

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

'Governance arrangements for BSC Panel Alternates'

To clarify the governance arrangements for BSC Panel Alternates in respect of their contribution to quoracy and voting at BSC Panel meetings. This will help to address ambiguity within the existing arrangements.



ELEXON recommends that the Panel raise this Modification in line with F2.1.1(d)(i)



ELEXON recommends that this Modification is progressed directly to the Report Phase with an initial recommendation to approve

This Modification is expected to impact:

- The BSC Panel; and
- BSCCo.

299/05

Governance arrangements
for BSC Panel Alternates

13 February 2020

Version 1.0

Page 1 of 10

© ELEXON Limited 2020

Contents

| | | |
|----------|--|-----------|
| 1 | Summary | 3 |
| 2 | Why Change? | 4 |
| 3 | Solution | 5 |
| 4 | Proposed Progression | 7 |
| 5 | Likely Impacts | 8 |
| 6 | Recommendations | 9 |
| | Appendix 1: Glossary & References | 10 |

About This Document

This document is an Initial Written Assessment (IWA), which ELEXON will present to the Panel on 13 February 2020. The Panel will consider the recommendations and agree whether to raise this Modification and, if so, how to progress it.

There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress.
- Attachment A contains the associated Proposal Form.
- Attachment B contains the draft proposed legal text.



Contact

Jason Jackson

020 7380 4187

bsc.change@elexon.co.uk

jason.jackson@elexon.co.uk



299/05

Governance arrangements
for BSC Panel Alternates

13 February 2020

Version 1.0

Page 2 of 10

© ELEXON Limited 2020

1 Summary

What is the issue?

Existing provisions are ambiguous on BSC Panel Alternates contribution to a quorum. Likewise in respect of the contribution of BSC Panel Members or Alternates attending by teleconference or similar means to a quorum.

Existing provisions have the potential to unduly concentrate power in an individual and undermine the rules relating to quorum and robust decision-making.

This ambiguity presents potential risks to the robustness of BSC Panel Governance.

What is the proposed solution?

Amend Section B to clarify that:

- A quorum is based on the number of individuals present; and
- Alternates may only stand in for a single Panel Member, thereby only casting one vote in the case that they are a Panel Alternate and only casting two votes in the case that the appointed Alternate is also a Panel Member.

Impacts

Impacts will be minimal and limited to the BSC Panel and ELEXON in its role as the BSCCo.

Costs - 2 day FTE, equating to approximately £480

Implementation

If approved, it is proposed to implement this Modification on 25 June 2020 within the June 2020 BSC Scheduled Release.

Recommendation

ELEXON recommends under Section F2.1.1(d)(i), that this Modification is **raised by the Panel** and progressed **directly to the Report Phase** as a **Self-Governance** Modification Proposal. ELEXON believe this Modification better facilitates Applicable BSC Objective (d) – “Promoting efficiency in the implementation of the balancing and settlement arrangements”.

2 Why Change?

Appointing BSC Panel Alternates

While it has never been an issue in the past, it is ELEXON's view that amendments should be made with respect to the process by which, a voting BSC Panel Member appoints an Alternate for a meeting they are unable to attend for the sake of clarification and good governance. These amendments will remove existing ambiguity in respect of voting and ensure the continued good governance of the BSC Panel. We are effectively proposing to enshrine current working practice into the BSC to mitigate the risk of potential abuse.

BSC Panel Quorum

Again while this has not been an issue in the past it is ELEXON's view that amendments should be made to the Code to clarify that BSC Panel Alternates count toward the quoracy of a BSC Panel meeting. In addition the existing BSC text is not explicit that a BSC Panel Member or Alternate counts towards quoracy when attending by teleconference or similar means.

What is the issue?

Existing provisions are ambiguous on BSC Panel Alternates contribution to a quorum. Likewise in respect of the contribution of BSC Panel Members or Alternates attending by teleconference or similar means to a quorum.

Existing provisions have the potential to unduly concentrate power in an individual and undermine the rules relating to quorum and robust decision-making. While this has not been found to be the case in the past this possibility should be mitigated against in order to ensure the continued good governance of the BSC Panel.

This ambiguity presents potential risks to the robustness of BSC Panel Governance. While unlikely to occur the existing ambiguity has the potential to result in a single attending Panel Member passing a vote against a majority of Panel Members in attendance at the meeting.

Proposed solution

Amend Section B to clarify that:

- A quorum is based on the number of individuals present in person and/or remotely; and
- That Alternates may only stand in for a single Panel Member, thereby only casting one vote in the case that they are a Panel Alternate and only casting two votes in the case that the appointed Alternate is also a Panel Member.

This means that an Alternate or Panel Member can only ever cast a maximum of two votes.

The desired outcome of this Modification is to ensure the ongoing efficacy and robustness of the BSC Panel governance arrangements.

Applicable BSC 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 |

ELEXON believes that the changes to clarify and improve the governance arrangements for BSC Panel Alternates will better facilitate the achievement of BSC Objective (d) by ensuring the on-going good governance of the BSC Panel and by promoting efficiency through clarifying existing arrangements.

ELEXON believes that these changes will ensure that the good governance of the BSC Panel is maintained and that it will better align to the BSC Panel Objectives, particularly Objective (c) "that the Code is given effect without undue discrimination between Parties or classes of Party".

299/05

Governance arrangements
for BSC Panel Alternates

13 February 2020

Version 1.0

Page 5 of 10

© ELEXON Limited 2020

Implementation approach

It is recommended that this Modification is progressed under **Self-Governance**. This Modification meets the **Self-Governance** criteria on the basis that the changes being introduced will be relatively minor and clarify existing arrangements ensuring the on-going good governance of the BSC Panel and BSC Change processes, rather than making significant or material changes to the Code's governance or Modification procedures.

It is recommended that this proposed Modification is implemented on **25 June 2020**, within the June 2020 Scheduled Release, if approved. This is the next available Release.

4 Proposed Progression

Next steps

ELEXON proposes that this Modification is progressed **directly to Report Phase** under Self-Governance. We believe that this Modification should progress directly to the Report Phase on the basis that the changes introduced are relatively inconsequential and therefore do not warrant taking additional industry time and resource above and beyond the mandatory industry consultation. We also believe that the benefits of clarifying the existing arrangements in this way are self-evident.

This Modification will be consulted on with the Industry and the Draft Modification Report will be presented to the BSC Panel at its March 2020 meeting.

Timetable

| Proposed Progression Timetable for this Modification | |
|--|-----------------------|
| Event | Date |
| Present Initial Written Assessment to Panel | 13 Feb 20 |
| Report Phase Consultation (10 WDs) | 18 Feb 20 – 02 Mar 20 |
| Present Draft Modification Report to Panel | 12 Mar 20 |
| Issue Final Modification Report to Authority | 16 Mar 20 |

5 Likely Impacts and Costs

Estimated central implementation costs

ELEXON's costs to implement this Modification will be approximately £480. This is primarily driven by the need to implement the changes to the BSC and ELEXON's internal processes:

- 1 Working Days effort to amend internal processes and documents: and
- 1 Working Days to implement document changes to the BSC and Code Subsidiary Documents.

We do not anticipate any additional effort to operate Panel meetings via remotely as this is already a service we offer and use.

Impact on BSC Parties and Party Agents

| | |
|-------------------|-----------|
| Party/Party Agent | No Impact |
|-------------------|-----------|

Impact on Transmission Company

No Impact

Impact on BSCCo

| | |
|------------------------------------|--|
| ELEXON - Panel & Committee Support | Minor amendments to working practices as part of implementation. |
|------------------------------------|--|

Impact on Code

| | |
|-----------|---|
| Section B | Amendments required to B2.10 and B4.3.2 |
|-----------|---|

Impact on a Significant Code Review (SCR) or other significant industry change projects

No direct impact expected. We requested SCR exempt this proposal from any of its open SCRs on DATE.

Impact on Consumers

No impact identified.

Impact on the Environment

No impact identified.

299/05

Governance arrangements
for BSC Panel Alternates

13 February 2020

Version 1.0

Page 8 of 10

© ELEXON Limited 2020

6 Recommendations

We invite the Panel to:

- **RAISE** this Modification Proposal in accordance with Section F2.1.1(d)(i);
- **AGREE** that this Modification progresses directly to the Report Phase;
- **AGREE** that this Modification:
 - **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** an initial recommendation that this Modification should be **approved**;
- **AGREE** an initial Implementation Date of:
 - 25 June 2020
- **AGREE** the draft legal text;
- **AGREE** an initial view that this Modification should be treated as a Self-Governance Modification; and
- **NOTE** that ELEXON will issue the this Modification draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 12 March 2020.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

| Acronym | |
|---------|-----------------------------|
| BSC | Balancing & Settlement Code |
| IWA | Initial Written Assessment |