

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.

306/01 Elexon Report BSC Panel

Date of Meeting	10 September 2020
Paper Number	306/01
Owner/Author	Mark Bygraves
Purpose of paper	For Information
Classification	Public
Summary	<p>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.</p>

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 Annual BSC Meeting and Seminar will take place virtually on 10 September 2020; the Chief Executive of Ofgem, Jonathan Brearley, will be giving the keynote speech.

We have provided our detailed response to Ofgem's consultation on their Draft Impact Assessment for Market-wide Half-Hourly Settlement (MHHS). We also created a new pamphlet which sets out our case for taking on the Programme Manager role.

We have highlighted the latest Elexon Board Circular to BSC Parties detailing the delivery of system changes to support GB participation in Project TERRE.

We have noted the possible impact of the August bank holiday on BSC Parties Credit Cover calculations.

Target Audience

Elexon's customers and the wider industry.



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II. Coronavirus (COVID-19) News

Continuity of BSC and EMR services

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

Update on ending of COVID-19 consumption estimation derogations

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.

Our latest news [article](#) provides an update on ending the derogation which allowed Suppliers to submit estimations of reductions in demand from their customers, where meter readings to evidence this could not be obtained. The article also provides an update on the plans to re-apply Error Failure Resolution (EFR) (the arrangement which helps Parties to meet their Settlement obligations).

Update on re-opening Elxon's office

In an open [letter](#) to BSC Parties, Elxon CEO Mark Bygraves explains that we have been considering how we can 'build back better', while serving the needs of our staff and customers. Following an internal and an external survey on our future working arrangements, we have concluded not to re-open the Elxon office to external visitors until at least the beginning of 2021 (save for exceptional circumstances). We are undertaking a trial opening for staff in mid-September.

Elxon online meeting commitments published

As the Elxon offices are to remain closed to external visitors until at least early 2021, we have created a set of principles to be followed by ourselves and meeting attendees when holding online meetings.



These principles will ensure that online meetings are well managed, for everyone involved.

Please see the [Digital Meeting Etiquette](#) on our website for further information.

III. Elxon News

Consultation Responses

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

+ **Ofgem’s consultation on their Draft Impact Assessment for Market-wide Half-Hourly Settlement (MHHS).**

In our response we:

- noted our delight that Ofgem has recognised Elxon’s work by giving its preliminary approval to the DWG’s recommended TOM and transition approach in October 2019 and by proposing, through this consultation, to implement MHHS on the basis recommended by the DWG;
- agreed with Ofgem’s proposals to implement MHHS for both import and export at the same time;
- agreed with Ofgem’s proposal to require daily granularity of data for Smart Meter customers who opt out of sharing their HH data for Settlement purposes;
- agreed that there could be benefit in a centrally-hosted website to educate consumers on the implications of their data-sharing choices, although we have some reservations and offer some comments on this idea;
- included comments, questions and suggestions about recording consumer data-sharing choices and providing third-party access to Settlement data for non-Settlement purposes;
- provided a number of comments on the detail of Ofgem’s draft Impact Assessment as it relates to the TOM; and
- explained our belief that Elxon is best placed to take on the programme management role set out in Ofgem’s consultation.

+ **National Grid ESO’s Second Balancing Services Charges Task Force Interim Report.**

In our response we:

- noted our concerns that fixed charges may not incentivise end user behaviour that would benefit the system and that it would be difficult for end users to challenge an increasing BSUoS charge.

We have also provided comments to the British Standards Institution on Publicly Available Standard (PAS) 1878 - ‘Energy smart appliances’. This contains standards for smart appliances communicating capabilities to DSR Service Providers and receiving instructions to provide flexibility.

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



Annual BSC Meeting and Seminar

On Thursday 10 September 2020, we are hosting the virtual Annual BSC Meeting and Seminar. The seminar will be an opportunity to hear from Elxon's Executive Team about how we are supporting our customers in the major changes we are seeing to the energy system. We will also outline our priority work areas for the coming year including our work to support Market-wide Half Hourly Settlement and the challenge of meeting the Government's target for net zero emissions by 2050.

The Chief Executive of Ofgem, Jonathan Brearley, will be giving the keynote speech. Please register and find the agenda at the following [webpage](#).

Progress on our new digital platform – latest Board Circular

The latest [circular](#) from the Elxon Board to BSC Parties highlights delivery of system changes to support GB participation in Project TERRE (Trans European Replacement Reserve Exchange). This, plus implementation of Modification [P354 'Use of ABSVD for non-BM Balancing Services at the metered \(MPAN\) level'](#) – which allows Transmission Companies to provide Applicable Balancing Services Volume Data (ABSVD) for non-BM Balancing Services providers, are playing an important part in delivery of our new digital platform.

BSC Panel Elections 2020: Voting closed

Voting for the BSC Panel Elections closed on 28 August 2020. The results will be announced in early September and in any event no later than 11 September 2020.

IV. Industry News

European Developments

Future UK-EU trading agreement

Formal UK–EU future trade agreement negotiations commenced in March 2020. Negotiations continue at pace both formally, and informally. However, as has been widely reported, both sides were hoping to be further towards a solution than they are by now.

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 merits of the UK and EU's proposed legal texts.

In September 2020 we are expecting to see the first set of Statutory Instruments (SIs) pertaining to Electricity.





Clean Energy Package

We are still waiting on a decision 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 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 Elxon to deliver a BSC Modification in the required timetables. NGESO are leading on this piece and we are in close support and engaging together with Elxon.

A new Modification is due to be raised by NGESO ahead of the September 2020 BSC Panel. This will address issues around Balancing Responsibility as per Articles 5 and 6 of the Regulation.

Electricity Balancing Guideline (EB GL)

On 24 April 2020, National Grid ESO announced a delay to its (and so BSC Parties') participation in TERRE, the pan-European balancing platform. This delay will be 'until October at the earliest'. Wider access to the Balancing Mechanism had already started in December 2019 and is not affected by this delay to TERRE. Further discussion regarding TERRE is an agenda item at the September BSC Panel meeting.

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. We have had two Workgroups already, but the third was 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 was held on 20 August 2020.

Article 52 of the EB GL requires all EU TSOs to make harmonisation proposals for key elements of imbalance settlement. ACER approved the all 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. The first Workgroup was held on 6 August 2020. This was relatively successful, but required NGESO to think further about how they wish to make the changes. The second workgroup will be held in September 2020.

Network Code on electricity emergency and restoration

We are still waiting on a decision from Ofgem regarding NCER and market suspension. We have a modification from NGESO ready to be raised that will ensure the NCER terms of reference are incorporated into the balancing terms of reference as required by Article 18 of the EBGL.

Our understanding is that the team in Ofgem that are looking into this have not been able to give it due consideration over the summer due to other priorities, including determinations around NGESO's ODFM Modification.



V. Operational News

Changes to Settlement metering for a more flexible system

Elexon is consulting on proposals to change the BSC (via Modification [P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'](#)) so that individual asset meters located 'behind the boundary point' can be used for Settlement purposes.

These meters measure electricity flows to, or from, assets including embedded generators, demand-side response providers, or owners of electric vehicle charging points. Currently, the BSC does not recognise asset meters. This is because only data on electricity flows from a meter at the boundary point (the location at which complex, multi-use sites connect to a distribution network) can be used for electricity Settlement.

Further information on the proposals can be found on the following [webpage](#).

Draft reference Network Mapping Statement for Reference Year 2019/20 published

On 28 August 2020, Elexon issued a consultation on the draft reference Network Mapping Statement (NMS) for [P350 'Introduction of a seasonal Zonal Transmission Losses scheme'](#). The NMS is used for determining Nodal power flows in the calculation of Transmission Loss Factors (TLFs).

A copy is available on the [Operations and Settlement consultation](#) section of our website. You are invited to respond to this consultation by submitting the review form provided to bm.unit@elexon.co.uk by 5pm, 14 September 2020.

Credit Assessment Price increases to £46/MWh

Following our consultation we have confirmed that the Credit Assessment Price (CAP) value will increase from £36/MWh to £46/MWh on Thursday 10 September 2020. Parties may notice a change in their Credit Cover Percentage, and should review the amount of Credit Cover lodged.

Possible impact of August bank holiday on BSC Parties Credit Cover calculations from Friday 4 September 2020

The Credit Cover indebtedness period, which is made up of the Credit Assessment Indebtedness (CEI), Metered Energy Indebtedness (MEI) and Actual Energy Indebtedness (AEI), will be affected the weekend of 5 and 6 September 2020 due to the August bank holiday.

From Sunday 6 September 2020, the period will be made up of 11 CEI days and 18 AEI days. This will adversely impact Parties whose CEI values make up a larger percentage of their total indebtedness. Therefore, Parties forecasting higher CEI values will need to be extra vigilant of their Credit Cover percentage increasing towards the 80% breach level.



Parties may use the [Elxon Portal](#) to monitor their Credit Cover on a real-time basis as well as setting their own alerting limits. For further information, please contact the credit-default@elxon.co.uk mailbox.

Credit Assessment Load Factor values for the Winter 2020 BSC Season: 1 November appeal deadline

If you are the Lead Party of a non-Credit Qualifying Balancing Mechanism Unit (BMU), you can appeal an assigned CALF value if you believe it does not accurately represent your expected activity. To raise an appeal, please complete the CALF Appeals pro forma in Appendix 7 of the CALF Guidance document and email it to [BSC Service Desk](#) by 1 November 2020. To find out more about CALF appeals, please see section 12 of the [CALF Guidance Document](#).

The holiday CALF deadline for the Winter 2020 BSC Season is 17 November 2020, 10 Working Days before the start of the season. If you want to request a copy of the Holiday CALF pro forma or if you have any other queries, please email the [BSC Service Desk](#).

CALF values for the Winter 2020 BSC Season, which runs from 1 December 2020 to 28 February 2021, are available from the Credit/Credit Alerting section under the Financial and Credit menu on the [Elxon Portal](#).

Transmission Loss Factor values for the Autumn 2020 Season

The Balancing Mechanism Unit (BM Unit) Specific TLF values for Autumn 2020 are available on the TLFs Determination page under “BM Unit Specific Transmission Loss Factors (TLFs)” on the [Elxon Portal](#). This file provides the TLF for each BM Unit that is registered to be active during the period 1 September 2020 to 30 November 2020.

If you have any questions, please email bm.unit@elxon.co.uk.

Load Periods and Sample Settlement Periods for 2021/22 published

The Load Periods (LPs) and Sample Settlement Periods (SSPs) for the BSC Year 2021/22 have been published on the TLF Determination - BSC Year 2021/22 page of the [Elxon Portal](#). For more information, please email market.operations@elxon.co.uk.





VI. Electricity Market Reform News

No EMR Circulars have been issued since the last Panel meeting. All previous EMR Circulars are available to download from the [EMRS Circulars page](#) of the EMRS website.

VII. Cross-Code News

Ofgem Market Wide Half Hourly Settlement (MHHS)

We are finalising our re-planning discussions with Ofgem in light of the impacts of COVID-19, Elxon's cyber-attack, additional project activities and Ofgem's own delays. We have issued Ofgem a detailed re-plan for their review. We estimate that we are within Ofgem's own six month delay.

Our Code Change and Development Group (CCDG) and Architecture Working Group (AWG) continue to meet and further develop the lower-level design detail and associated architecture. The next CCDG meeting is due to take place on 15 September 2020 and the next AWG meeting is due to take place on 22 September 2020.

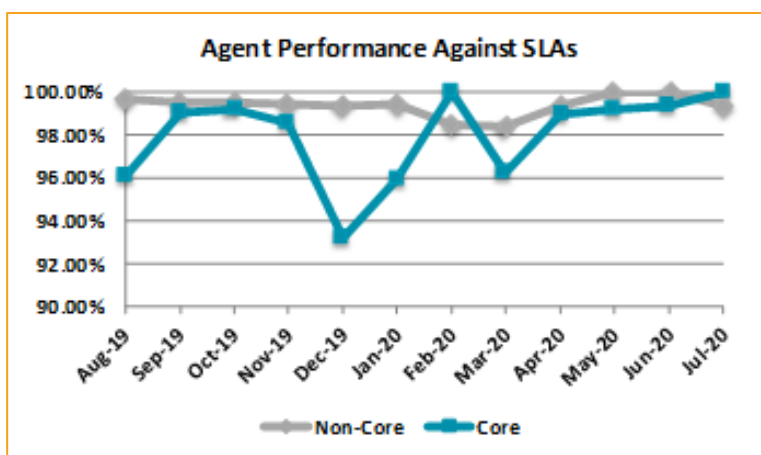
Elxon's views on the MHHS Programme Manager Role

Ofgem is consulting on its draft Impact Assessment for the introduction of MHHS. In its consultation, Ofgem specifies the need for a Programme Manager (PM), responsible for the implementation of MHHS. The role includes managing the implementation programme, overseeing the integration of the MHHS system, and co-ordinating the activity of 180 affected Parties.

Ofgem may decide to perform this role itself. Alternatively, an industry body could provide some, or all of the PM roles. We have set out our case for taking on the PM role in a new [pamphlet](#). It explains in more detail what the PM role is, and what Elxon would bring to the role.

If you are responding to Ofgem's consultation on which organisation should fulfil the PM role, we would invite you to consider our views in your response and if you agree, recommend that Elxon undertakes the role.

VIII. KPI Spotlight



Service Level Agreement (SLA) stability continues to be maintained with back to green activities continuing to result in positive improvements in terms of SLA performance.

A total of 39 out of 41 SLAs being met, this representing further improvement when compared to June performance.



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.

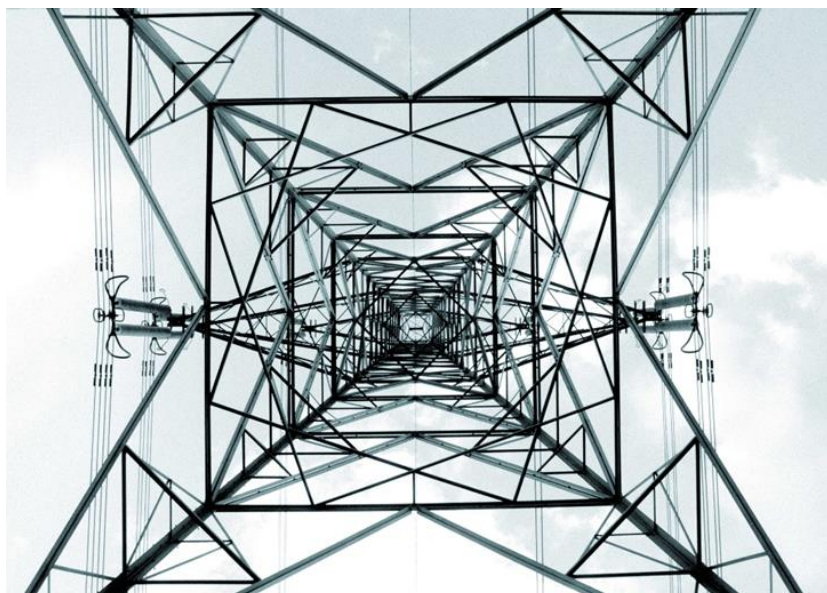
X. Recommendations

We invite the BSC Panel to:

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

Attachments

Attachment A	–	Elxon monthly KPIs
Attachment B1	–	Report from the ISG (Public)
Attachment B2	–	Report from the ISG (Confidential)
Attachment C	–	Report from the SVG (Public)
Attachment D1	–	Report from the PAB 235A (Public)
Attachment D2	–	Report from the PAB 235B (Public)
Attachment D3	–	Report from the PAB 235B (Confidential)
Attachment E	–	Report from the TDC
Attachment F	–	Report from the BCB (Confidential)



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