

Quality Delivery

Actively managing our services to ensure that we deliver in a reliable, economic and efficient way.

Innovation

Enhancing and evolving our services to support industry changes and development of the energy market.

Customer Centric

Improving the customer experience and develop richer customer relationships.

Simplification & Consolidation

Reducing complexity and fragmentation.

Digital Platform

Creating an agile digital platform to meet the changing energy market.

295/01 ELEXON Report BSC Panel

Date of Meeting	10 October 2019
Paper Number	295/01
Owner/Author	Mark Bygraves
Purpose of paper	For Information
Classification	Public
Summary	ELEXON provides this paper for the Panel's information. The paper presents an overview of activities and developments within ELEXON, the balancing and settlement arrangements, industry and Codes.

Executive Summary

A light month for news this month, however with a few key highlights:

We anticipate that the Clean Energy package (CEP) of European Electricity Regulation will be implemented whether or not there is a no deal Brexit. Also anticipated with keen interest, the Electric Vehicle Energy Taskforce's final report, due October 2019.

Workgroup members sought for BSC Modification P390 'Allowing extensions to ELEXON's business and activities, subject to additional conditions'. In other change news ELEXON put out two new change podcasts and the Multiple Suppliers Modification (P379) workgroup raised an alternative model for the solution.

Ofgem has requested that ELEXON lead on further detailed design work on the Market Wide Half Hourly Settlement (MHHS) Target Operating Model (TOM) and supporting Industry architecture.

At the September Panel meeting the BSC Panel agreed that in respect of the 9 August 2019 Demand Control Event, because of the industry wide costs, a letter requesting further consideration should be sent to Ofgem. The BSC Panel instructed ELEXON to cease operation of the process pending Ofgem's further consideration and advice. ELEXON has received no response from Ofgem at the time of writing.

Both ELEXON and the BSC Panel have submitted responses to the BEIS/Ofgem Review of Codes and Code Governance - Code body collaboration and consolidation consultation which closed 16 September 2019.

Target Audience

ELEXON's customers and the wider industry.



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II. ELEXON News

Consultation Responses

We have responded to 3 consultations since our last update to the Panel as follows:

- BEIS and Ofgem's on their vision for the future energy retail market:
 - + Our response highlights our support for innovation and provides examples of innovation we have spoken to customers about. We requested that government are mindful of other industry change programmes, including the review of codes, when considering these changes.
- BEIS's consultation on facilitating energy efficiency in the electricity system:
 - + Our response clarifies the difference between active and passive efficiency measures and the active and passive mechanisms that can be used to incentivise them.
- Ofgem's consultation on ESO RIIO-2 financial methodology and incentives:
 - + Our response concentrates on the design of the ESO incentives, suggesting that they should encourage collaborative and joint working for customer benefit and that incentive reporting should allow comparison of code management performance.

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



ELEXON delivers solution to continue RTS arrangements from April 2020

The Issue 84 Group concluded that operational Ratio Teleswitch Service (RTS) costs should be included within existing BSC charging arrangements, achieved through the existing ELEXON and ENA contract in place for the provision of data. This avoided creating new (or separate arrangements) by using existing BSC systems and processes to recover the costs from Trading Parties. The BSC Panel supported the solution at its meeting on Thursday 12 September.

Discussions with ENA have already commenced on the necessary contract amendments and are progressing well.

Further background, information and contact details are available on the [Issue 84 webpage](#).

Demand Control Event

At its September 2019 meeting, the BSC Panel agreed that, because of the industry wide costs, a letter requesting further consideration of the need to perform the bottom up calculations mandated by the BSC obligations introduced by Modification P305 'Electricity Balancing Significant Code Review Developments' should be sent to Ofgem. The BSC Panel instructed ELEXON to cease operation of the process pending Ofgem's further consideration and advice. ELEXON has received no response from Ofgem at the time of writing.

Performance Assurance Framework (PAF) Review

Technique reviews workstream:

- We have completed our third assurance technique review - SVA Qualification, and presented our recommendations to the PAB in September. We have proposed replacing Re-Qualification; including the LDSO role in Qualification (recognising the increasing part they play in BSC arrangements); and other improvements to ensure we find out more about material changes parties are planning, or have made, promptly so that we can assess the risk/issues and respond appropriately.
- Reviews of Supplier Charges and Peer Comparison have started, with internal workshops held and preparations underway for Issue 69 meetings in the next two months.

Data provision workstream:

- We have concluded a proof of concept on text mining, using meter fault flows to test an approach. The algorithm sorts fault reports into categories for further risk analysis.
- By the end of October, we are due to have drawn conclusions on retaining, amending or discontinuing current PAF data sources.



Clean Energy Package (CEP) of European legislation

Following the September meeting of the Joint European Stakeholder Group (JESG), our understanding is now that the CEP Electricity Regulation will be implemented whether or not there is a no deal Brexit. We expect that a UK Statutory Instrument confirming this will be published in due course.

On 30 September 2019, National Grid ESO published its assessment, with JESG and BSCCo input to ESO's thinking, of parts of the Clean Energy Package legislation. It covers what, in their view, would need to change in the GB framework. The assessment can be found here: <https://www.nationalgrideso.com/document/153571/download>.

III. Industry News

European and Brexit Developments

The UK's default legal position of a 'no deal' Brexit on 31 October 2019 is unchanged.

However, with the entry into UK law of [the European Union \(Withdrawal\) \(No. 2\) Act 2019](#) on 9 September 2019, the Prime Minister is now legally required to ask the EU for a further extension to Brexit by 19 October 2019, if neither of the following two conditions have been met.

The two conditions are that either Parliament has approved: a no deal exit; or a deal. The EU is, of course, not legally bound to agree to an extension if it receives that request.

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.





P390 submitted to Assessment Procedure and looking for Workgroup members

On 12 September 2019, the BSC Panel agreed that [P390 'Allowing extensions to ELEXON's business and activities, subject to additional conditions'](#) should progress to the Assessment Procedure. We are seeking members to join the Workgroup for this Modification with knowledge of:

- Wider energy and code governance arrangements
- The ELEXON business and governance model
- Previous proposals to amend ELEXON Vires; and
- Tendering processes.

“Further information on P390 can be found on the [P390](#) page...”

This proposal seeks to change the BSC to allow the ELEXON Board to determine whether ELEXON can undertake additional activities, provided certain conditions are met. All of the conditions introduced in previous Modifications to ELEXON's vires, [P330 'Allowing ELEXON to tender for the Uniform Network Code Gas Performance Assurance Framework Administrator \(PAFA\) role'](#) and [P365 'Enabling ELEXON to tender for the Retail Energy Code \(REC\)'](#) are included, plus some additional conditions to safeguard the interests of BSC Parties.

We are aiming to hold the first workgroup meeting in October 2019. The date is dependent on people's availability so please let us know when you will be able to attend the workgroup.

Further information on P390 can be found on the [P390](#) page of our website. If you have any questions, or would like to discuss the Modification further, please contact Ivar Macsween on 020 7380 4270 or at bsc.change@elexon.co.uk.





ELEXON Change Podcasts

Podcasts are now available covering the following BSC Change items:

[P391 'Introducing Desktop Audits'](#)

[CP1520 Clarification to 'Change of Ownership' process in BSCP537](#)

We hope you find the podcasts helpful, and if you have any feedback please get in touch with us at:

communications@elexon.co.uk

Multiple Suppliers Modification ([P379](#))

The 27 June workgroup raised an alternative model for the solution, where calculations are not performed by SVAA but instead by Party Agents. The next Workgroups will consider Metering and Performance Assurance.

Calculations performed by Party Agents rather than the SVAA.

The earliest implementation date would be November 2021, depending on solution and subject to service provider delivery timescales. We are also expecting there will be a delay to the Ofgem decision on the Modification, due to Ofgem stating they will undertake a Regulatory Impact Assessment. This will also impact the implementation date.



Issue 85 looking for Supplier participation

[Issue 85](#) 'Removal of obligation to visit de-energised sites once every 12 months from BSCP504' is looking to hold its first issue group early-mid October. In order to ensure we have a balanced discussion we are looking for more Suppliers to participate. If you would like to be part of this Issue Group, please email bsc.change@elexon.co.uk or contact Danielle Pettitt on 020 7380 4314.

P385 Assessment Report

The [P385](#) Workgroup met on Monday 30 September 2019 to review responses to the Assessment Procedure Consultation and provide their final views, before submitting the Assessment Report to the Panel. P385 aims to 'improve the efficacy and efficiency of the Section H Default provisions'.





EV initiatives

“..four EVET Work Programmes led by Energy Systems Catapult and the Low Carbon Vehicle Partnership.”

The Electric Vehicle Energy Taskforce (EVET) was established in September 2018 and is now expected to produce a final report October 2019 (originally June 2019). The Final report will be produced by four EVET Work Programmes led by Energy Systems Catapult and the Low Carbon Vehicle Partnership and supported by industry experts/volunteers.

The ELEXON focus was on Work Programme 1 ‘Strategy’ only until November 2018 – this contributed to the establishment of WP3 ‘Technical Requirements’ and WP4 ‘Data’. On 23 July we contributed views on draft WP1 report and recommendations.



More than three times as many SMETS v2.0 meters installed in August 2019 compared with SMETS v1.0 meters

Over three times as many of the more advanced SMETS v2.0 smart meters were installed in August compared with the number of older style SMETS v1.0 meters, according to our latest Smart Meter Technical Detail Report. In July 2019 the number of SMETS v1.0 Meters installed was 53,000 and this decreased further to 42,000 in the August period.

The number of SMETS v2.0 installs in August was 155,000, a drop in numbers compared with 162,000 in July.

Overall 68.58% of all smart meters installed in August were SMETS v2.0. The latest report also shows that 10.56 million electricity meters have been replaced with smart meters – just over a third of the total number of electricity meters in Britain.

The [full report](#) can be found on ELEXON’s website.

If you have any questions, please email SettlementOperations@elexon.co.uk





IV. Operational News

EMR Update

The following EMR Circulars have been issued since the last Panel meeting:

- + EMRC187: LCCC has determined the Total Reserve Amount and Interim Levy Rate from 1 January 2020 to 31 March 2020
- + EMRC188: DSR component reallocation guidance published

All EMR circulars are all available to download from the [EMR Circulars page](#) of the EMRS website.

V. Settlement Reform and support for Ofgem projects

Ofgem Market Wide Half Hourly Settlement (MHHS)

We have published our final report on the Target Operating Model (TOM) and transition approach (end of August).

We have agreed with Ofgem to lead on further detailed design work on the TOM and supporting Industry architecture. This will involve two new expert groups, which we will run. The groups are expected to start mid-November. This will be the first time ELEXON has led on the architecture elements of future market design work and could be seen as proving ground for more market wide lead architecture work.

Demand Side Flexibility (DSF), Smart Grids and Innovation

[P376](#) 'Utilising a Baseline Methodology to set Physical Notifications' is in the Modification assessment process and customers are very supportive. We have been set the task to provide assurance over the baseline methodologies. This analysis requires disaggregated demand data. We are working with the Association of Distributed Energy (ADE) to issue an RFI to its members to ascertain this data.

VI. Industry Codes

BEIS/Ofgem Review of Codes and Code Governance - Code body collaboration and consolidation

“RECCo has now scheduled industry engagement days on 8 and 9 October to update suppliers on their proposed structure.”

ELEXON responded to the consultation on 16 September taking on comments received from the ELEXON Board. We have also met with BEIS and Ofgem to go through the detail of the Cornwall study and discussed potential next steps with them and Cornwall.

The BSC Panel also submitted a response to the consultation which was co-ordinated by the BSC Panel deputy Chair with support from ELEXON’s strategy team.

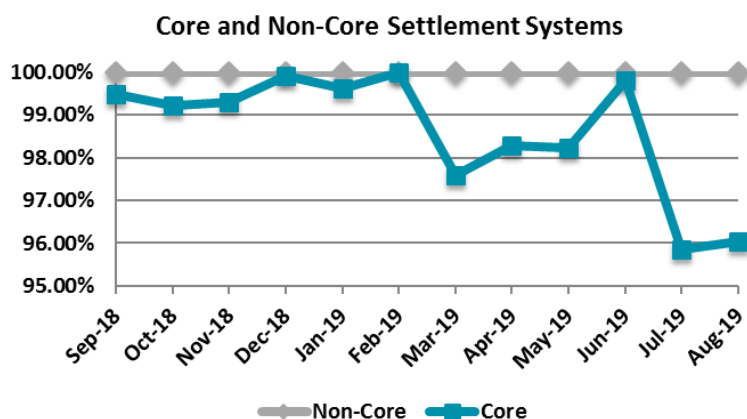
As reported last month, RECCo’s latest publication shows an intent to divide Code Manager services into Performance Assurance (incl entry and exit as well as compliance), Professional Services (incl change and training), and Technical Services (incl design and impact assessment of change). The Performance Assurance provider will not be permitted to provide either of the other services. ELEXON observes that the identified benefit of dividing the service is to encourage more interest from providers but our view is this will introduce many handoffs (with associated risks and costs) between these providers and require a ‘thicker’ RECCo to integrate and manage them. RECCo has now scheduled industry engagement days on 8 and 9 October to update suppliers on their proposed structure.

Future Governance of MPAS

Governance of MPAS needs to be moved from the MRA when the MRA comes to an end. Ofgem have indicated that they wish to move SRMS governance of MPAS to the BSC and have advised the DNOs of this proposal. This may result in BSC governance changes to enable DNOs to participate on decisions.



VII. Key Performance Indicators Spot Light



Core and Non-Core BSC Systems

The 24/7 BSC Central Systems applications, BMRS and ECVA, achieved 99% and 100% SLA performance. The BMRS outages resulted in 4.5 hours of downtime across the month, both outages occurring outside of business hours. Failures on the SAA can have a more significant impact to industry as the SAA-I014 holds core information for non-BSC process such as EMR and BSuoS calculation. The SAA incidents were resolved in time to prevent any impact on these processes. Operator error occurred on SVAA delaying MDD publication by one day with no material impact to customers.

Supplier Performance

We have experienced the following service failures this month:

Core Systems

BMRA - Following a network issue BMRS was not available between Settlement Periods 46 and 48 on 23 August. Resulting in failure of both BMRA SLAs.

On 27 August, BMRS website became intermittent at the same time as a small number of users making thousands of hits. The users were blocked and a controlled restart of the servers resolved the issue with performance returning to normal levels.

On 31 August, there was an unplanned outage and BMRS could not process files between 7:27 (BST) and 10:30 (BST). Settlement Calculations were resumed after the outage. Resulting in failure of both BMRA SLAs.

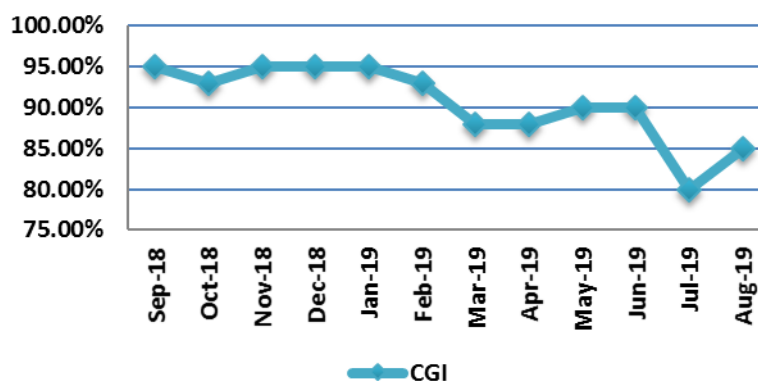
CRA - Incorrect BM Unit details in CRA affected a Party's Credit Cover Percentage and subsequently triggered

SAA failure on 1 August. The system error is now permanently fixed.

SAA - On 1 August, CRA released incorrect records to the SAA database. This caused SAA Settlement Reports (SAA I014) to fail. On 2 August, a SAA I014 was incorrectly released as SF instead of RF due to human error. The correct file was subsequently released. On 20 August, a Bid Offer data correction was processed late.

SVAA - MDD V286 was published one day late on 14 August. There was no impact to Market Participants who received the file two days before the MDD go live date.

Service Provider SLA Performance 2018/2019



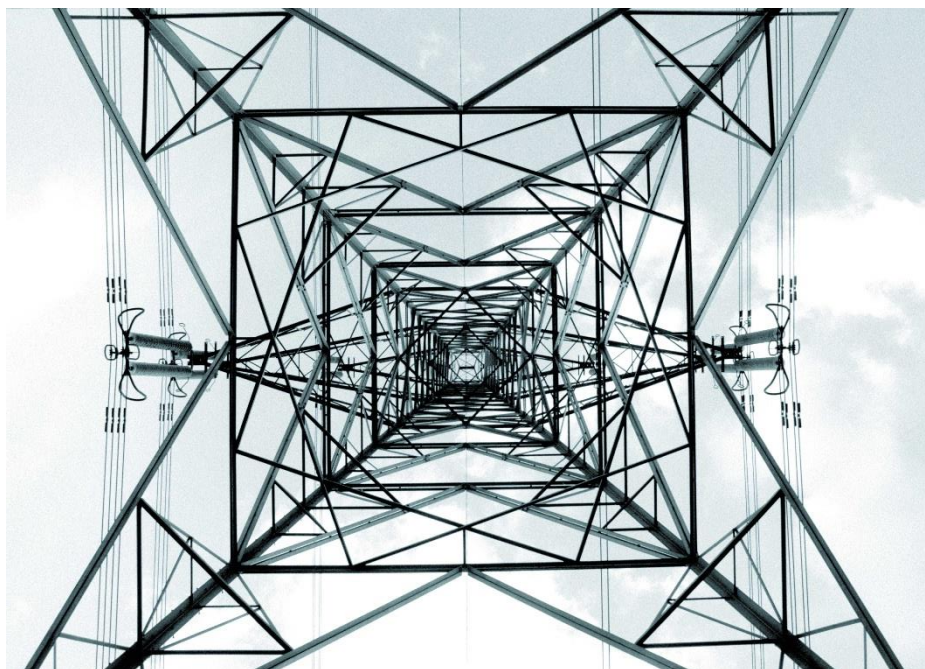
VIII. Summaries of Panel Business – Tabled

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.

IX. Recommendations

We invite the BSC Panel 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 D1	–	Report from the PAB Confidential
Appendix D2	–	Report from the PAB Public
Appendix E	–	Report from the TDC

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