

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.

304/01 ELEXON Report BSC Panel

Date of Meeting	9 July 2020
Paper Number	304/01
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

ELEXON is doing everything to assure the continuity of the services provided under the BSC and EMR during the Coronavirus pandemic.

We have published a number of reports including our Annual BSC Report for 1 April 2019 to 31 March 2020 and the 2019/2020 SVA Audit Report.

We have successfully implemented the June 2020 Release which included three Modifications and two Change Proposals.

The first joint Workgroup for BSC and Grid Code Modifications relating to Project Manually Activated Reserve Initiative (MARI) was held on 23 June 2020, with a second meeting scheduled for 7 July 2020.

We have provided an update on the work of the Architecture Workgroup and Code Change and Development Group in relation to Ofgem's Market Wide Half Hourly Settlement (MHHS).

We have highlighted BEIS's decision to not require the smart meter Data Communications Company (DCC) to provide an enrolment service for the 'first generation' SMETS1 EDML meter set.

Target Audience

ELEXON's customers and the wider industry.



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II. Coronavirus (COVID-19) News

Continuity of BSC and EMR services

ELEXON is doing everything to assure the continuity of the services provided under the BSC and Electricity Market Reform (EMR). We are helping to ease the burden of our Parties who may be experiencing difficulties at this time.

Actions taken by ELEXON, the BSC Panel and Panel Committees are set out on our dedicated Coronavirus [webpage](#) and we will also communicate any major changes to ELEXON or the BSC via our regular channels.

ELEXON Insights: Negative System Prices during COVID-19

While much of the UK economy was shut down between mid-March and mid-June 2020, due to measures to manage COVID-19, the UK electricity market has seen an increase in negative System Prices. ELEXON's Business Intelligence Analyst, Emma Tribe, has written an [ELEXON Insight](#), explaining why this was the case and shows the trends for negative System Prices in April and May 2020.

For further information, please email marketoperations@elexon.co.uk.

III. ELEXON News

Consultation Responses

We have responded to two consultations since our last update to the Panel as follows:

- + **The Department of Business, Energy and Industrial Strategy (BEIS's) consultation on policy options for heat networks.**

In our response we supported the consultation premises that heat networks are an integral part in the government and industry efforts towards a modernised and low-carbon energy sector of the future.

We also explained how a number of market arrangements from the electricity industry and more specifically from the BSC systems could be applied for the development of a prospective UK heat market.



- + **Electralink's consultation on their new Distribution Network Operator (DNO) data provision and standardisation service, Flexr.**

We highlighted in our response the importance of Open Data principles and access to the data held on the platform. We questioned the use of funding over and above the use of existing, paid for, systems architecture and how this affects platform governance.

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

2019/2020 Annual Report

We have [published](#) our latest Annual Report which explains how ELEXON and the BSC Panel have worked to proactively manage the BSC and support moves to a smarter, more flexible electricity system.

For further information, please contact communications@elexon.co.uk.

BSC Panel Elections 2020 – process begins

The tenures of the current BSC Panel Industry Members end on 30 September 2020. ELEXON will administer the election and appointment of five Industry Panel Members to the BSC Panel for a two-year period from 1 October 2020.

To become a Panel Member, candidates must be nominated by a Trading Party but this does not have to be their employer. We distributed nomination forms via email by 26 June 2020. Nomination forms must be completed and signed by the contact for the nominating Trading Party, the candidate and the candidate's employer.

Nominations must be sent by email to the Election Co-ordinator, Claire Kerr, at panelections@elexon.co.uk to arrive by 17:00 on 24 July 2020. Further information on the process can be found on the [BSC Panel Elections](#) webpage.





IV. Industry News

Government decides outcome from April's smart meter consultation

BEIS published its decision to not require the smart meter Data Communications Company (DCC) to provide an enrolment service for the 'first generation' SMETS1 EDM1 meter set on 18 June 2020. The changes will be implemented in September 2020, subject to any objections by Parliament.

BEIS has also agreed regulatory changes on five separate topics related to the Smart Metering Implementation Programme, including a change to the BSC. The BSC change will require the BSC Panel to provide support and information to the Smart Energy Code (SEC) Panel.

Links to the BEIS decision letter and associated documents can be found on the [Smart Energy Code Administrator and Secretariat \(SECAS\) website](#). Any BSC Parties that have questions about the BEIS decision, or would like further information can contact smartmetering@beis.gov.uk. Any questions on the changes to the BSC themselves, please contact bsc.change@elexon.co.uk.

European Developments

Formal UK–EU future trade agreement negotiations commenced in March 2020. The fourth round concluded on 5 June 2020. Both sides have admitted that very little progress has been made. The fifth round was taking place as this paper was submitted and we are expecting to hear the outcomes on 3 July 2020. Of note, Michel Barnier confirmed after the third round that GB will not remain in the Internal Energy Market (IEM) unless other conditions around 'level playing field' could be met (energy was called out as an example).

Clean Energy Package

Ofgem published their decision to grant an exemption from 15-minute Settlement on 20 May 2020. Their decision was based on a 2016 cost-benefit-analysis (CBA). The exemption is required to be reviewed every three years, and they have declared that the 2023 determination will be based on a new CBA. They also added that any future system changes should, where 'there is a low cost of doing so', be able to cope with both 15 and 30-minute Settlement. This will contribute to lower costs should a future CBA suggest high benefit to changing to 15-minute Settlement at any point in time.

We are still waiting on a decision from Ofgem on balancing energy clearing price, which would change settlement of the Balancing Mechanism.

Directive (EU) 2019/944 is the second part of the Clean Energy Package and has to have the necessary laws, regulations and administrative provisions necessary to comply, brought into force by 31 December 2020 (i.e. the last day of the transition period). We are engaging with Ofgem on how this may impact the BSC and whether Modifications may be required.

Article 6 of the Electricity Regulation (Regulation (EU) 2019/943) requires Settlement to be based on pay-as-clear instead of pay-as-bid. This could cause substantial work for NGESO and some work for ELEXON to deliver a BSC Modification in the required timetables. We are actively engaged with NGESO and Ofgem on this matter.



Electricity Balancing Guideline (EB GL)

National Grid ESO raised BSC Modification [P407 'Project MARI'](#) on 4 May 2020 and Grid Code Modification [GC0145: Updating the Grid Code to include MARI](#) on 19 May 2020 for project MARI. These are the BSC and Grid Code Modifications to ensure GB Market participants are able to provide manually Activated Frequency Reserve (mAFR) when the platform goes live by July 2022. The first joint Workgroup was held on 23 June 2020, and the second meeting will be held on 7 July 2020. If you are interested in joining the MARI Workgroups, please email bsc.change@elexon.co.uk.

Article 52 of the EB GL requires all EU Transmission System Operators (TSOs) to make harmonisation proposals for key elements of imbalance settlement. In January 2020, the European TSOs' proposals were referred to the Agency for the Cooperation of Energy Regulators (ACER) and they sought further feedback. The final submission has now been made to their Board of Regulators (BOR) and a decision is expected imminently. Subject to the Future Trading Agreement with the EU, a BSC Modification to support its implementation will be required. Ofgem are keen that BSC and Grid Code Modifications are raised sooner rather than later, and ahead of ACERs decision if required. We have drafted a potential Modification Proposal based on discussions with NGESO and Ofgem that is being reviewed by NGESO. The Initial Written Assessment is expected to be presented at the 13 August 2020 Panel meeting.

[P392 'Amending BSC Change Process for EBGL Article 18'](#) was implemented on 25 June 2020. This created the new BSC Section F-2 which contains a list of all BSC sections considered to be terms and conditions of balancing as per Article 18 of the EBGL. On 26 June 2020, Ofgem confirmed [publically](#) that six BSC Modifications 'in-flight' in May 2020 should be considered as part of the terms and conditions.





V. Operational News

June 2020 Release – successfully implemented

Three Modifications and two Change Proposals (CPs) were successfully implemented on 25 June 2020:

- + [P371 'Inclusion of non-BM Fast Reserve actions into the Imbalance Price calculation'](#): This Modification included the price of Spin-Gen, Non-Balancing Mechanism (BM) Fast Reserve and Non-Tendered Fast Reserve actions into the calculation of the Imbalance Price.
- + [P392 'Amending BSC Change Process for EBGL Article 18'](#): This Modification ensured the process and responsibilities for amending BSC provisions constituting EBGL Article 18 terms and conditions reflected delegations made by National Grid ESO in favour of ELEXON and the BSC Panel.
- + [P404 'Moving the SAD to a Category 3 BSC Configurable Item'](#): This Modification moved Balancing and Settlement Code Procedure (BSCP) P537 Appendices 1 'Self Assessment Document', 2 'Testing Requirements' and 3 'Guidance Notes on completing the SAD' to a new Category 3 BSC Configurable Item.
- + [CP1522 'Updates to BSCP520 to align with working practices and UMSUG recommendations'](#): This CP addressed issues with BSCP520 'Unmetered Supplies Registered in Supplier Meter Registration Services (SMRS)'.
- + [CP1523 'BSCP501 Amendments to clarify the D0312 process'](#): This CP included a footnote in BSCP501 'Supplier Meter Registration Service' to highlight that D0312 data flows are not required to be sent to a Supplier that has been end-dated in Market Domain Data (MDD).

There is no impact to the BSC Systems but in addition, we have created a new Category 3 Self Assessment Document (SAD) and deleted BSCP537 Appendices 1, 2 & 3. All documents impacted can be found in the [document impact matrix](#).

Supplier Charges Annual Review

ELEXON has calculated the Grid Supply Point (GSP) Group liability caps and Supplier Charge values for the BSC Year 2020/21.

The Performance Assurance Board (PAB) has approved the revised GSP Group liability caps and Supplier Charges to be applied to the reporting periods April 2020 – March 2021. The full list of charges rounded to the nearest penny can be found at the following [link](#).

Please note that following approval of [P406 'Temporary disapplication of Supplier Charge Serials SP08 and SP04 due to COVID-19'](#), Supplier Charges will remain capped at £0.00 until they are reinstated by the BSC Panel. For any further information, please contact PAA@elexon.co.uk.

2019/2020 Technical Assurance Agent Annual Report

The Technical Assurance Agent (TAA) Annual Report provides the Technical Assurance Agent's view on the health of the Half Hourly metering population in the SVA and CVA markets. It is based on the findings from the inspection visits and is used to highlight key market issues, particularly those with high potential for materiality or risk to the quality of data used in Settlement.

The TAA Annual Report for the 2019/2020 audit year can now be viewed on the [Technical Assurance of Metering \(TAM\) webpage](#).



2019/2020 BSC Supplier Volume Allocation Audit published

To protect the interests of all BSC Parties and consumers, an external audit of BSC processes is carried out annually. The BSC Audit is split between two areas:

- + The Supplier Volume Allocation (SVA) Process Assessment covering Suppliers and SVA Agents; and
- + The Central Volume Allocation (CVA) International Standard on Assurance Engagements (ISAE) 3000 Opinion, covering Central Systems and CVA Meter Operator Agents.

At its May 2020 meeting, the BSC Panel approved a revision to the timescales for completing the ISAE 3000 Opinion. It will be finalised remotely and delivered to the PAB at its September 2020 meeting, and to the BSC Panel at its October 2020 meeting. This delay allows Parties to prioritise critical business as usual work as they manage the impact of COVID-19.

The [2019/20 SVA Audit](#) has identified no substantial change in the quantity and impact of Settlement affecting findings in the SVA market. There were 205 material findings across the Performance Assurance Parties (PAPs) in scope for testing (compared to 208 last year).

Smart Meter Technical Detail (SMTD) Report

The [Smart Meter Technical Details \(MTD\) report](#) monitors compliance with BSC obligations over the foundation and mass roll-out phases of the smart meter roll-out. It provides market level performance at sending late and corrected MTDs for both Smart Metering Equipment Technical Specification (SMETS) v1.0 and v2.0 meters, volumes of meter installations completed by meter type, and performance at first reconciliation run for all meter types. The report shows that almost 40% of all electricity meters are now smart meters.

The number of SMETS v2.0 installs in May 2020 has not changed from April's figure. This can be attributed to the lockdown measures which were in place, as a result of the COVID-19 pandemic. However, the proportion of late MTDs for SMETS v2.0 exchanges has increased (3.54% in April 2020 to 3.67% in May 2020).

For further information, please contact SettlementOps@elexon.co.uk.

VI. Electricity Market Reform news

EMR Circulars

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

- + **EMRC216:** Changes to EMRS Authorised Contacts now implemented;
- + **EMRC215:** LCCC has determined the Total Reserve Amount and Interim Levy Rate from 1 October 2020 to 31 December 2020; and
- + **EMRC214:** Capacity Cleared Price Adjusted for UK Consumer Prices Index.

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



VII. Cross Code News

Ofgem Market Wide Half Hourly Settlement (MHHS)

On 17 June 2020, Ofgem republished its [draft impact assessment \(IA\) and consultation](#) for Market-wide Half Hourly Settlement (MHHS) to include a deadline for responses of 14 September 2020. Ofgem had previously published these documents on 30 April without setting a deadline. The contact address for questions and responses is halfhourlysettlement@ofgem.gov.uk.

Ofgem's consultation seeks stakeholder views to test the figures in its IA, as well as on Ofgem's proposals for how and when to introduce MHHS.

ELEXON is delighted that Ofgem's proposals align with the recommendations of the ELEXON-led [Design Working Group](#) (DWG), which developed the preferred Target Operating Model (TOM) for MHHS. We are continuing to provide technical leadership to the [Code Change and Development Group](#) (CCDG) and [Architecture Working Group](#) (AWG), which are developing the industry code changes and solution architecture needed to implement the DWG's preferred TOM.

We held meetings of the CCDG on 19 May 2020 and 16 June 2020, the AWG on 26 May 2020 and 23 June 2020 and the joint CCDG/AWG subgroup on 20 May 2020, 3 June 2020 and 26 June 2020.

The CCDG is continuing to develop the lower-level design detail needed to turn the DWG's MHHS TOM into legal drafting for the impacted Industry Codes. We are also having a workshop with Ofgem in July to discuss MHHS migration/transition activities, risks and mitigations.

The AWG is continuing to develop the systems solution architecture to deliver the DWG's/CCDG's TOM design. We are discussing with Ofgem what further industry system design activities will be required after the AWG concludes this work.

We will re-plan our work to take account of the delays to Ofgem's SCR of approximately six months, and the impact of COVID-19.

Uncertainties over the DCC's network capacity, which have a broader impact than just MHHS, are delaying development of the Smart Energy Code's data access solution to support the TOM. Ofgem is leading this discussion, as Ofgem manages the DCC contract/service and we are providing technical support as needed on the TOM.

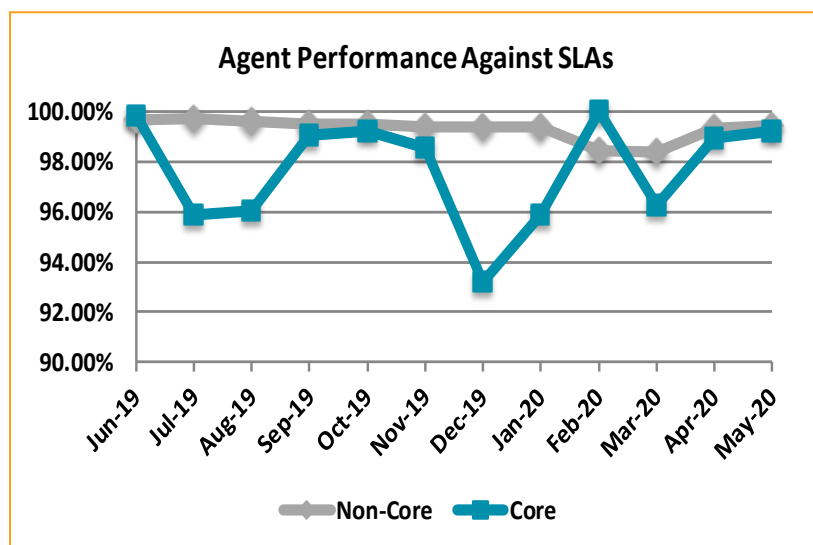
Ofgem have set out the delivery roles needed under a Programme Management (PM) function and System Integrator (SI) to implement MHHS. They are considering options where the responsibility for management and operation of the programme management functions should sit. These options include: Ofgem taking responsibility; an industry body taking responsibility, such as ELEXON; and a third party who could take on these roles. We believe we can undertake the PM and SI roles, as we have existing experience in programme management and integration through delivery of BSC and testing of changes to our systems and we have the required technical SME expertise (we have through the DWG/CCDG/AWG delivered the meter to bank settlement design for MHHS TOM and are now leading on the architecture work on data and interfaces). We are working out the next steps, which have identified a way to take on this PM/SI role through a Modification Proposal route.

Second MHHS Monthly Newsletter published

The second edition of Ofgem's MWHHS Monthly newsletter, which provides a roundup of all that is happening within the Settlement Reform programme, was [published](#) on 27 May 2020.



VIII. Key Performance Indicators Spotlight



Supplier Performance

Core services had high availability through May and a single BMRA incident resulted in four hours of intermittent availability recording two Service Level Agreement (SLA) failures. A process error on the daily registration process resulted in an update being applied one working day late. There was no impact to BSC Parties.

Core Systems

- + BMRS – Following deployment of BSC Modification P344 in BMRS, there was an issue with one of the databases which resulted in intermittent access and performance issues on the BMRS APIs and website between 9:00 - 13:00 (BST) on 29 May 2020.
- + CRA – The CRA Daily were actioned but released the next working day (26 May) to BSC Parties and the rest of the central systems. This did not result in any impact with updates effective from 26 May 2020.



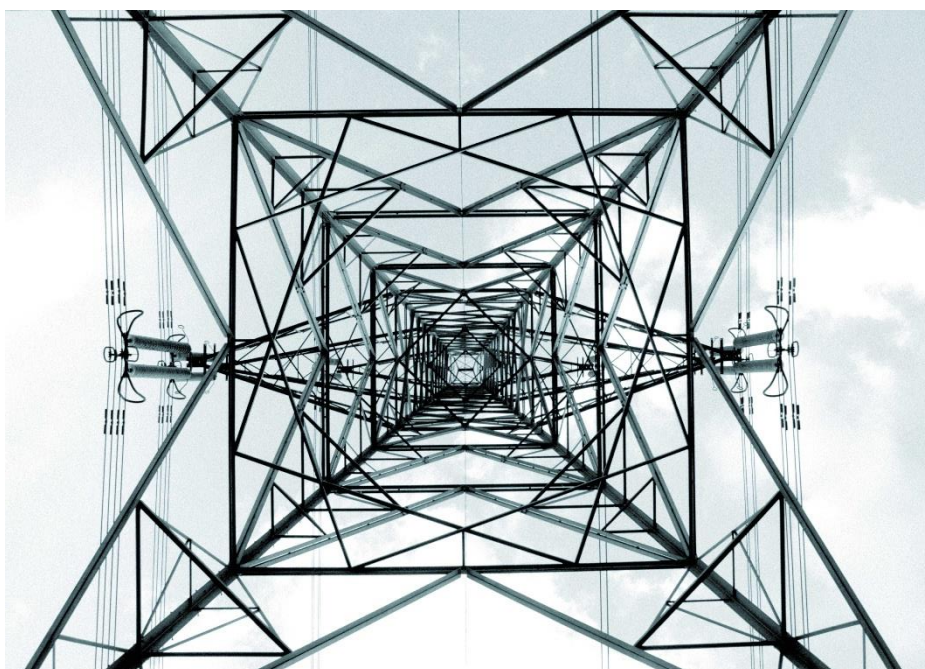
IX. Summaries of Panel Business – Tabled

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.

X. Recommendations

We invite the BSC Panel to:

- a) **NOTE** the contents of this paper.



Attachments

Attachment A	–	ELEXON monthly KPIs
Attachment B	–	Report from the ISG
Attachment C	–	Report from the SVG
Attachment D1	–	Report from the PAB Confidential
Attachment D2	–	Report from the PAB Public
Attachment E	–	Report from the TDC

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