

# ELEXON

## 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.

## 308/01 Elexon Report

### BSC Panel

Date of meeting	<b>12 November 2020</b>
Paper Number	<b>308/01</b>
Owner/author	<b>Mark Bygraves</b>
Purpose of paper	<b>For Information</b>
Classification	<b>Public</b>
Summary	<b>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.</b>

### 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 provided an update on a possible change of approach for Supplier consumption estimation derogations following the announcement of a four-week lockdown.

We have highlighted some improvements that we have made for holding online meetings.

We have provided an update on the plan for submission of MDD and LLFC for Ofgem's Targeted Charging Review (TCR).

In relation to Ofgem's Market Wide Half Hourly Settlement (MHHS), we have published a webinar which provides background information to help responses to two major consultations in the coming months and recaps how the MHHS Target Operating Model (TOM) works.

We have also provided information on how to sign up to the Code Administration Code of Practice (CACoP) Retail Code Consolidation Webinar and provided a link to the quarterly newsletter which provides the latest information on cross-Code issues, important dates and key events.

### Target Audience

Elexon's customers and the wider industry.

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## I. Coronavirus News

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](#). Here we have also addressed a number of questions or issues that may arise because of the current events. We will also communicate any major changes to Elexon or the BSC via our regular channels.

### Possible estimation derogation changes after lockdown announced

Elexon and the Performance Assurance Board (PAB) will consider if a change of approach for Supplier consumption estimation derogations is now required after it was announced that England will go into lockdown for four weeks from 5 November 2020 to 2 December 2020.

We would like the opinion of Suppliers in regards to this matter. Please provide your views to your Operational Support Manager (OSM) or the [Risk Team](#).

### Managing performance issues and EFR strategy for Suppliers

The PAB have agreed on a strategy to managing performance issues and applying Error and Failure Resolution (EFR) for Suppliers. The strategy was agreed after the PAB discussed the challenges facing the industry in relation to attaining the Half Hourly (HH) and Non-Half Hourly (NHH) Settlement performance standards following the first COVID-19 lockdown at its August meeting.

The PAB said it would reconsider the approach to resuming EFR for issues which related to non-compliance with Settlement performance standards that currently have the EFR technique applied and for new performance standard issues. The PAB's EFR approach can be found at the following [link](#).

### BSC Change Prioritisation Update

In response to COVID-19, we prioritised BSC Changes to reduce the burden on all market participants since April 2020. The criteria for prioritisation was whether the change:

- Is required to mitigate risks and issues caused by COVID-19;
- Is required to be implemented by a fixed deadline, or
- Has minimal impact on market participants, unless required for the previous two points.

In agreement with the BSC Panel, we plan to stop this approach at the end of December 2020. The Panel noted that a new 'normal' has been found despite the situation remaining challenging and uncertain. This is however subject to the evolving situation but a further review will be taken at the December Panel meeting following the announcement of a four-week lockdown. We would welcome any feedback on this.

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

### Settlement performance during COVID-19 now public

To provide BSC Parties with insight on Settlement performance and monitoring during COVID-19, the PAB have approved a public version of the Risk Report for the first time.

The Risk Report shows impact from COVID-19, in terms of Settlement Performance across each Settlement run, plus a view of how Supplier Volume Allocation Agent (SVAA) data is changing year on year, since lockdown started and week on week. Further information can be found at the following [link](#).

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## II. Elexon News

### Consultation Responses

We have not responded to any consultations since our last update to the Panel. All consultation responses are available on the [industry insights](#) page of the Elexon website.

### Elexon and BSC seminar: Introduction to the energy market webinar videos available

Due to COVID-19, we have been unable to hold the Elexon and BSC seminar: 'Introduction to the energy market' in person. Instead, we held it by webinar. The webinar recordings are now available [online](#) and can be accessed free of charge

### Improvements for holding online meetings

We have taken on board feedback from customers that the use of Skype for holding online meetings has been problematic. As a result we are now using Microsoft Teams (MS Teams). This is a platform that you have told us you prefer, because it has better functionality and is more user friendly. From now on, MS Teams meetings for BSC Committee and Workgroup meetings will also have dial in phone details for anyone that is not able to join the meeting digitally. You do not need a Microsoft or MS Teams account to join these meetings by phone. If your company's firewall prevents you from accessing MS Teams at all, please speak with your IT department.

Historically, we have not sent meeting invites for Modification or Issue Group meetings, due to concerns over sharing of participants' email addresses. We are now able to send invites without visible email addresses which will further improve the customer experience. We hope you find these changes useful. As always, we would be keen to hear any further customer feedback. Please get in touch at [bsc.change@elexon.co.uk](mailto:bsc.change@elexon.co.uk).

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## III. Industry News

### European Developments

#### Future UK-EU trading agreement

Formal UK–EU future trade agreement negotiations have had ten rounds since March 2020. In recent weeks, the outlook of energy negotiations has become a little more tumultuous. President Macron of France has been reported as saying that he may not allow access to European energy markets if French Fishermen are not allowed to continue to fish in UK Territorial waters (as per treaties in place since the 1880s). Of course, France is only one of the points of entry into the European Market, alongside Belgium and the Netherlands. However, France is our closest market with the largest capacity on the Interconnectors and is our only entry to TERRE (see below), so this could have an effect if it comes to fruition.

In recent weeks negotiations have entered an intensive period and, at the time of drafting, we await to see the outcome.

#### Cross-border trading arrangements

Details are starting to emerge about the shape of a possible deal regarding cross-border trading arrangements. As previously stated by the EU, GB participants will not have access to existing EU tools. If there is a deal, there will be a facilitated framework for coordination. Any arrangements would also need to comply with the following:

- Preserve integrity of the EU IEM;
- Preserve autonomy of the EU;
- No de-facto replication of the existing arrangements;
- Need for competitive markets on both sides; and
- Level playing field on state aid and carbon pricing.

## Cross-border balancing arrangements

At this stage, there is no equivalency for Balancing being discussed i.e. how to replace/emulate TERRE, and eventually MARI. The UK Government's position is that TERRE is used for security of supply and as such, should not be considered as being included in the EU's position of 'no access to platforms'.

The Department for Business, Energy and Industrial Strategy (BEIS) have said that there may be bi-lateral balancing arrangements put in place from 1 January 2021 onwards, but these have not been discussed yet. We have reached out to BEIS to assist where we can.

## 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. An SI is due in 'Autumn/Winter 2020' to enact the Directive into UK law.

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 derogation form Ofgem on this.

Modification [P412 'Ensuring non-BM Balancing Services providers pay for non-delivery imbalances at a price that reflects the real-time value of energy'](#) was raised by NGESO ahead of the September 2020 BSC Panel. This will address issues around Balancing Responsibility and non-delivery charges.

## Electricity Balancing Guideline (EB GL)

On Friday 4 September 2020 NGESO announced publically that they would not deliver TERRE, the pan-European balancing platform, before the end of 2020. What will happen post 1 January 2021 remains unclear and is largely dependent on UK/EU FTA Negotiations. Changes to the BSC and Elexon's systems were delivered in December 2019 to enable Wider Access to the Balancing Mechanism and this not affected by this delay to TERRE.

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.

Workgroup progression has not been as much as hoped for several reasons, including limited member engagement in discussions. The last two Workgroup meetings have been cancelled and we took the opportunity to meet with NGESO to work-out a way-ahead. The BSC solution was almost complete several weeks ago, but we were unable to 'fill the gaps' until NGESO had resolved several outstanding actions, and determined how to deliver MARI – this information is starting to come through.

Anecdotal feedback is that Workgroup Members are hesitant about engaging. This is due to uncertainty around the solution as well as the outcome of FTA negotiations, and whether it is worth continuing development given uncertainty around negotiations as well as whether neighbouring TSOs will be ready by July 2022 (Belgium and the Netherlands have already indicated they will not be ready).

## 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, and are awaiting the outcome of GC0144 until they make their final determinations.



## IV. Operational News

### UMS MPANs with 100kw demand to be migrated

Elxon has updated the Unmetered Supplies (UMS) [Operational Information Document](#) (OID) to provide clarification to relevant Suppliers about their obligations to migrate meters over 100kw to Half Hourly (HH) Settlement.

In particular, the OID outlines how Suppliers and Unmetered Supplies Operators (UMSOs) are required to identify sites with a maximum demand over 100kw and migrate them to HH Settlement. There is also a new section that provides the calculation rationale for identifying MPANs with a maximum demand over 100kw. These can be found in sections 1.4 and 1.4.1 of the OID.

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

### Latest update to the submission of MDD and LLFC Plan for Ofgem's TCR

At its September meeting, the BSC Panel approved two Market Domain Data (MDD) Change Requests (CRs) to be included in the MDD October Release and deferred making a decision on two further CRs. Whilst all CRs presented to the Panel included new LLFCs necessary to support the implementation of Ofgem's TCR Significant Code Review (SCR), the Panel only approved two of the CRs because they included time critical changes necessary for giving effect to system changes and to support the implementation of DCUSA Change Proposal DCP268.

The Panel is concerned that the numbers of new LLFCs (increasing from ~16,000 to ~35,000) (and related valid set combinations (increasing from ~208,000 to ~470,000)) required to give effect to the TCR SCR presents a serious risk to Settlement systems and processes. Therefore, the Panel is waiting for Central System and industry testing to provide assurances that Settlement systems and processes can cope with a considerably enlarged MDD set.

Following the Panel's approval of two of the MDD CRs, last week Elxon produced and published MDD and LLFCs for release 303, which covers CRs M3629 and M3631.

The two CRs implemented added 2,122 new LLFCs and 24,287 new valid set combinations to MDD. These will be reflected in D0269/D0270 (MDD) and D0265 (LLFC) flows. If you have noticed any impact on the performance of your system because of these additions, please contact the BSC Service Desk.

We are continuing to work with our service providers on the testing requirements and timescales as well as liaising with Ofgem and Licensed Distribution System Operator (LDSOs). We are planning a mixture of central system testing and will support participant testing through the provision of test data/output files. We are also in conversation with Electralink so we can limit the impact on the DTN.

We will provide a further update as soon as we can. Before making a full testing and MDD progression plan public, we intend to share an indicative plan with LDSOs & IDNOs as soon as possible.

Please visit the [large scale changes to Market Domain Data](#) page on the Elxon website for further information.

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

The CALF values for the Winter 2020 BSC Season, which runs from 1 December 2020 to 28 February 2021, are now available from the Credit/Credit Alerting section under the Financial and Credit menu on the [Elxon Portal](#). Further information on CALF and how to appeal can be found at the following [link](#).



## Volume Notification on 'Long' Clock Change Day: Sunday 25 October 2020

There were 50 Settlement Periods instead of the standard 48 on Sunday 25 October 2020 to account for Daylight Saving Time adjustments.

Settlement Periods one to four inclusive on 25 October 2020 began as normal at 00:00 (BST), 00:30 (BST), 01:00 (BST) and 01:30 (BST) respectively. At 02:00 (BST), the clocks changed to GMT so instead of Settlement Period five beginning at 02:00 (BST), Settlement Period five began at 01:00 (GMT). Settlement Period six began at 01:30 (GMT) and so on until Settlement Period 50 began at 23:30 (GMT).

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

## Settlement Adjustment after Demand Control Events

A [BSC rule change](#) was implemented on 12 October 2020, requiring Elexon to determine whether Settlement Adjustment Processes (SAPs) should be used if a Demand Control Event (DCE) occurs in future, the criteria being whether the benefit is greater than the cost.

The change is an example of how the BSC Panel and Elexon proactively work together, learning from key industry events to evolve the BSC so that it is more efficient.

## Technical Assurance of Metering (TAM) Desktop Audit – User Question and Answer Sessions

The TAM Desktop Audit process was implemented in April 2020, with the Optional Desktop Audit sample starting in July 2020. As the audit draws to a close, Elexon is hosting a number of Q&A sessions for Technical Assurance Agent Management Tool (TAAMT) users to provide users an opportunity to discuss areas where they may have struggled and allow Elexon to target areas of the process that require additional guidance.

Event dates and times can be found at the following [link](#).

## Latest information on the status of BSC Parties

We have [published](#) updated information on the status of BSC Parties and Qualified Persons in October. It includes information on any accessions, registrations, withdrawals and defaults.

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## V. Electricity Market Reform News

Settlement of Contracts for Difference and of the Capacity Market is undertaken on behalf of Low Carbon Contracts Company and Electricity Settlements Company respectively, by Elexon's wholly owned subsidiary EMR Settlement (or EMRS) which involves the calculation, collection and distribution of payments to CfD generators and CM providers. The following EMR Circulars have been issued since the last Panel meeting.

- **EMRC220:** Suppliers to receive refund of excess Operational Costs and Settlement Costs Levy for Financial Year 2019/20; and
- **EMRC221:** Winter 2020 Baseload Market Reference Price

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

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## VI. Cross-Code News

### Ofgem Market Wide Half Hourly Settlement (MHHS)

We have published a [webinar](#) which recaps how the MHHS Target Operating Model (TOM) works. The webinar also provides background information to help organisations respond to two major consultations relating to MHHS in the coming months.

Our Code Change and Development Group (CCDG) and Architecture Working Group (AWG) work continue to progress. The next CCDG meeting will be held on 17 November 2020 and the next AWG meeting will be held on 24 November 2020.

ScottishPower raised [P413 'Require Elexon to be the Programme Manager for the implementation of Market-wide Half Hourly Settlement'](#) which will require Elexon, as the BSC Company (BSCCo), to provide the Programme Manager (PM) function for the implementation of MHHS. The third and fourth Workgroup meetings are due to take place on 3 November 2020 and 20 November 2020 respectively.

### Retail Energy Code (REC)

Ofgem is [consulting](#) on REC Version 1.1 and has mentioned metering assurance saying that Ofgem is still looking to move the Meter Operator Assurance (MOA) obligations from the BSC to the REC by September 2021. This relates to governance of metering and would transfer from the BSC 'process-based' obligations to the REC, with technical metering obligations remaining under BSC governance. Given that each of these processes rely to an extent on each other, Elexon, the Panel and the PAB have raised concerns around the impact of this split on our ability to undertake assurance activities and around the risk of introducing increased complexity for market participants.

We have presented an alternative solution to Ofgem for its consideration. Ofgem is due to provide an update on its current thinking at the November 2020 Panel meeting.

### The Code Administration Code of Practice (CACoP) Retail Code Consolidation Webinar

The CACoP sets out principles for the administrators of the industry codes that underpin the electricity and gas market. The CACoP Forum is holding a free industry webinar aimed at providing headline information about how the current industry Codes will be affected by the upcoming Retail Code Consolidation work. Ofgem intends to consult on consequential changes to industry Codes in the coming months.

Energy companies that interact with the BSC, Master Registration Agreement (MRA), Supply Point Administration Agreement (SPAA), Distribution Connection and Use of System Agreement (DCUSA), Smart Energy Code (SEC), Uniform Network Code (UNC) or Independent Gas Transporters Uniform Network Code (IGT UNC) as part of their roles may benefit from this three-hour session. You can register for the webinar by emailing [CACoP@gemserv.com](mailto:CACoP@gemserv.com).

### October CACoP Newsletter published

The October 2020 CACoP Newsletter has been published on the [CACoP forum](#) page of our website. The quarterly newsletter provides you with the latest information on cross-Code issues, important dates and key events. This edition includes:

- Cross-Code changes and projects taking place;
- News and developments across the different Codes;
- An answer to why some Codes Administrators issue more consultations than others; and
- A closer look at how Code Administrators are achieving CACoP Principle 5 (CACoP Principle 5 requires Codes to support a 'pre-modification' process to better encourage industry debate and support in shaping solutions).

### Market Maker

The [Issue 90](#) report re Market Maker (MM) and wholesale liquidity was submitted to Ofgem in August 2020. The Panel urged Ofgem to conclude if a MM was necessary, given the timelines of a Modification and subsequent procurement. Ofgem announced on 16 October 2020 that it sees no liquidity problems and therefore no need to pursue a MM.

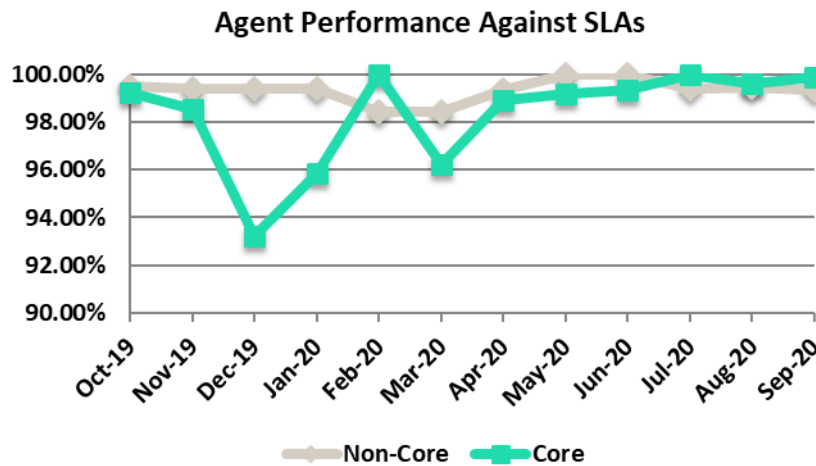
## VII. KPI Spotlight

The first GC/DC breach monitoring run, for the season, completed successfully on 29 September 2020 with all breach reports delivered to industry participants within agreed timescales.

The Balancing Mechanism Reporting Service (BMRS) outage, as per Elexon Circular EL03200 "Planned Outage on the Balancing Mechanism Reporting Service", was completed within the agreed change window. The outage included



a number of changes (BMRS tech upgrade 2020, plus CR451, CR452 and CR347). 1,352 tickets were processed within the month, a slight increase (30 tickets) compared to August 2020. The main changes were due to an increase in service requests, relating to a number of new starter requests being processed in the month.



## VIII: 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.

## IX: Recommendations

We invite the Panel to:

- **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 (Public)
- Attachment D2 – Report from the PAB (Confidential)
- Attachment E – Report from the TDC
- Attachment F – Report from the BCB (Confidential)

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