

# MINUTES

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<b>MEETING NAME</b>	BSC Panel
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<b>Meeting number</b>	295
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<b>Date of meeting</b>	Thursday 10 October 2019
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<b>Venue</b>	ELEXON Ltd. Offices – Pink Room
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<b>Classification</b>	Public
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## ATTENDEES AND APOLOGIES

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<b>Attendees</b>	Phil Hare	PH	Deputy BSC Panel Chair (Chairing)
	Colin Down	CD	Ofgem Representative
	David Lane	DL	DSO Representative
	Mark Bellman	MBe	Industry Panel Member
	Lisa Waters	LW	Industry Panel Member
	Stuart Cotton	SC	Industry Panel Member
	Diane Dowdell	DD	Industry Panel Member (and Alternate for Stew Horne)
	Tom Edwards	TE	Industry Panel Member (and Alternate for Victoria Pelka)
	Rhys Kealley	RK	Industry Panel Alternate (Alternate for Mitch Donnelly)
	Derek Bunn	DB	Independent Panel Member
	Jon Wisdom	JW	NGESO Panel Member
	Mark Bygraves	MB	ELEXON CEO
	Anne Heal	AH	Non-Executive Director
	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
	Elliott Harper	EH	ELEXON (Part Meeting)
	Nick Baker	NB	ELEXON (Part Meeting)
	Danielle Pettitt	DP	ELEXON (Part Meeting)
	Chris Wood	CW	ELEXON (Part Meeting)
	Callum Chalmers	CC	ELEXON (Part Meeting)
	Ivar Macsween	IM	ELEXON (Part Meeting)
	Fungai Madzivadondo	FM	ELEXON (Part Meeting)
	Colin Berry	CB	ELEXON (Part Meeting)
	Katie Wilkinson	KW	ELEXON (Part Meeting)
	Aditi Tulpule	AT	ELEXON Legal Counsel (Part Meeting)
	Simon Sheridan	SS	Presenter (NGESO)
<b>Apologies</b>	Michael Gibbons	MG	BSC Panel Chairman

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## Apologies

- 1.1 The Chair noted apologies from Michael Gibbons and introduced Anne Heal a Non-executive director of ELEXON's Board.

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## MODIFICATION BUSINESS (OPEN SESSION)

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**IWA:** Initial Written Assessment | **AC:** Assessment Procedure Consultation | **AR:** Assessment Report  
**RC:** Report Phase Consultation | **DMR:** Draft Modification Report

### 2. Change Report and Progress of Modification Proposals – 295/03

- 2.1 A PM queried whether ELEXON sought to engage with smaller BSC Parties which might not usually attend BSC Change workgroups. ELEXON noted it has presented at the independent Suppliers Forum, amongst others to engage with a wider group of Parties on changes progressing through the BSC Change process and will continue to seek opportunities to engage with a variety of market participants through change progression.
- 2.2 The BSC Panel discussed the reduction in scope for [P332 'Revisions to the Supplier Hub Principle'](#), it was suggested that while limiting the scope to Meter Operator Agents (MOAs) would make the change more manageable, there were similar issues with other BSC Party Agent roles, such as Data Collectors (DCs) and Data Aggregators (DAs). For example where DAs fail to submit files into the central Settlement systems. The Ofgem Representative noted Ofgem had not seen sufficient evidence to demonstrate these issues were having a material impact and welcomed evidence being provided through the P332 Workgroup. Given the overlaps with the Performance Assurance Framework (PAF) Review, it was agreed an extension of the P332 Assessment Procedure should be approved with at least one Workgroup meeting to be held.
- 2.3 A PM suggested that a more efficient solution to reducing the scope of the Modification might be to only apply BSC Membership to those BSC Party Agents which wanted to contract directly with consumers. A PM noted that while this would always be a complex issue they hoped that there might be a more elegant solution to be found that wouldn't require amendment of nearly every line of the BSC. The PM suggested that the processes by which the Retail Energy Code Company (RECCo) planned to handle non-licensees would be relevant and useful. A PM noted that it might be useful to engage with the RECCo given that the drafting of the REC would likely change the Codes landscape and thereby the context of these perceived challenges.
- 2.4 ELEXON noted that at its 4<sup>th</sup> Workgroup meeting, the P376 Workgroup considered allowing multiple baselining methodologies. A PM noted that this level of additional complexity could be a concern. ELEXON noted that it would provide such feedback to the P376 Workgroup to encourage a clear, concise solution that's easy to understand for market participants.
- 2.5 ELEXON noted a paper which it plans to present at the November 2019 BSC Panel meeting, detailing proposed solutions for a number of BSC Panel Governance changes. A PM noted that in respect of the change impacting the representation and voting rights of BSC Panel Member Alternates, there might need to be a special case considered for the Consumer BSC Panel Members. The PM encouraged ELEXON to engage with the BSC Panel members from Citizens Advice to ensure that they were comfortable with the change and that consumer interests would continue to be appropriately represented through BSC Panel voting and discussion at every BSC Panel meeting regardless of Consumer Panel Member attendance.
- 2.6 The NGESO Representative suggested ELEXON might benefit from engaging with the Grid Code as it had seen success and efficiencies through using a shared pool of Panel Alternates.
- 2.7 The BSC Panel discussed the history of the proposed Panel Governance changes and the previously rejected Modification to allow BSC Panel change business to be conducted via teleconference. The BSC Panel noted the far improved relationship between ELEXON and the BSC Panel in recent years. The BSC Panel discussed and agreed the benefit of having BSC Panel Members attend meetings in person and that this should remain the steer and expectation from the BSC Panel Chairman regardless of the facility to conduct meetings remotely.

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- 2.8 A PM suggested that items one and two; “The current rules are unclear regarding the contribution Alternate Members make towards quoracy and voting, and this ambiguity undermines good governance.” and “The current process for appointing Alternates should be re-examined and operated as a pool, as Alternates are intended to be independent and not representing the Member they replace.” should be considered in tandem given their interdependency and interaction. The PM also noted that given the often complex nature of BSC Panel business, particularly BSC Change business, would require that BSC Panel Member Alternates are kept up to date and informed of proceedings in order to ensure that the proposed solution to introduce a shared pool of BSC Panel Member Alternates would be effective.
- 2.9 The BSC Panel:
- a) **APPROVED** a three-month extension to the P332 Assessment Procedure;
  - b) **NOTED** that a decision on how to proceed with P332 would be taken at the January 2020 Panel meeting;
  - c) **APPROVED** a four-month extension to the P376 Assessment Procedure;
  - d) **COMMENTED** on the Panel governance improvements;
  - e) **AGREED** that the Panel governance improvements be brought back to a future Panel meeting as a Modification Proposal(s);
  - f) **NOTED** the P361 update, BMRS Fuel Type update, the enhancements to the Proposal Form and the industry contribution to Modifications; and
  - g) **NOTED** the contents of the October Change Report.
3. **P392 - IWA - ‘Amending the BSC change process to incorporate the delegation of NGESO’s powers and obligations under the EBGL to change EBGL Article 18 terms and conditions’ – 295/04**
- 3.1 A PM queried whether changes which would not impact Energy Balancing Guideline (EBGL) Terms and Conditions (Ts&Cs) would go through a more streamlined process. SS confirmed that this would be the case but that changes would need to go through various checks to confirm that EBGL Ts&Cs would not be impacted.
- 3.2 The BSC Panel discussed the appropriateness of the term ‘draft proposal’ in the context of EBGL changes. ELEXON Legal Counsel advised the BSC Panel of two separate categories within the EBGL regulations, the first being an EBGL Proposal which is so called only when submitted to the Authority for decision, the second being a draft proposal which is what is submitted for consultation. The NGESO Representative noted that this could be clarified under the Code.
- 3.3 The NGESO Representative implored BSC Panel Members to encourage industry participants to attend the P392 Workgroup to help progress this important change.
- 3.4 The BSC Panel:
- a) **AGREED** that P392 progresses to the Assessment Procedure;
  - b) **AGREED** the proposed Assessment Procedure timetable;
  - c) **AGREED** the proposed membership for the P392 Workgroup; and
  - d) **AGREED** the Workgroup’s Terms of Reference.

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4. **P393 - IWA - Disapplication of SP01 Supplier Charges Modification Proposal and Initial Written Assessment – 295/05**
- 4.1 Upon the PAB's recommendation to the Panel to raise P393 in accordance with BSC Section Z 8.2, ELEXON presented the 'Request to raise new BSC Modification' paper to the Panel. With the Modification being raised, the paper became its Initial Written Assessment as published on the P393 webpage.
- 4.2 A PM questioned whether it would be more efficient to remove the Supplier Charge levels from the BSC itself and place them into a Code Subsidiary Document (CSD). ELEXON clarified that this Modification was a 'quick win', in advance of the wider PAF Review recommendations, and as such simply setting the charge to zero was the most efficient means of progressing this particular Modification. ELEXON clarified the PAF Review is assessing Supplier Charges more generally and may consider where these charges are outlined in the BSC framework as part of its review.
- 4.3 A PM highlighted the support from the PAB on P393, and agreed with the rationale behind P393 that Supplier Charges should focus on performance matters that impact Settlement. The PM reiterated that, due to the high levels of SP01 charge (approx. 90% total Supplier Charges), the PAT is not delivering its intent.
- 4.4 The PM added a concern regarding the level of resource required to produce Performance Assurance Reporting and Monitoring System (PARMS) reports and questioned whether PARMS is included within the PAF Review. ELEXON confirmed that, whilst the intent of the Modification was to set Supplier Charge SP01 to zero, the obligation to submit such reports would remain. ELEXON is able to analyse the submission of reports, and has other techniques available to ensure Parties submit such reports. ELEXON added that the PAF review project will consider the efficacy of the PARMS technique.
- 4.5 A PM questioned whether the exponential growth of Supplier Charges was primarily due to SP01. ELEXON confirmed that SP01 charges have exponentially increased whilst other Supplier Charges have remained relatively constant. Since August 2016, with the exclusion of SP01 charges, the monthly Supplier Charge level would have remained below the monthly cap. ELEXON added that the majority of SP01 charges are attributable to small-medium sized Suppliers.
- 4.6 A PM suggested an alternative option to incentivise performance would be to remove the cap on Supplier Charges.
- 4.7 The BSC Panel:
- a) **RAISED** the Modification Proposal in Attachment A (in accordance with F2.1.1(d)(vi));
  - b) **AGREED** that this Modification be progressed directly to the Report Phase;
  - c) **AGREED** that this Modification
    - DOES** better facilitate Applicable BSC Objective (c); and
    - DOES** better facilitate Applicable BSC Objective (d);
  - d) **AGREED** an initial recommendation that this Modification should be approved;
  - e) **AGREED** an initial Implementation Date of:  
27 February 2020 as part of the February 2020 BSC Release, if an Authority decision is received by 3 January 2020.
  - f) **AGREED** the draft legal text;
  - g) **AGREED** an initial view that this Modification should not be treated as a Self-Governance Modification; and

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- h) **NOTED** that ELEXON would issue the draft Modification Report (including the draft BSC legal text) for a 13 Working Day consultation and will present the results to the Panel at its meeting on 14 December 2019.

## 5. Removal of Unused BSC Provisions – 295/17

- 5.1 A PM noted their support for the Modification but requested that ELEXON ensures that removed documentation are archived and made available in the future rather than deleting them entirely. ELEXON noted that as with any material removed from its website this material would be archived and made available upon request.
- 5.2 The Ofgem Representative queried how ELEXON could be sure that the provisions and documentations proposed to be removed were definitively unused or obsolete. ELEXON discussed the steps it had taken to ensure that all documentation was unused or obsolete and that it would remain so; including the industry consultation it had undertaken to ensure the same.
- 5.3 A PM noted their concern that historic contracts which might still be in place between BSC Parties might reference provisions proposed for removal. The BSC Panel agreed that the Draft Modification Report's return to the BSC Panel for approval should be delayed until December 2019 in order to ensure that ELEXON could allow as much time as practicable for the final industry consultation.
- 5.4 The BSC Panel:
  - a) **RAISED** this proposal in accordance with Section F2.1.1(d)(i);
  - b) **AGREED** that the Modification be progressed directly to the Report Phase;
  - c) **AGREED** that the Modification better facilitates Applicable BSC Objective (d);
  - d) **AGREED** an initial recommendation that the Modification should be approved;
  - e) **AGREED** an initial Implementation Date of 27 February 2020;
  - f) **AGREED** the draft legal text;
  - g) **AGREED** the draft changes to the BSC subsidiary documents;
  - h) **AGREED** to remove the Pool Supplement and BSCP534 from the Baseline Statement;
  - i) **AGREED** an initial view that the Modification should be treated as a Self-Governance Modification; and
  - j) **NOTED** that ELEXON will issue the draft Modification Report (including the draft BSC legal text) for consultation and will present the results to the Panel at its meeting on 12 December 2019.

## 6. **P385 - AR - 'Improving the efficacy and efficiency of the Section H Default provisions' – 295/06**

- 6.1 The BSC Panel discussed a recent instance where a Supplier was threatened with the loss of its Supply Licence by the regulator. A PM queried the BSC process where a Supplier had its Supply Licence revoked. ELEXON noted that the Supplier would be expelled from the BSC.
- 6.2 A PM queried whether ELEXON had undertaken analysis in order to determine how recent events of Default might have been impacted had the changes proposed through P385 been implemented. ELEXON noted that it had done so and that this analysis had been presented to the Workgroup. ELEXON noted that the same BSC Parties would have been flagged but that Default proceedings could have been initiated earlier, in some instances as much as a few months earlier.
- 6.3 A PM challenged the clarity of the wording within P385 around the condition where a BSC Party was "ceasing to trade" highlighting that this could take various forms and could be communicated in a number of ways and at different stages. MB noted that the provisions introduced by P385 would not be automatic and that they

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would instead trigger a decision from the BSC Panel, allowing for meaningful and reasonable consideration which should negate these concerns.

- 6.4 A PM queried whether the additional monitoring required by P385 would introduce an additional cost in the form of ELEXON's operational overheads. The PM challenged that such costs had not been quantified as part of the Assessment Report. ELEXON noted that there would be an impact but that this would be minimal. NP noted that ELEXON was already seeing an increase in activity and resource demand on the basis of the increase in the number of events of Default. The PM acknowledged that the direct impact on BSC costs would be minimal but noted that this should be covered through the BSC Change process in the future.
- 6.5 The BSC Panel discussed and considered potential impacts of P385 on BSC Parties processes and behaviours, on Credit Cover requirements and thereby on consumers. ELEXON noted that the change would not directly impact on Credit Cover requirements. The BSC Panel agreed that the change might help to disincentivise instances of Default but noted that ELEXON should be sure to clearly communicate this impending change to BSC Parties to give them time to adjust their processes and behaviour accordingly.
- 6.6 A PM queried whether ELEXON had undertaken analysis to identify how many instances would have been flagged over the past twelve months and the type of BSC Party flagged. ELEXON noted that it had, that it had seen 20 instances and that the majority of those instances were from BSC Parties which had entered or which were going through the Supplier of Last Resort (SoLR) process.
- 6.7 The BSC Panel discussed the potential benefits of better cross-Code cooperation and shared reporting on events of default in helping to identify potential bankruptcies and failures earlier. The BSC Panel agreed that Ofgem was the only organisation with a view of such events across all key industry Codes. A PM suggested that it would be helpful if Ofgem could confidentially report events of default under other Codes to Code Managers/Administrators in order to help Codes better manage Party defaults. A PM suggested that the solution could be as simple as Ofgem maintaining a register of Supplier defaults under each Code so that it quickly becomes apparent when a Supplier might be in trouble. The Ofgem representative noted that Ofgem has robust monitoring around Supplier stability but it is limited in how much of this information it is able to share with industry Codes. The PM suggested that this was the type of issue that the Codes Governance review should be looking at. The BSC Panel Chair noted the extensive submission by the Panel to the Code Governance Review and the Panel's enthusiasm to enhance and align the Codes. As such, sharing credit default information was very much in the spirit of the Panel's intent, and Ofgem should include the issue in the scope of the Review.

### **ACTION 295/01**

- 6.8 A PM queried whether there would be a retrospective element to this change or whether the change would be forward looking only. ELEXON confirmed that the change would be forward looking only.
- 6.9 The BSC Panel:
- a) **AGREED** that P385:
    - DOES** better facilitate Applicable BSC Objective (c); and
    - DOES** better facilitate Applicable BSC Objective (d);
  - b) **AGREED** an initial recommendation that P385 should be **approved**;
  - c) **AGREED** an initial Implementation Date of: 27 February 2020 as part of the February 2020 BSC Release
  - d) **AGREED** the draft legal text;
  - e) **AGREED** the draft redlined changes to the Code Subsidiary Documents;
  - f) **AGREED** an initial view that P385 should be treated as a Self-Governance Modification;

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- g) **AGREED** that P385 be submitted to the Report Phase; and
- h) **NOTED** that ELEXON would issue the P385 draft Modification Report (including the draft BSC legal text) for a 15 Working Day consultation and will present the results to the Panel at its meeting on 14 November 2019.

## 7. **P382 'Amendments to the BSC to reflect the United Kingdom's withdrawal from the European Union without a deal' – 295/07**

- 7.1 The BSC Panel discussed the most efficient way to manage the present uncertainty around this Modification given its dependency on the outcome and conditions of Brexit. ELEXON noted that implementation of this Modification was not urgent and that it would therefore be safe to defer decision subject to the conditions outlined within the recommendations.
- 7.2 The BSC Panel discussed the interactions between the BSC and UK/EU legislation and the impacts of P382 being implemented after the UK's exit from the EU. The BSC Panel agreed that impacts would be minimal given the Government's proposed strategy for managing EU legislation post Brexit.
- 7.3 The BSC Panel:
  - a) **DEFERRED** all decisions on P382 until:
    - There is certainty over the manner in which the UK will leave the EU or;
    - The April 2020 Panel meeting (6 months' time), whichever is earliest.

## 8. **P391 'Introducing Desktop Audits' – 295/08**

- 8.1 The DSO Representative queried the timescale for ELEXON, the Technical Assurance of Metering Expert Group (TAMEG) and the Performance Assurance Board (PAB) confirming the Technical Assurance Audit (TAA) scope. ELEXON noted that the TAA scope was due to be confirmed by January 2020.
- 8.2 The BSC Panel:
  - a) **AGREED** that P391:
    - DOES** better facilitate Applicable BSC Objective (d);
  - b) **DETERMINED** (in the absence of any Authority direction) that P391 is a Self-Governance Modification Proposal;
  - c) **APPROVED** P391;
  - d) **APPROVED** an Implementation Date of:
    - 27 February 2020 (February 2020 BSC Release);
  - e) **APPROVED** the draft legal text;
  - f) **APPROVED** the draft changes to the Code Subsidiary Documents for P391; and
  - g) **APPROVED** the P391 Modification Report.

## 9. **Issue 78 Report – 295/09**

- 9.1 The BSC Panel:
  - a) **NOTED** the report.

## 10. **Issue 80 Final Report – 295/10**

- 10.1 ELEXON noted that the Issue 80 Workgroup wished to raise a number of changes.



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- 10.2 The BSC Panel:
- a) **NOTED** the report.

## 11. Issue 82 Final Report – 295/11

- 11.1 ELEXON issued a confidential document detailing clarification from ELEXON's Legal Team which was supplementary to the Issue Report itself. The BSC Panel chair noted that the conclusions of the Workgroup were broadly in line with the feeling the BSC Panel has held for some considerable time. Where the Panel does not raise a Modification it can be raised by a BSC Party or a non-BSC Party through the designation process. The Panel recognise a Modification carries more weight if raised by an industry participant.
- 11.2 MB noted the Issue Groups' views on the codes review, and pointed out that the BEIS and Ofgem review could take a long time to conclude and asked whether this had been considered by the Issue Group. ELEXON confirmed it had and that the WG believed the industry should await the code review outcome as this could provide guidance on what is expected of the Panel going forward.
- 11.3 The BSC Panel discussed considerations around Self-Governance changes and the benefit of BSC Changes being driven by BSC Parties rather than the BSC Panel. ELEXON noted that the Workgroup also felt that the BSC Panel could have a place in responding to and driving initiatives from industry such as the Market Wide Half Hourly Settlement reform and to ELEXON reviews commissioned by the Panel and its sub-Committees. A PM suggested that this might be appropriate for strategic change.
- 11.4 The BSC Panel:
- a) **NOTED** the report.

## 12. Alignment of the CP1516 implementation date with the P384 implementation date – 295/18

- 12.1 The BSC Panel:
- a) **NOTED** the rationales for the implementation dates for P384 and CP1516;
  - b) **NOTED** the benefit from aligning the CP1516 Implementation Date with the P384 Implementation Date;
  - c) **NOTED** the adverse impact on ElecLink's ability to submit outage information under Grid Code OC2
  - d) **NOTED** that ElecLink is not objecting to the proposed change to the CP1516 Implementation Date; and
  - e) **AGREED** to change the CP1516 Implementation Date to 18 December 2019.

## 13. Minutes and actions – Verbal

- 13.1 The minutes for BSC Panel Meeting 294 were unanimously approved.
- 13.2 ELEXON provided [action updates for the October 2019 BSC Panel Meeting](#) 295.
- 13.3 ELEXON noted the action from the September 2019 BSC Panel meeting for a letter to be issued to Ofgem from the BSC Panel Chairman on the BSC Panel's behalf noting that the BSC Panel had instructed ELEXON to pause [P305](#) processes following the 9 August 2019 Demand Control Event (DCE). The letter requested advice from and further consideration by Ofgem on the basis that the costs of operating this process far outweighed the value of the settlement volumes which would be re-calculated in this instance.
- 13.4 The Ofgem Representative noted Ofgem's view that the process should be operated as mandated under the BSC and that it would have the major benefit of checking that industry-wide processes are in place for any similar future event. This will be communicated to ELEXON formally in the very near future.



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- 13.5 MB noted that the BSC Panel's express views at the last meeting were that operating these processes per P305 would require a lot of work for little or no benefit to industry given the low level of materiality involved. This was the basis for the Panel's previous instruction to ELEXON to pause these processes.
- 13.6 A PM queried what action Ofgem was likely to take in the event that ELEXON did not operate this process.
- 13.7 The Panel Chair proposed that discussions be put on hold until a formal written response was received from Ofgem. It was confirmed to the Ofgem Representative that the process was currently on hold pending a more considered opinion from Ofgem as requested in the letter from the BSC Panel.
- 13.8 A PM noted that if the cash out price had been higher then this event could have had a huge materiality but acknowledged that in this case the Panel and industry knows that this is not the most efficient way to address this issue and that it would be very expensive.
- 13.9 ELEXON noted that it had also taken an action to raise an Issue Group to give due consideration to the issue and to identify improvements, and potentially include a de minimis materiality threshold.
- 13.10 A PM noted that they did not feel comfortable as a PM voting to ignore the BSC given that the BSC constituted a legal contract between BSC Parties.
- 13.11 Another PM stressed that operating the P305 processes for the 9 August 2019 DCE would be a significant waste of industry's and thereby consumers money with little to no output and therefore did not believe this work was worth doing.
- 13.12 A PM proposed raising a retrospective Modification to the BSC which would therefore require that Ofgem make a decision as to whether to force the industry to spend what may be in excess of £300k of consumers' money to address an impact of at most £30k.
- 13.13 The Ofgem Representative queried whether raising a BSC Modification was in lieu of Ofgem formally requesting that ELEXON continue to operate the processes set out within P305. A PM noted that it was not but it would provide Ofgem with the opportunity to rule out applying the Modification retrospectively to the August 9 incident (although they noted this would allow the industry to publically evidence that Ofgem had forced its hand in respect of taking what it believed to be a wasteful course of action).
- 13.14 The NGESO Representative noted that the wording of the letter from Ofgem would be important and that it could reduce or do away with the flexibility (in terms of timescales) granted previously. The BSC Panel discussed the possibility of undertaking some of the calculations in order to gain a better estimate of the potential impact. It was agreed that doing so might cost nearly as much as running the process to completion.
- 13.15 The Panel discussed earlier examples of precedent for ELEXON not operating processes set out under the BSC due to their representing unreasonable and inefficient cost implications. A PM noted that this instance was different as there had been clear, albeit informal steer from Ofgem that it expected ELEXON to complete these processes.
- 13.16 MB reiterated that it had been the BSC Panel's view at its September 2019 meeting that these processes should be suspended and a letter sent to Ofgem to this effect. The Panel noted that it was fully supportive of ELEXON and recognized the difficult position it had been put in.
- 13.17 The Panel Chair asked that the draft minutes for this discussion should be provided as early as possible to Ofgem in order that the discussion might inform Ofgem's response on this matter, and that for the time being the action be held open.

## 14. Review of Panel Committee Membership and Application Process – 295/12

- 14.1 The BSC Panel was supportive of the improvements ELEXON proposed. A PM noted that a benefit of Panel Committee Member applications being decided upon by a Quorum of Panel Members was that it eliminates bias. The PM recommended that ELEXON should ensure that Panel Committee Chairs felt empowered to

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speaking out should any individual Panel Sponsor demonstrate any bias in their deciding on Panel Committee Applications.

## 15. Chairman's Report – Verbal

- 15.1 The Panel Chair highlighted OVO's acquisition of SSE's customers, Shell Energy's acquisition of Green Star Energy's customers and the recent enforcement action taken by Ofgem against Suppliers which had failed to make their Renewable Obligation (RO) payments. The Panel Chair noted that this could result in further Supplier bankruptcies in the future.
- 15.2 A PM expressed concern that certain deals being struck by Suppliers to exit the market might result in Capacity Market (CM) funds not being available (if required) to be returned to consumers and noted that this should be an item of interest for Ofgem.

## 16. ELEXON Report – 295/01

- 16.1 MB highlighted that discussions with the Electricity Networks Association (ENA) regarding Remote Teleswitching (RTS) were progressing well. The BSC Panel discussed the potential risks of other communications networks becoming defunct and whether the smart roll out would address these risks.
- 16.2 MB highlighted ELEXON's new BSC Change podcasts for [P391 'Introducing Desktop Audits'](#) and ['CP1520 Clarification to 'Change of Ownership' process in BSCP537'](#). MB highlighted the additional detailed design work Ofgem had asked ELEXON to lead on in respect of Market Wide Half-Hourly Settlement (MHHS). MB noted that since the ELEXON Report was drafted Ofgem had made a preliminary decision to approve the MHHS Target Operating Model (TOM). MB noted that ELEXON and the BSC Panel had submitted responses to Ofgem's Code Governance Review consultation.
- 16.3 MB noted that last month ELEXON had flagged the new proposed structure of the Retail Energy Code (REC) which was being split into three distinct services, namely: Performance Assurance, Technical Services and Professional Services, with each being tendered for separately and the Performance Assurance role being mutually exclusive. And that it had invited the RECCo to share its thinking with the industry. The RECCo had since held two similar engagement days with industry to present the proposed new structure.
- 16.4 A PM recounted their experience one of the events, noting that there had only been 11 attendees. The PM noted that they had expressed their strong concern for the fragmented structure being proposed. They felt that the RECCo might be passing up the opportunity to emulate the structures in the BSC which have been proven to work. They recognised the need to avoid the worst aspects of monopoly arrangements which have been seen with the Data Collection Company (DCC). The PM noted that while there are areas where ELEXON could improve, there are many more areas where ELEXON's operating model has proven effective, resulted in high levels of customer satisfaction and served the industry well. The PM noted their concerns over conflicts of interest and other risks and challenges which would arise from having the REC split into these three distinct roles, both in respect of any tender process and operationally. The BSC Panel discussed these concerns. The PM noted that the RECCo board members in attendance had noted that Ofgem had challenged them to be innovative in their approach to developing the REC. However the PM felt that it would have been more productive to investigate and question what the differences were across existing arrangements which have resulted in more and less efficient and effective Code Management.
- 16.5 The PM noted that in their experience in the gas market, the challenges presented by having an external, independently managed Performance Assurance function often outweigh the benefits; particularly in respect of data provision and availability for assurance purposes.
- 16.6 The Panel Chair also noted that the proposed structure seemed to be very much against the direction of travel in respect of Codes consolidation and alignment. Noting that this direction was surprising given the apparent benefits of having these services under the same roof.

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## 17. DSO Report – Verbal

- 17.1 The DSO Representative noted that there was nothing to report.

## 18. NGESO Report – Verbal

- 18.1 The NGESO Representative highlighted Ofgem's letter in respect of P392 and that it had indicated that the Ts&Cs were approved by Ofgem's director. The NGESO Representative encouraged Panel Members to read the letter.
- 18.2 The NGESO Representative noted references in NGESO's latest draft Short Term Operating Reserve (STOR) position. The NGESO Representative encouraged Panel Members to review and respond with any feedback.
- 18.3 NGESO had also started the C16 process consultation and will be holding a workshop in the near future. The NGESO Representative noted that the reason this workshop was being held was to ensure that it had time to undertake additional consultation ahead of Christmas 2019. He also highlighted that there were imminent changes for Interconnectors which would be consulted on at the same time.
- 18.4 NGESO had published its draft business plan on 1 October 2019 outlining its plans for the RIIO2 period.
- 18.5 NGESO had also published its Winter Outlook Report which indicates a larger electricity margin than 2018/19 with no expected issues; the gas margin is expected to be sufficient in all NGESO's security scenarios. NGESO did not expect adequacy or operational challenges as part of Brexit and it has all of the right tools to manage expected operability challenges over the 2019/20 winter period.

## 19. Ofgem Report – Verbal

- 19.1 The Ofgem Representative noted that the [Code Administrator survey results](#) would be published imminently. Also highlighted was the Code Governance review and that Ofgem was presently reviewing a large number of detailed responses to its recent consultation. Ofgem had appointed a new CEO, Jonathan Brearley who would take up the role formally at the end of February 2019.
- 19.2 The Ofgem Representative noted enforcement action taken against Suppliers in respect of their Renewables Obligation (RO) compliance. Suppliers were ordered to pay c. £15M by 31 October 2019. He noted that those Suppliers had missed the 1 September 2019 payment deadline without providing adequate assurance that payment would be made by the late payment deadline. Failure to pay by 31 October 2019 might result in Ofgem initiating processes to revoke those Suppliers' licences.
- 19.3 The Ofgem Representative noted the Electricity System Operator (ESO) mid-year review and invited industry feedback whether formal, informal, quantitative or qualitative. Feedback needed to be provided by 18 October 2020.
- 19.4 The Ofgem Representative highlighted the conditions for effective competition which would need to be met if Ofgem were to recommend that the Government remove the retail market price cap; and that Ofgem had published its decision on the framework that we will use to assess whether those conditions are met and that this would be presented at the [November 2019 Panel meeting](#).
- 19.5 Ofgem has published its [State of the Market Report for 2019](#).
- 19.6 A PM enquired after the status of the legal case brought by a Supplier in respect of the price cap. The Ofgem representative noted that they did not have an update but that they believed the case was on-going.

## 20. Reports – 294/01B, C, D

- 20.1 The Panel noted the reports from the ISG, SVG and PAB.

## 21. Trading Operations: BSC Operations Headline Report – 294/02

- 21.1 The Panel noted the [BSC Operations Headline Report](#).

# MINUTES

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## 22. System Price Analysis Report (SPAR) – ISG 220

- 22.1 The Panel noted the [System Price Analysis Report](#).

## 23. Any Other Business – Open session

- 23.1 A PM noted that the [Electricity Arbitration Association](#) (EAA) had not been used by a market participant since its inception in 1993. The PM highlighted that the documentation of the EAA's website was out of date and that through discussions with a number of large Suppliers it was their understanding that no Supplier would likely choose the EAA as the preferred mechanism to resolve a dispute. The PM suggested that it may have been a costly oversight that the EAA's function had not been revised as payments had been made to the EAA through the BSC since 1993.
- 23.2 The BSC Panel discussed the risks associated with terminating the EAA including the possibility that historic contracts between market participants might make reference to the EAA. The BSC Panel and ELEXON discussed the most appropriate action to resolve this and considered establishing an Issue Group, it was agreed that this might not be the most efficient mechanism by which to address this issue. ELEXON took an action to investigate this matter and to take appropriate action.

### ACTION 295/02

- 23.3 A PM flagged Distribution Connection and Use of System Agreement (DCUSA) Change Proposal (DCP) 358 to ELEXON, as part of the change which proposed to store the data on embedded assets over 1Mwh, one option being considered is to store the data within ELEXON's systems, thus enabling ELEXON to publish this data through the BSC. This option is being considered on the basis that Distribution Network Operators (DNOs) could not publish the data themselves due to conditions within the Utility Act.

## NON-MODIFICATION BUSINESS (OPEN SESSION)

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## 24. BMRS Change Board Terms of Reference – Tabled – 295/13

- 24.1 The BSC Panel:
- a) **APPROVED** the final draft of the BMRS Change Board Terms of Reference.

## 25. Approval of the Reference Network Mapping – 295/14

- 25.1 The BSC Panel:
- a) **NOTED** that the draft reference NMS had been updated with comments from NGESO since the previous version was provided to the Panel;
  - b) **APPROVED** the attached draft reference NMS 2018/2019 for use as the reference NMS in the BSC Year 2020/2021; and
  - c) **NOTED** that ELEXON would provide the reference NMS 2018/2019 to the TLFA and the NGESO Transmission Company and will publish it on the BSC Website no later than 19 October 2019.

## 26. Next Meeting

- 26.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on **Thursday 14 November 2019**.