

# 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.

## 311/01 Elexon Report

### BSC Panel

Date of meeting	<b>11 February 2021</b>
Paper Number	<b>311/01</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 launched the self-service gateway element of our new digital platform – the Elexon Kinnect Customer Solution.

We have highlighted Ofgem's consultation on implementation principles for Market-wide Half Hourly Settlement, which states Ofgem's plan for 'Elexon to have responsibility for establishing and operating appropriate programme structures and governance to ensure timely and effective implementation.' This will result in Ofgem remaining the programme sponsor and Elexon being the Senior Responsible Owner.

We have highlighted the Performance Assurance Board's decision to consider whether estimation derogations are still required on a quarterly basis. Further, that the derogations for Site Visits and the approach to Long Term Vacant sites should be resumed, subject to ensuring that the processes can be completed safely.

### Target Audience

Elexon's customers and the wider industry.

---

## Contents

<b>Contents</b>	<b>1</b>
<b>I. Coronavirus News</b>	<b>2</b>
<b>II. Elexon News</b>	<b>2</b>
<b>III. Industry News</b>	<b>3</b>
<b>IV. Operational News</b>	<b>4</b>
<b>V. Electricity Market Reform News</b>	<b>6</b>
<b>VI. Cross-Code News</b>	<b>6</b>
<b>VII: Summaries of Panel Business – Tabled</b>	<b>6</b>
<b>VIII: Recommendations</b>	<b>7</b>
Attachments	7

## 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. Our office remains closed with all Elexon colleagues continuing to work remotely.

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.

### **Performance Assurance Board (PAB) updates the COVID-19 derogation guidance notes**

In January 2021, the PAB agreed that it will consider whether the estimation derogations are still required on a quarterly basis. The next review will take place at its meeting in April 2021. It will take into account of any feedback from the industry received by Elexon. It will then issue a three-month notice period to the industry when there is evidence that they will no longer be required.

The PAB has also agreed that the derogations for Site Visits and the approach to Long Term Vacant sites should be resumed. The PAB stresses that every effort should be taken to only undertake these processes if they can be completed safely.

Further information on the estimation derogations as well as the updated estimation guidance notes can be found on the following [webpage](#).

### **Elexon Insight: Impact of COVID-19 on smart meter installations**

In this [BSC Insight Article](#), our Analysis and Insight Analyst Hussein Osman, reviews the installation rates of Smart Metering Equipment Technical Specifications SMETS2 meters before, during, and after the March to June and November to December 2020 lockdowns. He also considers why legacy meters and SMETS1 meters continue to be installed, despite the New and Replacement Obligation (NRO).

For further information, please contact [Analysis.Insight@elexon.co.uk](mailto:Analysis.Insight@elexon.co.uk).

## II. Elexon News

### **Consultation Responses**

We have not responded to any consultations since our last update to the Panel.

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

### **Launch of Elexon Kinnect Customer Solution**

On 27 January 2021, we launched the self-service gateway element of our new digital platform – the Elexon Kinnect Customer Solution. The Customer Solution offers simple, guided processes for completing market entry steps online. If you are already our customer, you can register assets and new market roles, and manage authorised signatories, your company details, and more.

All Category A Authorised Signatories should have received an email inviting them to register to access the Customer Solution. If you are a Category A Authorised Signatory

for your business and have not received an email with joining instructions, or need help accessing the system, please contact us at [PartyMngt@elexon.co.uk](mailto:PartyMngt@elexon.co.uk).

To find out more about Elexon Kinnect and the Customer, Insights or Settlement solutions, please visit the [Elexon Kinnect page](#) on the Elexon website.

## III. Industry News

### European Developments

January has been a relatively quiet month, and a period of consolidation following the announcement of the [Trade and Cooperation Agreement \(TCA\)](#). We are engaging with the Department for Business, Energy and Industrial Strategy (BEIS), Ofgem and NGESO regarding how best to proceed.

As a reminder, the United Kingdom and European Union announced the agreed TCA on 24 December 2020. We have analysed the TCA in more detail since the last Panel meeting. The main points to note are:

- The provisions of the Clean Energy Package seem to be honoured, but we need to do final check.
- Transparency is a key theme, so we will need to continue to publish as much as we can, and there will be a continued roll for the Balancing Mechanism Reporting Service (BMRS).
- Market and insider trading monitoring will continue i.e. REMIT.
- There is an agreement to facilitate 'gas from renewable sources' – note the specific wording.
- There is a theme of encouraging renewables and energy efficiency, while moving away from low-carbon fuels such as biomass.
- The framework for new day-ahead trading is laid out and is to be implemented by April 2022.
- Cooperation on North Sea Grid is expected.
- GDPR remains in force until 1 May 2021, and may be extended to 1 July 2021 unless designation is given sooner.
- There is a potential opportunity for us to be a technical expert on the Special Committee on Electricity.
- The Energy Title (chapter) will be reviewed by 30 June 2026, and annually thereafter but, this could all be scuppered if we withdraw from the Fisheries part of the Agreement.

We are continuing to compare our own analysis with others' for sense checking and we are engaging with NGESO, Ofgem and BEIS.

### Cross-border balancing arrangements

There is very little in the TCA that allows for cross-border balancing. There is an agreement about how Balancing markets should be organised, which reflects existing arrangements; and both sides should be mindful of balancing timeframes when designing capacity management arrangements.

### Clean Energy Package

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. Ofgem issued a derogation from this requirement in December 2020.

A large part of the FTA agrees to principles that are covered as part of the Clean Energy Package and as such, our working assumption at time of drafting is that implementation will continue as planned, but we will confirm this with Ofgem and BEIS.

### Electricity Balancing Guideline (EB GL)

Notwithstanding anything above regarding the FTA, we are continuing to work with NGESO until a determination is made on the way ahead and we need to complete the current work package so that we are able to put it 'on the shelf' if required in such a state that we can pick up the work later.

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. MARI is in a similar state as TERRE and we are engaging with NGESO on next steps.

### **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 won't make a determination until Grid Code Modification GC0144 is complete. GC0144 is concerned with TERRE market suspension; we are Workgroup Members and have identified that a complimentary minor change to the BSC will be required. We are working with the Change team to raise this Modification.

---

## **IV. Operational News**

### **Increase in the Credit Assessment Price (CAP) to £64/MWh, effective from 23 February 2021**

Following the consultation on increasing the CAP to £64/MWh, the Credit Committee met on 1 February 2021 to decide whether a new CAP should be set. It considered the latest March and April 2021 forward and cash-out prices and the factors leading to their trend since the consultation paper was issued.

The Credit Committee decided that on 23 February 2021, the CAP will increase to £64/MWh from the last notified value of £62/MWh. Parties may notice a change in their Credit Cover Percentage as a result of the new CAP, and should review the amount of Credit Cover lodged. For more information, please see our [FAQs](#) or contact [credit.committee@elexon.co.uk](mailto:credit.committee@elexon.co.uk).

### **First week of operation for new UK-France interconnector**

The new 149-mile interconnector, Interconnexion France-Angleterre 2 (IFA2) that runs between the UK and France has been operational since 22 January 2021. Linking the Hampshire and Normandy coastlines, the interconnector has been importing and exporting clean electricity between GB and Europe since 20:30 on 22 January 2021. We used BMRS data to analyse the amount of electricity imported and exported by IFA2 in its first week.

Full analysis of the IFA2's first week can be found on the Elexon website [here](#).

### **Large January 2021 Market Domain Data (MDD) sets published**

On 13 January 2021 we published a large MDD set, which included several of the Distribution Network Operator (DNO) changes required to meet Ofgem's Targeted Charging Review (TCR) requirements. The data set includes the TCR changes for the remaining Host Distribution Network Operators DNOs and includes 13 out of 14 Grid Supply Point (GSP) Groups.

We will continue to monitor the progress of the MDD published for December and listen to feedback from parties. If you experience any unexpected system issues, or have questions relating to the January data set, please contact us at [mddc@elexon.co.uk](mailto:mddc@elexon.co.uk) so we can investigate.

We can confirm that industry testing, will now take place between 10 February 2021 - 23 February 2021. The testing is expected to take a day or two. Thank you to everyone who has registered their interest in participating in testing. If you have not yet but would like to, please contact [Releases@elexon.co.uk](mailto:Releases@elexon.co.uk).

### **Elexon Insight: the first ever coal free Christmas Day in Great Britain**

In this [BSC Insight Article](#), our Analyst Mehdi Jafari, investigates electricity generation and demand over the Christmas period 2020. Our analysis shows that on Christmas Day 2020, no coal was used for electricity generation for the first time ever.

If you would like any further information, please contact [Analysis.Insight@elexon.co.uk](mailto:Analysis.Insight@elexon.co.uk).



## System Prices spike due to 'Beast from the East II'

System Prices reached or exceeded £1,000/MWh on seven occasions from 6 to 8 January 2021 due to cold weather brought on from the 'Beast from the East II' and unavailability of some plant.

The largest spike in System Prices was on 8 January 2021; the System Price reached £4,000/MWh in Settlement Period 39 and 40 after a price spike earlier in the evening (Settlement Period 35) of £2,750/MWh. Before January 2021, the highest System Price was £2,242.31/MWh during Settlement Period 37 on 4 March 2020. All of the periods with prices over £1,000/MWh were preceded by an Electricity Margin Notices (EMNs) issued by National Grid ESO which highlighted low margins between available generation and predicted demand.

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

## March 2021 Standalone Release

On 29 January 2021, Elexon published a Release Circular that provides information regarding the Implementation Date for P408 and Participant testing for the March 2021 Standalone Release (formerly February 2021 Standalone Release).

BSC Modification P408 changes will become effective on 18 March 2021 (previously 2 February 2021). For more details related to the Release, please see the [March 2021 Standalone Release page](#).

## Holiday Credit Assessment Load Factor (CALF) values for the Spring 2021 BSC Season: appeal deadline set

The CALF values for the Spring 2021 BSC Season are available on the Credit/Credit Alerting section under the Financial and Credit menu on the [Elexon Portal](#).

The holiday CALF deadline for the Spring 2021 BSC Season is 15 February 2021. Please ensure you request a copy of the Holiday CALF proforma from the [BSC Service Desk](#).

If you have any questions, please contact [SettlementOperations@elexon.co.uk](mailto:SettlementOperations@elexon.co.uk).

## Changes to BSC Parties and Qualified Persons: February 2021

On 1 February 2021, Soundmark Wind Limited (Party ID: ORSTED03) has successfully completed Central Volume Allocation (CVA) Qualification and Registered in the role of Generator. Additionally, BESS Holdco 2 Limited (Party ID: ZENOBE1) acceded to the BSC. This Party intends to register in the role of Virtual Lead Party.

On 27 January 2021, GreenSpark Analytics Limited (Party ID: GREENPRK) successfully completed CVA Qualification and has Registered in the role of Non Physical Trader.

All changes to the status of BSC Parties and Qualified Persons in February can be found on the following [webpage](#). It includes information on any new qualifications and registrations, new market participants, withdrawals and defaults.

## Updates to the BSC Glossary

Following feedback from our customers and stakeholders, we have added Plain English definitions to our [BSC Glossary](#). To begin, we have updated the top 150 glossary terms that were searched for in 2020. We will be updating more of the top terms in the coming weeks, and will begin to update the Balancing Mechanism Reporting Service (BMRS) in line with Plain English terminology also.

Users now have the option on our [Data](#), [Market Entry and Compliance](#), and [About](#) pages to switch on the Glossary function. If you hover over an underlined word you will see the Glossary summary. This will allow you to quickly understand a term on a page without having to navigate elsewhere to find out the meaning or importance.

---

## 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.

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.

---

## VI. Cross-Code News

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

On 22 January 2021, Ofgem published its [consultation](#) on implementation principles for Market-wide Half Hourly Settlement (MHHS) in which it explains its 'plan to clearly place responsibility for management and delivery of the programme with industry.'

Ofgem further states that in recognition of Elexon's existing work in relation to Settlement, its plan is for 'Elexon to have responsibility for establishing and operating appropriate programme structures and governance to ensure timely and effective implementation.' This will result in Ofgem remaining the programme sponsor and Elexon being the Senior Responsible Owner. The programme manager role includes:

- Managing the transition to new systems and services;
- Co-ordinating activity and communicating with stakeholders; and
- Monitoring and reporting the implementation progress of more than 180 organisations.

We welcome the clarity of this statement from Ofgem and will continue our history of working with industry to deliver this programme. We also recognise the importance of this programme and the significance of this responsibility.

For more information on the programme manager role, please refer to [Ofgem's consultation document](#).

### Code Change and Development Group (CCDG) industry expert group

Our Code Change and Development Group (CCDG) industry expert group (which we are leading on Ofgem's behalf)'s [consultation](#) closed on 29 January 2021. We also held a webinar on 13 January 2021 to talk through the consultation and answer any questions. The next CCDG meeting will take place on 16 February 2021.

The Architecture Working Group (AWG) continue to discuss the interfaces in the Target Operating Model (TOM), working alongside the CCDG to identify the requirements fully. The next AWG meeting will take place on 23 February 2021.

---

## VII: 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.

---

## VIII: 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 C1 – Report from the SVG (Public)

Attachment C2 – Report from the SVG (Confidential)

Attachment D1 – Report from the PAB (Public)

Attachment D2 – Report from the PAB (Confidential)

Attachment E – Report from the TDC

### For more information, please contact:

Mark Bygraves, Chief Executive Officer

[mark.bygraves@elexon.co.uk](mailto:mark.bygraves@elexon.co.uk)

020 7380 4137

