

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.

305/01 ELEXON Report BSC Panel

Date of Meeting	13 August 2020
Paper Number	305/01
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.

I. 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 highlighted that the BSC Sandbox has now launched for innovators following the re-launch of Ofgem's energy regulation Sandbox.

We have informed industry of the next steps for testing for Project TERRE.

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 the nominated candidates running in the 2020 BSC Panel Elections.

We have asked Parties to note that the Credit Assessment Price (CAP) has increased to £36/MWh from 23 July 2020.

We have celebrated our 20th birthday!

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 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.

End to BSC derogations and suspensions

As a response to the COVID-19 lockdown, the Performance Assurance Board (PAB) approved a number of derogations to BSC obligations and temporarily suspended some Performance Assurance Techniques (PATs) in order to support the industry.

The approach to ending the derogations and suspensions of PATs was discussed at the June 2020 PAB meeting and the conclusions from the discussions have been set out in this [paper](#), which has been approved by the PAB. The PAB agreed that setting out these expectations to the industry would be an important first step to enable businesses to plan for a resumption of site visit activities.

Whilst the timescales for resuming the PATs have been confirmed, the PAB will be considering the views of an expert group of Suppliers and Data Collectors before agreeing a firm timescale and process for ending the derogations. If Parties have any points they believe should be considered when this decision is made, please could they either contact their Operational Support Manager or email risk@elexon.co.uk.

Survey of BSC Parties on future working arrangements for the BSC

All Elexon colleagues have been working remotely since 13 March 2020, and in light of Government advice at the time that those who can work from home to continue to do so, a decision was taken in May that our London office would remain closed until at least 1 September 2020. Whilst remote working has been working well, we have been considering how and when we can re-open the office and what changes will be needed to working arrangements.

Elexon is funded by BSC Parties, and a wide variety of companies use our office space for meetings. We wanted to hear the views of BSC Parties and our stakeholders on how effective our remote working arrangements have been over the past few months.



We also wanted to hear views from our customers on how we conduct meetings going forward. As such we asked BSC Parties to complete our survey by 20 July 2020. In the survey customers expressed no urgent desire nor expectation to visit our office in London. There was a three way split between people likely to attend, unlikely to attend and either way, when they were asked if they would attend in person a meeting in London. However the majority said they would not be in the position to travel for another 3-6 months, citing company policy against travel and/or concerns about a second wave. The majority of respondents saw a benefit of all BSC meetings being virtual, stating the saving of time and money, and being more likely to attend.

Update on Demand Reduction during COVID-19 lockdown

In this [article](#), our Data and Insight Analyst, Nick Baker provides an update on reduced electricity demand during lockdown. This is a follow up piece from Nick's April 2020 Insight which highlighted measures put in place by the UK Government to control the COVID-19 outbreak, and their resulting impact on electricity demand in Great Britain. For example, demand has fallen the most in South West England and least in North West England compared with last year.

For any further information, please email market.operations@elexon.co.uk.

III. ELEXON News

Consultation Responses

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

+ The Office for Low Emission Vehicles (OLEV) consultation on the transition to zero emission vehicles.

In our response we noted our belief that appropriate smart charging infrastructure, metering and data access arrangements are essential in delivering the proposals. We suggested that it will be necessary to set requirements for charge point operators beyond the device itself, to ensure that interoperability and security objectives are delivered.

We also suggested that regulations should set minimum requirements and should be revisited and improved over time as more is known of potential innovation and electric vehicle offerings.

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

BSC Sandbox now available for innovators

On 30 July 2020, Elexon launched a new support service where innovators from new and existing companies can trial products and services which could transform the electricity sector. Now that Ofgem has re-launched the energy regulation sandbox, we can offer the BSC sandbox to innovators for the first time.

The BSC Sandbox was developed by Elexon through [P362 'Electricity market sandbox'](#). We were the first energy code body to develop a sandbox. It is a way for innovators from new and existing companies to test proof of concept for innovative products or business models in the live electricity Settlement environment without needing to meet all BSC rules.

Applicants can apply for a derogation (a temporary relaxation of BSC rules) so that their concept can be tested. Any innovators wanting to apply to use the BSC Sandbox should make an application to Ofgem's [Innovation Link](#)



team; this is the single point of access for innovators to all sandbox tools.

We secured good media coverage in Utility Week and in New Power as a means of bringing this service to the attention of industry. Further information can be found on our [website](#) or by contacting Market Architect, Peter Frampton at peter.frampton@elexon.co.uk.

Exelon celebrates its 20th birthday

The 1 August 2020 marked Exelon's 20 year anniversary as manager of the BSC. Please see our [news article](#) which re-caps some of our big achievements.

BSC Panel Elections 2020 – Candidates announced and Voting begins

We have published a list of the [nominated candidates](#) and their biographies, and have issued a set of voting papers via email to the relevant lead Trading Party for each Trading Party Group, and to individual Trading Parties that are not part of a Trading Party Group.

Voting forms must be sent by email to the Election Co-ordinator, Claire Kerr, at panelections@elexon.co.uk to arrive by 17:00 on 28 August 2020. Further information on the process can be found on the [BSC Panel Elections](#) webpage.

Exelon's digitalisation and data initiatives

Exelon attended roundtables with the Minister Kwasi Kwarteng to discuss 'Data and Digitilisation' and 'Institutional Functions for Net Zero' during July 2020. Following the former, BEIS wish to dive deeper into Exelon's digitalisation and data initiatives. At the latter, the Minister advised that the Government will be issuing a roadmap next week.

IV. Industry News

European and Future UK-EU Developments Exelon/NGESO joint working

We have put in place additional arrangements to enable better Exelon/NGESO EU coordination. We already meet quarterly at the Exec/Senior Manager level and these extra arrangements will be more concerned with working level arrangements, and will serve both as a joint horizon scan and a check-point for ongoing work (albeit more holistically so as not to supersede the work of other teams e.g. Modification teams). It will allow us to share any intelligence that could be mutually beneficial. In addition to this, we have also established monthly catch-ups to co-ordinate Clean Energy Package efforts.



Future UK-EU trading agreement

Formal UK–EU future trade agreement negotiations commenced in March 2020. Negotiations continue at pace.

The Government has started to lay some Statutory Instruments ahead of 31 December 2020 (none affect the BSC so far) and we are analysing potential no-deal risks as well as the implications of the UK and EU's proposed legal texts. We are liaising with the Department for Business, Energy and Industrial Strategy (BEIS) directly and via Energy UK and other Code bodies via the Code Administrator Code of Practice (CACoP).

Clean Energy Package

Directive (EU) 2019/944 is the second part of the Clean Energy Package which 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 have communicated to Ofgem where we think the BSC may be impacted and this has been passed to BEIS.

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. NGESO are leading on this piece and we are in close support and engaging together. We are still waiting on a decision from Ofgem whether a derogation will be granted for this obligation.

NGESO is intending to raise a new Modification in the next month, with an aim of presenting the Initial Written Assessment at the September 2020 BSC Panel meeting. This Modification will address the requirements of Article 5(1), which requires that all market participants shall be responsible for their own imbalance, and Article 6(5) which requires that imbalance shall be settled at a price that reflects the real-time value of energy. We are working on the solution with NGESO and the proposal will be based on ABSVD and [P354 'Use of ABSVD for non-BM Balancing Services at the metered \(MPAN\) level'](#). Implementing the change is a legal requirement; Ofgem have been engaged and are expecting this Modification to be raised. However, like other European changes, this is dependent on on-going FTA negotiations.





Next Steps for industry testing for Project TERRE

Elexon deployed the technical changes necessary to enable GB industry parties to join the central Project TERRE (Trans-European Replacement Reserve Exchange) platform and trade in the European electricity market in May 2020. We are now working closely with National Grid ESO to conduct bilateral testing of TERRE interfaces.

We are completing Cycle 2 of three testing cycles, and supporting National Grid ESO in their planning for end-to-end testing. National Grid ESO has published our [updated joint testing approach and strategy](#) on their website this week. This sets out revised timescales for our joint plans for industry testing. As our testing plans continue to progress, from mid-August we will share sample output files with the parties who are participating in our testing. We will be in a position to extract these from the later stages of the bilateral testing we are carrying out with National Grid ESO. We are also planning to provide connectivity for participants to use BMRS data during the end-to-end testing phase ahead of the go live which is currently scheduled for the end of October 2020.

If you need further information about our industry testing or would like to participate in the testing cycles please email us at terre.testing@elexon.co.uk.

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 Fast Frequency Reserve (mFFR) when the platform goes live by July 2022. We have had two Workgroups already, but the third has been delayed and instead a 'check-in' session was held with Workgroup Members on 21 July 2020 to address concerns and questions raised around the lack of detail in NGESO's proposed solution. The third Workgroup is planned for 20 August 2020.

Article 52 of the EB GL requires all EU Transmission System Operators (TSOs) to make harmonisation proposals for key elements of imbalance settlement. The Agency for the Cooperation of Energy Regulators (ACER) approved the TSO submission on 16 July 2020, meaning Imbalance Settlement Harmonisation has to be implemented by 15 January 2022. BSC Modification [P410 'Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations'](#) was presented to the June 2020 BSC Panel to support its implementation, and we continue to work with NGESO.

[P392 'Amending BSC Change Process for EBGL Article 18'](#) was approved by Ofgem on 18 June 2020 and implemented on 25 June 2020. The original intent was to hold an industry Webinar in June to coincide ahead of the implementation, however, the logistics of planning and organising this were prevented as we recovered from the cyber-attack. In place of the webinar, we have recorded a podcast for Industry that was published on 24 July 2020.





V. Operational News

Credit Assessment Price (CAP) increased to £36/MWh

A consultation paper on the value of the CAP was issued on 6 July 2020 following a breach of the upper CAP trigger level. Parties were invited to indicate whether they agreed with the proposal to increase the value of CAP to £36/MWh from its current approved level of £30/MWh.

The consultation closed on 8 July 2020. No responses disagreed with the proposed value and therefore, in accordance with the CAP Review Guidance, a Credit Committee meeting was not held. On 23 July 2020, the CAP value increased from £30/MWh to £36/MWh. As a result, Parties may notice a change in their Credit Cover Percentage, and should review the amount of Credit Cover lodged.

VI. Electricity Market Reform news

EMR Circulars

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

- + **EMRC219:** Suppliers to receive Capacity Market Credit Cover and Supplier Charge schedule for the upcoming Delivery Year
- + **EMRC218:** Using backing data to determine your proportion of the BEIS loan; and
- + **EMRC217:** EMRS documents updated to reflect the Capacity Market Rules changes in response to COVID-19.

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)

We are continuing our re-planning discussions with Ofgem in light of the impacts of COVID-19, Elexon's cyber-attack, additional design work and Ofgem's Settlement Reform delays. Ofgem's Design Advisory Board met on 5 August 2020 to review progress to date on the Target Operating Model (TOM) work and Ofgem's impact assessment consultation.

The Code Change and Development Group (CCDG) is continuing to develop the lower-level design detail needed to turn the Design Working Group's (DWG's) MHHS TOM into legal drafting for the impacted Industry Codes. The CCDG's next meeting is 18 August 2020 with their next consultation now planned for Q4 2020.

The Architecture Working Group (AWG) has completed Registration interfaces and are now working on defining meter data interfaces. The AWG's next meeting is 25 August 2020.

In our proposed response to Ofgem's MHHS impact assessment consultation (14 September deadline), we will set out the case for Elexon being the Programme Manager / System Integrator for the implementation of MHHS (the need for and scope of these roles is set out in Ofgem's IA).

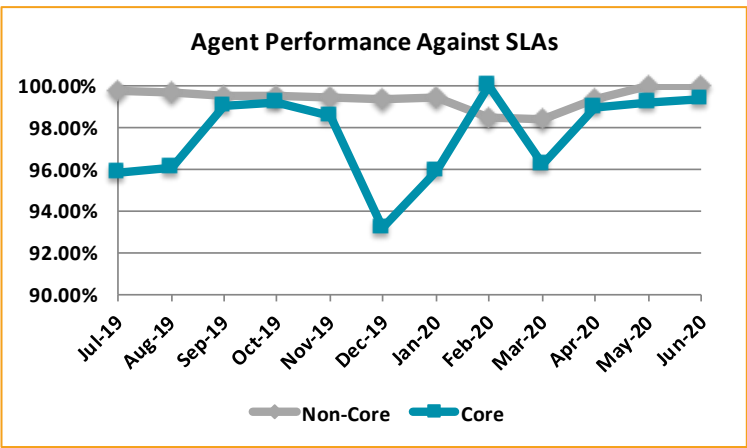


Ofgem held a webinar on their MHHS impact assessment on 22 July 2020. In our response to Ofgem’s MHHS impact assessment (IA) consultation (14 September 2020 deadline), we will set out the case for Elexon being the Programme Manager / System Integrator for the implementation of MHHS (the need for and scope of these roles is set out in Ofgem’s IA).

BEIS/Ofgem Review of Codes and Code Governance - Code body collaboration and consolidation

There has been no progress due to COVID-19, with Ofgem deprioritising the review. However Ofgem have advised that they will be issuing their work programme in the Autumn, which we will review when released.

VIII. Key Performance Indicators Spotlight



Delivery of core systems and processes has been maintained at an improved standard since April 2020. During June, there were two Service Level Agreement (SLA) failures with an impact to customers. Manual processing errors occurred in SVAA and CDCA resulting in duplicate data flows being released. Customers would need to ensure that only the latest files were used in their processes/systems.

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.



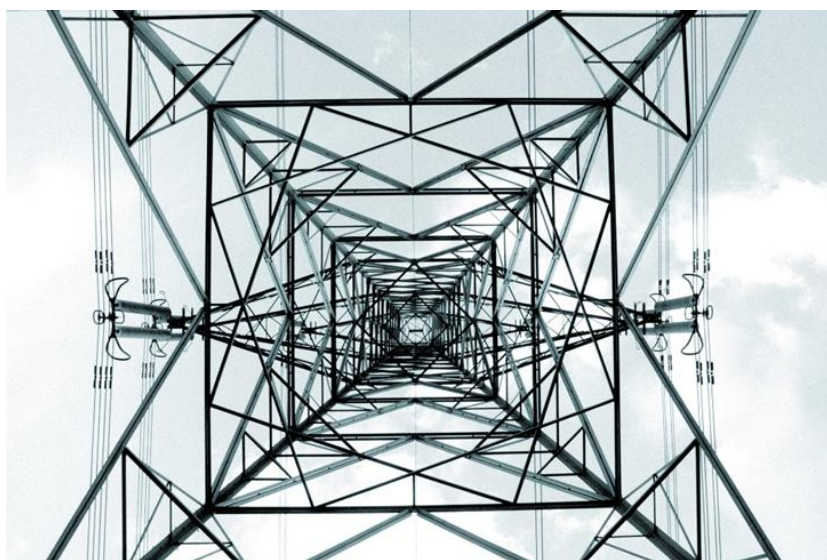
X. Recommendations

We invite the BSC Panel to:

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

Attachments

Attachment A	–	ELEXON monthly KPIs
Attachment B1	–	Report from the ISG Confidential
Attachment B2	–	Report from the ISG Public
Attachment C1	–	Report from the SVG Confidential
Attachment C2	–	Report from the SVG Public
Attachment D1	–	Report from the PAB Confidential
Attachment D2	–	Report from the PAB Public
Attachment E	–	Report from the TDC



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