

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 developing richer customer relationships.

Simplification & Consolidation

Reducing complexity and fragmentation.

Digital Platform

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

299/01 ELEXON Report BSC Panel

Date of Meeting	13 February 2020
Paper Number	299/01
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 published a new ELEXON insight article where two of our analysts have undertaken detailed analysis of Balancing Mechanism Reporting Service (BMRS) data in order to examine how the electricity industry has changed in the last decade.

Another highlight, ELEXON will be hosting a Performance Assurance day on 4 March 2020, sign up to learn more about the new and improved Performance Assurance Framework (PAF).

As expected with the UK exiting the European Union at 11pm on 31 January 2020, there are a host of developments detailed in our Industry News section. Also in European news, January saw the Trans European Replacement Reserves Exchange (TERRE) go live, albeit with only one Transmission System Operator (TSO) active, and the approval of project MARI (Manually Activated Reserves Initiative).

In local industry news ELEXON has identified that wind generation output in December 2019 was the highest all year.

The headline for Electricity Market Reform (EMR) is that capacity providers have been paid over £1bn in deferred payments relating to the standstill period for the Capacity Market. A £10m shortfall was mutualised (including £4m in respect of suppliers who continue to operate in the market).

Target Audience

ELEXON's customers and the wider industry.



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II. ELEXON News

Consultation Responses

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

- NGESO's consultation on their updated proposals for Market Suspension rules
 - + Our response asks for further detail on the market suspension trigger events.
- BEIS' consultation on their proposed amendments to the Heat Network Regulations
 - + Our response supports the proposed amendments to the regulations. More specifically, we agreed with adopting a system using building classes to assess the need for installing individual heat meters both for domestic and non-domestic heat network users. We also made some recommendations on how certain BSC processes could be used as an example for the metering operations for heat networks.
- Ofgem's consultation on the REC Technical Specification
 - + Our response, we agree with the preferred option for transforming and migrating metadata held in existing catalogues, and suggest precaution when reassigning data items, in order to protect the integrity of settlement.
 - + We note the Electricity Retail Data Service (ERDS) Service Definition with interest as this service will have important interactions with the Supplier Meter Registration Service (SMRS).
 - + We welcome the opportunity to continue to work with Ofgem on the testing approach, and note our expectation that BSCCo will remain the primary data master and distributor of all the essential electricity market domain data.

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



Call for Distribution Network representative to join the Imbalance Settlement Group (ISG)

ELEXON is looking for a new Distribution Network representative to sit on the BSC Panel Sub-Committee, the Imbalance Settlement Group. If you, or one of your colleagues might be interested please submit an application through the [online application form](#) on our website or contact Iain.Nicoll@elexon.co.uk

Sign up now for Performance Assurance Day on 4 March

We are hosting a Performance Assurance day on 4 March to offer BSC Parties the opportunity to find out more about how ELEXON fulfils its role as the Performance Assurance Administrator. It takes place from 10am to 3pm. We expect this to be a popular event so book your place early. All the details for the event and the registration sign up form are on [our website](#). [Read more](#)



ELEXON Insights: The electricity industry – ten years of change

The Balancing Mechanism Reporting Service (BMRS) provides in depth data on the electricity system. Business Intelligence Analyst Emma Tribe and Graduate Analyst Rebecca Fowler have delved into statistics that the BMRS provides to look at how the electricity system has changed over the past decade, including the generation fuel mix, changes in electricity demand and the rising costs for managing the electricity system.

Read [the article about their findings](#), which includes interactive graphs showing the data.



Funds Administration Agent (FAA) Payment Calendar now live

The FAA Payment Calendar for 2020-21 is now available on the FAA Dashboard on the [ELEXON Portal](#). This lists the Notification Date and calendar Payment Date for each Settlement Day and Settlement Code in BSC Year 2020 - 21. Any questions please contact bscservicedesk@cgi.com.

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

The Credit Assessment Load Factor (CALF) values for the Spring 2020 BSC Season, which runs from 1 March 2020 to 31 May 2020, are available from the Credit/Credit Alerting section under the Financial and Credit menu on the [ELEXON Portal](#). [Read more](#)

Trading Operations Report for December 2019 published

We have published the Trading Operations Report for December 2019. 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.

Among other facts, the report shows that the market was short for 56% of Settlement Periods in December 2019, the shortest month since the implementation of [Modification P305](#) 'Electricity Balancing Significant Code Review Developments' in November 2015. The system is short when demand exceeds generation. In December the lowest daily average price for when the electricity system is long was recorded since P305 was implemented. This occurred on 8 December when the long System Price was - £57.96/MWh. The system is long when there is more generation than demand on the system. [December Trading Operations Report](#)



III. Industry News

European and Brexit Developments

The UK left the European Union at 11pm on Friday 31 January 2020. However, during the remainder of 2020 (the Transition Period) we continue to be bound by EU laws and decisions.

Beyond 2020, the position is subject to any trade agreement with the EU that encompasses the electricity sector or to the UK Government's preferred position regarding electricity if there is no such agreement. For example, this may impact the requirement (set out below) to implement a harmonised imbalance settlement with a currently forecast deadline of end 2021/early 2022.

In the rest of this European section, we continue to assume compliance with EU electricity laws during 2020 and note the beyond-2020 requirements in current EU electricity laws, but which may or may not apply to GB

Network Code on Emergency and Restoration (NC ER)

In December 2019 ESO issued [a consultation on its amended proposals](#) for market suspension, restoration and imbalance settlement during market suspension.

We note that these proposals will, if eventually approved by Ofgem, probably give rise to two BSC Modifications: to align BSC and Grid Code if the TERRE market were ever suspended; and to reflect new, additional market suspension triggers proposed by ESO. ELEXON proposed the BSC changes that would be needed for the former (TERRE) and these were included as part of ESO's consultation. In January 2020, we sought further detail on the latter (non-TERRE) in our [consultation response](#) to ESO.



Electricity Balancing Guideline (EB GL)

We understand that the European TSOs' proposals for imbalance settlement harmonisation have been referred, in January 2020, to ACER for decision, with an ACER decision due by mid-July 2020. If ACER approves proposals at this point, there is then currently an obligation to implement these proposals with 18 months, so late 2021/early 2022 would be the implementation deadline.

[ACER made three decisions](#) on 24 January 2020, including one approving project MARI, which, like TERRE, will create a central trading platform and establish a new cross-EU balancing market; and another on the methodology for pricing balancing energy which covers the MARI and TERRE clearing prices.

ACER's approval of MARI starts a 30-month clock to legal implementation, which would also apply to GB and the BSC, but now only to the extent that UK-EU have agreed to this following the Brexit Transition this year. On this basis, we would need to implement MARI by 24 July 2022.

The European TERRE platform (LIBRA) went live in January 2020. Only one TSO has joined so far (covering the Czech Republic) with the rest joining in waves until 2021/22 (including ESO by June 2020).

Wind generation output in December 2019 was the highest all year

There is more evidence of the move to a lower carbon electricity system in our latest [BSC Operations Headline Report](#), which shows that in December 2019 wind farms produced a monthly total of 5,613MWh for the GB Market - the largest monthly total for wind in 2019. [Read more](#)



IV. Operational News

EMR Update

EMR Circulars

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

- + EMRC200: Capacity Providers paid over £1bn for their deferred capacity payments for the standstill period
- + EMRC199: Introduction of New Service Desk Tool

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

Capacity Market providers paid over £1bn in deferred payments

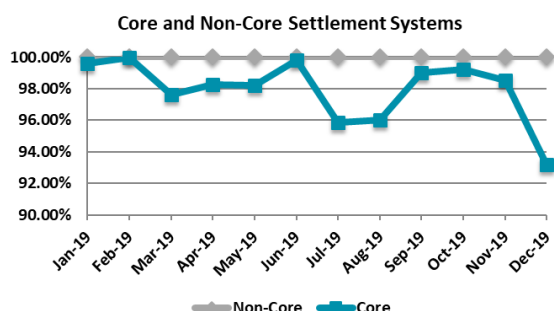
In its [press release](#) (January 20) the Electricity Settlements Company (ESC) confirmed that capacity providers have been paid over £1bn in deferred payments relating to the standstill period for the Capacity Market.

The ESC's statement highlighted work done by ELEXON's wholly owned subsidiary [EMR Settlement Ltd \(EMRS\)](#) in ensuring that the payments were made. EMRS is the Settlement Services Provider to the Low Carbon Contracts Company and the ESC, delivering settlement services for both the Capacity Market and the Contract for Difference schemes.





V. Key Performance Indicators Spot Light



Core and Non-Core BSC Systems

Performance against service levels has worsened in December with service levels failed across multiple systems. There were IT related incidents on the BMRA, ECVA and SAA. Manual process errors were made on the SVAA and FAA. An escalation has been progressed with the service provider.

Supplier Performance

We have experienced the following service failures this month:

BMRA - Following Deployment of Wider Access, there was an incident on 11 December, where Bid-Order Acceptance Level Flagged (BOALF) was sent by NGESO as the previous version without the amended flags and this was rectified. On the 12 December, NGESO sent incorrect version of the BOALF file, which was not accepted in

CRA - Following Wider Access deployment on 10 December, a defect was identified on the reporting functionality for BSC Parties where BSC Parties that requested to receive the older version of the SAA-IO14 Settlement Report. A work around was implemented on the 14 December and steps have been taken to mitigate any impact on BSC Parties.

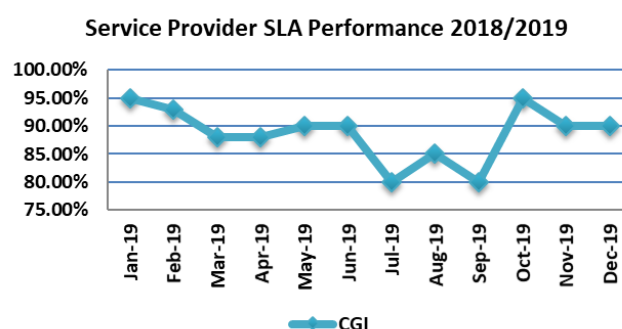
ECVAA - There was an unplanned outage on the ECVAA application between 12:00 (GMT) and 13:10 (GMT). ECVAA could not process files during that time leading to an ECVAA system failure, all files were processed after the outage. The incident was isolated to a database issue and enhance alerting has been in place since then to prevent future reoccurrence.

FAA - The credit cover for one party was overstated for 1 Working Day. This was due to a manual error by the FAA. The limited nature of this issue meant there was limited impact to BSC Parties.

SAA - On 13 December, ELEXON identified missing data required for the Credit Cover Calculations and this was due to data not included in the SAA IO13 (Credit/Debit Reports) issued to ECVAA. The incident was rectified and avoided material impact to BSC Parties.

On 16 December two SAA IO14 reports were not issued. This was due to a code issue following deployment of Wider Access.

SVAA - On 18 December, the Supplier Volume Allocation Agent (SVAA) has released duplicate Settlement Reports for the Settlement Final (SF) Run for Settlement Date 27 November 2019. This was due to an operator error and was communicated to Industry via ELEXON Circular EL03085.





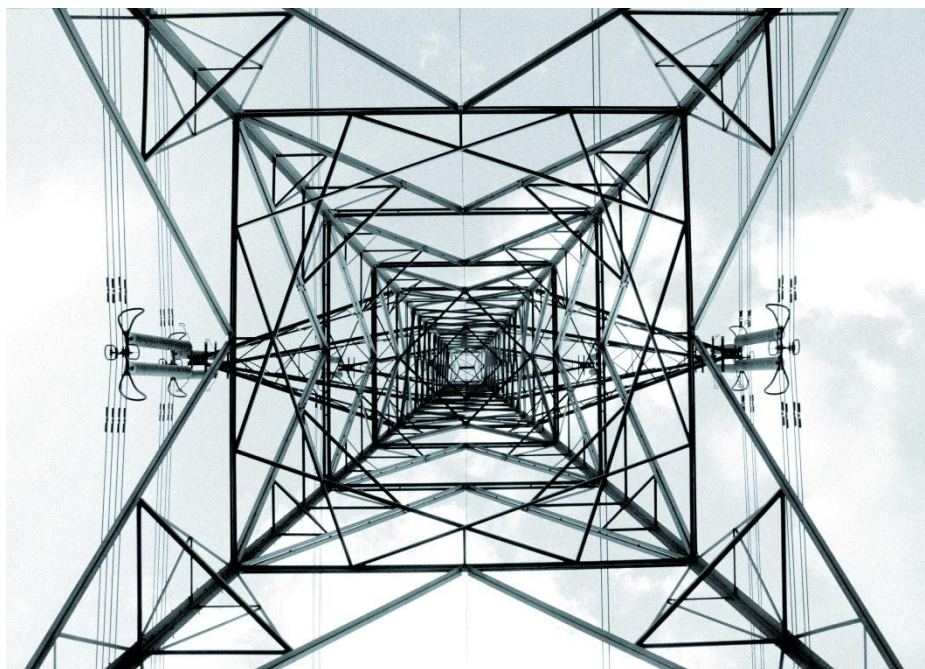
VI. Summaries of Panel Business – Tabled

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.

VII. 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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