











BSC Modification Proposal Form		At what stage is this document in the process?
<p>Mod Title: Removal of Unused BSC Provisions</p>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p>Purpose of Modification:</p> <p>This Modification seeks to remove redundant processes no longer utilised by market participants. This simplification will result in more efficient Balancing and Settlement arrangements for BSC Parties in complying with, and understanding Code provisions.</p> <p>Further, it will ensure BSC Central System developments through the Foundation Programme (a large scale project to re-develop BSC Central Systems onto a more flexible platform) are progressed in the most cost efficient manner, for the benefit of market participants.</p>		
	<p>The Proposer recommends that this Modification should:</p> <ul style="list-style-type: none"> • Be raised by the Panel in accordance with BSC Section F 2.1.1(d)(i) • be treated as a Self-Governance Modification Proposal • be sent directly into the Report Phase <p>This Modification will be presented by the Proposer to the BSC Panel on 10 October 2019. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.</p>	
	High Impact: N/A	
	Medium Impact: N/A	
	Low Impact: BSCCo	

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Timetable		 Contact: <i>Callum Chalmers</i>
		 <i>callum.chalmers@elexon.co.uk</i>
		 <i>020 7380 4307</i>
		Proposer: <i>BSC Panel</i>
		Proposer's representative: <i>Lawrence Jones</i>
		 <i>lawrence.jones@elexon.co.uk</i>
		 <i>0207 380 4118</i>
The Proposer recommends the following timetable:		
Report Phase Consultation	14 Oct 2019 - 29 Oct 2019	
Draft Modification Report presented to Panel	14 Nov 2019	
Final Modification Report published	20 Nov 2019	

1 Summary

What is the issue?

Redundant BSC sections reduce the efficiency of the Code. They also make the BSC harder to interpret and understand, resulting in increased regulatory burden for Parties (and potential Parties). Lastly, as ELEXON replaces its Central Systems, the unused provisions generate unnecessary requirements that could result in superfluous costs.

The removal of unused or expired provisions from the Code will contribute to the simplification of the Code, making it more accessible and relevant to BSC parties, and removing ambiguity. In addition, this modification will promote a more efficient implementation of ELEXON's new digital platform. The following provisions have been identified as being unused: Dual Notifications, Quiescent Physical Notifications, Joint BM Units and Manual Credit Qualification. In addition, the following items have expired: Party and NETA funding, BSC Section I, Pool Supplement and BSCP534.

What is the proposed solution?

We propose this Modification removes those parts of the Code that have been identified as redundant. There are some provisions that should be retained from [BSC Section I - Transitional Arrangements for Implementation of BETTA](#).

2 Governance

Justification for proposed progression

We recommend that this Modification is progressed as Self-Governance as it does not have a material effect on:

- Existing or future electricity consumers;
- Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity;
- The operation of the national electricity transmission system;
- Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies;
- The Code's governance procedures or modification.

Since we are proposing to remove unused BSC provisions for efficiency, there will be no impact on BSC Parties or any other market participants. Therefore, it will not discriminate between different classes of parties.

Requested Next Steps

We (BSCCo) request that the Panel raise this Modification in accordance with Section F2.1.1(d)(i), and recommend that it is progressed straight to the Report Phase. This is due to the solution to remove unused provisions being self-evident and uncontroversial in nature. A [consultation](#) was issued on 10 June 2019 seeking industry views on the sections flagged for removal. The responses supported the proposal to remove the unused provisions, and highlighted the importance of retaining certain elements of [Section I](#).

We recommend a 12 Working Day Report Phase Consultation, with the Draft Modification Report being presented to Panel on 14 November 2019. Subject to approval, this Modification can be incorporated into the February 2020 BSC Release.

3 Why Change?

Background

Dual Notifications

Dual notifications were introduced by [Modification P098](#) in November 2004 to allow two parties engaged in trading a volume of electricity over one or more Settlement Periods to both submit a copy of the transaction via different Energy Contract Volume Notification Agents (ECVNAs). The volumes could then be matched by the Energy Contract Volume Aggregation Agent (ECVAA), reducing the risk of erroneous transactions. However, the functionality has never been used in live operation since its implementation.

Quiescent Physical Notifications (QPNs)

QPNs were introduced as part of the New Electricity Trading Arrangements (NETA) in March 2001, to facilitate Balancing Mechanism (BM) participation for units that contained both controllable and non-controllable assets. However, settlement and dispatch arrangements were never defined, and the Grid Code stipulates that QPN values must be zero. ELEXON is introducing new solutions for sites with controllable and uncontrollable loads through BSC Modification [P375 – ‘Behind the Meter’](#) arrangements.

Joint BM Units

Joint BM Units were introduced as part of NETA to allow customers with Non-Half Hourly (NHH) Teleswitch meters to participate in the BM. In reality they were never fully implemented; the requirements for dispatching Joint BM Units were never agreed and, after discussions with National Grid Electricity System Operator (NGESO), no evidence has been found of such dispatch processes being developed or implemented. Joint BM Units can be registered with the Central Registration Agent (CRA), but this functionality has never been used.

Party and NETA funding

Party funded costs entitled some Parties to receive payments from other parties or classes of party, to recover amounts incurred for 1998 Programme Costs, NETA costs, British Electricity Trading and Transmission Arrangements (BETTA) Support Costs and Scottish Operational Run-Off costs. The NETA funding charge was used to recover costs incurred by BSCCo in relation to NETA implementation from Trading Parties. Party funded costs and NETA funding have expired, therefore their associated code provisions have become redundant.

BSC Section I

Section I ‘Transitional Arrangements for Implementation of BETTA’ was introduced as a temporary Section to cover the transitional arrangements whilst the scope of the BSC was extended to Scotland. It expired in 2005, and as such is redundant, except for some specific Metering Dispensations, non-

standard BM Unit definitions and Trading Unit definitions that need to be retained in the Code to ensure the continued legality of existent registrations within the Trading Arrangements.

Pool Supplement

The Pool Supplement was a transition document that laid out provisions for the run-off of Settlement relating to trading under the Pooling and Settlement agreement up to the Go Live Date for the BSC. As such, it expired upon Go Live in 2001.

Manual Credit Qualification

The manual Credit Qualification process was introduced by Modification [P215](#) in June 2009 to allow generating BM Units to use Final Physical Notification data in the calculation of their Credit Assessment Energy Indebtedness, in order to improve the accuracy of the Credit Cover arrangements. The process has not been used since implementation and alternative methods have since been introduced to reflect generation in the SVA registered BM Units for Credit Cover Percentage calculation. This includes the introduction of the Supplier Export Credit Assessment Load Factor (SECALF) introduced in [Modification P310](#) in June 2015.

BSCP534 'PARMS Techniques'

Following the implementation of [P207](#) 'Introduction of a New Governance Regime to Allow a Risk Based Performance Assurance Framework (PAF) to be Utilised and Reinforce the Effectiveness of the Current PAF' in November 2008, the relevant sections of [BSCP534](#) were incorporated into [BSCP533](#) 'PARMS Data Provision, Reporting and Publication of Peer Comparison Data' and [BSCP538](#) 'Error and Failure Resolution'. The BSCP has been left empty pending removal since that date.

Why Remove these Sections?

Removing these provisions will increase the efficiency of the Code and reduce regulatory burden on both new and existing market participants. It does this by making the code less convoluted and difficult to interpret, hence making the Code more accessible to ELEXON's customers. Further, it will prevent financial inefficiencies from migrating unused provisions into the Foundation Programme architecture, which is modernising BSC Central Systems. Previously, ELEXON committed to the BSC Panel that it would actively seek opportunities to simplify the Code for the benefit of market participants, and the removal of unused provisions aligns to this goal of simplification along with Applicable BSC Objective (d) - Promoting efficiency in the implementation of the Balancing and Settlement arrangements.

4 Code Specific Matters

Technical Skillsets

As we are proposing this Modification be sent directly to the Report Phase, technical skillsets to assess the Modification by a Workgroup are not required.

Reference Documents

No particular reference documents need to be considered.

5 Solution

Proposed Solution

This Modification proposes to remove the unused BSC provisions outlined in Section 3 of this paper.

Removal of sections pertaining to any of the redundant Code provisions will impact the following BSC Sections:

- [BSC Section C – BSCCo and its Subsidiaries](#)
- [BSC Section D – BSC Cost Recovery and Participation Charges](#)
- [BSC Section F – Modification Procedures](#)
- [BSC Section G – Contingencies](#)
- [BSC Section H – General](#)
- [BSC Section I – Transitional Arrangements for Implementation of BETTA](#)
- [BSC Section K – Classification and Registration of Metering Systems and BM Units](#)
- [BSC Section L – Metering](#)
- [BSC Section M – Credit Cover and Credit Default](#)
- [BSC Section P – Energy Contract Volumes and Metered Volume Reallocations](#)
- [BSC Section Q – Balancing Services Activities](#)
- [BSC Section R – Collection and Aggregation of Meter Data from CVA Metering Systems](#)
- [BSC Section S – Supplier Volume Allocation](#)
- [BSC Section U – Provisions Relating to Settlement](#)
- [BSC Section V – Reporting](#)
- [BSC Section W – Trading Disputes](#)
- [BSC Section X – Definitions and Interpretation](#)
- [Pool Supplement](#)

It will also impact the following Code Subsidiary Documents (CSDs):

- [BSCP01](#)
- [BSCP18](#)
- [BSCP71](#)
- [BSCP534](#)
- [Central Registration Agent User Requirement Specification](#)
- [Energy Contract Volume Aggregation Agent User Requirements Specification](#)
- [Settlement Administration Agent User Requirements Specification](#)
- [Energy Contract Volume Aggregation \(ECVAA \) Service Description](#)
- [Settlement Administration Agent \(SAA\) Service Description](#)
- [BMRS Data Catalogue](#)
- [CVA Data Catalogue, CVA Data Catalogue Annex A, CVA Data Catalogue Annex B](#)
- [SVA Data Catalogue Volume 2](#)
- [Acronyms and Defined terms Simple Guide](#)
- [Pool Supplement Simple Guide](#)
- [Section C Simple Guide](#)
- [Section D Simple Guide](#)
- [Section H Simple Guide](#)

- [Section I Simple Guide](#)
- [Section K Simple Guide](#)
- [Section P Simple Guide](#)
- [Section Q Simple Guide](#)
- [Section W Simple Guide](#)

6 Impacts & Other Considerations

Grid Code

Quiescent Physical Notifications and Joint BM Units both feature extensively in the Grid Code. We have identified two cases where the Grid Code has a direct dependency on the BSC with regard to Joint BM Units. These are:

- In the Glossary & Definitions, Joint BM Unit data is defined as ‘Has the meaning set out in the BSC.’
- In BC 1.4.2 (g) under ‘Joint BM Unit Data’: ‘BM Participants may submit Joint BM Unit Data in accordance with the provisions of the BSC. For the purposes of the Grid Code, such data shall be treated as data submitted under BC1.’

Although there are no direct dependencies regarding QPNs, they are prevalent in the Grid Code. The Glossary and Definitions section of the GC contains the following definition for QPN: ‘Data that describes the MW levels to be deducted from the Physical Notification of a BM Unit to determine a resultant operating level to which the Dynamic Parameters associated with that BM Unit apply, and the associated times for such MW levels. The MW level of the QPN must always be set to zero.’ The final sentence of this reference ensures that QPNs are a redundant provision.

ESO support this proposal and are carrying out a concurrent modification to remove the relevant provisions from the Grid Code. This is due to be released at the same time to minimise the risk posed by misalignment.

BSC Systems

The solution will not directly impact any BSC Central Systems. Functionality that facilitates the unused provisions can be left unused. However, this Modification will ensure that unused BSC functionality is not re-created in the new Foundation Programme architecture, which ensures that BSC Party resource is being spent in an efficient manner.

7 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive
(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]	Neutral
(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

Removing redundant sections contributes to the simplification of the BSC, making the Code more efficient, accessible and relevant to parties, and removing potential ambiguity. This proposal will therefore better facilitate Applicable BSC Objective (d).

8 Implementation Approach

We recommend that this Modification is implemented in the February 2020 BSC Release.

Implementing this Modification as soon as possible expedites the benefits it can offer to market participants in terms of efficiency and simplification.

NGESO have confirmed this Implementation Date also aligns with the planned implementation date of the equivalent Grid Code proposals.

9 Legal Text

The draft legal text and proposed changes to the Code Subsidiary Documents will be provided as part of the Initial Written Assessment.

10 Recommendations

Proposer's Recommendation to the BSC Panel

The BSC Panel is invited to:

- **RAISE** this proposal in accordance with Section F2.1.1(d)(i);
- **AGREE** that this proposal is progressed as a Self-Governance Modification Proposal; and
- **AGREE** that this proposal is sent directly into the Report Phase.