

# 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.

## 314/01 Elexon Report

### BSC Panel

Date of meeting	<b>13 May 2021</b>
Paper Number	<b>314/01</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.

Ofgem has determined that implementation of Market-wide Half Hourly Settlement (MHHS) will be an industry led programme and we are delighted that Ofgem has also determined that Elexon should be the Senior Responsible Owner and Programme Manager. We look forward to working with industry to deliver the programme.

We have published the Architecture Working Group (AWG)'s consultation on the reference architecture to support MHHS implementation.

We have highlighted that there will be planned downtime on the BSC Central Systems applications from 14 May-15 May 2021.

### Target Audience

Elexon's customers and the wider industry.

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## I. Coronavirus News

Elxon 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 Elxon colleagues continuing to work remotely.

Actions taken by Elxon, 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 Elxon or the BSC via our regular channels.

## II. Elxon News

### Consultation Responses

We have responded to one consultation since our last update to the Panel as follows:

- **The Department for Business, Energy and Industrial Strategy (BEIS)'s consultation on the Capacity Market (CM) 2021: proposals for improvements**

In our response we:

- Proposed improvements to the CM. Our response focussed on the proposal to require CM Units to register as Balancing Mechanism Units, to help inform decision making relating to this aspect of the proposals; and
- Highlighted the resources required to ensure registration of new BSC Parties and our inability to commit to processing the registration of all CM participants prior to the 2022 pre-qualification window.

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

### Elxon to be Senior Responsible Owner and Programme Manager for MHHS

On 20 April 2021, Ofgem published its [decision](#) to that implementation of Market-wide Half Hourly Settlement (MHHS) will be an industry led programme and that Elxon will be the Senior Responsible Owner (SRO) and Programme Manager (PM). These roles for Elxon involve co-ordinating the development, testing, integration and transition activities of around 180 organisations across the energy sector and is a significant step which can help progress to net zero. Elxon will be working with industry to deliver this important programme.

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

### P375 'Metering behind the Boundary Point'

#### Victoria Moxham (Elxon's Director of Customer Operations)'s blog on P375 for Current News

In her [blog](#) for Current News, Victoria Moxham discusses the next ground breaking BSC rule change that supports more Demand Side Response (DSR) from smaller asset owners when it comes into force on 30 June 2022.

## Solar Media Webinar on Modification P375 held on 5 May 2021

On 5 May 2021, Elexon's Metering Manager Iain Nicoll presented on [P375](#) at a webinar organised by [Solar Media](#). Iain explained the background to the reforms, how they will work, and what the benefits and impacts would be for the Balancing Mechanism.

## III. Industry News

### European Developments

The post-Brexit transition continues and we are still awaiting details from Ofgem regarding the Memorandum of Understanding (MoU) they are agreeing with the EU Commission. The MoU will agree the processes for engagement, periodicity etc. and will be the 'starting-gate' for any further UK/EU alignment.

#### Trade and Cooperation Agreement (TCA) Forum

Energy UK (EUK) alongside the European Federation of Energy Traders (EFET) has established a [Trade and Cooperation Agreement \(TCA\)](#) forum. Members are drawn from across GB and Europe including Market Participants, Traders and Trade Associations. It aims to provide a collective voice to BEIS and European Commission organisations in regards to meeting TCA requirements. The first meeting was held on 22 March 2021 to establish the group, discuss Day-Ahead Trading (see below) and next steps.

We are members of the Forum, having been invited to join by virtue of our membership of Energy UK's TCA group, and will make the Panel aware of anything we feel relevant to the operation of the BSC.

#### Electricity Balancing Guideline (EB GL)

We still await a determination by NGESO regarding the potential for a GB only TERRE.

[P410 'Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations'](#) has been identified for probable withdrawal now that GB is no longer part of the Internal Energy Market (IEM), However a formal decision is still awaited.

#### Day-Ahead trading

The Department for Business, Energy and Industrial Strategy (BEIS) has tasked NGESO to lead on establishing a Memorandum of Understanding (MoU) with their European counterparts on DAH. At this time, there is no impact on Elexon but, we expect to be consulted if the new DAH processes may impact Settlement. NGESO and European Network of Transmission System Operators for Electricity (ENTSO-E) published their CBA at the end of April 2021.

#### Network Code on electricity emergency and restoration (NCER)

We are still waiting on a decision from Ofgem regarding NCER and market suspension which Ofgem has indicated will not occur until Grid Code Modification [GC0144: Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1\(b\)](#) decision. GC0144 is now with the Authority for consideration.

#### EU Horizon Scan

The current Commission was formed early last year (2020) and President von der Leyen made the EU Green Deal one of the commission's biggest priorities. We are now starting to see this come into effect and various initiatives are starting to gain momentum. Things of note that may impact GB and therefore Elexon depending on how post-TCA relationships evolve include, in no particular order:

- CACM 2.0 is being drafted and stakeholders engaged;
- A new Network Code on Cyber security will be drafted shortly, but is dependent on the forming of the new Distribution System Operator (DSO) body equivalent to the ENTSO-E;
- Discussions are on-going regarding a North Sea Grid and we are already engaging on this domestically in GB;
- Consultation on European Single Access Point (ESAP) – this equates roughly to Open Data principles;

- Continued lobbying for linking the GB and EU Emissions Trading Schemes (ETSs);
- Development of an EU carbon border;
- New Climate law discussions;
- New Renewable Electricity Directive (RED III) in development;
- Review of Trans-European Energy Networks (TEN-E) – ensuring infrastructure is fit for evolving markets and technology; and
- Power-to-gas – how electricity needs to be managed, and the associated regulatory changes, so that electrolysis of hydrogen can occur efficiently and without undue impact of the Electricity System.

These items are all in different stages of progression and we will continue to monitor. In a post-TCA world, there is no immediate impact on GB or Settlement. However, the topics are very much what we are starting to see discussed in GB and will expect to gain far more attraction as the Government starts to implement the Energy White Paper and Prime Minister's ten point plan. As such, we will continue to monitor EU progression for comparison when we engage on GB policy changes as well as to ensuring we are informed as the post-TCA relationship evolves.

## IV. Operational News

### Planned infrastructure maintenance on BSC Central Systems

Every two to three years the Elexon BSC Central Systems require an extended outage to ensure the infrastructure is maintained. We recognise that outages have an impact on our customers and try to manage these where possible. The planned downtime on the BSC Central Systems applications is from 18:57 (BST) Friday 14 May 2021 to 07:15 (BST) on Saturday 15 May 2021.

This outage is required for infrastructure maintenance on the BSC Central Systems applications including:

- The Balancing Mechanism Reporting Service (BMRS);
- Energy Contract Volume Aggregation Agent (ECVAA);
- Settlement Administration Agent (SAA);
- Central Data Collection Agent (CDCA); and
- Central Registration Agent (CRA).

The Elexon Portal and PARMS will also not be accessible.

### Changes to BSC Central Systems for Ofgem's Targeted Charging Review (TCR)

As part of our continuing work to progress large scale change to Market Domain Data (MDD) sets for Ofgem's Targeted Charging Review (TCR), we provided an update to the Supplier Volume Allocation Group (SVG) on 6 April 2021 on the outcomes of industry and BSC Central System testing.

It was anticipated that the unprecedented growth in the size of the MDD and Line Loss Factor (LLF) datasets needed for Ofgem's Targeted Charging Review could present challenges for Elexon's Central Systems and Parties' systems, therefore we have been carrying out testing to identify and mitigate any potential risk to industry processes relating to balancing and settlement.

The industry testing that took place in February 2021 provided Elexon with the assurance that our Parties' systems can cope with the expected increased volume of data in the LLF and MDD data files.

We also completed testing of the BSC Central Systems, which was carried out in order to verify how they would operate with the additional LLF and MDD data. We are now progressing the recommended system improvements to ensure that the Central Systems can handle the expected data increase volumes. These changes will be tested and implemented before we progress any further Change Requests relating to the Targeted Charging Review. We expect the improvements to take around 17 weeks to complete, at which time we will progress the remaining Change Requests, which relate to Independent Distribution Network Operators (IDNOs).

If you have questions regarding the MDD Plan for Ofgem's TCR, please contact us at [mddc@elexon.co.uk](mailto:mddc@elexon.co.uk) or [lfs@elexon.co.uk](mailto:lfs@elexon.co.uk). Further information, including progress made to date, is available on the [Large Scale Changes to Market Domain Data](#) page on the Elexon website.



## April 2021 BSC Release implemented

The [1 April 2021 Standalone Release](#) has been implemented. The changes in this Release were as follows:

- [P418 'Amendments to the P383 legal text for Additional BM Units'](#);
- [P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281'](#);
- [CP1538 'Correct Specification of TERRE Tibco messages'](#); and
- [CP1531 'Additionally provide the TUoS Report to National Grid ESO at the II Settlement Run'](#)

The [BSC Baseline Statement](#) has been updated and the [Consolidated Operational BSC](#) has been updated and uploaded to the website.

## Kinnect Platform on track to deliver 2021/22 objectives

Progress continues to be good on legacy SAA migration to the Kinnect Platform as we exit the initial three sprints and this has allowed us to validate the remaining delivery plan based on actual sprint velocity achieved to date. Development is due to complete in October 2021 ahead of testing and parallel run, planned to conclude in April 2022.

This week the Board approved the investment in the first release of the Insights Solution which will begin the migration of BMRS to the new Kinnect Platform. Release 1, due to go live in October 2021, delivers interconnector fuel type reporting in the new Insights Solution allowing future reporting changes to be handled via minor configuration changes rather than additional development required on the legacy system. Releases 2 and 3 that will follow, will conclude BMRS migration.

We are currently working on plans to create an Insights Solution User Group. This will give interested customers the opportunity to shape the design of the Insights Solution and offer feedback at every stage of the project. This is to ensure that we are working to deliver what our customers want and need. We are looking to start recruiting interested participants later this month.

Following the successful launch of R2 of the Customer Solution in January 2021, the Party Management Product team are finalising requirements for Release 3 due to commence in September. The team are planning three incremental drops of functionality to customers as part of Release 3, continuing to increase automation and self service capability in the market entry and registration processes.

Overall the Kinnect Programme remains on budget with £24.9m of investment already completed or in progress, with £21.7m forecast for future work to conclude migration of the legacy systems to the digital platform in 2023.

## Credit Assessment Price (CAP) increase announced for 12 May 2021

A Consultation paper on the value of Credit Assessment Price (CAP) was issued on 12 April 2021 following a breach of the CAP trigger level. No responses disagreed with the proposed value and it was agreed that CAP value will increase to £60/MWh on 12 May 2021.

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

## Trading Operations Report (TOR) redevelopment

The [Trading Operations Report \(TOR\)](#) has been redeveloped to give you a more personalised set of reports. Each subject area of the report now has its own individual webpage, so you can view the individual reports that you are most interested in.

The TOR provides information on the state of the BSC market; including issues and incidents and a summary of the key events that may have had an impact on BSC Parties. The report contains various statistics for a range of key metrics and charts to provide an understanding of any underlying trends.

On each page of personalised reports, you will find a survey to complete. This provides us with much needed feedback on how the updated TOR is working for our Parties. We encourage you to respond so that we can continue to improve our services for you.

## BSC Insights

### Reliant on the weather? A review of weather dependent generation in GB.

In this latest [Insight](#), Emma Tribe, our Analysis and Insight Delivery Lead, shows how Great Britain's fuel mix is connected to the weather more than ever, through an increase in weather dependent generation over the last ten years.

To make our Insight articles more accessible, we have started producing podcasts which provide a short summary of the information and data provided in the article.

### Unprecedented Price Spikes in 2021

In 2021, we have seen the highest System Prices since 2001, which was the first year of the New Electricity Trading Arrangements (NETA). The highest price so far this year was £4,000/MWh on 8 January 2021 in Settlement Periods 39 and 40. On 12 April 2021, the System Price was over £1,000/MWh for five consecutive Settlement Periods. In this BSC [Insight](#), one of our Product Analysts, Angus Fairbairn, looks into how and why these high prices occur.

### Incorrect National Grid ESO Short Term Operating Reserve (STOR) data sent to Balancing Mechanism Reporting Service (BMRS) affecting Settlement Calculations on BMRS

On 1 April 2021, National Grid ESO introduced a new day ahead STOR product which included a different contract structure compared with the previous STOR product. STOR allows market participants to contract with NGESO to provide extra power ahead of time to make up reserves, either by providing additional generation or demand reduction.

Through BMRS (which provides near real-time updates on the wholesale market) we indicate when a balancing action results from a STOR contract, by using a 'STOR flag'. However, since the change went live, Elexon is not receiving accurate information from NGESO on what balancing actions are from STOR providers. As a result STOR flags on BMRS will not be accurate.

The data is also used in the Settlement Calculations on BMRS, therefore while this issue is ongoing, the calculated Imbalance Prices and Volume may deviate more from actual prices than usual. Elexon will not re-run the Settlement Calculations on BMRS, but the data will be corrected in the Settlement Administration Agent (SAA) and therefore we will ensure the correct data is shown in the Settlement Reports (SAA-I014). We are processing the data using [BSC Procedure \(BSCP\) 18 'Corrections to Bid Offer Acceptance Related Data'](#) until an enduring solution is put in place by NGESO.

BSC Parties should note this issue but they do not need to take any action.

### Latest information on the status of BSC Parties

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

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## V. Electricity Market Reform News

Settlement of Contracts for Difference and of the Capacity Market is undertaken on behalf of Low Carbon Contracts Company (LCCC) and Electricity Settlements Company (ESC) respectively, by Elexon's wholly owned subsidiary EMR Settlement (or EMRS) which involves the calculation, collection and distribution of payments to CfD generators and CM providers.

There have been no EMR Circulars 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 26 April 2021, Elexon published the [Architecture Working Group \(AWG\)](#)'s [consultation](#) on the reference architecture which will set the framework for suitable data integration for MHHS services. The additional meter readings available from smart meters will result in a big increase in the volume and frequency of meter data that needs to be settled. This requires a different approach to the way energy companies interact with each other and the Settlement data.

Elexon was due to host a webinar on 28 April 2021 to talk through this consultation but this has now been moved to 11:00 on 12 May 2021. This is because the consultation was published a week later than originally planned. Moving the webinar also allows us time to work on illustrative examples to help industry understand the implications of the reference architecture. If you have already signed up to attend the webinar, you do not need to re-register for 12 May 2021. If you have not yet signed up, please register on our [GotoWebinar page](#). We will also notify all attendees that have already signed up about the change, by email and apologise for any inconvenience caused by moving the webinar.

The AWG is one of two working groups that Elexon is chairing and providing with technical leadership to support Ofgem's [Significant Code Review](#) on electricity Settlement reform, by further developing aspects of the MHHS Target Operating Model (TOM). The [Code Change and Development Group \(CCDG\)](#) has been working on the detailed design of the TOM and the corresponding industry code changes that are needed to bring it into effect.

If you are an architectural expert (or you know somebody in your company who is) the consultation will be of particular interest to you. It will be your opportunity to consider the preferred reference architecture and let Elexon know your views, before the AWG recommends the solution to Ofgem for approval later this summer.

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

The Code Change and Development Group (CCDG) has recently consulted on lower-level areas of the Target Operating Model (TOM) design for MHHS and the changes it believes will be required to Industry Codes. The CCDG will discuss the 25 responses received to its [consultation](#), having followed up with a number of the respondents. The next CCDG meeting will take place on 18 May 2021.

### Code Administrator Code of Practice (CACoP) April newsletter published

The April 2021 CACoP Newsletter has been published on the [CACoP Forum](#) page of the BSC website. Highlights from April's newsletter include:

- Progress with the development of a central CACoP website;
- News and developments across the different Codes; and
- A closer look at how we are achieving CACoP Principle 7

## 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.



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## Attachments

Attachment A – Elexon monthly KPIs

Attachment B1 - Report from the ISG (public)

Attachment B2 - Report from the ISG (confidential)

Attachment C1 – Report from the SVG (public)

Attachment C2 – Report from the SVG (confidential)

Attachment D – Report from the PAB

Attachment E – Report from the TDC

Attachment F – Report from the BCB

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