

# 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.

## 309/01 Elexon Report

### BSC Panel

Date of meeting	<b>10 December 2020</b>
Paper Number	<b>309/01</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 highlighted that we will be returning to BSC Trading Parties £1.5m of forecast underspend through a reduction in Elexon's billing over the coming months.

We have provided an update on the progress Elexon has made on the Market Domain Data (MDD) and Line Loss Factor Classes (LLFC) plan for Ofgem's Targeted Charging Review (TCR).

We have highlighted that a consultation on the P379 'Multiple Suppliers through Meter Splitting' Cost/Benefit Analysis has been issued, with responses due by 15 January 2021.

We have provided some BSC Insights Articles for information.

### 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.

### BSC Trading Parties receive £1.5m in savings from Elexon

Since closing our office on 12 March 2020 due to COVID-19, Elexon has made a number of cost efficiencies and savings. As such, BSC Trading Parties will be given £1.5m through a reduction in Elexon's billing over the coming months. BSC Trading Parties include any company such as a Supplier or Generator which trades in the wholesale market under the terms of the BSC. Further information can be found on the following [webpage](#).

### Consumption estimation derogations to continue into 2021

Suppliers can continue to provide updated estimates of consumption that reflect changes in usage during periods of lockdown in Settlement for the foreseeable future.

The decision to suspend the ending of estimation derogations was made by the Performance Assurance Board (PAB) after the Prime Minister announced that England would be going into lockdown for four weeks.

The derogations were due to end on 31 December 2020. Although a new date for ending the derogations has not been agreed, the PAB will consider the right approach to resuming the usual estimation procedures at future meetings.

Suppliers can therefore ignore the three-month notice that was issued by Elexon on 1 October 2020 regarding ending the derogations. Further information can be found at the following [link](#).

### BSC Insights: How COVID-19 has affected estimated data in Settlement

In this [Insight article](#), our Analysis and Insight Delivery Lead, Emma Tribe looks at the impact COVID-19 had on Supplier Performance in Settlement during the first UK lockdown. Amongst other things, it shows that during the lockdown 95% or more of the data on consumption at Half Hourly (HH) sites was based on actual readings, in all five Settlement runs.

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## II. Elexon News

### Consultation Responses

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

- **The Department for Business, Energy and Industrial Strategy (BEIS)'s call for evidence on international regulatory cooperation strategy.** In our response we:
  - Detailed our involvement with European and International regulatory bodies and;
  - Provided our views on how government can best support international regulatory cooperation going forward.
- **Ofgem's consultation on the Retail Energy Code – proposals for version 1.1.** In our response we:
  - Mainly focussed on the assurance of agents and metering systems; and
  - Provided our views on the RECCo strategy.

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

## Have your say regarding 'Meter Splitting' Proposal

A Cost Benefit Analysis (CBA) consultation for [P379 'Multiple Suppliers through Meter Splitting'](#) has been issued by the BSC Panel. The deadline for responses is 15 January 2021.

P379, which mainly impacts Suppliers, proposes to change BSC rules so that meters can account for different supplies of consumption; it could support new business models. For example, if a consumer leased an electric vehicle, the electricity to charge it could be assigned to the lease company and separated from the rest of the consumer's household consumption.

As P379 is a complex, fundamental change to the code, the BSC Panel requested that Elexon carry out a CBA to determine the merits of continuing with the proposal. This is important so that the costs and benefits of P379 are explored before more effort is expended on developing the solution. We commissioned consultants CEPA to produce the CBA because it is important that it is carried out independently. Further information can be found on the following [webpage](#).

## III. Industry News

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### European Developments

#### Future UK-EU trading agreement

##### FTA negotiations

Formal UK–EU future trade agreement negotiations have had several rounds since March 2020. We await information and at the time of drafting, we have not had any news.

We have spoken to BEIS directly and via Energy UK, as well as with Ofgem and there has been no suggestion of what, or even when, the deal will be, or not. We, as the rest of the population, eagerly await an announcement one way or another.

##### Cross-border trading arrangements

Some details were shared by BEIS at Energy UK in October 2020 about the shape of a possible deal regarding cross-border trading arrangements. Potential details of this were included in last month's report. Since then we have discussed the matter with BEIS, and while they have confirmed they don't envisage any Settlement impact – which tallies with our own understanding – this is based on the scant information we have and we await confirmation (assuming there is an FTA).

In the event of no-deal, provisions are already in place for bi-lateral trading via the interconnectors, which will not impact Settlement.

##### Cross-border balancing arrangements

As reported last month, there is no equivalency for Balancing being discussed i.e. how to replace/emulate TERRE, and eventually MARI – as far as we know.

BEIS have said that there may be bi-lateral balancing arrangements put in place from 1 January 2021 onwards, but if these have been discussed, BEIS has given no indication. However, we understand that they are thinking about GB/EU relationship from 1 January 2021 onwards in the event of a no deal. 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.

### Electricity Balancing Guideline (EB GL)

On 4 September 2020, NGESO announced publically that they would not deliver TERRE before the end of 2020. What will happen post 1 January 2021 remains unclear and is largely dependent on UK/EU FTA Negotiations, notwithstanding caveats mentioned above. However, Ofgem published an open letter on 6 November 2020 that was quite critical of how NGESO has handled this delay, particularly regarding external communications. Ofgem's letter urges NGESO to work closely with key stakeholders (and names Elexon specifically) to make a plan for 2021. The first stakeholder engagement event took place on 25 November 2020 attended by Elexon.

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 is now continuing at an efficient pace with the latest meeting being on 1 December 2020. There continues to be questions of the validity of this work given FTA uncertainty.

### 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.

Ofgem has recently indicated that they will not make a determination until Grid Code Modification GC0144 is complete. GC0144 is concerned with TERRE market suspension; Elexon is a Workgroup Member and have identified that a complimentary minor change to the BSC will be required. We are working with the BSC Change team to raise this Modification.

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## IV. Operational News

### D0269 MDD release – seven files undelivered due to Energy Market Data Hub upgrades

Following the recent D0269 Market Domain Data (MDD) release by Elexon, seven files were not delivered to their intended recipients, due to a minor configuration issue following the Energy Market Data Hub (EMDH) upgrades carried out by ElectraLink. Once this issue was identified, the configuration was adjusted to the correct level and the issue was resolved, allowing these files to be delivered and received by customers. This did not affect the other D0269 flows, which were successfully delivered to their intended recipients.

The BSC Panel [308/10](#) paper from its meeting on 12 November 2020 provides an update on the progress Elexon has made on the MDD and Line Loss Factor Classes (LLFC) plan for Ofgem's Targeted Charging Review (TCR). This includes the risks, migrations and proposed next steps.

Further information is also available on the [Large Scale Changes to Market Domain Data](#) page on the Elexon website.

### BSC Sandbox Application expected January 2021

We expect the first BSC Sandbox application to be presented to the BSC Panel at its 14 January 2021 meeting. Further information on the BSC Sandbox procedure is available [here](#).



### Interconnectors exempted from Funding Share BSC Charges

Given the approval of BSC Modification [P396 'Revised treatment of BSC Charges for Lead Parties of Interconnector BM Units'](#) by Ofgem in March 2020, from 1 December 2020 all BSC Trading Parties that are not Interconnectors will have to pay the BSC Funding Share costs that were previously attributed to Interconnectors (we estimate this will result in around £400,000 of Funding Share costs each month from January now being paid by BSC Parties that do not own Interconnectors). As this Modification includes reallocating costs from April 2020, there will be a larger initial adjustment of around £3.5 million in the December 2020 invoices. Elexon has kept the industry informed of progress of P396 through our regular bulletins and other communications and liaised specifically on these forthcoming invoices. Further information can be found on the following [webpage](#).

### February 2021 Standalone Release Circular

On Monday 16 November 2020, we published a Release Circular which notifies BSC Parties of the revised Implementation Date of [P408 'Simplifying the Output Usable Data Process'](#). NGESO had requested an extension to the P408 Implementation Date from 3 December 2020 to 2 February 2021, which Ofgem approved on 9 November 2020. P408 changes will now be implemented as part of the February 2021 Standalone Release, not as part of the December 2020 Standalone Release.

For more details related to the Release, please see the [February 2021 Standalone Release webpage](#) or contact [releases@elexon.co.uk](mailto:releases@elexon.co.uk).

### Credit Assessment Load Factor (CALF) values for the Spring 2021 BSC Season

If you are the Lead Party of a non-Credit Qualifying BMU, you can appeal an assigned CALF value if you believe it does not accurately represent your expected activity. To raise an appeal, complete the CALF Appeals pro forma in Appendix 7 of the CALF Guidance document and email it to [BSC Service Desk](#) by 1 February 2021. More information about CALF appeals can be found in Section 12 of the [CALF Guidance document](#).

CALF values for the Spring 2021 BSC Season (1 March to 31 May 2021) are available in the Credit/Credit Alerting section under the Financial and Credit menu on the [Elexon Portal](#).

### October's Smart Meter Technical Detail (SMTD) Report now available

The Smart MTD report is used to monitor compliance with BSC obligations over the foundation and mass roll-out phases of the smart Meter roll-out. It provides market level performance at sending late and corrected MTDs for both Smart Metering Equipment Technical Specification (SMETS) v1.0 and v2.0 Meters, volumes of Meter installations completed by Meter type; and performance at first reconciliation run for all Meter types.

Amongst other things, the October report shows that the number of SMETS v2.0 installed in October 2020 increased from 180k to 206k. The proportion of late MTDs for SMETS v2.0 exchanges has not changed (3.44% in September 2020 to 3.30% in October 2020). The full October SMTD Report is available [here](#).

## BSC Insights: The ways P350 has changed Transmission Losses allocation

In 2018, BSC Modification [P350 'Introduction of a seasonal Zonal Transmission Losses scheme'](#) introduced a Zonal Transmission Losses allocation scheme. Before this, Transmission Losses were allocated across market participants on a uniform basis. This did not take into account the impact that geographical location of BSC Parties' generation and demand had on Transmission Losses, leading to inefficiencies.

In this [Insight article](#), our Data Analyst Mehdi Jafari considers the ways that the implementation of P350 changed the allocation of Transmission Losses. Amongst other things, the Insight article shows that Modification P350 increased efficiency when calculating Transmission Losses.

## Latest information on the status of BSC Parties

We have [published](#) updated information on the status of BSC Parties and Qualified Persons in November. 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 (LCCC) and Electricity Settlements Company (ESC) 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:

- **EMRC223:** Proposal submitted to update data flows to support EMR backing data
- **EMRC222:** Supplier Webinar – Operational update on CfD and CM schemes

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)

Our Code Change and Development Group (CCDG) are currently re-planning their timeline, after Ofgem requested an additional piece of work around Transition, which will require an additional consultation in Q2 2021. We are expecting to issue the consultation on the detailed design in December 2020. We are also looking to host a webinar on the consultation in January 2021.

In relation to the Architecture Working Group (AWG), due to a variety of factors including COVID-19, we are currently re-planning the AWG's activities with Ofgem. We will publish a revised plan as soon as possible.

### Retail Energy Code – proposals for version 1.1

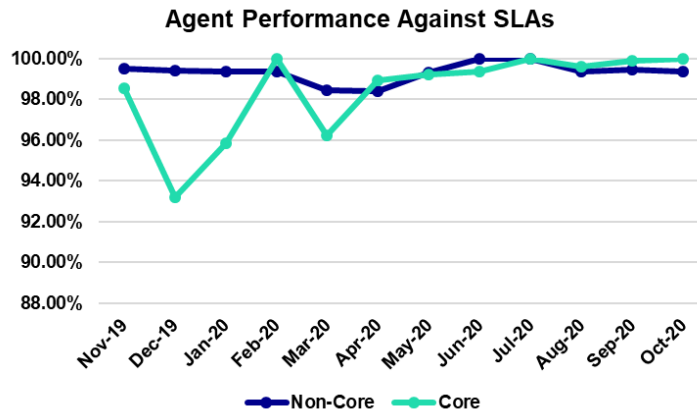
As detailed on page 2, we have responded to Ofgem's [consultation](#) on the REC proposals version 1.1.

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## VII. KPI Spotlight

1,498 tickets were processed within October, which is an increase (146 tickets) compared to September 2020. The majority of the increase was down to proactive automated alerts (increase in 98).

It was an excellent month, in terms of SLA performance, with the Service successfully meeting all targets - 100% (41 out of 41).



## 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)

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