

# ELEXION

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**BSC Panel 312**

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Public

11 March 2021



# PART I: MODIFICATION AND CHANGE BUSINESS (OPEN SESSION)

# ELEXION

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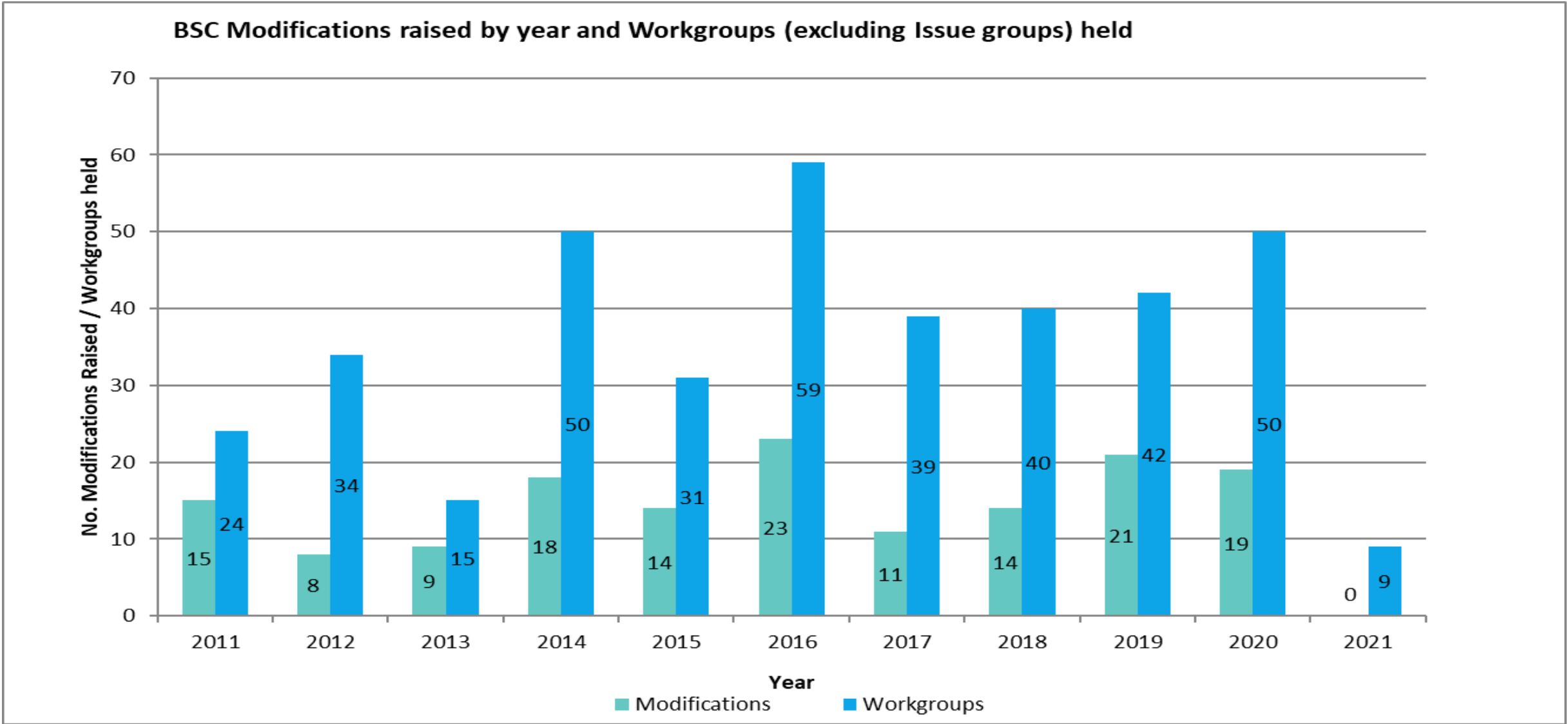
## **Change Report and Progress of Modification Proposals**

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312/03 - Lawrence Jones

11 March 2021

# BSC Modifications raised by year and Workgroups held



## BSC Modifications overview

Initial Written Assessment	-
Assessment Procedure	P332, P376, P395, P407, P410, P412, P415, P416
Report Phase	P402, P413, P417
Urgent	-
With Authority	P390, P399
Authority Determined	P375
Self-Gov. Determined	-
Fast Track Determined	-
Withdrawn	-
Open Issues	Issue 69, Issue 83, Issue 86, Issue 87, Issue 88, Issue 89, Issue 91, Issue 92, Issue 93

## BSC Modifications approved timelines

	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21
<b>P332</b> 'Revision to the Supplier Hub'							AR	----->DMR			
<b>P376</b> 'Baselining methodology'						AR		DMR			
<b>P395</b> 'Final Consumption Levies'									AR		DMR
<b>P402</b> 'BSC Data for targeted Charging Review'					AR	DMR					
<b>P410</b> 'Harmonised Imbalance'								AR		DMR	
<b>P412</b> 'Non-BM Balancing Providers pay for non-delivery imbalance'								AR		DMR	
<b>P413</b> 'MHHS Programme Manager'					AR	DMR					
<b>P415</b> 'VLP access to wholesale market'	IWA										
<b>P416</b> 'Include Appeals mechanism for Annual Budget'		IWA					AR	----->DMR			
<b>P417</b> 'Move Letters of Credit to Website'			IWA			DMR					

### ‘Revisions to the Supplier Hub Principle’

- The Assessment Consultation is currently being drafted and will be sent to Workgroup Members for review before being issued for industry consultation in April 2021
- It should have been issued in late February 2021, however, due to competing priorities it has taken longer to draft than planned
- Therefore the Workgroup request a two month extension to the agreed progression plan, returning with the Assessment Report by the June 2021 Panel meeting

### ‘Multiple Suppliers through Meter Splitting’

- In light of the recent cost-benefit analysis (CBA) findings, GridBeyond, the Proposer of Modification P379, has notified Elexon that it wishes to withdraw P379 from the BSC change process
  - “Even though we believe allowing multiple suppliers can provide additional benefits, the cost of implementing this modification is much higher than we expected. We believe some of the outcomes we wished for are already covered under P415, P375 and P376 and hence given the very high cost of implementing P379, the added value cannot be justified.”
- P379 closed on 10 March, as it was not adopted by another BSC Party during the 5 working day adoption window
- The final CBA Report will still be published later this month
- CEPA will still present the Final Report at the April 2021 Panel meeting
  - Findings in line with interim update, so will focus more on Q&A
- We are conducting a lessons learnt exercise and will publish our findings by June 2021
  - As well as covering traditional lessons learnt elements, it will also detail the knowledge gained about the nature of the retail market and split supplies



‘Introducing a route of appeal for the Annual Budget in line with the proposals for the Retail Energy Code’

- Second Workgroup meeting was held on 22 December, where additional solution options were considered
  - An additional Workgroup meeting is required to discuss these solution options
  - It has not been possible to form an additional quorate Workgroup meeting within the current agreed plan
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- A two month extension is therefore requested, returning with the Assessment Report by the June 2021 Panel meeting, or earlier if possible

## Review: COVID-19: BSC Change Prioritisation Approach

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- Criteria have been in place since April 2020
- Last reviewed at December 2020 Panel meeting
  - Agreed to keep current approach and review again at March 2021 meeting
- Since then:
  - New national lockdown
  - Government has laid out its roadmap to easing lockdown, starting on 8 March 2021 and due to end in June 2021
- **We therefore propose to end the prioritisation on 30 June 2021**
  - Subject to feedback and evolving situation
  - We will return to the June 2021 Panel meeting to confirm

## Recommendations

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We invite the Panel to:

- a) **APPROVE** a two month extension to the P332 Assessment Procedure;
- b) **APPROVE** a two month extension to the P416 Assessment Procedure;
- c) **AGREE** that the COVID-19 prioritisation approach will end on 30 June 2021; and
- d) **NOTE** the contents of the March Change Report.

# ELEXION

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**P376 'Utilising a Baselining Methodology  
to set Physical Notifications'**

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312/04 – Matthew Woolliscroft

11 March 2021

## P376 Issue

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- Where a Party controls an asset which shares a network connection with other assets whose output is outside of their control and they are not able to forecast, it can be challenging for the VLP to provide accurate Physical Notifications
- This may lead to inaccurate Settlement, with Parties not being paid fully for delivery even if they have responded as requested
- In terms of the BSC, this may result in incorrect Non-Delivery Charges being incurred
- P376 contends that that this requirement to provide accurate forecasts presents an unnecessary barrier to participation in the balancing mechanism
- This defect was noted by the P344 Workgroup, but not addressed at the time to ensure Project TERRE and Wider Access timescales were met

## P376 solution - overview

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- P376 proposes to introduce Baseline Methodologies, which use recent historic data to provide an estimate of the energy flows that would be expected at a Boundary Point under normal circumstances
- This baseline value can be used in the Settlement calculations in place of the Final Physical Notification for determining whether a balancing service has been fully delivered as instructed
- Baseline Methodologies will also be used to calculate MSID Pair Delivered Volumes for MSID Pairs that are using the solution
- As a result, P376 will decouple the value of the Physical Notification used by the National Electricity Transmission System Operator for dispatch from the value used in Settlement calculations by the BSC
- P375 'Metering behind the Boundary Point' was approved on 24 February 2021. The P376 solution has been updated in line with Workgroup recommendations to align with P375 and allow Baseline Methodologies to be applied to asset level metering used in Settlement

## P376 solution – Baselining Methodologies

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- P376 will implement one ‘default’ Baselining Methodology’. This can be subsequently reviewed and/or added to through the standard BSC governance routes
- The default Baselining Methodology will use different calculations for Settlement Periods on Working and non-Working Days to account for normal behaviour differences
- An In-Day-Adjustment will be applied to calculated baseline profiles to ensure the values used in Settlement are as accurate as possible
- When an MSID Pair is registered for baselining, HHDAs will provide data for use in the calculations and provide new data on an ongoing basis
  - Where a new registration in an SBMU doesn’t have sufficient data, it will be treated as inactive
  - Where a site inexpertly doesn’t have enough data to calculate a baseline, the expected volume will be set to equal the metred volume
- Where an asset has provided a balancing services or is known to exhibit abnormal behaviour data will be flagged an Event Day, which the default methodology will exclude from calculations

## P376 solution – registration and MSID Pair statuses

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- Parties will be able to change which sites are using the baselining solution on a daily basis. The registered status of an MSID Pair at midnight will be used for the following Settlement Day
- There will be three statuses available for MSID Pairs in a Baselined BM Unit:
  - **Baselined** – MSID Pairs that will have their forecasted volumes determined using a Baselining Methodology
  - **Included in Party Submission** – MSID Pairs in a Baselined BM Unit that will not have their forecast volumes determined using a Baselining Methodology. Instead Parties will submit an aggregate forecast of energy flows for these MSID Pairs
  - **Inactive** – MSID Pairs in a Baselined BM Unit that will not be used to provide any balancing services and whose volumes will not be used in the calculation of Non-Delivery Charges or Delivered Volumes. Inactive MSID Pairs will not be able to have Delivered Volumes assigned against them



## P376 Costs and impacts

Organisation	Implementation	On-going	Impacts
Elexon	£1.4M - £1.8M	£80K – 100K per year	Documents systems ~1 year lead time
Industry (Suppliers and VLPs that choose to use P376)	Expected to be medium/high	Expected to be medium	Systems and processes to use P376 benefits ~6 month lead time
Industry (HHDAs)	Expected to be medium	Expected to be low	Systems and processes to provide data ~6 month lead time

## P376 benefits

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- By improving the accuracy of data in Settlement, P376 will enable a greater range of participants to provide balancing services to the NETSO. It will go some way to removing barriers for participants that are able to deliver energy as instructed, but are not able to accurately forecast energy flows ahead of time
- A report commissioned by Ofgem in 2017 estimated potential benefits from removing barriers to Demand Side Response could be in excess of £100m - £530m per year
- The Workgroup does not expect P376 to be used by all Parties, but if the solution removes barriers for a fraction of the estimated potential, the benefit is still in the millions per year
- VLPs who responded to the Assessment Consultation confirmed that the current arrangements presented a barrier and that P376 would allow them to provide balancing services with assets that have not been used before

# Assessment Consultation responses: Quantifying the defect

	Yes	No	Neutral/No Comment	Other
1. Do you perceive that the current arrangements provide a barrier to you participating in the provision of balancing services?	5	1	4	0
2. If P376 were to be implemented, would it improve your ability to provide balancing services to NETSO?	5	1	4	0
3. If you intend to register any MSID Pairs to use the baselining solution, are these new sites that have not been used to provide balancing services before?	2	1	7	0

- Most respondents expressing a view did believe the current arrangements presented a barrier to participation
- Respondents who believed the current arrangements to be a barrier believed that P376 would improve their ability to provide balancing services
- Two VLPs believed that baselined MSID Pairs would be new registrations. One noted that customers can participate in other markets such as the CM and ancillary services, but not the BM currently

# Assessment Consultation responses: legal text drafting

	Yes	No	Neutral/No Comment	Other
4. Are there any other uses for baselining methodologies not considered by this Modification?	4	2	4	0
5. Do you agree with the Workgroup that the draft legal text in attachment A delivers the intention of P376?	5	0	4	1

- Respondents identified other potential uses including:
  - asset independence checks for P375; and
  - other services such as dynamic containment and BTM demand assets
- Most respondents agreed that the legal text would deliver the intent of P376
- HHDAs did not believe that the draft redlining contained enough clarity on the responsibilities and processes required of HHDAs

# Assessment Consultation responses: Alternative solutions

	Yes	No	Neutral/No Comment	Other
6. Do you believe there are any alternative solutions that have not been considered?	3	5	2	1
7. Do you believe that in the absence of any other alternative solutions, the above P376 extension should be raised as an Alternative Modification?	5	0	5	0
8. Do you agree that the P375 and P376 solutions are complimentary and can work together to deliver the maximum benefit or should a Party be required to choose which solution to use?	6	0	4	0

- One software provider believed that Supplier Agents should have a more active role in the process. They believed that HHDCs already have the capability and are best placed to calculate estimated data through baselining
- As P375 has been approved, the Alternative solution to align P375 is no longer needed

# Assessment Consultation responses: Governance

	Yes	No	Neutral/No Comment	Other
9. Do you agree with the Workgroup’s assessment that P376 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC and is consistent with the EBGL objectives?	6	0	4	0
10. Do you have any comments on the impact of P376 on the EBGL objectives?	3	4	3	0
11. Do you agree with the P376 Workgroup’s unanimous view that P376 should not be progressed as a Self-Governance Modification?	7	0	3	0

- Respondents that expressed a view agreed with the Workgroups assessment against the EBGL objectives, noting that P376 would foster effective competition
- Any other comments respondents had on the EBGL Objectives were supportive of the Workgroups assessment
- Respondents that expressed a view agreed that P376 should not be a Self-Governance Modification for the reasons given by the Workgroup

# Assessment Consultation responses: Impacts and Costs

	High	Medium	Low	None/No Comment	Other
12. Will P376 impact your organisation?	1	5	1	2	1
13. Will your organisation incur any costs to implement P376?	1	1	2	3	3
14. Will your organisation incur any ongoing costs in relation to P376?	0	1	2	5	2

- Impacts on participants varied. The highest impacts were on VLPs, who would have better access to the BM from P376
- HHDA's and software providers that responded indicated a medium impact, but noted that the lack of clarity around the HHDA responsibilities and processes to be followed made it hard to fully quantify the impact
- Most impacted respondents that were able to quantify implementation costs believed these would be medium
- Most respondents who would incur ongoing costs estimated these to be low to medium

# Assessment Consultation responses: Implementation and Objectives

	>12 months	6-12 months	0-6 months	None/No Comment	Other
15. How long (from the point of approval) would you need to implement P376?	0	4	0	4	2
	Yes	No	Neutral/No Comment	Other	
16. Do you agree with the Workgroup's recommended Implementation Date?	8	1	1	0	
17. Do you agree with the Workgroup's initial unanimous view that P376 does better facilitate Applicable BSC Objectives (b), (c) and (e) than the current baseline?	8	0	2	0	

- Respondents who would need to make changes for P376 estimates that this would take in the region of 6 months
- Most respondents agreed with the proposed Implementation Date and commented that the changes should be delivered as soon as possible for the benefit to be realised
- All respondents who expressed a view on the Applicable BSC Objectives agreed with the Workgroup's assessment



# Workgroup conclusions

Does the P376 Proposed Solution better facilitate the Applicable BSC Objectives?	(b)	(c)	(e)
Proposer Views	Positive	Positive	Positive
Workgroup Views	Positive (unanimous)	Positive (unanimous)	Positive (unanimous)

- The Workgroup unanimously agree that P376 will impact on the EBGL Article 18 Terms and Conditions, and that P376 is consistent with the EBGL objectives:
  - Fosters effective competition by removing barriers
  - Enhances efficiency if balancing by increasing variety of participants
- The Workgroup unanimously agree that P376 should not be a Self-Governance Modification:
  - Impacts Article 18 Terms and Conditions
  - Material impact on competition
- The Workgroup unanimously agree an Implementation Date of:
  - 23 February 2023 as part of the February 2023 BSC Release
- The Workgroup unanimously agree that the attached draft legal text delivers the intent of P376

# Recommendations

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We invite the Panel to:

**a) AGREE** 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) AGREE** an initial recommendation that P376 should be **approved**;

**c) AGREE** that P376 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;

**d) AGREE** the impact on the EBGL objectives;

**e) AGREE** an initial Implementation Date of:

- i. 23 February 2023** as part of the February 2023 BSC Release if an Authority decision is received on or before 1 October 2021;

**f) AGREE** the draft legal text;

**g) AGREE** an initial view that P376 should not be treated as a Self-Governance Modification; and

**h) AGREE** that P376 should progress to the Report Phase.

# ELEXION

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**P402 'Enabling reform of residual network charging as directed by the Targeted Charging Review'**

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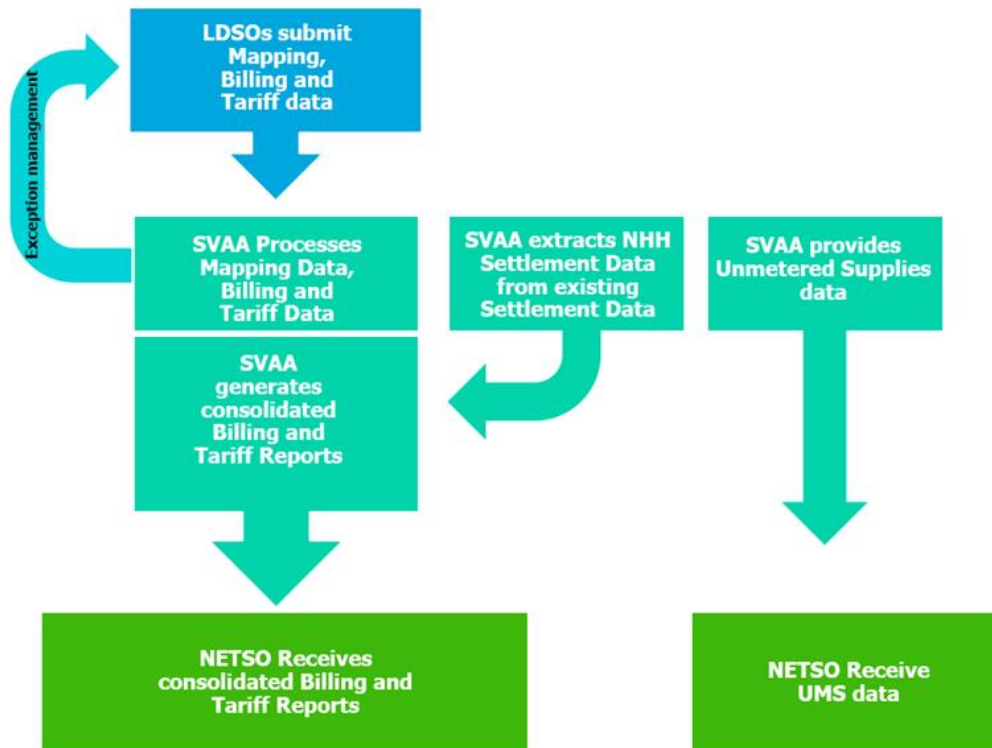
312/05 – Ivar Macsween

11 March 2021

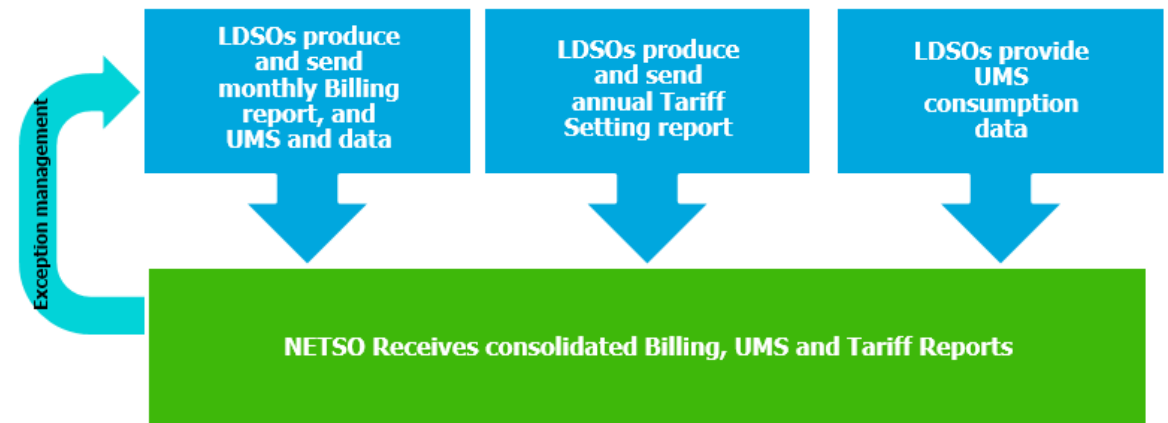
## P402: Summary

- **Issue:** National Grid does not have access to the relevant data necessary to implement the demand residual charging element of the TCR SCR changes. Ofgem estimates savings to consumers of £3.8bn to £5.3bn and system benefit of £0.8bn to £2.9bn over the period to 2040 from TCR SCR changes.
- **Solution:** P402 introduces processes that require the provision of this data to NETSO.

### Proposed Solution



### Alternative Solution



## P402: Proposed Solution

Interim cost update:

- Approximately £50- £75K interim to cover period between Feb '22 Release and enduring system go-live (targeted for June 2022 and triggered by Panel decision).
- Elexon effort to operate the interim anticipated at 0.5 FTE per month

Organisation	Implementation	On-going	Impacts
Elexon	£1.5 – 2 Million (including interim costs)	£1k-£2k [per month]	Systems, documents and processes. 12 month lead time
NGESO	Approx. £530k	Understood to be minimal	Systems and processes. 5 -6 month lead time.
Industry (LDSOs)	£20k – £35k in total (£3k - £6k each)	Understood to be minimal (manual administration)	Systems and processes. 3 – 6 month lead time
Industry (IDNOs)	£Minimal - £20K each	Understood to be minimal (manual administration)	Systems and processes. 3 – 6 month lead time
<b>Total</b>	<b>£2.1 – £2.6 Million</b>	<b>&gt;£5k</b>	

## P402: Alternative Solution

Organisation	Implementation	On-going	Impacts
Elexon	£2k-£4k	£1k-£2k [per month]	Documents and processes. 1 month lead time.
NGESO	Approx. £795k	NGESO anticipate 2 additional FTEs needed.	Systems and processes. 6 -7 month lead time. NGESO believe the Alternative has greater risk of taking longer than expected
Industry (LDSOs)	£50k – £90k in total (£10k - £25k each)	Understood to be minimal (manual administration)	Systems and processes. 4 – 7 month lead time
Industry (IDNOs)	£Minimal - £20K each	Understood to be minimal (manual administration)	Systems and processes. 4 – 6 month lead time
<b>Total</b>	<b>£800-910K</b>	<b>&gt;£5k</b>	

## P402: Panel's initial views

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At its meeting on 11 February 2021, the Panel unanimously:

- a) **AGREED** that P402 Proposed Modification **DOES** better facilitate Applicable BSC Objective (a);
- b) **AGREED** that P402 Alternative Modification **DOES** better facilitate Applicable BSC Objectives (a) and (d);
- c) **AGREED** that the P402 Alternative Modification is better than the P402 Proposed Modification;
- d) **AGREED** an initial recommendation that the P402 Alternative Modification should be approved and that the P402 Proposed Modification should be rejected;
- f) **AGREED** an initial Implementation Date of:
  - i. **24 February 2022 for the Proposed Solution** 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);
  - ii. **24 February 2022 for the Alternative Solution** if an Authority decision is received on or before 24 June 2021;

## P402: Report Phase Consultation responses

Question	Yes	No	Neutral	Other
Do you agree with the Panel's initial unanimous recommendation that the P402 Alternative Solution should be approved, and the P402 Proposed Solution should be rejected?	5	1	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P402?	6	0	0	0
Do you agree with the Panel's recommended Implementation Date?	6	0	0	0
Do you agree with the Panel's initial view that P402 should not be treated as a Self-Governance Modification?	6	0	0	0
Do you agree with the Panel's initial recommendation that P402 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?	6	0	0	0



# Recommendations

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We invite the Panel to:

- a) **AGREE** that the P402 Proposed Modification:
  - i. **DOES** better facilitate Applicable BSC Objective (a);
- b) **AGREE** that the P402 Proposed Modification:
  - i. **DOES** better facilitate Applicable BSC Objective (a); and
  - ii. **DOES** better facilitate Applicable BSC Objective (d);
- c) **AGREE** that the P402 Alternative Modification is better than the P402 Proposed Modification;
- d) **AGREE** a recommendation that the P402 Alternative Modification should be approved and that the P402 Proposed Modification should be rejected;
- e) **APPROVE** an Implementation Date 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);
  - ii. **24 February 2022** if an Authority decision is received on or before 24 June 2021;
- f) **APPROVE** the draft legal text for the Proposed Modification;
- g) **APPROVE** the draft legal text for the Alternative Modification;
- h) **APPROVE** the P402 Modification Report.

# ELEXON

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**P413 'Enable Elexon to be the Programme Manager for the implementation of Market-wide Half Hourly Settlement'**

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312/06 - Chris Arnold

11 March 2021

## P413: Background

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- P413 will enable Elexon to provide Market-wide Half Hourly Settlement (MHHS) Implementation Management services under the BSC, as the BSC Company (BSCCo), where Ofgem determines that Elexon shall provide some or all of these services
- These MHHS Implementation Management services could include any or all of the following roles (or any parts of these roles), depending on Ofgem's determination:
  - **Programme management** - including responsibility for managing the delivery of the MHHS Implementation including mobilisation, design, build, test, integration and go-live
  - **System integration** - including supporting the programme's system design and build phases, and planning, co-ordinating and managing programme parties' activities and resources during the programme's system test and integration phases
  - **Programme party coordination** - Including assessing programme party readiness during the build, and before each test and integration milestone to ensure programme parties are ready to meet programme milestones; and/or
  - Other roles as may be necessary for or reasonably ancillary to the delivery of MHHS Implementation Management,
- P413 is needed to facilitate Elexon's provision of any/all of these services under the BSC, if Ofgem determines that Elexon should provide some or all of these services
- Without P413, the Proposer believes that there is a risk of longer MHHS implementation timescales, higher costs for the industry and a longer period to see the benefits of MHHS

# P413: Proposed and Alternative Solutions

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## Proposed Solution

- Requires Elexon to provide any MHHS Implementation Management services that Ofgem decides it should provide
- Expands Elexon's functions as the BSCCo to include provision of these services under the BSC
- Enables Elexon to sub-contract any element of these services
- Makes Elexon accountable to Ofgem for performing these services, if and to the extent Ofgem decides that it should be
- Enables Elexon to appoint a MHHS Implementation Assurance Provider, if this is Ofgem's preference
- Enables Elexon to recover its costs in providing MHHS Implementation Management services from BSC Trading Parties by market share through the BSC's existing Main Funding Share mechanism
- Enables Elexon to participate in any competitive tender exercise used to appoint the provider(s) of MHHS Implementation Management services, with bid costs recovered through the Main Funding Share but subject to a cap of £100k

## Alternative Solution

- As above except Elexon's costs in providing MHHS Implementation Management services will be recovered solely from Suppliers by market share through a new Specified BSC Charge (requires changes to Elexon's Funding Share System)

# P413: Panel's Initial Views

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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 is better than the P413 Alternative Modification;
- d) **AGREED** an initial recommendation that the P413 Proposed Modification should be approved and that the P413 Alternative Modification should be rejected;
- e) **AGREED** that P413 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- f) **APPROVED** an initial Implementation Date for the Proposed Modification of:
  - i. **5WD** after Ofgem approval;
- g) **APPROVED** an initial Implementation Date for the Alternative Modification of:
  - i. **5WD** after Ofgem approval;
- h) **APPROVED** the draft legal text for the Proposed Modification;
- i) **APPROVED** the draft legal text for the Alternative Modification;
- j) **AGREED** an initial view that the P413 Proposed and Alternative Modifications should not be treated as a Self Governance Modification;
- k) **AGREED** that P413 is submitted to the Report Phase, with a Draft Modification Report to be presented to the Panel at its meeting on 11 March 2021; and
- l) **NOTED** that Elexon will issue the P413 Draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 11 March 2021.

## P413: Report Phase Consultation responses

Question	Yes	No	Neutral	Other
Do you agree with the Panel's initial majority recommendation that the P413 Proposed Modification should be approved?	1	3	0	0
Do you agree with the Panel's initial recommendation that the P413 Proposed Modification is better than the P413 Alternative Modification?	2	2	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of the P413 Proposed Modification?	4	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of the P413 Alternative Modification?	3	0	1	0

- 2 of the 4 Report Phase Consultation respondents had responded to the Assessment Procedure Consultation; 3 respondents from the previous consultation did not respond this time around
- Majority of Report Phase Consultation respondents did not agree with the Panel's initial recommendation that the Proposed Modification should be approved
  - No new arguments expressed that fall within the scope of P413; comments on aspects of Ofgem's plans for Elexon providing MHHS Implementation Management services have been passed to Ofgem
- Mixed views on the Panel's initial recommendation that the P413 Proposed Modification is better than the P413 Alternative Modification
  - No new arguments for or against either solution

# P413: Report Phase Consultation responses

Question	Yes	No	Neutral	Other
Do you agree with the Panel’s recommended Implementation Date for the Proposed Modification?	3	1	0	0
Do you agree with the Panel’s recommended Implementation Date for the Alternative Modification?	2	2	0	0
Do you agree with the Panel’s initial view that P413 does not impact the EBGL Article 18 terms and conditions held within the BSC?	4	0	0	0
Do you agree with the Panel’s initial view that P413 should not be treated as a Self-Governance Modification?	4	0	0	0

- Mixed views on the Panel’s recommendation on the Implementation Date.
  - Respondents who disagreed with the recommended Implementation Date did so on the basis that they disagreed with implementing the Proposed and/or the Alternative Modification in principle
- Unanimous support in the Report Phase Consultation responses for the remaining questions

## P413: Recommendations

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We invite the Panel to:

- a) **AGREE** that the P413 Proposed Modification:
  - i. **DOES** better facilitate Applicable BSC Objective (d);
- b) **AGREE** that the P413 Alternative Modification:
  - i. **DOES** better facilitate Applicable BSC Objective (d);
- c) **AGREE** that the P413 Proposed Modification should be approved and that the P413 Alternative Modification should be rejected;
- d) **AGREE** that the P413 Proposed and Alternative Modifications should not be treated as a Self-Governance Modification;
- e) **APPROVE** an initial Implementation Date for the Proposed Modification of:
  - i. **5WD** after Ofgem approval;
- f) **APPROVE** an initial Implementation Date for the Alternative Modification of:
  - i. **5WD** after Ofgem approval;
- g) **APPROVE** the draft legal text for the P413 Proposed Modification;
- h) **APPROVE** the draft legal text for the P413 Alternative Modification;
- i) **APPROVE** the P413 Modification Report.



# ELEXION

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**P417 'Move the Letter of Credit templates and Approved Insurance Product requirements to the BSC Website for more efficient maintenance and simplification'**

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312/07 - Chris Arnold

11 March 2021

### Issue

- Section M 'Credit Cover and Credit Default' of the BSC contains valid forms that can be used to provide Credit Cover with a Letter of Credit as well as general requirements of an Approved Insurance Product. If changes to the Section M provisions are required a BSC Modification Proposal must be raised to update the text which will take at least three months to implement and more industry and Elexon effort to progress than needed
- There are currently two valid sets of Letter of Credit templates under the BSC. Elexon contends that having two valid sets of Letter of Credit templates could increase the risk of Imbalance Parties using Letter of Credit templates that are not in line with current banking practices

## P417: Proposed Solution

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The Modification Proposal will:

- Remove the Letter of Credit templates and Approved Insurance Product requirements from annexes M1 - M4
- Update Sections 2.1.4 & 2.1.5 of Section M and the BSC definitions to introduce a requirement for the Letter of Credit templates and the Approved Insurance Product requirements to be published on the BSC Website
- Introduce:
  - A mandatory 20 Business Day consultation period for any changes to the Letter of Credit templates or Approved Insurance Product requirements; and
  - At least a 60 Business Day period from Panel approval until the specified updates become live

## Elxon Recommended Approach

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After further Elxon assessment of the P417 Proposed Modification that includes a mandatory consultation period and lead time Elxon has concluded that the suggested drafting would not better facilitate Applicable BSC Objective d) when compared to the baseline as:

- The Proposed Modification would increase the time taken to enact changes to Letter of Credit templates or Approved Insurance Product requirements from the current baseline which reduces efficiency
- It's not clear that the lead time is needed as Imbalance Parties are already notified in advance of their LoCs/AIPs expiring under current processes
- It's not clear that the consultation period is needed as the types of change that would be implemented would be minor in nature and limited in scope to changes that would make it operationally easier for Elxon to draw down credit in the event of party Default and/or to align the templates and requirements to current banking practices.

## P417: Panel's Initial Views

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The BSC Panel:

- a) **RAISED** the Modification Proposal in Attachment A in accordance with F2.1.1(d)(i);
- b) **AGREED** that this Modification:
  - i. **DOES** better facilitate Applicable BSC Objective (d);
- c) **AGREED** that this Modification progresses directly to the Report Phase;
- d) **AGREED** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- e) **AGREED** an initial recommendation that this Modification should be approved;
- f) **AGREED** an initial Implementation Date of:
  - i. 1 April 2021 as part of the April 2021 standalone release;
- g) **AGREED** the draft legal text
- h) **AGREED** an initial view that this Modification should be treated as a Self-Governance Modification; and
- i) **NOTED** that Elexon will issue the Draft Modification Report (including the draft BSC legal text) for a 20 Working Day consultation and will present the results to the Panel at its meeting on 11 February 2021.

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## **P417: Report Phase Consultation responses**

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- The Report Phase Consultation opened on 22 December 2020 and closed on 22 January 2021. No responses were received to the consultation

## P417: Recommendations

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We invite the Panel to:

- a) **REJECT** the draft legal text in Attachment B for the Proposed Modification which does include provisions for a mandatory consultation period and lead time;
- b) **APPROVE** the draft legal text in Attachment C for the Proposed Modification which does not include provisions for a mandatory consultation period and lead time;
- c) **AGREE** that the P417 Proposed Modification:
  - i. **DOES** better facilitate Applicable BSC Objective (d);
- d) **DETERMINE** (in the absence of any Authority direction) that P417 is a Self-Governance Modification Proposal;
- e) **AGREE** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- f) **APPROVE** the P417 Proposed Modification;
- g) **APPROVE** an Implementation Date for the Proposed Modification of:
  - i. **24 June 2021** as part of the June 2021 Release;
- h) **APPROVE** the P417 Modification Report

# ELEXION

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**Approval of P383 Configurable Items for  
the April 2021 Release**

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312/08 – Elliott Harper

11 March 2021



# April 2021 BSC Release – P383 Configurable Items

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## Background:

- P383 was approved by Ofgem on 28 February 2020 for Implementation on 1 April 2021 as part of the April 2021 BSC Release
- P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications
- CMP280 and CMP281' requires changes to be made to the following BSC Configurable Items:
  - BSCP503 'Half Hourly Data Aggregation for SVA Metering Systems Registered in SMRS' (SVG approved);
  - BSCP602 'SVA Metering System Register' (BSC Panel ownership);
  - SVAA Service Description (SVG approved);
  - SVAA User Requirement Specification (SVG approved);
  - SVA Data Catalogue Volume 1 Appendix A & B (SVG approved); and
  - SVA Data Catalogue Volume 2 Appendix A, B & C (SVG approved).

## Industry Review:

- We issued the draft Configurable Items for a 10 Working Day industry review
- We received no industry responses to the industry review period
- We have made a number of clarification amendments to SVAA Service Description, SVAA User Requirement Specification, BSCP602 and SVA Data Catalogue Volume 1 Appendix A following industry review

# Recommendations

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We invite the Panel to:

- a) **AGREE** the amendments to BSCP602 following industry and Elexon review; and
- b) **APPROVE** the changes to BSCP602 for the April 2021 BSC Release.

# ELEXION

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**Performance Assurance Framework  
Review – Final Report and Issue 69  
Summary**

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312/09 - Amanda Rooney

11 March 2021

# Introduction and Summary

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- Commissioned by Panel, under governance of PAB to review:  
**“Engage Performance Assurance Parties in identifying and, from time to time, re-appraising the things that do and don’t matter to them (their risk appetite);**
  - Meet the current and future needs of the Panel, the PAB and the wider electricity industry for the delivery of efficient, effective and economic assurance on those things that matter;
  - Improve the measurability of Settlement error and the effect assurance has on levels of Settlement error. Resulting in improvements in the amount of error identified and resolved through the PAF over time.
  - Enable the Performance Assurance Administrator (PAA) to deliver a valued and trusted assurance service to BSC Parties under the strategic and tactical guidance of the BSC Panel and PAB through Improved Panel, PAB and industry perceptions of:
    - Efficacy of PAF procedures
    - Credibility of data and KPIs
    - Operational and systems flexibility and cost effectiveness in delivering the PAF”

## PAF Review Key Overall Findings

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The review was charged to produce recommendations that:

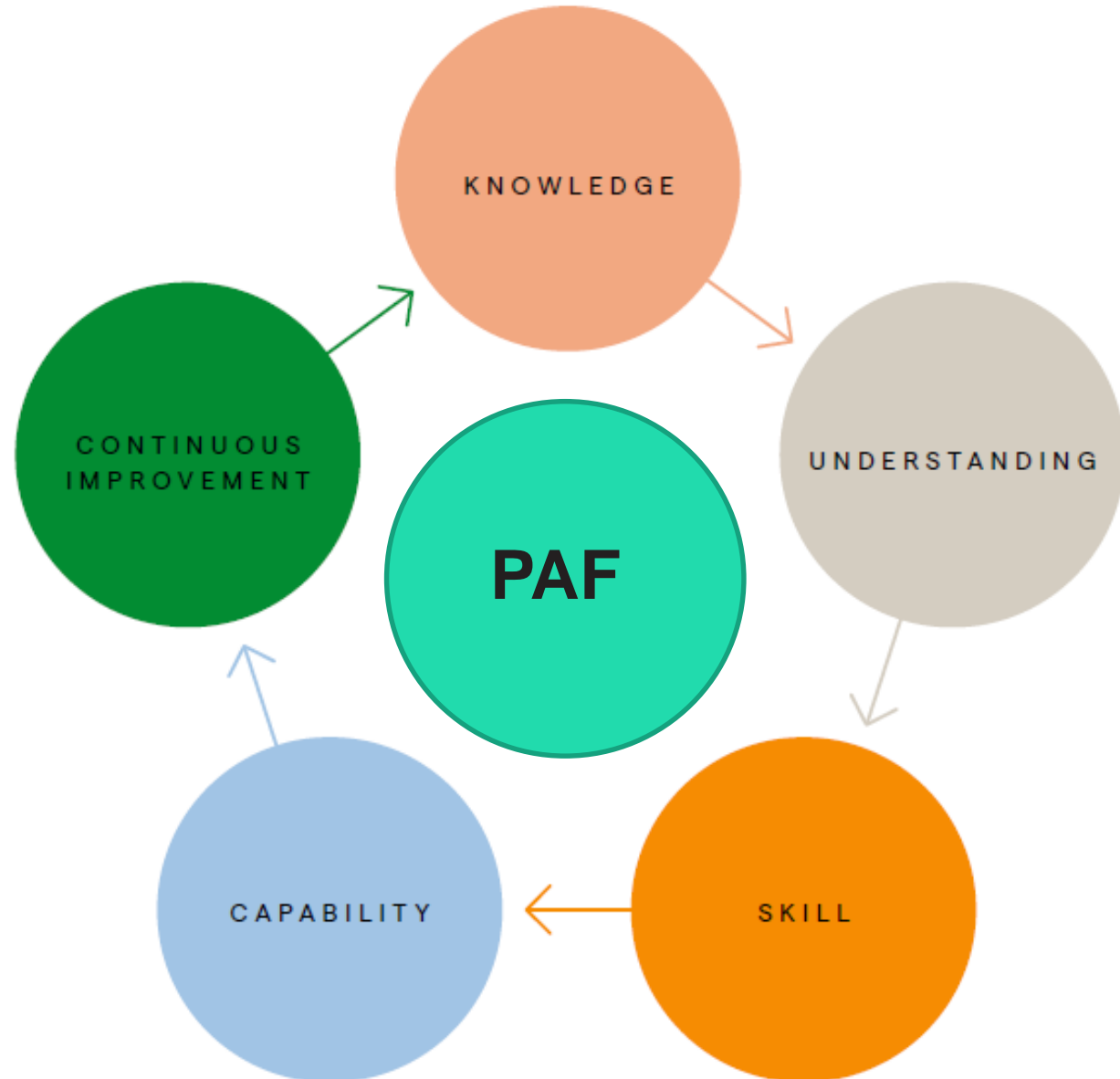
- **Are flexible enough to identify and address current and future settlement risks and issues.** Are able to assess and communicate both **aggregate and individual performance across key risk areas** so as to enable strategic and tactical deployment of Performance Assurance Techniques (PATs), eliminating reliance on exhaustive enumeration of low-level Settlement Risks.
- **Make use of data sources** which BSC Parties trust, give accurate and actionable views of the materiality of non-compliance and that, as much as possible, minimise the reporting burden for BSC Parties and their agents.

Are supported by systems and processes which are:

- legally robust;
- scalable to meet changing assurance needs;
- enable evidence-based decision making;
- provide the functionality and content needed to support the delivery of a risk-based PAF;
- facilitate the coordinated, problem-appropriate, application of PATs; and
- as inexpensive as possible to maintain or change.

## System Changes to PAF

- We consider the PAF has improved all Techniques, bringing complementary flexibility and agility across the entire PAF
- We consider the PAF is capable to withstand and positively evolve through the coming largescale industry change
- Over the course of the PAF Review, we made a total of 94 recommendations on how assurance activities can be enhanced.
- Of these 94 recommendations, 33 (or 37%) have already been implemented into live operations, 28 (or 30%) are actively being implemented at this time, and for the remaining 31 (or 33%), which were made towards the end of the review, implementation activities are currently incorporated into 2021 plans



## Successful Changes brought about by PAF Review Recommendations

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- Derogations and amendments brought in to disapply Supplier Charges in light of the situation brought on by Covid-19 were possible due to the work done to understand the mechanisms within Supplier Charges. Staff were able to visualise changes and any potential negative impacts and early and quickly
- The team reviewed all aspects of the governance and administration of the assurance framework, primarily structured around the supporting core documents – the Risk Evaluation Methodology, Risk Evaluation Register, Risk Operating Plan and assurance report. We engaged a risk management expert to support and developing recommendations aligned with general best practice, tailored to the BSC requirements, which has led to learnings from financial services and insurance
- Increased flexibility in BSC Audit provided Parties with empathy through disruptive changes forced by Covid-19 and Ofgem advise in 2020
- Increased ability to provide tailored, interactive reports through Power BI to provide increased insights
- Ability to put the customer at the heart of all techniques and improve their experience of assurance

# Workstream summaries

**Smart Metering-** The final workstream report was presented to the PAB in November 2017 and in January 2018 the first [Smart MTD report](#) was published and has continued being produced monthly at the time of writing.

This workstream allowed Elexon to fully understand the granular detail of the changes that MHHS would bring to settlement and assurance, future proofing future work.

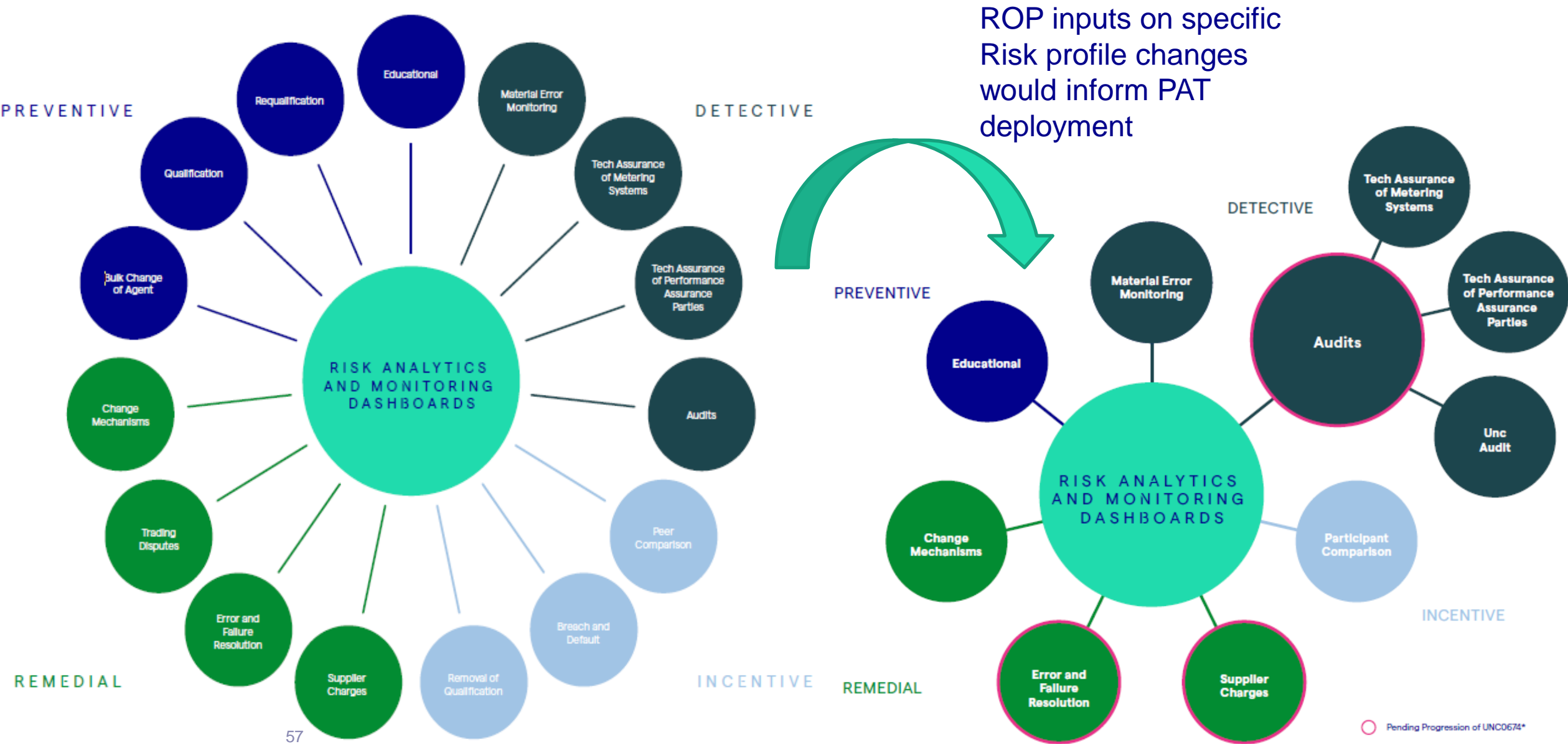
**PAF Procedures-** This workstream focused on how ELEXON evaluates and manages risks. The refreshed risk register was deployed for use in April 2019, along with the new operating plan. There have been quarterly versions of the assurance report produced and a risk team is in place to take a lead on risk management. Risk Owners have been assigned, and risk reporting drafts have been developed. The first annual review with the new methodology has concluded.

The Risk Operating Plan was key to defining the parameters of PAF Technique deployment.





# Technique Review- Agility and Flexibility



## Issue 69 Wrap Up Report

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- The Report summarises the meetings and the findings of the workshops as well as some of the opinions on underlying issues and proposals for change. Further information on the reasons certain solutions were found to be unworkable or not value for money are found here
- Issue 69 was a wide reaching Issue group to support all aspects of the PAF Review. Covered extensive fundamental issues of Performance Assurance and stress tested all proposals for change
- Numerous workshops to collaboratively explore the underlying assumptions and existing issues within each workstream
- Summary will continue to inform future work to reform PARMS Serials, improvement standards and innovate improvement Techniques

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## Recommendation

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We invite the Panel to:

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

# ELEXION

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**Issue 86 'Review of processes potentially  
impacted by Ofgem's Faster Switching  
Programme'**

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312/10 – Tabled

# Recommendation

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We invite the Panel to:

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

# ELEXION

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**Code Administrator Code of Practice  
(CACoP) Quarterly Update**

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Verbal – Matthew Woolliscroft

# Recommendation

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We invite the Panel to:

**a) NOTE** the update.





# PART II: NON-MODIFICATION BUSINESS (OPEN SESSION)



# E L E X O N

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**Minutes of previous meeting  
and Actions arising**

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Claire Kerr

# ELEXION

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## Chairman's Report

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Michael Gibbons

# ELEXON

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## Elexon Report

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312/01 - Mark Bygraves

# ELEXION

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## Distribution Report

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Fungai Madzivadondo

# ELEXION

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**National Grid Report**

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Jon Wisdom

# ELEXION

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**Ofgem Report**

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Colin Down

# ELEXION

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**Panel Committee Reports**

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312/01A-E

# ELEXION

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**Review of BSC Specified Charges**

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**312/11 – Kathy Ferrari**

11 March 2021



## Current v Proposed Charges

Specified Charge	Current Rate	Proposed Rate
Notified Volume Charge (Contracts Traded)	£0.0005/MWh/month	£0.0005/MWh/month (No Change)
SVA Specified Charge (Half Hourly MSIDs)	£0.00915/MSID/month	£0.01001/MSID/month
Dataline Monthly	Direct recovery of communication line costs charged by the BSC Central Service Agent, varied from £291.33/month to £1288.60/month depending on technical specifications chosen.	Pass through (Increase only by indexation)
TIBCO Charges	Direct recovery of TIBCO license costs charged by TIBCO Software Inc. currently at £16,426 for one off standard set up and £246.39/month for support (18% of installation cost per annum).	Pass through (Increase only by indexation)
Base Monthly Charge	£250/month	No Change
CVA Metering System Monthly Charge	£50/month	No Change
CVA BM Unit Monthly Charge	£0/month	No Change
Supplier Base BM Unit Monthly Charge	£0/month	No Change
Supplier Additional BM Unit Monthly Charge	£60/month	No Change
Virtual Lead Party Monthly Charge	£125/month	No Change
Secondary BM Unit Charge	£60/month	No Change

# Specified Charges with Cost Driver Calculations

	19-20 Budget	20-21 Budget	21-22 Budget
Number of Metering Systems	31,049,998	31,785,166	31,525,844
SVA Costs calculation			
DTS	2,441,923.00	2,476,996.00	2,844,602.00
Profiling	242,000.00	153,046.00	184,812.00
Teleswitch	104,349.00	1,510,164.00	1,813,135.00
Qualification	400,696.00	281,436.00	303,625.00
75% Of operational Audit SVAA (1/7 of BSC Agents costs)	1,156,620.00	1,011,529.00	978,472.50
	879,861.07	1,029,379.00	890,073.00
Timesheet data	418,035.93	517,004.00	561,178.00
TOTAL SVA	5,643,485.00	6,979,554.00	7,575,897.50
50% of annual costs	2,821,742.50	3,489,777.00	3,787,948.75
Monthly	235,145.21	290,814.75	315,662.40
Specified charge calculation	0.00757	0.00915	0.01001

	19-20 Budget	20-21 Budget	21-22 Budget
Notified Volumes	1,680,000,000	1,560,000,000	1,650,000,000
Total ECVAA Costs	879,861.07	844,465.00	902,366.00
Notified Volume charge	0.0005	0.0005	0.0005

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## Recommendations

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We invite the Panel to:

**a) APPROVE** the new SVA Specified Charge of £0.01001/SVA MSID per month.

# ELEXION

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**Updates to Panel Committees' Terms of Reference**

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312/12 – Claire Kerr

11 March 2021

## Overview

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- Chairs of ISG, SVG, PAB and TDC agreed to align four sub-committees as much as possible
  - For completeness, also updated the Credit Committee's Terms of Reference
- Key changes made include amendments to:
  - Quoracy - now four members for all Committees
  - Voting procedure - to require a majority rather than unanimity
  - Gendered references – replaced with non-gendered versions
- No comments received from any members of any of the Committees on the content of the ToR

# Recommendations

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We invite the Panel to:

- a) **APPROVE** the proposed changes to the ISG's Terms of Reference;
- b) **APPROVE** the proposed changes to the SVG's Terms of Reference;
- c) **APPROVE** the proposed changes to the PAB's Terms of Reference;
- d) **APPROVE** the proposed changes to the TDC's Terms of Reference;
- e) **APPROVE** the proposed changes to the CC's Terms of Reference.

MEETING CLOSE

# ELEXON

THANK YOU

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