

## Minutes

### BSC Panel

Meeting number **308**

Venue **Video Conference**

Date of meeting **Thursday 12 November 2020**

Classification **Public**

### Attendees and apologies

#### Attendees

Michael Gibbons	MG	BSC Panel Chair
Phil Hare	PH	Deputy BSC Panel Chair
Colin Down	CD	Ofgem Representative
Jon Wisdom	JW	NGESO Panel Member
Andrew Colley	AC	Industry Panel Member
Lisa Waters	LW	Industry Panel Member
Mark Bellman	MBe	Industry Panel Member
Rhys Kealley	RK	Industry Panel Member
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Independent Panel Member
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ed Rees	ER	Consumer Panel Member (and Alternate for SH)
Mark Bygraves	MB	Elexon CEO
Victoria Moxham	VM	Elexon Director of Customer Operations, Panel Secretary
Claire Kerr	CK	BSC Administration and Configuration Manager
Lawrence Jones	LJ	Modification Secretary
Angela Love	AL	Elexon Director of Future Markets and Engagement
Chris Arnold	CA	Elexon (Part-meeting)
Nick Baker	NB	Elexon (Part-meeting)

Attendees and apologies		
John Lucas	JL	Elexon (Part-meeting)
Kathy Ferrari	KF	Elexon (Part-meeting)
Karen Lavelle	KL	Elexon (Part-meeting)
Tirath Maan	TM	Elexon (Part-meeting)
Amanda Rooney	AR	Elexon (Part-meeting)
Chris Lock	CL	Elexon (Part-meeting)
Mark Herring	MH	NGESO (Observer)
Laurie Walker	LW	Gilmond (Observer)
Kevin Woollard	KW	British Gas (P416 Proposer - Part-Meeting)
Arik Dondi	AD	Ofgem (Part-Meeting)
Kayt Button	KB	Ofgem (Observer – Part-Meeting)
Tim Collins	TC	SIMEC Kinlochleven Power Ltd (Part-meeting)
Melanie Ellis	ME	Limejump (Observer – Part-Meeting)
Greg Kurantowicz	GK	Limejump (Observer – Part-Meeting)
Sapna Sharda	SS	Limejump (Observer – Part-Meeting)
Ben Noone	BN	CEPA (Observer – Part-Meeting)
Lewis Heather	LH	CEPA (Observer – Part-Meeting)
Apologies		
Stew Horne	SH	Consumer Panel Member

## 1. Introduction

- 1.1 The Chairman noted apologies from Stew Horne and his nomination for Ed Rees to act his alternate.

## Part I: Non-Modification Business (Open Session)

## 2. Retail Energy Code Update – (Verbal)

- 2.1 Arik Dondi (AD) from Ofgem presented the Panel with an update on the Retail Energy Code (REC).
- 2.2 AD advised that there are currently two Significant Code Reviews (SCR) which are progressing at different speeds and to different timescales:
- Retail Code Consolidation; and
  - Faster Switching.
- 2.3 On the Retail Code Consolidation SCR, AD advised that re-planning discussions had taken place over the summer. This SCR had originally planned to go live on 1 April 2021 but that this had now been pushed back to 1 September 2021 to allow Suppliers and stakeholders to deal with COVID-19 and re-allocate resource. Ofgem is hoping to launch its consultation on the proposed Licence changes for this SCR on 12 November 2020 until mid-January 2021; changes under this SCR include bringing some metering Codes under the REC and Green Deal provisions. Following this consultation, Ofgem will consider the responses and then publish a statutory consultation in April 2021. It expects make a decision/give notice in July 2021 (to allow for a 56 days standstill period as is common practice for Licence changes) so that everything can go live from 1 September 2021.

- 2.4 In relation to the Faster Switching SCR, Ofgem is also looking to publish its consultation on the proposed Licence changes on 12 November 2020 in order to give regulatory clarity as early as possible. However, he advised that these will not come into force until the faster switching systems go-live in mid-2022. Ofgem is hoping to make a decision around February 2021 and will then carry out a statutory consultation in early 2022.
- 2.5 Ofgem is currently discussing two outstanding issues with Elexon: governance around metering and Codes of Practice (CoPs) and how those best sit between BSC and REC; and in relation to governance around MPAS. On all of these issues, Ofgem is seeking solutions that are technically sound and maximise efficiency, including the agreement of the design criteria. However he noted that political decisions need to be made as to whether these sit under BSC or REC; for both metering and MPAS governance there is a need to divide things up and rationalise them in different ways; the best way to achieve this is currently being explored.
- 2.6 AL highlighted that Elexon, Ofgem and members of RECCo held a productive discussion on 3 November 2020, in relation to the metering issue, where Elexon put forward a proposal and had taken two other options away for further exploration. Further, she noted that this is still a work in progress but that Elexon is also going to meet with RECCo's Service Providers (Capgemini) to get touch points agreed; the intention is to have a joined-up workplan going forward.
- 2.7 A Panel Member requested that metering in Settlement calculations for large power stations is not overlooked i.e. this is not solely about consumer metering, as they were of the view that this area is extremely important. AD advised that there are ongoing discussions about this; whether there is a functional, metering or customer type split still needs to be agreed.
- 2.8 The Chairman queried what the expectation is of the resource required for RECCo. AD advised that Ofgem had not set out its preferred organisational model; it will be a relatively small organisation in the short term but had left it open in the long term as to whether it is run by REC as three separate procured services or whether operations would be moved in-house.
- 2.9 A Panel Member queried whether the obligations on metering agents would be treated differently than today. AD advised that Ofgem wants to put in place a Performance Assurance Board (PAB) within REC governance that takes active measures in performance managing various parties. However, it will be down to the PAB (which should be set up in the next couple of months so that it is ready for 1 September 2021 go-live) to look at the scope of the overall REC, identify priorities and risks and identify areas where performance assurance can make the biggest difference. AD noted that Ofgem had recently published [consultation REC v1.1](#), which includes a Terms of Reference for the PAB. A Panel Member advised that they are also on the REC PAB Review Group of which the first meeting will take place on 18 November 2020. He requested that Panel Members provide any observations if they so wish. Elexon also noted that they would be sending a representative to this meeting.
- 2.10 Referring to AD's comment on size of RECCo, MB queried whether the Central Switching Service (CSS) provider for the Faster Switching Service is managed by RECCo or by the Data and Communications Company (DCC). AD confirmed that this will be managed by the DCC; Ofgem put a Licence obligation on DCC to procure the CSS as well as to manage the design and build of this.
- 2.11 The BSC Panel:  
a) **NOTED** the update.

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## Part II: Modification and Change Business (Open Session)

**IWA:** Initial Written Assessment | **AC:** Assessment Procedure Consultation | **AR:** Assessment Report  
**RC:** Report Phase Consultation | **DMR:** Draft Modification Report

### 3. Change Report and Progress of Modification Proposals – (308/03)

- 3.1 The Modification Secretary [presented](#) the Change Report and progress of Modification Proposals. They noted the delays the Article 18 change process was now having on the Modification process. He also noted that EDF raised [Issue 91 'Registration and Settlement of Smart Export Guarantee \(SEG\) sites'](#) on 5 November 2020.
- 3.2 In relation to [P390 'Allowing extensions to Elexon's business and activities, subject to additional conditions'](#), the Ofgem Representative apologised again for the delay, recognising that six months without any Ofgem decision was a long time. He reported that Ofgem's current plan is now to send the Modification back to Elexon and is intending to speak to Elexon regarding this on 13 November 2020 (the day after this meeting). A Panel Member

commented that it was very unfortunate timing: the next occasion the Panel can have a substantial discussion on this will not be until its next meeting in mid-December.

- 3.3 In relation to [P402 'Enabling reform of residual network charging as directed by the Targeted Charging Review'](#), the Modification Secretary advised that at its meeting on 2 November 2020, the Workgroup raised an Alternative solution which removes the need for changes to BSC Central Systems and places obligations on LDSOs to provide the required data to the ESO. The Workgroup recognised that this new development may risk the delivery of P402 by the requested April 2022 deadline, but believed it worth taking to get the best solution. The development of a new Alternative requires new business requirements and legal text and for a new consultation to be issued to understand the costs of the two solutions. Elexon is therefore requesting a two-month extension to the P402 Assessment Procedure.
- 3.4 The NGESO Panel Member expressed disappointment that the Workgroup did not come up with the Alternative solution for LDSOs until very late in the process which they believed was now at risk of not hitting the April 2022 deadline. Further, they were of the view that Ofgem would not be able to consider both solutions appropriately given that only one of the solutions would mean that the timescale would be met. They were also not convinced that a full consultation is required as they believed it is only LDSOs costs that are outstanding.
- 3.5 The Modification Secretary acknowledged NGESO's concerns, highlighting that Elexon is looking to speed up the process for this Modification i.e. the Alternative legal text is not required for the consultation itself and Elexon may consider only consulting for 10 Working Days. However, they highlighted that Elexon needs to consider the industry costs as a whole for both the Proposed and Alternative solutions, noting that the timescales may lead to one solution over the other. Members of the Panel were of the view that this was not an ideal situation but agreed that it is important to ensure that the right solution is being progressed; therefore it was important to re-consult regardless of the deadline.
- 3.6 In relation to [P379 'Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting'](#), the Modification Secretary noted that the Cost-Benefit Analysis (CBA) timetable had been agreed as part of the contract award to CEPA noting that the industry consultation would be issued late November 2020 to early January 2021. The Modification Secretary noted the scope of the CBA and the areas for consideration on the costs and benefits, including the counterfactual and welcomed comments on this. They also invited the Panel to attend a workshop with CEPA to review and feedback on this scope document. The Panel agreed that this separate workshop should be held once they had further time to consider the documentation. The Consumer Representative also suggested discussing the consumer benefits with CEPA themselves.
- 3.7 A Panel Member suggested that the costs of the primary Supplier (and what they will be responsible for) needs to be included. They did not see residual costs identified and believed these to be important as it is a significant change to the current industry framework. Another Panel Member suggested that customers should be asked about how much they would be willing to pay to have more than one Supplier. The Chairman flagged that P379 looks to increase competition and innovation. He noted that it is important to ensure that the benefits are also quantified wherever possible, even though this may be more difficult than for the costs, since a key purpose of the CBA is to reach as clear a conclusion as possible re the overall trade-off between the costs and the benefits.
- 3.8 Lewis Heather (Managing Consultant from CEPA) welcomed the offers put forward to discuss the CBA and the different ways these can be explored. However, he pointed out that there are some financial and timing constraints that they have to work within so need to consider the proportionality and scope, particularly in relation to the benefits. He added that the suggested survey with customers could have a lot of merit but that it is unlikely that they would be able to include this at this stage. The Modification Secretary also commented that aiming to quantify such benefits to this level in this Modification was unlikely to significantly increase confidence in the conclusions because many of the new propositions simply do not yet exist.
- 3.9 In relation to TERRE and [P407 'Project MARI'](#), the Modification Secretary noted that they are not aware of any new information relating to access to the LIBRA platform post 1 January 2021 with the EU position still being that legally GB will not have access to LIBRA, but this is subject to any Free Trade Agreement (FTA). They highlighted Ofgem's [open letter](#) published on 6 November 2020 on the ESO delays to the implementation of TERRE. Ofgem has asked ESO to collaborate with stakeholders, including Elexon, to address all outstanding implementation details through the creation of a GB TERRE Implementation Group (consisting of GB and France interconnectors, Elexon and market participants). Elexon will work with the ESO to develop and deliver the new plan. The NGESO Panel Member noted that NGESO is currently working on this and will publish any developments as and when these have been agreed.

- 3.10 A P407 Workgroup meeting was held on 3 November 2020 to agree the BSC solution, which is based on assumptions as was the case for TERRE. The next Workgroup meeting is due to take place on 23 November 2020 to step through the legal text with the P407 Assessment Consultation currently planned for 17 December 2020 – 20 January 2021. The Modification Secretary invited comments as to whether issuing the consultation should be delayed until January 2021, when Elexon would have more certainty over MARI, accepting that this may leave less implementation time. A Panel Member commented that holding the consultation over Christmas would not be helpful and suggested that this either be extended by a couple of weeks or delayed until January 2021. Overall the Panel agreed that the consultation should be delayed until January 2021 to give industry plenty of time to respond. Elexon agreed to amend the dates for the P407 Assessment Consultation.
- 3.11 The Modification Secretary advised that the Code Administrator Code of Practice (CACoP) forum is undertaking a review of the Modification Proposal forms across the industry. The intent of this is to ensure consistency across all Codes to facilitate easier engagement in the change processes by market participants. Elexon has fed in its simplification updates it made to the Proposal Form last year into this process. As part of this work, the CACoP Forum has considered changes that could be made to Modification documents to better assess the impact a Modification may have on consumers; this stemmed from NGESO's transmission work under the UNC and drawing out the consumer impact more clearly in Modifications. Elexon welcomed comments on the proposed changes and invited the Panel to attend a workshop to review and feedback on this initiative before deciding whether to approve.
- 3.12 The CACoP Forum is taking into account whether there is value to Code Panels and Ofgem of including this or whether it would just be a 'tick box' exercise. A Panel Member commented that the CACoP Forum needs to work with Ofgem to discuss whether it still believes that the Code Objectives in the Licence are still relevant or whether Ofgem has the intention to change them. Another Panel Member also believed it should allow for different types of customers. The Consumer Representative also provided some background to this proposal. The Panel did not commit to a workshop at this stage or to adopting the proposal. Instead it was agreed Panel Members would bring comments and questions to the December 2020 Panel meeting, where a more general CACoP update is due.
- 3.13 In relation to [P408 'Simplifying the Output Usable Data Process'](#), the Modification Secretary advised that on 9 November 2020, Ofgem approved the Panel's request to move the P408 Implementation Date from 3 December 2020 to 2 February 2021.
- 3.14 The Modification Secretary reported the updating of the Modification report templates to present costs in a tabular format. Additionally, Elexon has updated the contents page to include signposting for those less familiar with the Modification Reports. In the coming month Elexon will update the consultation questions to validate cost categories with market participants which it believes complements the CACoP work on consumer benefits.
- 3.15 The Modification Secretary noted that 'Modcasts' were implemented a year ago. Elexon is of the view that these are a valuable addition for market participants and are keen to spread the word that these exist. An example of one of the most listened to is for P385 which can be found at the following [link](#). A Panel Member commented that following feedback they had received, Modcasts provide enough detail to understand what is going on but not a sufficient amount of detail to prevent customers having to open up the full Modification report. The Modification Secretary welcomed this feedback and commented that Modcasts were designed to help customers determine whether they needed to open up the report and to broaden accessibility for customers.
- 3.16 The BSC Panel:
- a) **AGREED** a two-month extension to the P402 Assessment Procedure;
  - b) **COMMENTED** on the P379 cost/benefit analysis approach and scope;
  - c) **AGREED** to nominate attendees for a workshop on the P379 cost/benefit analysis approach and scope outside the meeting;
  - d) **AGREED** to bring comments on the CACoP Consumer benefits proposal to the December 2020 Panel meeting;
  - e) **AGREED** to nominate attendees for a workshop on the CACoP Consumer benefits proposal at the December 2020 Panel meeting;
  - f) **NOTED** the contents of the November Change Report, including the change to the P408 Implementation Date.

#### 4. P416 'Introducing a route of appeal for the Annual Budget' – (308/04)

- 4.1 The Chairman advised that as the independent Chairman of the BSCCo Board, he would be happy to hand over the chairmanship to the Vice Chair if the Panel believed there was a conflict of interest. The Panel agreed for the Chair to continue and provide his views.
- 4.2 The Chairman commented that prior to 2013, there had been issues between the BSCCo Board, BSC Panel and Elexon personnel in terms of strategy, budget and vires. One of the key concerns identified in the Knight Review was the blurring of responsibilities for strategy and budget, and we should ensure that such a mistake is not repeated. He added that any appeals process needs to be preceded by a sensible and reasonable process to resolve the disagreement first. An attempt to resolve the issue (as introduced under [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#)) not only put in the ability for a Party to remove (or threaten to remove) BSCCo Director(s) but also the option for a Party to raise a special resolution (not binding) if it has enough support; this process does not seem to have been considered under P416. The Chairman was also concerned that if only one Party appeals, the consequences of a successful appeal would be felt by all BSC Parties whether they were supportive or not; he believed that there should be a mechanism for ensuring that this particular outcome is taken into account by the Workgroup. A Panel Member agreed noting that there are already processes in place for BSC Parties to raise grievances. However, before a single Party appeals directly to Ofgem, they suggested that a process also needs to be put in place to give all BSC Parties the opportunity to comment.
- 4.3 MB commented he was all in favour of transparency of process. He suggested that the second Terms of Reference (Do the deadlines for draft publication, comment summary and BSCCo Board decision need to be changed to accommodate the appeals process?) be expanded to include the existing avenues available referred to by the Chairman. In relation to the fourth Terms of Reference (How would the existing mechanisms handle such an appeal and are these sufficient?) he noted this required clarification given that there is currently no appeals process.
- 4.4 A Panel Member suggested that the potential dis-benefits be added to the Terms of Reference. They were concerned that the freedom afforded to it by the BSCCo Board is an important part of the effectiveness of the BSC; dealing with the change in circumstances and ever changing market situation. They noted that that they believed that in the past, BSC Parties' silence has meant that they support the Budget. The Panel Member was also concerned that Ofgem may not be able to provide a particularly quick response to a Budget appeal and that this could slow down the overall process.
- 4.5 AL asked the Panel to note that Elexon introduced new ways of obtaining feedback from BSC Parties on the Annual Business Plan and Budget, including by webinar. As in previous years, Elexon is going to provide a webinar in January 2021 but if any Panel Members have any other ideas on how to obtain further party engagement, that Elexon would welcome suggestions.
- 4.6 Another Panel Member suggested that clarification of timelines of the appeals process needs careful consideration as it could have a knock-on impact on the running of the business i.e. it could impact the Annual Budget and therefore work activities for the year ahead. It was also noted that there is a need to consider how an appeal process could be misused and how the solution would try to ward against vexatious use.
- 4.7 The Proposer commented that this Modification is not a reflection or criticism on any past discomfort on the BSC's Annual Budget process (it has with other Codes but not the BSC) but more ensuring that the BSC is aligned with the provisions in the REC, which they considered to now be best practice. Some Panel Members expressed the view that the existence of a new, so far untested provision in the REC is not sufficient reason to include it in the BSC, and it did not apply to other codes. Further, the Proposer commented that the intention is to include a last resort route into the process and that the process leading up to this needs to be made explicitly clear. A Panel Member suggested that the title could be amended to reflect this alignment to make it clear to industry that this is the purpose.
- 4.8 The BSC Panel:
- a) **AGREED** that P416 progresses to the Assessment Procedure;
  - b) **AGREED** the proposed Assessment Procedure timetable;
  - c) **AGREED** the proposed membership for the P416 Workgroup; and
  - d) **AGREED** the Workgroup's Terms of Reference, subject to the inclusion of consideration of the full use of existing mechanisms, notably special resolution, consideration of whether unilateral appeals would be

appropriate, consideration of the knock-on effect on other BSC Parties, clarification of timelines and consideration of possible unintended consequences of the Modification, including the dis-benefits of the proposal.

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### **Part III: Non-Modification Business (Open Session)**

#### **5. Minutes of previous meetings & Actions arising**

- 5.1 The BSC Panel approved the draft minutes for BSC Panel meetings 307 and 307A, subject to a minor amendment to 307A. Elexon presented the actions and associated updates for the November Panel meeting. The Chairman highlighted that there is currently only one open action as all other outstanding actions have been completed.

#### **6. Chairman's Report**

- 6.1 The Chairman advised that he attended a physical networking lunch in October 2020; the guest speaker was the previous CEO of Ofgem.
- 6.2 He also noted that he attended the virtual Energy UK Conference. He noted that the minister had changed his mind on the hydrogen strategy where policy support appears to be increasing for this as well as new nuclear. The intention is for a white paper to be published in November 2020. There was also support amongst members for a coordinated network of offshore transmission lines.
- 6.3 The Chairman advised that after the December 2020 Panel meeting, we are planning on doing something virtually in place of the usual Panel Christmas lunch.

#### **7. Elexon Report – (308/01)**

- 7.1 VM noted that following the announcement of the second lockdown, the PAB convened an ex-Committee meeting to discuss the ending of estimation derogations, which was currently planned for 31 December 2020. The PAB agreed, given the new situation, to reverse its previous decision. Consequently, for the foreseeable future, Suppliers are able to continue to provide updated estimates of consumption that reflect changes in usage during periods of lockdown in Settlement.

#### **8. Distribution Report**

- 8.1 The DNO Representative commented that DNOs and IDNOs continue to engage with Elexon on the delivery of the Market Domain Data (MDD) Targeted Charging Review (TCR). DNOs and IDNOs are comfortable with the progress being made.
- 8.2 On the Retail Code Consolidation SCR, Network Operators have been engaging with Ofgem, Elexon and other Code Bodies on changes to MPAS governance.
- 8.3 In relation to P402, DNOs have been engaged with the Workgroup but will discuss the Panel and Ofgem's concerns with them to try to ensure they deliver to the April 2022 deadline.

#### **9. National Grid Report**

- 9.1 The NGESO Panel Member noted that procurement continues for the launch of its new service 'dynamic containment' (around 295MW now participating). NGESO intends to conclude this in 2021.
- 9.2 He noted that NGESO had launched its informal C16 consultation, following an engagement session with industry on 10 November 2020.
- 9.3 Further, the NGESO Panel Member noted that in relation to TNUoS charges, a new Urgent Modification ([CMP353 'Stabilising the Expansion Constant and non-specific Onshore Expansion Factors from 1st April 2021'](#)) had been raised and Urgent status approved by Ofgem.
- 9.4 The NGESO Panel Member also advised that Ofgem approved Grid Code Modification [GC0131: 'Quick Win' Improvements to Grid Code Open Governance Arrangements](#) which brings the Grid Code governance more in line with the BSC.

#### **10. Ofgem Report**

- 10.1 The Ofgem Representative reiterated the [open letter](#) to NGESO on TERRE which had been circulated to the Panel on 10 November 2020.
- 10.2 A Panel Member requested for Ofgem to circulate a new internal organisation chart given some recent departures. MB commented that this would be useful as it is still not clear where BSC sits. The Ofgem Representative advised that Codes would sit under Cathryn Scott, Director of Enforcement and Emerging Issues (via Lesley Nugent) but agreed to obtain a new organisation chart.

**ACTION 308/01**

**11. Tabled Reports**

- 11.1 The BSC Panel noted the reports from the ISG, SVG, PAB, TDC, BCB, the Trading Operations Headline Report and the System Price Analysis report.
- 11.2 A Panel Member suggested that a battery category for fuel type be included in the Trading Operations Headline Report as 'other' had been identified as an issue. Elexon agreed to consider this offline.

**ACTION 308/02**

**12. Market Index Definition Statement (MIDS) Review for 2020 – (308/05)**

- 12.1 A Panel Member commented that currently in the MIDS file on the Elexon Portal, EPEX and Nordpool submit the same data so that one is only visible in the file. They therefore queried what will happen when they are decoupled as there will be no GB reference price when GB leaves the market. Elexon advised that it currently receives separate data from both EPEX and Nordpool; Nordpool data is often zero in the file as they have not met the liquidity threshold.
- 12.2 Elexon noted that the future of the Market Index Price (MIP) is currently being considered by the [P410 'Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations'](#) Workgroup; the current view is that the MIP should be kept but that these discussions are ongoing.
- 12.3 The BSC Panel:
- a) **NOTED** the ISG's recommendation; and
  - b) **AGREED** that no change is made to the Market Index Definition Statement (MIDS).

**13. Update on reporting of exempt supply volumes to EMRS – (308/06)**

- 13.1 A Panel Member queried the timing of the potential options for dealing with the more complex scenarios. Elexon advised that these would need to be raised as Modifications rather than Change Proposals and therefore timescales are likely to be in the region of six months rather than six weeks (even for those options that do not require any changes to BSC Systems).
- 13.2 A Panel Member noted that the 95% threshold is random but queried whether Elexon had considered the situation similar to a Meter volume reallocation where the generator is matched to the customer, noting that this is not always 95%. They were concerned that the "normal circumstances" proposal is out of line with the exemption order which is clear that up to 5MW of energy can be supplied. Elexon agreed that if the Panel was to adopt this proposal, there would be parties who would have genuine exempt supply arrangements, which in the absence of a Modification Proposal would be unable to recognise. They agreed that it would be unfair to those parties and their suppliers who would be wrongly charged for energy that was exempt supply. Further, Elexon noted that the issue with the interim solution is that it does not have a process for matching Meter readings; if a customer is only buying its energy from the exempt supplier for 50% of the time (for example) rather than 100%, this is difficult to address.
- 13.3 A Panel Member suggested that instead of the 95% threshold, whether the company simply declare to Elexon what the percentage of the Meter reading, supported by a Director's certificate. The Panel Member was concerned that the 95% threshold is higher than the threshold that a generator undertakes from their generation. Elexon advised that it does not have the ability to implement this potential solution without a Modification Proposal.
- 13.4 A Panel Member queried how many applications Elexon had received so far for exempt supply. Elexon advised that there had been two applications made to date (the first was non-contentious and would have met the

proposed criteria and the second will be discussed in the confidential session at the November 2020 meeting). Further, there is another application drafted but the applicant is awaiting the outcome of this discussion.

- 13.5 Tim Collins (TC) from SIMEC Kinlochleven Power Ltd made the observation that the purpose was to facilitate more accurate Electricity Market Reform (EMR) Settlement on an interim basis for a small number of applications; they believed the proposed threshold criteria to be unduly strict when compared to what was originally intended. Elexon agreed that setting a very high bar does lead to less accurate EMR charging if there is a Metering System where 95% of energy is exempt supply. Additionally, while there are a small number of applications the overall effect on the market is small but that this could incentivise more than one supplier to put systems and contracts in place to make use of this to avoid these charges.
- 13.6 Melanie Ellis (ME) from Limejump commented that they support the high 95% threshold for the interim solution, regardless of it being a strict criteria proposed by Elexon.
- 13.7 A Panel Member queried whether there is scope for a consultation on this issue. Elexon expressed concern that this may overlap with BEIS's [Call for Evidence](#). Elexon suggested that its efforts would be better placed on progressing an enduring solution (favourably one based on Data Collectors) that could be implemented as soon as possible.
- 13.8 A Panel Member queried whether an applicant is able to appeal a unanimous SVG decision. Elexon advised that under section 6.1.1 of the SVG's Terms of Reference, there is currently no route of appeal to the Panel in this circumstance.
- 13.9 Two Panel Members disagreed with recommendation c) as they believed it to be unduly discriminatory and encouraged a BSC Party to raise a Modification for an enduring solution to be progressed as soon as possible. One of the Panel Members suggested that the Capacity Market's de-rated methodology be used as they believed it reflects normal operation.
- 13.10 The BSC Panel:
- a) **AGREED** that the SVG should continue to operate a process for identifying Metering Systems that record exempt supply;
  - b) **AGREED** that the SVG process should require a declaration from a director of the exempt supplier, identifying the class or individual exemption that applies, and confirming that its conditions are (or will be) met;
  - c) **AGREED** that the SVG process should only treat a Metering System as exempt if the circumstances under which it may record licensed supply are genuinely unusual i.e. not circumstances that would be expected to arise in the normal operation of the business; and
  - d) **NOTED** that there are a number of options for a more enduring solution (see paragraph **Error! Reference source not found.**), which could be progressed as Modification Proposals (or, in some cases, through the BSC Sandbox procedure).

#### 14. **Funding Shares Audit Findings – (308/07)**

- 14.1 The BSC Panel:
- a) **NOTED** the findings of the 2019/20 Funding Shares Audit.

#### 15. **Preview of 2021-22 Business Plan and Budget – Verbal**

- 15.1 Elexon provided the Panel with a preview of the 2021-2022 Business Plan and Annual Budget. AL advised that Elexon had tried to make the Business Plan shorter and easier to read than previous years by focussing on the products Elexon provides to customers. Elexon confirmed that the BSC Panel would receive a copy around 3 December 2020 (December Panel paper day) and that it would then like to issue the plan to BSC Parties for comment around 17 December 2020.
- 15.2 The Panel agreed to form a Working Group to discuss and review the 2021-2022 Business Plan and Annual Budget. Phil Hare, Mark Bellman and Rhys Kealley volunteered to be a part of this.
- 15.3 A Panel Member queried whether a confidential version could be circulated to the Panel Working Group prior to the 3 December 2020 given the tight turnaround; even if this was a version with the figures redacted. Elexon noted that the Board should have sight of this first on 2 December 2020 but agreed to discuss this and get back

to the Working Group as to whether an earlier version could be circulated, as in previous years with the figures removed.

15.4 The BSC Panel:

a) **NOTED** the update.

16. **Any other business**

16.1 The Chairman highlighted that the Panel Working Group, on how to pro-actively engage with other Code Bodies, took place on 9 November 2020. The discussions and actions from this meeting were circulated to the Panel on 10 November 2020. A Panel Member suggested that the Panel Secretary reach out to other Code Bodies to see if any other Chairs would like to attend a BSC Panel meeting and liaise with the CUSC Administration team to seek an invitation for the BSC Panel Chairman to attend a CUSC Panel meeting.

**ACTION 308/03**

16.2 AL also highlighted that Elexon had reached out to Ofgem, Energy UK and the ENA in relation to Ofgem's SCRs to discuss cross-code market change and how Elexon's systems will deliver the pipeline of change.

17. **Next meeting**

17.1 The next meeting of the BSC Panel will be held remotely on Thursday 10 December 2020.