

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.

297/01 ELEXON Report BSC Panel

Date of Meeting	12 December 2019
Paper Number	297/01
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

We've announced 2020 dates for the ELEXON seminar: Introduction to the energy market and are now taking applications.

BSC Parties are invited to input into an exercise to make a comparative judgement on a series of Settlement Risks.

We are still looking for members for our newest committee the BMRS Change Board. There are updates on our progress in delivering our Data Strategy and the Energy Data Taskforce's recommendations.

We've issued a response to Ofgem's decision regarding National Grid's derogation for Project TERRE. There are also a number of significant updates on various European developments. Following this derogation ELEXON is working closely with National Grid ESO to deliver its P344 Wider Access commitments on 11 December 2019.

Following the restart of the Capacity Market (CM), EMRS issued invoices to CM Suppliers covering two separate Delivery Years. Of the funds which fell due in CM payments 97% have been successfully collected from Suppliers.

Updates are also provided regarding the development of the detailed design and architecture for Market Wide Half Hourly Settlement.

We also provide updates on the future governance of the Meter Point Administration Services (MPAS) and the BSC Sandbox.

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:

- Agency for the Cooperation of Energy Regulators' (ACER's) consultation on 'The methodology to determine prices for the balancing energy for the frequency restoration process, and the reserve replacement process, including the methodology for pricing of cross-zonal capacity'
 - + Our response welcomes the proposed changes to promote consistent terminology
 - + We disagreed that balancing bids for system constraints should be used to update the Cross-Zonal Capacity, and therefore distort the cross-border marginal balancing energy price
- ACER's consultation on 'The implementation framework for a European platform for the exchange of balancing energy from frequency restoration reserves with manual activation'
 - + Our response agreed to allow scheduled counter-activations, but noted that direct counter-activations could happen for reasons other than balancing, and that this could distort imbalance prices so that they no longer represent the time value of energy
- Ofgem's consultation on the Energy Company Obligation (ECO3) methodologies for calculating electricity and gas supply volumes
 - + Our response sets out how the required volumes for determining Energy Company Obligation targets can be obtained from existing data flows, and where the consultation has incorrectly identified Consumption Component Classes relating to domestic consumption

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



ELEXON seminar: Introduction to the energy market

This one-day seminar provides a useful overview of the balancing mechanism and imbalance settlement processes and how the different industry bodies interact with them.

[Register for dates in 2020](#)

Due to the popularity of our seminars, we can only accommodate **a maximum of 5 attendees per company per event** to allow as many people from across the industry to attend as possible.

Assessing Supplier Volume Allocation Settlement Risks

As part of our preparations for the 2020/21 Risk Operating Plan, we are asking for input into a survey where BSC Parties make a comparative judgement on a series of Risks, deciding which one is the most important. In particular we would like to hear from representatives of teams dealing with processes related to Settlement risk. See the [link on our website](#) for more information. Please complete the survey by 31 January 2020.



New Industry Committee: BMRS Change Board (BCB)

We are recruiting for members to join the new BCB. This is an opportunity for both industry and non-industry members to guide the long-term development and strategy of the Balancing Mechanism Reporting Service (BMRS) platform and open data. [Put yourself forward for membership](#) or, if you have any questions, please email roger.harris@elexon.co.uk or zaahir.ghanty@elexon.co.uk.



Latest System Prices Analysis Report (SPAR)

Our monthly update on price calculations provides data and analysis specific to System Prices and the Balancing Mechanism, and demonstrates the data used to derive the prices. The data is a combination of Interim Information (II) and Initial (SF) Settlement Runs.

[View this month's report online](#)



Flexibility within the industry – Mark Bygraves in New Power

Mark Bygraves has stated that flexibility platforms can help decarbonise the electricity industry in an article published by New Power.

In his article, Mark says that greater flexibility within the electricity industry would help achieve the government's 'net zero' carbon emissions target by 2050. Greater flexibility options include encouraging more demand side response (DSR) and unlocking the potential of battery storage to assist flexibility.

For more details and a link to the original article view [the article published on ELEXON's website](#).

Data Strategy and Energy Data Taskforce

We are progressing work on making our data more easily available as part of the recommendations of the EDTF. The BSC Panel agreed to our proposal at its September Panel meeting: to reduce the cost of access for non- BSC Parties; and the creation of a free interim service to make certain data more freely available. We have drafted a Modification Proposal that seeks to embed the principles of Open Data in the BSC, in line with EDTF recommendations. The Modification seeks to improve ease of access to data already in the public domain, and to establish a governance procedure by which future requests for data access can be assessed without the need for a Modification. It will also gather requirements for an enduring IT solution to support access to BSC data, adhering to open data principles. We will ask the Panel to raise the proposal at the December 2019 Panel meeting.

We have also been invited by Ofgem (as part of a cross code body group), to help Ofgem take forward the recommendations of the EDTF. These actions focus on creation of a set of principles for data best practice and data sharing. Also, Innovate UK with BEIS and Ofgem have launched an Innovation funding competition on modernising energy data access and information. It aims to 'solve the fundamental problem of exchanging digital energy information between energy organisations and with other stakeholders by supporting the development of products or services, which can later be commercialised and employed to solve similar problems elsewhere'. We will consider how to participate and as a minimum have offered to Ofgem to help them learn lessons from across all successful innovations projects.

“...a new Data and Insights platform for ELEXON and BSC Parties...”

The analysis phase of our Data Strategy has completed with the delivery of a blueprint for how we will manage data in all future technology solutions. Now business-led data projects are being identified for delivery.

The 'Open Data' project has been identified as the initial project to be delivered. This will create a new Data and Insights platform for ELEXON and its parties, which supports both our EDTF commitments and our plans to migrate the BMRS system to a new cloud native, data architecture. Work is underway on the development of an interim solution for the provision of key data items.



III. Industry News

European and Brexit Developments

In the light of the General Election, there were no significant Brexit developments this month.

EV initiatives

The Electric Vehicles Energy Taskforce (EVET) was established in September 2018 by Energy Systems Catapult and Low CVP on behalf of the Department for Transport and OLEV. It is now expected to produce a final report November/December 2019 (originally June 2019) – publication may be held back until after the election. The Final report will be based on the work of four EVET Work Programmes (WPs) led and supported by ESC, Low CVP and industry experts and volunteers (including those from ELEXON).

Network Code on Emergency and Restoration (NC ER)

In October 2019, Ofgem published [a second Request for Amendment of ESO's proposals](#) for terms and conditions for system defence providers and system restoration providers. The proposals were required under NC ER Article 4. On 18 November 2019, ESO published a [consultation](#) on its proposed amendments.

On 22 November 2019, Ofgem published another [NC ER Request for Amendment](#). This covered amendments to the ESO's proposals for market suspension, restoration and imbalance settlement during market suspension and is likely to lead to one or more BSC Modifications. ESO is expected to publish a consultation on its proposed amendments shortly.

REMIT

ACER hosted a number of roundtables related to the Regulation on Energy Market Integrity and Transparency (REMIT) in November 2019. As ELEXON hosts the [GB electricity REMIT inside information platform \(IIP\)](#), we attended the roundtables for IIPs on 26 November 2019. Amongst other things ACER covered new certification requirements for IIPs before use of IIPs becomes mandatory from July 2020; and new electronic formats for some inside information (but with no implementation date yet).

Additional links and information is available on our webpage for [EU](#)





Electricity Balancing Guideline (EB GL)

On 28 November 2019, Ofgem published its [decision to grant a derogation to ESO in respect of the go-live of Project TERRE](#), the European Replacement Reserve balancing project.

In accordance with the decision, ESO must start using the TERRE platform by 30 June 2020, or by the time the French system operator, RTE, starts using the TERRE platform, or when it makes its cross-zonal capacity available for exchange, whichever of these dates comes first.

The decision also requests that National Grid ESO ensures that Wider Access to the BM is implemented in December 2019.

Following Ofgem's decision to grant National Grid ESO this derogation ELEXON is working closely to align its plans for TERRE industry testing with National Grid ESO. It is currently anticipated that TERRE testing will start in Q1 2020, so that ELEXON can deliver its [BSC Modification P344 'Project TERRE'](#) commitments by 30 June 2020.

[ELEXON's response](#) to Ofgem's decision to grant the derogation is available on our website. ELEXON is working closely with National Grid ESO to deliver its P344 Wider Access commitments on 11 December 2019. This deployment will deliver benefits to GB consumers and new participants wishing to trade under the BSC. From this date the BM will be ready to receive independent aggregators as market participants, under the arrangements defined in Modification [P344 and Change Proposal CP1517](#).



[Ofgem's response](#) to the National Grid ESO derogation request, which was lodged on 18 June 2019, is available on Ofgem's website. More information on [Wider Access and TERRE](#) is available on ELEXON's website.

The Agency for the Cooperation of Energy Regulators (ACER) held a public workshop in Brussels on 13 November 2019. The workshop discussed the implementation frameworks for various European balancing platforms including for manually-activated Frequency Restoration Reserve (mFRR) and automatically-activated FRR (aFRR). It included the clearing price methodology and cross-zonal capacity for these platforms. This methodology also extends to Project TERRE.

mFRR is to be delivered by Project MARI, which is similar to Project TERRE and in which, like TERRE, and subject to Brexit, we expect GB will participate. (We do not expect GB to participate in the aFRR platform, being delivered by Project PICASSO.)

The associated ACER public consultation closed on 18 November 2019. ACER is likely to make a decision around 24 January 2020, which, if approved, will start the legal implementation timetables set out in the EB GL, e.g. 30 months for MARI.



November 2019 BSC Release is now live

We issued a Release Circular on Monday 4 November 2019 to notify you of the changes we will implement on Monday 11 November 2019. There are three document-only changes in the scope of the Release.

Further detail is available on the [November 2019 release webpage](#).

Transmission Loss Factors values for the Winter 2019 BSC Season

The BM Unit Specific TLF values for the Winter 2019 BSC Season, which runs from 1 December 2019 to 29 February 2020, are available on the BSC Year 2019/20 TLFs Determination page on the [ELEXON Portal](#). If you have any questions, please email bm.unit@elexon.co.uk.

Transmission Loss Factors - Prevailing Network Mapping Statement

The Prevailing Network Mapping Statement updates the Reference Network Mapping Statement approved by the BSC Panel in October 2019 to include any new BM Units registered since 31 August 2019. This version also removes any BMUs de-registered with an Effective To Date on, or before 31 August 2019. If you have any questions, please email bm.unit@elexon.co.uk.

IV. Operational News

Credit Assessment Load Factor (CALF) values for the Spring 2020 BSC Season: 1 February 2020 appeal deadline

If you are the Lead Party of a non-Credit Qualifying BMU, you can appeal an assigned CALF value if you believe it does not accurately represent your expected activity. To raise an appeal, please complete the CALF Appeals pro forma in Appendix 7 of the [CALF Guidance document](#) and email it to bscservicedesk@cgi.com by 1 February 2020. To find out more about CALF appeals, please see Section 12 of the CALF Guidance document.

The holiday CALF deadline for the Spring 2020 BSC Season is Monday 17 February 2020, 10 working days before the start of the season. If you want to request a copy of the Holiday CALF proforma or if you have any other queries, please email bscservicedesk@cgi.com.

CALF values for the Spring 2020 BSC Season, which runs from 1 March to 31 May 2020, are available from the Credit/Credit Alerting section under the Financial and Credit menu on the ELEXON Portal.

Latest Trading Operations Report published

The latest monthly Trading Operations Report is now available on our website. This report provides information on the state of the BSC market including issues and incidents, and a summary of the key events that may have had an impact on BSC Parties. It is produced monthly to meet the schedule of BSC Panel meetings.

[ELEXON Trading Operations Report](#)



EMR Update

Capacity Market Restart

The Secretary of State notified The Electricity Settlements Company (ESC) of the European Commission's decision confirming that the GB Capacity Market scheme is compatible with EU State Aid rules in late November 2019. This meant that capacity payments could restart under the GB Capacity Market scheme.

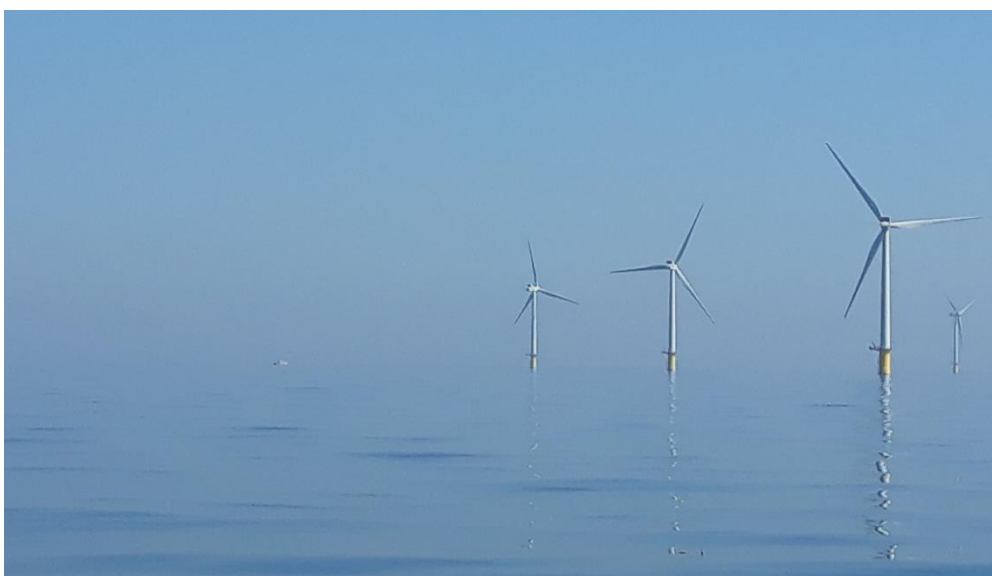
EMRS issued invoices to Capacity Market Suppliers (one invoice for each delivery year) for the Standstill Collection Period Supplier Charge on Thursday 14 November. The Standstill Collection Period covers the period starting 01 October 2018 to 30 November 2019 and so covers two separate Delivery Years, and Suppliers had five working days to pay the Standstill Collection Period Supplier Charge. Of the funds which fell due in CM payments 97% have been successfully collected from Suppliers.

EMR Circulars

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

- + EMRC195: Amendments following the 2018 MSE and updates to facilitate Project TERRE
- + EMRC194: Changes being applied to CMVRN processes

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)

ELEXON is finalising its plans and has agreed them with Ofgem for the activities and deliverables of its next phase of detailed design, code change and architecture work for MHHS. This includes establishment of two new industry working groups, which ELEXON is running (including continued technical leadership). These are:

- The Code Change and Development Group (CCDG), leading further detailed design work on the MHHS Target Operating Model (TOM); and
- The Architecture Working Group (AWG), leading on solutions for the industry system architecture design.

Ofgem has now confirmed the groups' membership and terms of reference. ELEXON will hold the inaugural meetings in the first half of December 2019. The next phase and ELEXON's leadership of the groups will run for 12-18 months.

Ofgem has extended its thanks to ELEXON for the design leadership and delivery to agreed timescales.

Ofgem is very keen on the importance of the enabling aspect of HHS for innovation so that customers can reap the benefits. ELEXON has explained its approach so far with the Target Operating Model (TOM) design, that this is a key feature and how ELEXON is (through delivery of ELEXON's Foundation Programme) designing/implementing a flexible scalable approach to delivery and service (and system replacement). ELEXON also highlighted its collaboration with Energy Systems Catapult's Innovative Support Platform.

Ofgem recognised the need for a more joined approach across industry not only on the market design elements (and what is suggested in the Code Reform work on a strategic body) but also on the architecture and implementation/delivery to ensure efficient and effective solutions. ELEXON reiterated its position that this is essential in order for the potential benefits to be realised.



BSC Sandbox, Modification P362

Ofgem has published the [P374](#) decision and [the Sandbox \(P362\)](#) is not impacted by the Electricity Balancing Guidelines (EB GL) derogations. Ofgem is therefore looking at a possible restart of the sandbox in January 2020. Separately, Ofgem has approved a modification to the DCUSA for it to create a regulatory sandbox and the provisions closely follow those which created the BSC sandbox.



Retail Energy Code (REC) Manager (and Ofgem Switching Programme)

ELEXON's Director of Strategy, Angela Love presented to the Energy UK Retail committee on 19 November 2019 comprising senior regulatory and business representatives of suppliers where she drew their attention to the "three lot" structure being proposed by RECCo.

VI. Industry Codes

ELEXON Policy View: A faster, more consistent process for changing energy codes

We have published our latest Policy View with proposals for 'quick wins' to bring about a faster, more consistent process for making changes to the 11 main energy industry codes. We fully support the review that BEIS and Ofgem are carrying out into the wider energy codes landscape although it will take time to develop and implement any reforms. We have therefore proposed practical solutions that could quickly deliver significant improvements to the change process across the codes.

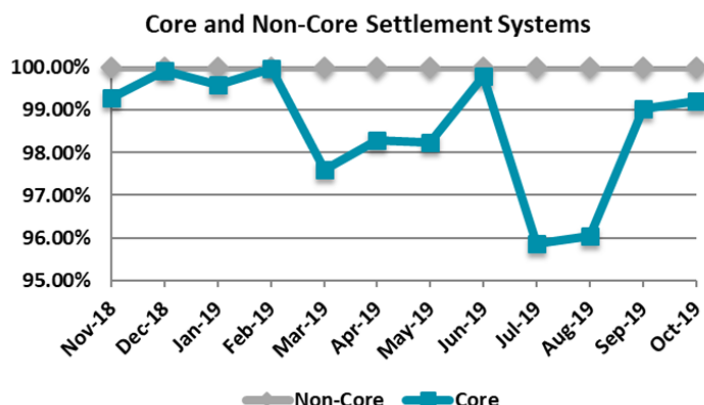
[Download the full Policy View: A faster, more consistent process for changing energy codes](#) or view a summary of the policy view at the page for our latest [ELEXON Insight: How we can streamline the Modification Process](#).

Future Governance of the Meter Point Administration Services (MPAS)

ELEXON participated in a governance workshop with Licenced Distribution System Operators (LDSOs) and Ofgem on Friday 8 November. Subject to addressing some LDSO concerns, there was agreement that the aspects of MPAS defined as the Supplier Meter Registrations Service (SMRS) currently exist in the BSC, and that this is a good match for the existing Meter Registration Agreement (MRA) obligations in this area. However, it was noted that there are other LDSO obligations that are wider than SMRS that should not move to the BSC.

Ofgem noted that it was minded to move the governance of the SMRS aspects of the MPAS to the BSC and whilst an action was taken to look at whether the BSC objectives are sufficient to cater for the interests of the LDSOs, Ofgem advised that they had not heard anything in the workshop to change its provisional position. This is a development as initially MPAS governance was to move to Distribution Connection and Use of System Agreement (DCUSA). Ofgem has since confirmed this position in its SCR launched last week.

VII. Key Performance Indicators Spot Light



Core and Non-Core BSC Systems

Performance on delivery of the BSC Agent services has improved in October 2019. There was 100% availability on the 24/7 BSC Agent Systems, ECVA and BMRA. Two incidents resulted in service level failures for SVAA and SAA with minimal impact to customers.

Supplier Performance

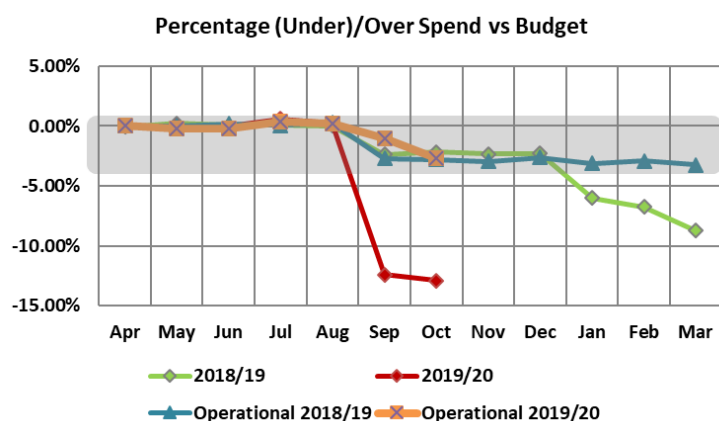
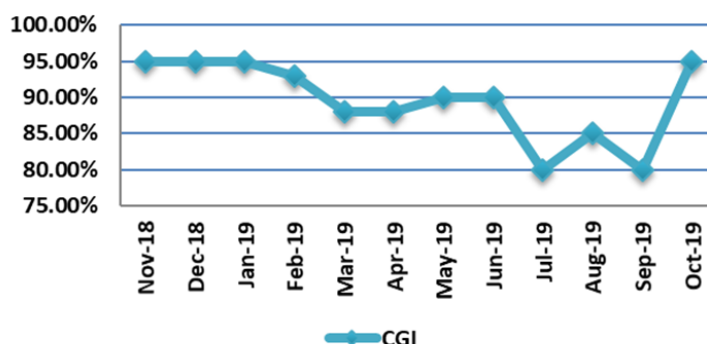
We have experienced the following service failures this month:

Core Systems

SAA - One Settlement report was released a day later than required in the Settlement Calendar. This was for the Settlement Final (SF) Settlement Run. The incident was caused by a tolerance limit outside of CGI control. There was limited impact to customers as the delay was limited to one day.

SVAA - A manual processing error resulted in parameter being incorrectly entered to the monthly MDD version; it will be loaded to the next version. There is no impact to customers.

Service Provider SLA Performance 2018/2019



Financial Year 2019/20 Spend against Budget compared with 2018/19

ELEXON overall is now 12.9% under budget for the financial year 2019-20. The operational forecast is 2.7% under budget, Contracted costs are 4.2% under budget, Demand led costs are 4.1% under budget, System Strategy costs are 53.5% under budget and Market Development costs are 10% under budget level.

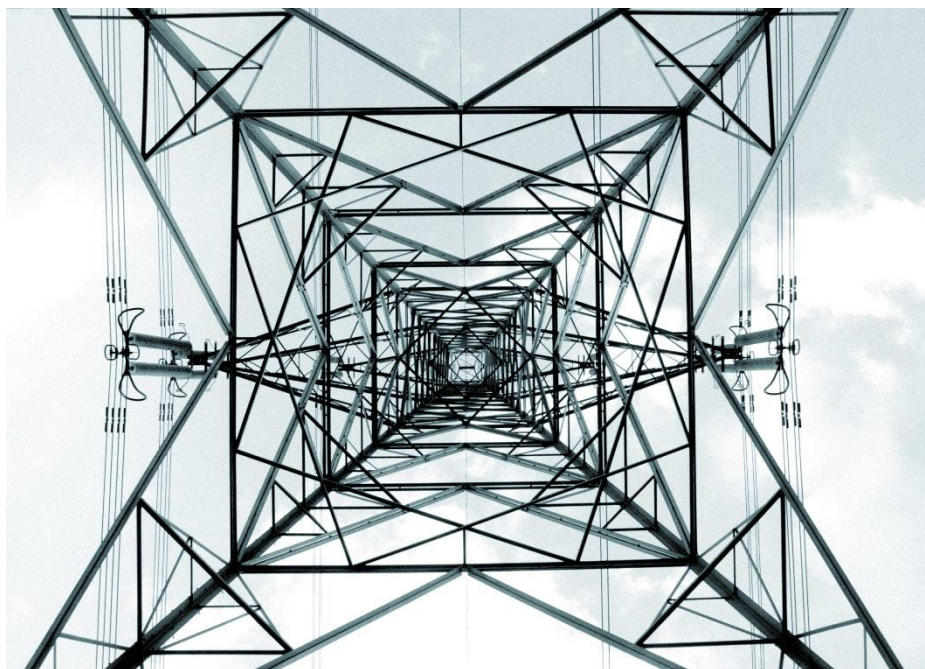
VIII. Summaries of Panel Business – Tabled

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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