

P392

Mod Title: 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

01	Modification
02	Workgroup Report
03	Draft Modification Report
04	Final Modification Report

Purpose of Modification: To ensure the process and responsibilities for amending BSC provisions constituting EBGL Article 18 terms and conditions reflect delegations made by NGESO in favour of the BSCCo and BSC Panel, to ensure a unified market change process. These changes are necessary to ensure the EBGL change process is followed as part of the existing BSC Change process, for all future BSC Modifications that impact the EBGL Article 18 terms and conditions found in the BSC. These changes are mainly administrative.

 EBGL Article 18 terms and conditions
 The Proposer recommends that this Modification should:

- Not be a Self-Governance Modification Proposal; and
- be assessed by a Workgroup and submitted into the Assessment Procedure

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.

 **Low Impact:**

- BSC Parties engaging in the BSC Modifications process
- Interested third parties engaging in the BSC Modifications process
- ELEXON

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Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	W/C 4 Nov 2019 or 18 Nov 2019
Assessment Procedure Consultation	6 Jan 2020 – 24 Jan 2020
Workgroup Report presented to Panel	13 Feb 2020
Report Phase Consultation	17 Feb 2020 - 28 Feb 2020
Draft Modification Report presented to Panel	12 Mar 2020
Final Modification Report submitted to Authority	W/C 16 Mar 2020

 **Any questions?**

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1 Summary

What is the issue?

National Grid Electricity System Operator (NGESO) is delegating some of its powers and obligations under European Electricity Balancing Guideline (EBGL) Articles 4, 6 and 10 to either of the Balancing and Settlement Code Company (BSCCo), or the BSC Panel. The BSC therefore needs to be amended to reflect the BSCCo's and BSC Panel's increased powers and obligations under the delegation to facilitate the EBGL change process within existing BSC change processes.

The EBGL Article 18 terms and conditions (for Balancing Service Providers and Balancing Responsible Parties) is currently proposed to be implemented by NGESO for April 4 2020 (subject to Ofgem approval, currently due by 4 October 2019).

Background

Where changes are to be made to the EBGL Article 18 terms and conditions related to balancing, NGESO has obligations under the EBGL to raise the Article 18 change proposal, run a one-month consultation, respond to feedback and submit the final proposal to Ofgem as the GB National Regulatory Authority (NRA) for final decision.

For BSC Modifications that directly impact EBGL Article 18 terms and conditions held in the BSC, this means two processes will have to be run in parallel, the aforementioned NGESO process, and the BSC Change process. This will be inefficient for all BSC parties, ELEXON, NGESO, Ofgem and makes the process unclear for industry if a change is not made to align the processes, which this Modification seeks to achieve.

What is the proposed solution?

Update the relevant BSC processes to capture the specific powers and obligations delegated to the BSCCo or the BSC Panel (as relevant) from NGESO, and clearly set out the change process that shall apply to any BSC Modification proposal seeking to amend any of the EBGL Article 18 terms and conditions.

We need to make this change to ensure the correct procedure is followed, satisfying the requirements in EBGL and run a clear and efficient process for all market participants and Ofgem, when applying the BSC change process to EBGL Article 18 terms and conditions.

This includes:

- incorporating provisions in the BSC which will require NGESO to act upon/give effect to the recommendations of the BSCCo/Panel, in designating a BSC Modification proposal as a "draft proposal" for the purposes of Article 10(1) of the EBGL ("**Art 18 mod proposal**");
- A one month industry consultation on the "draft proposal" under Article 10 of the EBGL prior to submission of the proposal to the Authority for approval under Article 4 ;
- The publication of the justifications for including or not including the views resulting from the consultation under Article 10(6) of the EBGL;
- the submission of the Art 18 mod proposal to the Authority for decision under Article 4; and
- A process to ensure that any send back by the Authority goes back through the whole EBGL amendment process.

- Ensure NGESO view is captured as a separate defined item in the Workgroup Assessment Report and Final Modification Report to the Authority

ELEXON and the BSC Panel are best placed to carry out these activities using the current Modification process with the above changes including Governance.

Requested Next Steps

We request that this Modification should:

- be progressed into the assessment Procedure for consideration by an industry Workgroup.

We highlight these are administrative changes to the Governance Rules under the BSC to facilitate an aligned, efficient market change process whereby the BSC and EBGL change processes are progressed together. Therefore, we initially suggest one or two Workgroups should be sufficient to agree the appropriate changes.

2 Why Change?

What is the issue?

NGESO is delegating some of its powers and obligations under EBGL Articles 4, 6 and 10 to either of the Balancing and Settlement Code Company (BSCCo), or the BSC Panel. The BSC therefore needs to be amended to reflect the BSCCo's and BSC Panel's increased powers and obligations (as outlined below under 'Delegations')

EBGL sets out the procedure that must be followed when making changes to the EBGL Article 18 terms and conditions for Balancing Service Providers (BSPs) and Balancing Responsible Parties (BRPs). It also sets out the NGESO's and Ofgem's powers and obligations in relation to developing and approving, respectively, EBGL Article 18 terms and conditions.

Although some of the EBGL Article 18 terms and conditions are constituted of BSC provisions, the BSC itself is not referred to in the EBGL. As such, the change process applicable to BSC Modifications does not by itself comply with the change process applicable to the amendment of the EBGL Article 18 terms and conditions under Article 6 of the EBGL. More specifically, the power to amend (and in the case of Ofgem, amend and approve) EBGL Article 18 terms and conditions sits only with the Electricity System Operator (ESO) or Ofgem under the EBGL.

Further, there is not a provision for a one month consultation process to be conducted prior to submission of the change proposal to Ofgem for decision in the BSC, which is expressly required under Article 10 of the EBGL. Similarly, the BSC doesn't explicitly require feedback be provided, or justification published in respect of the consultation process, which is specifically required under EBGL Article 10.

The BSC also does not provide for a process which recognises that a draft proposal seeking amendments to the EBGL Article 18 terms and conditions has been raised and therefore needs to follow the change process set out in the EBGL, and no process for capturing send back from Ofgem.

This Modification will allow ELEXON to incorporate the powers and obligations under articles 4, 6 and 10 delegated to the BSCCo and the BSC Panel by the ESO under Article 13 of the EBGL and set out the change process as it will apply to any BSC Modifications seeking to amend the EBGL Article 18 terms and conditions.

Delegations

NGESO shall be delegating the following tasks to ELEXON as the Balancing and Settlement Code Company :

1. The duty under EBGL Article 10(1) to conduct a one month consultation on the Art 18 mod proposal to the BSCCo along with the obligation to collate the consultation responses.
2. The duty under Art 10(6) to publish the justifications for including or not including the views resulting from the consultation.
3. The duty to submit the "proposal" to the Authority under EBGL Article 4.

NGESO is delegating the following tasks to the BSC Panel:

1. review consultation responses and decide whether to make changes and if so to what extent, to the Art 18 mod proposal under Article 10(6) of the EBGL
2. the decision to submit the Art 18 mod proposal to the Authority for decision under Article 4 of the EBGL

3 Code Specific Matters

Technical Skillsets

We propose the Workgroup that considers this Modification Proposal has the following expertise:

- Understanding of EBGL and specifically requirements in Articles 4, 6, 10, 13 and 18.
- Knowledge of the existing BSC change process, including BSC Section F 'Modification Procedures' governance.

Reference Documents

EBGL Regulations: https://www.entsoe.eu/network_codes/eb/

4 Solution

Proposed Solution

Update the relevant BSC Modification processes (through BSC Section F) to reflect the powers and obligations delegated by the NGESO. We need to make this change to ensure that we satisfy the requirements in EBGL upon delegation in a unified, clear and efficient market change process for the benefit of all market participants and Ofgem as the GB NRA.

Although NGESO's right to designate a BSC Modification proposal as a 'draft proposal' for the purposes of Art 10(1) of the EBGL Regulations has not been delegated, this Modification proposes that new provisions be added to the BSC requiring the ESO to act upon/give effect to the recommendations of the BSCCo/BSC Panel, in granting such a designation.

NGESO feel it is important that our view is captured in the BSC Modification process, in Workgroup reports and the Final Modification Report to the Authority. To support this we recommend changes to the relevant documentation so that Ofgem will be aware of NGESO views specifically when making its decision on any future EBGL A18 changes. This could be a simple paragraph or section within each of the relevant reports.

5 Impacts & Other Considerations

Impacts

The BSC, its processes, and ELEXON and NGENSO are impacted by this change.

BSC Parties raising Modifications that impact EBGL Article 18 terms and conditions.

Interested third parties engaging in the BSC Modifications process may be impacted by this change

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

We don't consider this Modification Proposal impacts any SCR or other significant industry change projects.

Consumer Impacts

We don't consider there to be any consumer impacts resulting from this Modification Proposal.

Environmental Impacts

We don't consider there to be any environmental impacts resulting from this Modification Proposal.

6 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	Positive
(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]	Positive
(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

This proposal positively impacts Applicable BSC Objectives (a), (d) and (e).

P392 positively impacts Applicable BSC Objective (a) as the solution to this Modification Proposal ensures the effective discharge of Transmission Company (Electricity System Operator) obligations through delegations.

P392 positively impacts applicable Objective d, as P392 is fundamental in ensuring that we satisfy the requirements in EBGL A6 and 10. It also has a positive impact on administration of the BSC as it ensures that these processes are captured in the governance rules, so that the code can still be managed in an efficient way by the ELEXON Governance team without error. Delegating NGESO responsibilities to ELEXON will give all industry parties clarity on the process for draft proposals for EBGL A18 changes and enable them to be completed in the most efficient timescale as part of the BSC Modification process.

P392 positively impacts Applicable BSC Objective (e) as it will ensure BSC compliance to the provisions relating to change following the delegations from the ESO becoming effective.

7 Implementation Approach

We propose implementation as soon as possible after approval by Authority. Therefore, we initially suggest an Implementation Date of 5 working Days (WDs) following Authority approval. This will provide clarity to market participants at the earliest opportunity of a unified market change process.

In any case, we suggest this Modification be progressed in a timely manner to enable implementation before April 2020.

8 Legal Text

Legal Text

The P392 Legal text will be developed in the Assessment Phase by the Workgroup.

9 Recommendations

Proposer's Recommendation to the BSC Panel

The BSC Panel is invited to:

- Agree initially that P392 not be progressed as a Self-governance Modification Proposal; and
- Agree that P392 be sent to the Assessment Procedure for assessment by a Workgroup.