (02), for Ofgem to provide an indication of the likely outcome for exemption from 15 minute Settlement, the Ofgem representative noted that the original Cost Benefit Analysis (CBA) showed an impact of between -£0.5 billion and -£1.5 billion for the UK. He noted that things would therefore have had to change considerably to lead to a different conclusion of the CBA.
- 8.4 In respect of BSC Panel action 291 (05), PMs requested that the findings of the presenter's investigations should be shared with the Panel. ELEXON noted that it would present these findings at a future meeting.

### 9. Chairman's Report

- 9.1 The Panel Chairman noted the recent Credit Assessment Price (CAP) breach and meetings to agree the new price of £43/Mwh. The CAP committee discussed a more predictable, automatic and consistent solution to setting the CAP. The Panel Chairman noted that going forward, following a breach, ELEXON shall consult in on the CAP as estimated on the earliest date of implementation of the change.

### 10. ELEXON Report – 292/01

- 10.1 MB highlighted paragraph 2.4 within the ELEXON report regarding ELEXON's new Insight article investigating the drivers of increases in electricity imbalance volumes. MB also highlighted the Annual BSC Report which had recently been published.
- 10.2 MB noted the earlier discussion around the radio teleswitching service and noted that ELEXON was considering progressing a generic vires Modification which could make it much more efficient to take on such pieces of work. MB noted that ELEXON was engaging with industry to gauge appetite for such a Modification.
- 10.3 MB noted ELEXON's endorsement of the findings of the [Energy Data Taskforce report](#).
- 10.4 MB highlighted the recent Ofgem consultation on switching and that the location for governance of the Meter Point Administration Service (MPAS) was being questioned given that its current home (the MRA) was being wound down. One destination could be the BSC given the dependency of settlement. MB noted that the REC Manager tender process was expected to begin in November 2019, delayed from May.
- 10.5 MB also noted that ELEXON was considering taking part in the Gas Performance Assurance Framework Administrator (PAFA) tender process should that contract be relet. The Chairman noted the barrier to ELEXON's participation in the tender process for the Gas PAFA had previously been that the role precluded a not for profit organisation taking on the role and queried whether this had been resolved. MB noted that he



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could not state with confidence that it had but noted that ELEXON had and would continue to engage with Xoserve ahead of the start of the formal tender process.

- 10.6 MB highlighted paragraph 5.1 of the ELEXON report noting that the Design Working Group (DWG) had submitted its recommendation for the preferred Target Operating Model (TOM) to Ofgem and undertaken a consultation on the transitional approach for the implementation of this TOM.
- 10.7 A PM noted that there may be an upcoming tender for a Market Making Party and that they had recommended to Ofgem that ELEXON could be the best placed to fulfil such a role.
- 10.8 A PM challenged some instances of performance flagged as below standard within ELEXON KPIs 292/01A. NP noted that this was the result of a number of manual failures within the reporting period. NP noted that such errors should be mitigated by the roll-out of the foundation programme.

## 11. Distribution Report - Verbal

- 11.1 DL highlighted an email forwarded on via the Panel Secretary which included an attachment detailing the six steps that DNOs would be taking to deliver flexibility services as well as information regarding a number of networks flexibility events which would be taking place.

## 12. National Grid Report – Verbal

- 12.1 The NGESO Representative noted the Future Energy Scenarios (FES) report and discussed the wider consultation undertaken and the level of participation achieved. He noted that reaching net zero carbon emissions would be achievable but would require significant progress and changes to be made to all key technology and policy areas. Electric Vehicles (EVs) could help towards this goal of de-carbonisation but the market would need to align EV charging behaviour to compliment renewable generation to meet system needs. JW also talked about the need for wider sharing of data in order to take advantage of interactions between all of these changing technologies and systems. JW highlighted a summary document titled "FES in 5" and that this was published along with [associated documentation on NGESO's website](#).
- 12.2 JW noted that NGESO also published its Revenue=Incentives+Innovation+Outputs (RIIO-2) [business plan on its website](#) and that feedback would be greatly appreciated. He noted consumer benefit around £2.5m.
- 12.3 JW also encouraged PMs to respond and to encourage other parties to respond to the Code Administrator consultation on contractual arrangements for Virtual Lead Parties (CMP295) which will be released by the ESO Code Administrator in August.

## 13. Ofgem Report – Verbal

- 13.1 The Ofgem Representative noted enforcement action taken against Shell Energy Retail, which had overcharged 12,000 electricity and gas customer accounts over the price cap. Ofgem mandated that Shell Energy Retail refund customers and pay £200,000 into a community redress fund making for a total payment of £390,000. CD highlighted Greenstar Energy which had 18,000 customers who were unable to access cheaper tariffs, were made aware of the error but failed to address it and report the matter to Ofgem in a timely manner. The issues had since been resolved and Greenstar required to pay £350,000 in redress.
- 13.2 CD provided an update on the Retail Energy Code (REC), the work that had been done around the transitional period and noted that Ofgem was now undertaking consultation and work around the enduring REC, such as around REC schedules, governance and the Significant Code Review which will be required to implement this new Code. CD noted the interactions with the Meter Point Administration Service (MPAS). The Panel discussed the importance of the MPAS, a PM highlighting that this service was a fundamental requirement to a competitive market as it enables switching. CD noted a decision Ofgem made on Half

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Hourly (HH) Settlement in that Suppliers would be able to access consumers' HH data unless the consumer opted out and also that micro-business customers would no longer have the opportunity to opt out.

- 13.3 A PM highlighted concerns around the action being taken against Solarplicity by Ofgem. The PM highlighted potentially fraudulent activity and non-compliant management of Feed in Tariff (FIT) customers and raised concern around Ofgem's handling of this investigation. CD noted that he was not aware of this and encouraged the PM to get in touch with Ofgem directly.
- 13.4 MB noted that Ofgem was reporting on NGESO performance and that this would translate to a financial incentive and queried of CD when Ofgem was expected to opine on this. CD noted that he wasn't sure but that he would assume it would be over the next few months.

## 14. Reports – 292/01B, C, D, E

- 14.1 The Panel noted the reports from the ISG, SVG, PAB and TDC

## 15. Trading Operations: BSC Operations Headline Report – 292/02

- 15.1 The Panel noted the BSC Operations Headline Report.

## 16. System Price Analysis Report (SPAR) – ISG 218

- 16.1 The Panel noted the System Price Analysis Report.

## 17. Approval of 2020 BSC Panel Meeting Dates – (292/07)

- 17.1 The BSC Panel:
  - a) **APPROVED** the proposed Panel dates for 2020; and
  - b) **APPROVED** their publication on the ELEXON website.

## 18. Next Meeting

- 18.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 8 August 2019.