

Minutes

BSC Panel

Meeting number **312**

Venue **Video Conference**

Date of meeting **Thursday 11 March 2021**

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
Rhys Kealley	RK	Industry Panel Member (and Alternate for MBe)
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Chair Appointed Industry Panel Member
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ed Rees	ER	Consumer Panel Member
Mark Bygraves	MB	Elexon CEO (Part-Meeting)
Victoria Moxham	VM	Elexon Director of Customer Operations, Panel Secretary
Claire Kerr	CK	BSC Administration and Configuration Manager
Lawrence Jones	LJ	Modification Secretary
Trisha McAuley	TM	NGESO (Observer)
Anna Stacey	AS	Ofgem (Part-Meeting)
Matthew Woolliscroft	MW	Elexon (Part-Meeting)
Ivar Macsween	IM	Elexon (Part-Meeting)
Chris Arnold	CA	Elexon (Part-Meeting)

Attendees and apologies

Elliott Harper	EH	Elexon (Part-Meeting)
Amanda Rooney	AR	Elexon (Part-Meeting)
Beth Brown	BB	Elexon (Part-Meeting)
Kathy Ferrari	KF	Elexon (Part-Meeting)
Kathryn Coffin	KC	Elexon (Part-Meeting)
Darren Draper	DD	Elexon (Part-Meeting)
John Lucas	JL	Elexon (Part-Meeting)
Nicholas Rubin	NR	Elexon (Part-Meeting)
Tirath Maan	TM	Elexon (Part-Meeting)

Apologies

Mark Bellman	MBe	Industry Panel Member
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1. Introduction

- 1.1 The Chairman noted apologies from Mark Bellman and that Rhys Kealley was acting as his alternate.
- 1.2 He welcomed Trisha McAuley, the CUSC and Grid Code Panel Chair who was observing the meeting. She asked the Panel to note that Elexon's Design Authority representatives who attend the CUSC and Grid Code Panels provide great support; she was attending the Panel meeting to gain a better understanding of collaboration between the Panels.

Part I: 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

2. Change Report and Progress of Modification Proposals – (312/03)

- 2.1 The Modification Secretary [presented](#) the Change Report and progress of Modification Proposals.
- 2.2 A Panel Member queried whether [P410 'Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations'](#) had officially been withdrawn as stated in the Elexon Report. Elexon advised that it had not been withdrawn but that National Grid ESO's intention is to withdraw the Modification in the near future, subject to on-going Ofgem discussions. Elexon confirmed it would update the Elexon Report.
- 2.3 The Chairman queried whether Ofgem had an estimated timescale for making a decision on [P390 'Allowing extensions to Elexon's business and activities, subject to additional conditions'](#), noting that Ofgem has had this Modification for ten months. The Ofgem Representative was confident that a decision would be made in time for the April Panel meeting.
- 2.4 The Ofgem Representative also noted that Ofgem was behind by a couple of weeks in making its decision on [P399 'Making the identity of Balancing Service providers visible in the Balancing Services Adjustment Data'](#); a decision is now likely to be made in April 2021.
- 2.5 In light of the recent cost-benefit analysis (CBA) findings, GridBeyond, the Proposer of Modification [P379 'Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting'](#), had notified its wish to withdraw P379 from the BSC change process. As it was not adopted by another BSC Party during the five Working Day (WD) adoption window P379 was officially closed on 10 March 2021,
- 2.6 The final CBA Report will still be published by the end of March 2021 and CEPA will present the Final Report at the 8 April 2021 Panel meeting. We are conducting a lessons learnt exercise and will publish the findings by

June 2021; as well as covering traditional lessons learnt elements, the report will also document knowledge gained about the nature of the retail market and split supplies.

- 2.7 As part of this lessons learned exercise, a Panel Member observed that Elexon should look at the realistic specifications for outsourcing work like this. They noted that the Panel wanted a CBA as it was concerned about the benefits. However, they noted that CEPA ultimately carried out a stakeholder analysis which is not what the Panel Member expected. The Panel Member stressed that a stakeholder analysis was appropriate in this instance and did not have a problem with it, rather with the expectations of the CBA. A Panel Member further suggested that Elexon should examine whether having the BSC Sandbox in place would have been more conducive to the progress of this Modification.
- 2.8 A Panel Member observed some adverse comments received by the Energy UK Committee and relayed the sentiments from industry members he had spoken with regarding P379, particularly around the way in which P379 was perceived to be pushed by Elexon. They were of the opinion that the Panel was correct to instruct an independent consultant to carry out a CBA on this piece of work. The Modification Secretary noted that reflecting on the timescales and scope will be considered as part of the lessons learned exercise and whether the CBA could have been conducted earlier. Despite the clear outcomes of the CBA, it was noted that some in the industry believe incumbents hampered the Modification's progress while some others believe the structure of the code arrangements continue to hamper innovation and that the Modification was addressing a real industry need.
- 2.9 A Panel Member believed that a BSC Issue would have been more appropriate than a Modification for P379 given its far reaching and uncertain proposition. Another Member, contrary to others, had sympathy for the length of time taken to assess P379 given its complexities and impacts, but agreed an Issue would have been more appropriate.
- 2.10 The Modification Secretary noted that at its December 2020 meeting, the Panel had agreed to review the COVID-19 prioritisation approach at this meeting. Since the December 2020 meeting, there had been a third national lockdown but the Government had laid out its roadmap to easing lockdown, starting on 8 March 2021 and due to end in June 2021. Elexon therefore proposed to end the prioritisation on 30 June 2021, subject to feedback and the evolving situation.
- 2.11 A Panel Member requested for some analysis to be presented to the Panel on the impact of the prioritisation approach on BSC Changes. The Modification Secretary agreed to carry out this analysis and bring this back to the Panel.

ACTION 312/01

- 2.12 The BSC Panel:
 - a) **APPROVED** a two month extension to the P332 Assessment Procedure;
 - b) **APPROVED** a two month extension to the P416 Assessment Procedure;
 - c) **AGREED** that the COVID-19 prioritisation approach will end on 30 June 2021; and
 - d) **NOTED** the contents of the March Change Report.
- 3. **P376 'Utilising a Baselining Methodology to set Physical Notifications for Settlement of Applicable Balancing Services' – (312/04)**
 - 3.1 A Panel Member was unsure of the effect at the boundary point and expressed concern over the situation where assets not operating independently, for example lead and standby pumps. Elexon advised that this relates to a difference at the boundary point (where the baselines will be calculated). If an asset turns on when another turns off, they negate each other and no change is seen at the boundary, so no volumes are delivered. Further, Elexon noted that independence of assets was carefully considered as part of BSC Modification [P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'](#). However, P376 considerably improves this process as it allows more information from the boundary point to be taken into account.
 - 3.2 A Panel Member noted that there is a baselining methodology in the Capacity Market and suggested that it would have been useful to use this same method. Elexon confirmed that the Proposer and Workgroup considered this and decided to proceed with the default baselining methodology. The P376 Proposer believed the CM methodology to be an oddity in the market in any case. Elexon highlighted that the Modification will not

preclude the methodology being changed through the new processes that P376 will introduce. A Panel Member commented that baselining methodologies can be subject to challenge and should therefore be well validated.

- 3.3 A Panel Member expressed disappointment that there is no mention of the principle of open data as P376 does not improve the Physical Notifications (PNs) sent to National Grid ESO. Elexon advised that BM Unit level data is open but individual MSID data is commercially sensitive; however this was also considered as part of [P344 'Project TERRE implementation into GB market arrangements'](#). P344 established that customer consent was required. Elexon highlighted that the introduction of [P398 'Increasing access to BSC Data'](#) will make the open data process (in which data items can be made public) available from June 2021.
- 3.4 A Panel Member noted that P376 relates to Applicable BSC Objective (e) and queried whether this was still applicable without TERRE. Another Panel Member advised that the Clean Energy Package still requires facilitation of Demand Side Response (DSR) and as such is still applicable. However, Elexon noted that the rationale for this objective needs updating.
- 3.5 A Panel Member queried whether there is a limit on the number of sites that can be validated. Elexon advised that the solution does not put in any limits but that Elexon does not expect huge numbers initially. Elexon has been trying to engage with Virtual Lead Parties (VLPs) to obtain metrics for both P375 and P376; however there is no reason why the system cannot deal with large numbers.
- 3.6 A Panel Member suggested that a post-implementation review (PIR) of P376 be added to the BSC Panel's Strategy for 2022-2024. The Panel Secretary agreed to add this. They also noted that the next PIR to be presented to the Panel is in May/June 2021 on Elexon's decision not to bid for the Retail Energy Code (REC).
- 3.7 The BSC Panel:
- a) **AGREED** that P376:
 - i **DOES** better facilitate Applicable BSC Objective (b);
 - ii **DOES** better facilitate Applicable BSC Objective (c); and
 - iii **DOES** better facilitate Applicable BSC Objective (e);
 - b) **AGREED** an initial recommendation that P376 should be approved;
 - c) **AGREED** that P376 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
 - d) **AGREED** the impact on the EBGL objectives;
 - e) **AGREED** an initial Implementation Date of:
 - i 25 February 2023 as part of the February 2023 BSC Release if an Authority decision is received on or before 1 October 2021.
 - f) **AGREED** the draft legal text;
 - g) **AGREED** an initial view that P376 should not be treated as a Self-Governance Modification;
 - h) **AGREED** that P376 is submitted to the Report Phase; and
 - i) **NOTED** that Elexon will issue the P376 Draft Modification Report (including the draft BSC legal text) for a one month consultation and will present the results to the Panel at its meeting on 13 May 2021.

4. **P402 'Enabling reform of residual network charging as directed by the Targeted Charging Review'– (312/05)**

- 4.1 Elexon provided the Panel with an interim cost estimate of £50–75K to cover period between February 2022 Release and enduring system go-live (targeted for June 2022 and triggered by Panel decision). It has also been agreed that the Elexon effort to operate the interim anticipated at 0.5 FTE per month.
- 4.2 The NGESO Panel Member reiterated to the Panel to consider the forward-looking cost-based benefits to future industry reforms offered by the P402 Proposed Modification. A Panel Member commented that it was hard to quantify the cost benefits to potential future initiatives described by National Grid and noted that it would be helpful to better understand these. The NGESO Panel Member also noted that this principally related to likely changes arising from the Access and Forward Looking Charges Significant Code Reform (SCR) alongside future Balancing Settlement Use of System (BSUoS) reforms among other industry initiatives, recognising that costs remained nebulous rather than specific at this point. However, they believed these developments were likely to present a need for the same sort of data requirements that the proposed solution

addresses via BSC Central Systems, and so would potentially be better able to support these via the approval of the proposed solution.

4.3 Elexon noted that clear benefits to future initiatives were possible in theory but, without more detail of the future Access SCR and wider review of registration details in the context of Market Wide Half Hourly Settlement (MHHS) requirements, it was difficult to come to a definitive conclusion on which solution is better.

4.4 The BSC Panel:

a) **AGREED** that the P402 Proposed Modification:

i **DOES** better facilitate Applicable BSC Objective (a);

b) **AGREED** that the P402 Alternative Modification:

i **DOES** better facilitate Applicable BSC Objective (a); and

ii **DOES** better facilitate Applicable BSC Objective (d);

c) **AGREED** that the P402 Alternative Modification is better than the P402 Proposed Modification;

d) **AGREED** a recommendation that the P402 Alternative Modification should be **approved** and that the P402 Proposed Modification should be **rejected**;

e) **APPROVED** an Implementation Date for the Proposed Modification of:

i 24 February 2022 if an Authority decision is received on or before 27 May 2021 (noting that the enduring system changes will be implemented at a later date);

f) **APPROVED** an Implementation Date for the Alternative Modification of:

i 24 February 2022 if an Authority decision is received on or before 24 June 2021;

g) **APPROVED** the draft legal text for the Proposed Modification;

h) **APPROVED** the draft legal text for the Alternative Modification; and

i) **APPROVED** the P402 Modification Report.

5. **P413 'Enable Elexon to be the Programme Manager for the implementation of Market-wide Half Hourly Settlement' – (312/06)**

5.1 Anna Stacey (AS) confirmed that Ofgem had received a copy of the P413 Report Phase Consultation responses and noted those comments received which fell outside the scope of the Modification for example, potential conflicts of interest. She noted that these would be considered in line with Ofgem's 22 January 2021 [consultation](#).

5.2 Two Panel Members disagreed with recommendation (c). However, they commented that they believed the Proposed Modification to be better than the baseline but believed the P413 Alternative solution to be better than the Proposed Modification.

5.3 The BSC Panel:

a) **AGREED** that the P413 Proposed Modification:

i **DOES** better facilitate Applicable BSC Objective (d);

b) **AGREED** that the P413 Alternative Modification:

i **DOES** better facilitate Applicable BSC Objective (d);

c) **AGREED** that the P413 Proposed Modification should be **approved** and that the P413 Alternative Modification should be **rejected**;

d) **AGREED** that the P413 Proposed and Alternative Modifications should not be treated as a Self-Governance Modification;

e) **APPROVED** an Implementation Date for the P413 Proposed Modification of:

i **5 WDs** after Ofgem Approval;

f) **APPROVED** an Implementation Date for the P413 Alternative Modification of:

i **5 WDs** after Ofgem Approval;

- g) **APPROVED** the draft legal text for the P413 Proposed Modification;
- h) **APPROVED** the draft legal text for the P413 Alternative Modification;
- i) **APPROVED** the P413 Modification Report.

6. **P417 'Move the Letter of Credit templates and Approved Insurance Product requirements to the BSC Website for more efficient maintenance and simplification' – (312/07)**

- 6.1 A Panel Member expressed deep concern with the governance being recommended in the P417 DMR. The DMR recommended to approve P417 if the solution was amended or otherwise to reject it. Although there were no responses to the P417 Report Phase Consultation, the Panel Member disagreed with removing the mandatory 20 Business Day (BD) consultation period for any changes to the Letter of Credit (LoC) templates or Approved Insurance Products (AIP) requirements; and the minimum 60 Business Day period from Panel approval until the specified updates become live, without further industry consultation or a Workgroup discussion (which was not applicable in this case as the Modification was Self-Governance).
- 6.2 The Modification Secretary confirmed that should the Panel wish to revert the solution to the original solution presented in the IWA (without the 20 BD consultation and 60 BD notice period) a further consultation would be strongly advised (although not required by the BSC). As a further Report Phase Consultation is not permitted at this stage in the Report phase, P417 would need to be rejected and a new Modification brought forward.
- 6.3 The same Panel Member emphasised that even small amendments to the wording on a LoC template or AIP with banks is extremely difficult and can take a significant amount of time to negotiate. Elxon understood the concerns but highlighted that the LoC templates do not change very often and P417 would maintain Panel approval. Moreover, bilateral agreement can be reached between Elxon and Parties on the LoC template as they are required to be 'materially in the form of'.
- 6.4 Further, the updates made in April 2020 were due to an exceptional circumstance i.e.COVID-19 in order to create flexibility for industry participants. Elxon advised that LoC do not have to be verbatim; if banks have issues with tenses (for example), Elxon is able to agree this wording with banks and Parties to ensure all stakeholders are comfortable with the process.
- 6.5 Elxon also clarified that the proposed P417 drafting removes the option for the Panel to make quick changes to the templates, as was required in April 2020. However, if the Panel was to reject P417, the Panel would still be able to approve new templates in exceptional circumstances or via a Modification to amend the templates in Section M Annexes 1 to 4. This would mean we would still have two versions of the LoC templates. Although both versions would currently be considered valid, Elxon would encourage Parties to use the most recent versions as they contain a lot more flexibility, such as allowing electronic signatures.
- 6.6 Overall, the Panel agreed that in this circumstance, the current baseline is better than the Proposed Modification and as such, the P417 Modification should be rejected as it maintains the option for quick changes under exceptional circumstances.
- 6.7 The BSC Panel:
 - a) **DETERMINED** (in the absence of an Ofgem Direction) that P417 is a Self-Governance Modification Proposal; and
 - b) **REJECTED** P417.

7. **Approval of Configurable Item changes for the April 2021 Release – (312/08)**

- 7.1 The BSC Panel:
 - a) **AGREED** the amendments to BSCP602 following industry and Elxon review; and
 - b) **APPROVED** the changes to BSCP602 for the April 2021 BSC Release.

8. **Performance Assurance Framework (PAF) Final Report – (312/09)**

- 8.1 Elxon provided the Panel with a summary and conclusions of the PAF Review, including the [Issue 69](#) Report.
- 8.2 A Panel Member noted the recent CVA sites issue which resulted in a multi-million pound Trading Dispute and questioned why the PAF Review did not appear to have helped prevent this. Elxon advised that the majority of the PAB's discussion is in relation to SVA risk and that the PAB acknowledges the need to strengthen its CVA

focus; Elexon is looking to investigate ways of being able to this. Further, the CVA site issue will be considered as part of the lessons learned exercise that the PAB is currently carrying out.

8.3 The BSC Panel:

a) **NOTED** the learnings, conclusions and recommendations of the PAF Review.

9. **Issue 86 'Review of processes potentially impacted by Ofgem's Faster Switching Programme' – (312/10)**

9.1 The BSC Panel:

a) **NOTED** the Issue 86 Report.

10. **Code Administrator Code of Practice (CACoP) Quarterly Update – Verbal**

10.1 Elexon advised that following the Panel's decision last month, the CACoP is proceeding with the website and is now liaising with potential service providers.

10.2 At the CACoP meeting on 9 March 2021, an update was provided on the Cross Code Steering Group (CCSG) who will have the ability to make senior decisions on cross-code issues. Angela Love from Elexon is a member of this forum.

10.3 The BSC Panel:

a) **NOTED** the update.

Part III: Non-Modification Business (Open Session)

11. **Minutes of previous meetings & Actions arising**

11.1 The BSC Panel approved the draft minutes for BSC Panel meeting 311. Elexon presented the actions and associated updates for the March Panel meeting.

11.2 In relation to action 297/01 the Ofgem Representative advised that it had been carrying out an internal review on its 25 WD KPI and hoped to present all Code Panels in April 2021 with a new, more tailored, approach.

12. **Chairman's Report**

12.1 The Chairman noted Modification [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#) which increased the Board's accountability to BSC Parties. As part of this, the Board agreed to issue regular letters to BSC Parties; the next letter is due to be issued imminently¹.

12.2 The Chairman noted that he had now spoken to seven Industry Body/Panel Chairs as part of the BSC Panel's strategy to develop stronger links with other Codes. A Cross-Code Bodies Chairs' meeting will be held in April 2021. He suggested that it would be useful if a representative from Ofgem could attend noting that a BEIS representative had agreed to attend.

13. **Elexon Report – (312/01)**

13.1 In relation to the GSP Group A issue, VM reported that the Elexon Executive had now spoken to all materially impacted Parties. This issue had now been presented to the TDC and the dispute had been upheld. The lessons learned exercise will be presented to the BSC Panel and Panel Committees once completed.

14. **Distribution Report**

14.1 The DNO Representative noted the March Panel meeting's discussions on DNO processes and whether they would have picked up the Annual Demand Ratio (ADR) error under GSP Group_A. The DNO Representative advised that in the case of the issue initially identified, the metering needs to be checked first and that part of this process is down to IMServ. Further, they emphasised that the Distributor would not have been able to identify this particular issue. However, DNOs are aware of the further investigations being carried out under the different GSP Groups and are working with Elexon to address the issues identified.

15. **National Grid Report**

¹ Post-meeting note: The Board's [latest Circular letter](#) was issued to BSC Parties on 15 March 2021.

- 15.1 The NGESO Panel Member noted that its C16 Statement is now with Ofgem for consideration. They thanked all market participants for the feedback received.
- 15.2 The NGESO Panel Member also noted that the main hearings have happened for the Competition and Markets Authority (CMA) appeal on Ofgem's Targeted Charging Review (TCR) decision ([CMP317 & CMP327: Removing Generator Residual and excluding assets required for connection](#)), with a decision expected at the end of March 2021. Additionally, other than the ESO, network companies have raised appeals to the CMA on the outcome of their price control negotiation with Ofgem. This will take around six months to complete.
- 15.3 In relation to the Optional Download Flexibility Management (ODFM) product, the NGESO Panel Member commented that the NGESO team are trying to see how any ODFM actions can be included in cashout if the service is used in 2021 following strong feedback from stakeholders. Further information will be available shortly but there is an open offer to the BSC Panel for NGESO to attend a Panel meeting to share its work on its new Settlement systems and processes. The Panel agreed to take up this offer.
- 15.4 The NGESO Panel Member noted that the 'Road to Net Zero Electricity Markets' will be a series of six sessions from 23 - 25 March 2021 as stakeholders and Ofgem have asked them to share their broader view of what the future holds for electricity markets and how they can help industry to "join the dots" between the ever-increasing number of key changes happening in industry. Further information can be found at the following [link](#).
- 15.5 A Panel Member suggested that it might be useful for someone from Grid Code Modification [GC0109: Publication of the various GB electricity Warnings or Notices or Alerts or Declarations or Instructions or Directions etc. \("System Warning Alerts"\) issued by or to the Network Operator\(s\)](#) to attend the BMRS Change Board (BCB) to discuss this. The NGESO Panel Member confirmed that they would arrange this outside of the meeting.
- 15.6 A Panel Member noted that the BSUoS reformed Modification [CMP361 & CMP362 'BSUoS Reform: Introduction of an ex ante fixed BSUoS tariff & Consequential Definition Updates'](#) had now been raised and queried whether a BSC Modification or Issue Group was going to be raised in relation to Residual Cashflow Reallocation Cashflow (RCRC). The NGESO Panel Member confirmed that this would be raised in due course.

16. Ofgem Report

- 16.1 The Ofgem Representative did not have anything to report.

17. Tabled Reports

- 17.1 The BSC Panel noted the reports from the ISG, SVG, PAB, TDC, the Trading Operations Headline Report and the System Price Analysis report.

18. Review of BSC Specified Charges – (312/11)

- 18.1 Elxon advised that BSC Specified Charges relate to approximately 10% of Elxon's budget.
- 18.2 The BSC Panel:
- a) **APPROVED** the new SVA Specified Charge of £0.01001/SVA MSID per month.

19. Updates to Panel Committees' Terms of Reference – (312/12)

- 19.1 The BSC Panel:
- a) **APPROVED** the proposed changes to the ISG's Terms of Reference;
 - b) **APPROVED** the proposed changes to the SVG's Terms of Reference;
 - c) **APPROVED** the proposed changes to the PAB's Terms of Reference;
 - d) **APPROVED** the proposed changes to the TDC's Terms of Reference;
 - e) **APPROVED** the proposed changes to the CC's Terms of Reference.

20. Next meeting

- 20.1 The next meeting of the BSC Panel will be held remotely on Thursday 8 April 2021.