

ELEXION

BSC Panel 314

Public

13 May 2021



PART I: NON-MODIFICATION BUSINESS (OPEN SESSION)

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Market-wide Half Hourly Settlement: Implementation and Governance Arrangements

Verbal – Jasmine Killen (Ofgem)

13 May 2021

Market-wide Half-hourly Settlement: Implementation and Governance Arrangements



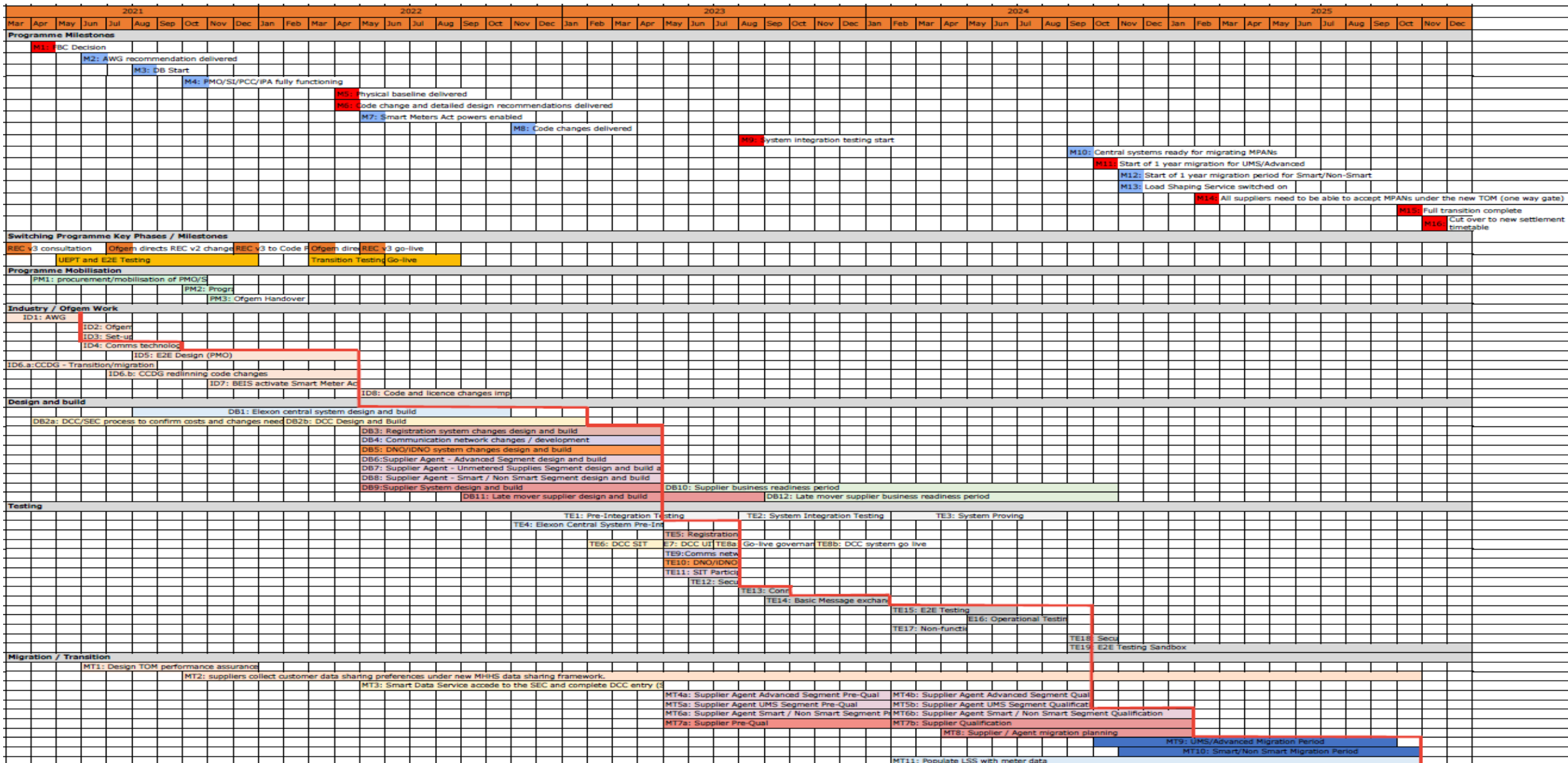
Settlement Reform team

We published our decision on Market-wide Half-hourly Settlement (MHHS) - 20 April 2021:

- Transition over 4 years 6 months to October 2025
- Estimated consumer benefits £1.6bn - £4.5bn to 2045
- Elexon as SRO for implementation

BSC modification P413 (20 April 2021) – Elexon’s MHHS implementation role and implementation cost recovery

Consultation on implementation and governance arrangements for MHHS (23 April 2021) - for the MHHS transition (follows MHHS Programme Implementation principles consultation (Jan 2021)).



Key milestones in the baseline transition timetable:

- Physical build and detailed design code changes – delivered April 2022
- Design and build phase – May 2022 to May 2023
- Testing phase – May 2023 to September 2024
- Qualification phase (including pre-qualification) – May 2023 to Jan 2025
- Migration phase – October 2024 to October 2025

The consultation sets out our proposals on:

- Obligations on parties – draft set of proposed code obligations
- Governance structure – proposed Governance Framework
- Independent Programme Assurance – proposed assurance principles
- Ofgem's role - proposed thresholds for future intervention

Consultation closes 25 June 2021

Decision on consultation (final implementation arrangements)
– Summer/Autumn 2021

SCR process – Option 3

- Obligations on parties – present code changes for panel recommendation – expected September 2021
- Make code changes – decision following panel recommendation
- Handover to Elexon to lead implementation – expected October 2021

Future substantive code changes (CCDG) using Smart Meter Act Powers

Proposed draft code obligations on different programme parties:

- Elexon (SRO and programme manager and MHHS participant) – powers and obligations to discharge central programme functions
- Suppliers, distributors and supplier agents (MHHS participants) – to act in accordance with programme governance, planning and documentation
- DCC (provider of smart meter comms systems) – to comply with MHHS obligations as MHHS participants
- Code bodies (SEC, DCUSA, REC, CUSC) – to act in accordance with programme governance, planning and documentation as MHHS Participants

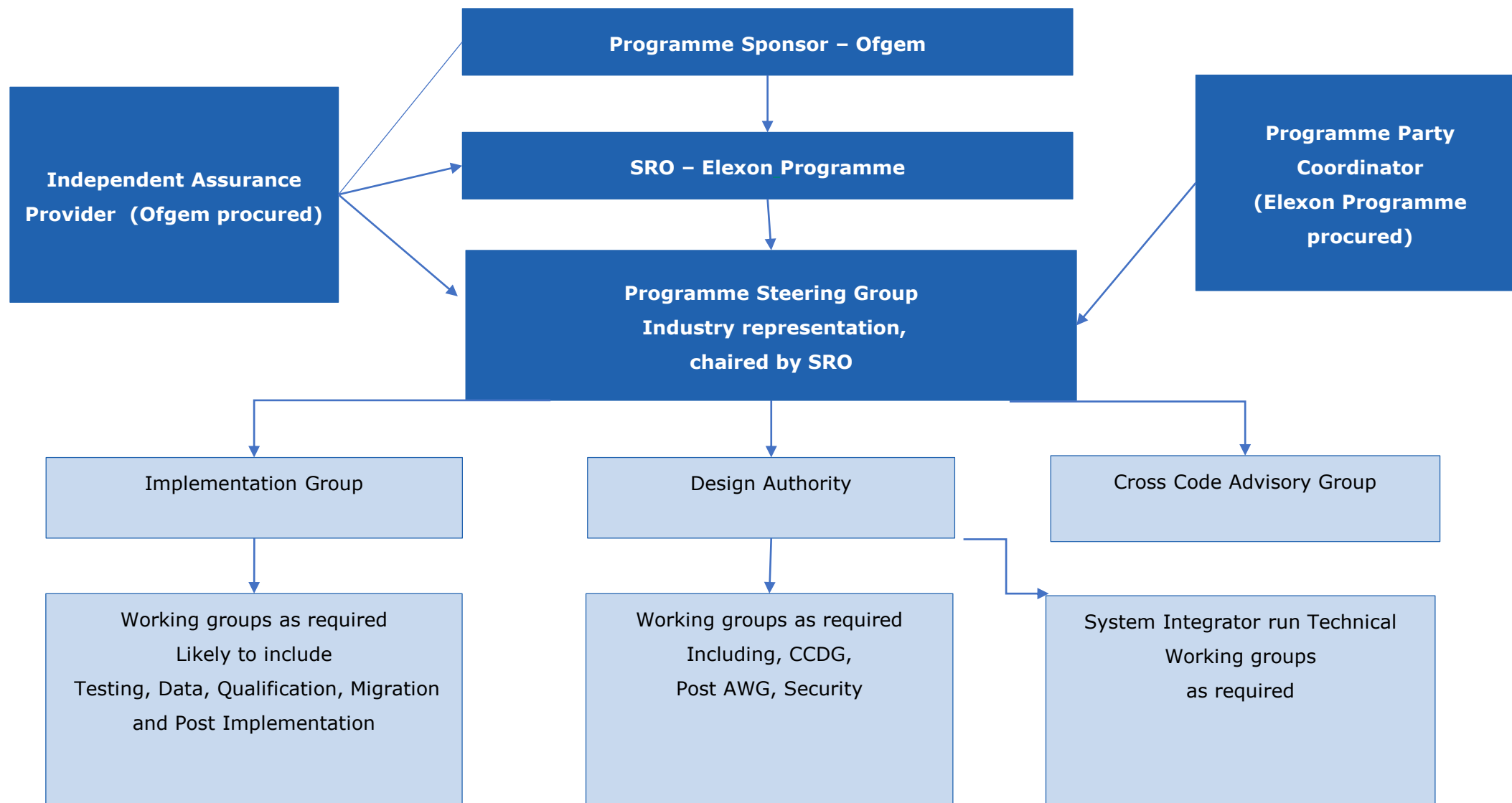
NB. Where any of the above rely on 3rd parties to help meet their obligations, they will be obligated to secure those parties' cooperation

For the purpose of MHHS Implementation:

- The BSC Panel will get regular reports on activities and costs of the MHHS Implementation Manager (BSCCo).
- The BSC Panel will have a limited role in relation to these new obligations. The roles shall be limited to the compliance and performance assurance of the MHHS Qualification and MHHS Migration Plan.

Our draft proposals provide details of code obligations on various programme parties:

- Licensed parties (suppliers, distributors, DCC) have existing 'duty to cooperate' licence obligation in implementing a Significant Code Review (SCR)
- Detailed code obligations to complement the general licence duty
- Proposed licence change to Smart DCC licence will aim to ensure DCC meets its obligations under the BSC, even though it is not a BSC party, to ensure effective and timely MHHS implementation



Purpose of programme assurance to build trust amongst participants and in reliability of programme reporting and forecasting

- PSG, SRO and Ofgem will rely on IPA to assess and highlight if programme on track or where action required and by whom
- IPA also helps manage Elexon conflict of interest risks
- IPA complements parties' own assurance functions, will rely on parties' self-assessment when carrying out own assessments
- IPA to work with both central programme functions and programme parties, help identify risks before they become issues, gather and present evidence, engage actively and provide real-time reporting ahead of key milestones and decisions

Detailed assurance principles set out in consultation – comments welcome

Seeking views on set criteria – see below - and specific thresholds that may cause Ofgem to intervene in MHHS Programme

- Proposed material or fundamental change to the TOM design baseline in our MHHS Decision
- Significant material proposed or forecast shift in costs or benefits
- Significant delays to planned implementation experienced or forecast compared to transition timetable in MHHS Decision
- Situation where a party or parties consider their interests treated less favourably, without good reason, than others
- Situation where stakeholder argues that design process not taking proper account of end consumers' interests or could materially impact consumers
- Significant governance changes are suggested based on an IPA assessment

Role of the BSC Panel for these changes

Process step	When	Communicating with the Panel
Presentation of consultation proposals on draft code changes	13 May 2021	Gather initial Panel views
Review consultation responses and impact on code change drafting	July 2021	Feedback to Panel of any significant changes to drafting
Final decision on MHHS implementation and governance arrangements	August 2021	Update on final package of code changes - August Panel
Presentation of final code changes	9 September 2021	Panel recommendation sought
Decision on package of final code changes	Late September 2021	Panel informed of decision
Code changes implemented	Early October 2021	

We are engaging with industry on the consultation, through industry forums and direct engagement.

The consultation closes on 25th June

We will review the responses and set out the final changes we propose to make.

To contact us, please email
halfhourlysettlement@ofgem.gov.uk

Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.

We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.

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MHHS Programme Update

314/12 – Justin Andrews

13 May 2021

Recommendation

We invite the Panel to:

a) NOTE the update.



PART II: MODIFICATION AND CHANGE BUSINESS (OPEN SESSION)

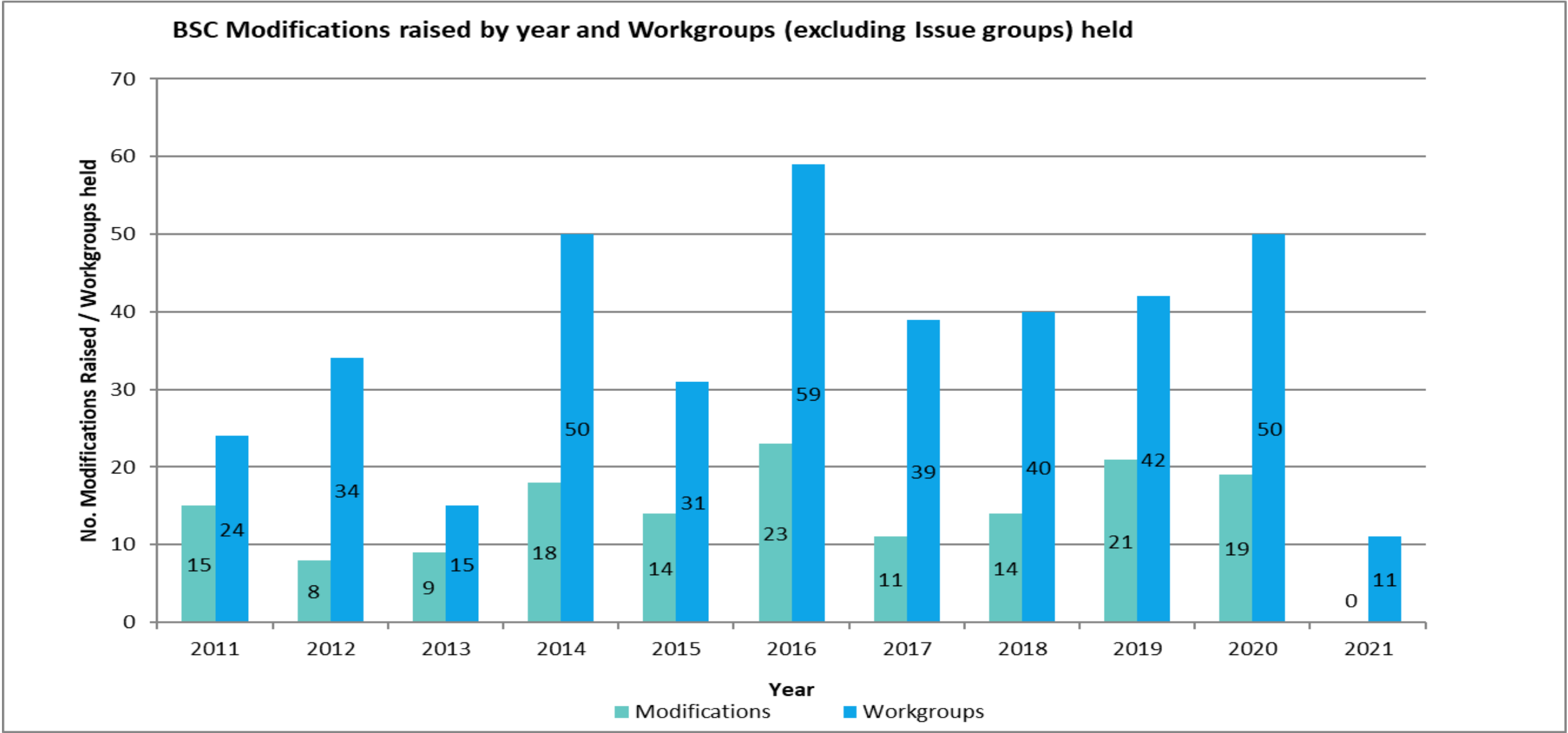
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Change Report and Progress of Modification Proposals

314/02 - Lawrence Jones

13 May 2021

BSC Modifications raised by year and Workgroups held



BSC Modifications overview

Initial Written Assessment	P419, P420
Assessment Procedure	P332, P395, P410, P412, P415, P416
Report Phase	P376
Urgent	-
With Authority (decision cut-off)	P399 (20 May/7 Oct), P402 (27 May/24 Jun)
Authority Determined	P413 (imp. 27 Apr 21) - Approved
Self-Gov. Determined	-
Fast Track Determined	-
Withdrawn	-
Open Issues	Issue 87, Issue 88, Issue 89, Issue 91, Issue 92, Issue 93, Issue 94

BSC Modifications approved timelines

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22
P332 'Revision to the Supplier Hub'			AR		DMR						
P376 'Baselining methodology'		DMR									
P395 'Final Consumption Levies'			AR		DMR						
P410 'Harmonised Imbalance'					AR		DMR				
P412 'Non-BM Balancing Providers pay for non-delivery imbalance'								AR			
P415 'VLP access to wholesale market'											
P416 'Include Appeals mechanism for Annual Budget'			AR	DMR							
P419 'Data to support BSUoS Reform'		IWA						AR	DMR		

‘Revisions to the Supplier Hub Principle’

- Assessment Procedure Consultation has been reviewed by the Workgroup
- Ofgem recently (30 April) confirmed its decision to move the SVA Metering activities from the BSC to the REC
- Consequently, as supported by the Proposer, SVA Meter Operators will need to be removed from the solution
- We have therefore planned a further Workgroup meeting on 25 May, to agree the required amendments to the solution and re-gather Workgroup views
- Taking this into account, we request **a three month extension** to the agreed progression plan, returning with the Assessment Report by September 2021 Panel meeting, or earlier if possible

‘Excluding generators from BM Unit Gross Demand and the calculation of EMR Supplier Charges’

- Fourth Workgroup meeting was scheduled for 26 March, but Proposer had to take unplanned leave. The meeting has been planned for late May
- The LCC has also requested an expansion of the solution, which requires more analysis and assessment
- We therefore request a five month extension, returning with the Assessment Report by the November 2021 Panel meeting

COVID-19 Prioritisation Approach Review

- Since April 2020 we have been prioritising BSC Changes based on whether they are:
 - Are required to mitigate risks and issues caused by COVID-19
 - Are required to be implemented by a fixed deadline, and
 - Have minimal impact on market participants, unless required for the previous two points.
- Will come to an end on 30 June 2021, following the easing of lockdown
- Main impact was between May and September 2020 as we staggered consultations. This resulted in:
 - P332 – 3 month extension
 - P375 – 3 month extension
 - P398 – 1 month extension
 - P376 – 2 month extension
- P379 cost-benefit consultation was delayed from Sep to Nov
- We held off raising PAF Review changes with material impacts on participants. This also allowed us to focus on our COVID-19 response (e.g. derogations) and supporting customers
- Workgroups remained unaffected. Virtual meetings have:
 - Been well attended;
 - Received positive feedback; and
 - Worked extremely well – we think they are here to stay, but welcome feedback on this.
- The impact was reduced because industry and Elexon remained able to support the progression of BSC Changes

Recommendations

We invite the Panel to:

- a) **APPROVE** a three month extension to the P332 Assessment Procedure;
- b) **APPROVE** a five month extension to the P395 Assessment Procedure;
- c) **NOTE** the contents of the May Change Report.

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P419 'Enhanced Reporting of Demand Data to the NETSO to facilitate BSUoS Reform'

314/03 – Sean Donner (NGESO) and Craig
Murray (Elexon)

13 May 2021

BSC Modification P419: Enhanced Reporting of demand data to NETSO to facilitate BSUoS Reform

National Grid ESO



nationalgridESO

Background

- Following the Targeted Charging Review, the second BSUoS Task Force was launched. The Task Force made two recommendations for implementation in April 2023:
 - BSUoS should be charged to Suppliers based on their Final Demand
 - BSUoS should be recovered using a fixed tariff
- Connection and Use of System (CUSC) Modification CMP308 'Removal of BSUoS charges from Generation' is proposing that BSUoS is charged to Final Demand in line with the recommendation of the Task Force.
- The proposer of CMP308 considers that benefits include removing barriers to GB generators so that they can compete with European generators who currently don't pay any balancing charges.
- CMP308 also creates a level playing field between Transmission and Distribution connected generators and behind the meter generation as they would all not be exposed to BSUoS charges.
- This BSC Modification is being raised to support CMP308, by ensuring National Grid ESO receives required SVA HH Final Demand metered data for BSUoS billing purposes excluding non-Final Demand.

Defect

- National Grid ESO currently rely on Elexon to collect and report aggregated metered data for Supply Volume Allocation (SVA) registered Metering System Identifiers (MSIDs), which is reported in the P0210 'TUoS Report' data flow.
- In addition to the existing Supplier Metered Data provided in the P0210, P383 'Enhanced reporting of demand data to the NETSO to facilitate CUSC Modifications CMP280 and CMP281', implemented on 1 April 2021, introduced requirements for certain additional metered volumes to be reported separately and a 'corrected' Supplier BMU data position to be provided.
- However, these volumes still include metered data for certain eligible service facilities that CMP308 would seek to exclude.

What has been considered?

- The proposed approach to aggregating metered data is to extend processes introduced by P383 to enable the aggregation of metered data for these specific 'declared' electricity generation facilities and eligible service facilities, for which the proposed process is:
 - 1) Self-declaration
 - 2) Validation
 - 3) Instruction to HHDA to report metered data
 - 4) Report metered data to SVAA
 - 5) Aggregate metered data
 - 6) Report aggregated Metered Data
- The proposed approach to assurance is to utilise and extend the processes introduced by P383.
- NGESO also consider that aligning the CVA process with SVA may result in a more robust industry wide mechanism.

BSC Objectives

- The proposed solution would be Positive against the following BSC Objectives:
- (a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence – this proposal would put in place processes to collect, aggregate and report metered volumes to NGESO which are necessary to support NGESO in the calculation of network charges in accordance with its licence. This solution makes use of existing P383 processes which we found to be the most efficient way to obtain the data in the timescales we would need it by.
- (c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity – the proposal would promote effective competition in the generation and storage of electricity by enabling the benefits of CMP308 and the recommendations from the second BSUoS Taskforce.

P419 – Issue and Proposed solution

Issue

- Current aggregation of metered data is not sufficient for NGESO to differentiate which sites are classified as non-Final Demand and therefore exempt from BSUoS charges

Proposed solution

- Extend the processes introduced by P383 to include all non-Final Demand sites, rather than only storage sites

P419 – Areas to consider

In addition to the standard Modification questions, we aim to verify with the Workgroup:

- Is the CVA declarations process an appropriate means to exclude CVA non-Final Demand from BSUoS Charges?
- If a signed declaration is made, should Export metered values be collected to validate a sites' eligibility for exemption?

P419 – Proposed Progression

6 month Assessment Procedure:

- 3 Workgroup meetings
- Not a Self-Governance Modification
- Assessment Procedure Consultation (15WDs): **20 Sep - 8 Oct 2021**
- Assessment Report by **11 November 2021**
- Report Phase Consultation (10WDs): **15 Nov – 29 Nov 2021**
- Draft Modification Report by **9 December 2021**

Workgroup membership having expertise in:

- Residual network charges (specifically BSUoS); and
- Processes introduced by P383

P419 – Recommendations

We invite the Panel to:

- a) **AGREE** that P419 progresses to the Assessment Procedure;
- b) **AGREE** the proposed Assessment Procedure timetable;
- c) **AGREE** the proposed membership for the P419 Workgroup; and
- d) **AGREE** the Workgroup's Terms of Reference

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**P420 'Retail Code Consolidation
Significant Code Review'**

314/04 – Andrew Grace

13 May 2021

Authority Led SCR Modification Process

- P351 introduced Authority Led SCR Modifications on 1 April 2017

Section F 5.3A

- Panel Responsibilities:
 - Prepare an an evaluation of the proposed Authority Led SCR Modification
 - Provide an assessment of the extent to which the proposed Authority Led SCR Modification would better facilitate achievement of the applicable BSC objective(s)
 - Detailed explanation of the Panel's reasons for that assessment
 - Timetable for implementation of the Authority Led SCR Modification

P420: Issue and Solution

Issue

- Ensure the BSC aligns with Ofgem's Retail Code Consolidation (RCC) Significant Code Review (SCR), which consolidates a number of existing codes into the Retail Energy Code (REC)
- The proposed changes have a direct impact on the BSC:
 - Transfer of Supplier Volume Allocation (SVA) Metering arrangements
 - Updated cross-code change procedures
 - Consequential changes reflecting the close down of the Master Registration Agreement (MRA)

Solution

- P420 makes the necessary changes to reflect the code governance changes implemented through the RCC SCR. Specifically, it will:
 - Ensure the BSC reflects the close down of the MRA.
 - Transfer operational procedures relating to Metering Point Lifecycle from the MRA to the BSC
 - Make the necessary changes to transfer SVA Metering arrangements to the REC
 - Facilitate a transition period for Metering Assurance.
 - Insert the required drafting to give effect to the Cross Code Steering Group (CCSG)
- Documents updated to reflect the changes
 - 15 BSC Sections
 - 49 Code Subsidiary Documents

P420: Views Against Objectives

Ofgem believes P420 will positively facilitate Applicable **BSC Objective (d)** and is neutral on all other Relevant Objectives

- It would be inefficient for the balancing and settlement arrangements to refer to obsolete code documents and arrangements (i.e. the MRA)
- Directly assuring Metering Equipment Manager (MEM) activity is a more efficient mitigation of Settlement Risk, rather than doing this via Suppliers
- Improved cross-code change, particularly ensuring aligned timelines for cross-code changes, will improve the efficient operation of the energy market, including balancing and settlement arrangements

P420: Impacts & Costs

Impacts

- Parties expected to be impacted:
 - Distributors
 - Suppliers
 - SVA Meter Operator Agents (MOA)
 - Elexon

Costs

Party	Implementation	Ongoing
Elexon	£85k - £95k	<£1k

- Costs for Parties other than Elexon are linked to the RCC SCR and not P420
- Implementation costs consist of document updates, process changes and ongoing support to transition Assurance activities from BSC to REC
- Ongoing costs to support REC Performance Assurance Board (PAB) and CCSG

P420: Authority Timetable

Activity	Date
Draft Authority Led SCR Modification Report presented to Panel	13 May 2021
Consultation	17 May 2021 – 17 June 2021
Final Authority Led SCR Modification Report presented to Panel	8 July 2021
Final Modification Report submitted to Authority	9 July 2021
Authority decision (target)	By 23 July 2021
Implementation	1 September 2021

- One month Consultation period to meet EBGL T&Cs
- EBGL impacts are neutral due to nature of changes e.g. moving obligations or changing references

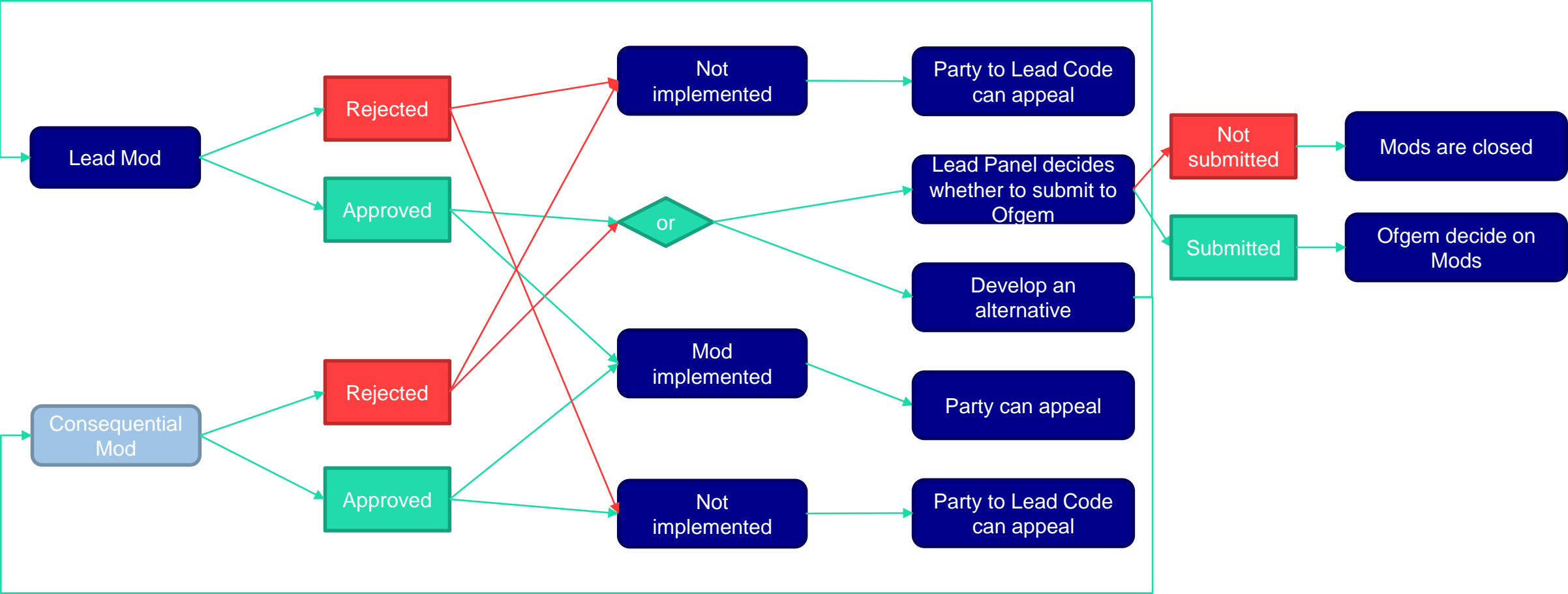


CCSG PROCESS

Cross Code Working being introduced under P420

- Two key elements:
 - Changes to the REC Data Specification
 - Cross-Code Changes
- Currently, SVA Market Participants use the Data Transfer Network (DTN) to communicate key information, such as the appointment of Supplier Agents and meter reads, using data flows (defined in the Data Transfer Catalogue (DTC))
- The RCC SCR will move the hosting of these data flows, and others, including some BSC SVA Data Items, to the REC
- Each data item will have a code owner and each code owner will be able to amend its data items under its change governance process, without the need for an additional change (as is currently the case)
- For the BSC, this means we will be able to give effect to BSC owned data items under BSC Modifications/Change Proposals
 - REC will be responsible for maintaining the Data Specification and implementing changes to it
- Where a change is required to the BSC, REC, DCUSA, SEC, UNC or IGT INC and consequentially one of these other codes, then the Cross Code Steering Group (CCSG) will determine which is the lead code
- Working with the consequential codes, the lead code will set the timetable for the cross code change package, taking into account impact assessments and service provider timescales
- Each code will then follow its change process
- New arrangements have been introduced to support this, as shown in the following diagram. The following key concepts have been introduced:
 - CCSG
 - Lead and consequential Modifications
 - Conditional approvals

Cross Code Change Packages



P420: Recommendations

We invite the Panel to:

- a) **AGREE** with the initial evaluation of the Authority Led SCR Modification Proposal as detailed in the Authority Led SCR Modification report;
- b) **AGREE** that P420:
 - i) **DOES** better facilitate Applicable BSC Objective (d);
- c) **AGREE** that that P420 **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 recommendation that P420 should be **approved**;
- f) **AGREE** the timetable for implementing the proposed Authority Led SCR Modification Proposal;
- g) **AGREE** an initial Implementation Date of:
 - i) 1 September 2021; and
- h) **AGREE** the draft redlined text in Attachment B.

ELEXION

P416 'Introducing a route of appeal for the Annual Budget in line with the proposals for the Retail Energy Code'

314/05 - Chris Arnold

13 May 2021

P416: Background

- If Parties' concerns over the Balancing and Settlement Code Company (BSCCo) Annual Budget are not being satisfactorily addressed by the BSCCo Board, the current mechanism for further contesting them would be by raising a Resolution to the BSCCo Board. If that Resolution does not reach a satisfactory conclusion, the Party could raise further Resolutions to remove Board members
- The Proposer contends that:
 - These are inefficient and disproportionate processes for Parties to address their concerns with the BSCCo budget; and
 - Appeals are an important tool to ensure plans are cost-efficient and fully justified
- The Proposer has based this Modification Proposal on the drafting related to budget appeals in the Retail Energy Code (REC) v1.1

P416: Proposed Solution (1 of 2)

Proposed Solution

- The Modification seeks to amend the BSC to include a new appeals mechanism to Ofgem that any BSC Party could use to challenge items in the Annual Budget
- The Modification includes a set of criteria for an appeal to be valid, if any single criterion is met then the appeal would be valid. These are:
 - The budget item was not submitted to Parties for comment in the drafting process;
 - The Board has failed to take reasonable regard to the comments submitted;
 - It is not a legitimate item of expenditure for the BSCCo;
 - It is a manifestly inappropriate provision for the activity in question, and there are insufficient safeguards in place to ensure that the actual costs incurred will be efficient; and
 - The item will, or is likely to, prejudice unfairly the interests of one or more Parties, or cause them to be in breach of the BSC, the Licences and/or Legal Requirements.

P416: Proposed Solution (2 of 2)

Proposed Solution

- The Modification gives the following powers to Ofgem to respond to appeals:
 - Referring the item back to the Board for further consideration;
 - Revising the provision for that Annual Budget cost item to a figure which it reasonably considers to be a better forecast of the cost likely to be incurred, whether that is higher or lower than the originally budgeted figure; and
 - Directing the Board to remove that cost item entirely, and make suitable revision to its Annual Budget and strategy.
- If a Party wishes BSCCo to suspend all or a proportion of the expenditure until the appeal is resolved then:
 - The appealing Party must explicitly request when raising an appeal that spending should be suspended against the whole or part of an Annual Budget line item.
 - The aggregate Actual Voting Share of all Parties supporting the appeal must be greater than or equal to 5%; and
 - Ten Party Groups must support the appeal.
- The Modification will not allow the appeal mechanism to be used against spending related to the BSC Change processes detailed in Section F 'Modification Procedures' (except in cases where the correct process for budget approval has not been followed) or spending directed by the Authority or the Secretary of State pursuant to powers conferred on them by a Legal Requirement.

P416: Impacts & Costs

Implementation Costs

Organisation	Item	Proposed Modification (£)
Elexon	Systems	0
	Documents	< £1k
	Other	0
Industry	Systems and processes	0
Total		< £1k

Ongoing Costs

There are expected to be highly variable on going costs due to the nature and complexity of any appeals made. P416 is expected to impact:

- Elexon
- All BSC Parties; and
- Ofgem.

These costs are associated with Parties launching appeals under P416 as well as the impacts of any pausing of spend or revision/removal of Annual Budget items under the appeals mechanism.

P416: Customer and Environmental Impacts

Customer Benefit Area	Identified Impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Neutral
No direct impacts identified. Where an appeal is upheld, there could be nominal indirect cost reductions for consumers, or changes to the quality of service provided by the BSCCo.	
3) Reduced environmental damage	Neutral
4) Improved quality of service	Neutral
5) Benefits for society as a whole	Neutral

P416: Implementation approach

If the Proposed Modification is approved, the Workgroup recommends an Implementation Date of:

- **5 WDs** after Ofgem approval

The Proposer intends for the Modification to be implemented in time for it to be applied to the 2022/2023 Annual Budget process (if required). This Implementation Date reduces the risk that the appeals process will not be in place in the required timeframe.

P416: Assessment Consultation Responses (1 of 2)

Question	Yes	No	Neutral	Other
Do you agree with the Workgroup's initial majority view that P416 does better facilitate the Applicable BSC Objectives than the current baseline?	2	0	0	0
Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P416?	2	0	0	0
Do you agree with the Workgroup's recommended Implementation Date?	2	0	0	0
Do you agree with the Workgroup that there are no potential Alternative Modifications within the scope of P416 which would better facilitate the Applicable BSC Objectives?	2	0	0	0
Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?	2	0	0	0
Do you agree with the Workgroup's assessment that P416 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?	1	0	1	0

P416: Assessment Consultation Responses (2 of 2)

Question	Yes	No	Neutral	Other
Will P416 impact your organisation?	0	1	1	0
Will your organisation incur any costs in implementing P416?	0	2	0	0
How long (from the point of approval) would you need to implement P416?	N/A	N/A	N/A	N/A
Do you agree with the Workgroup's proposed de minimis threshold criteria? If yes, please give your preference as to whether one or two other Voting Party Groups would be appropriate to include. If no, please provide your rationale.	2	0	0	0
Do you agree with the Workgroup that BSC Change activities should be exempt from the appeals process? If you agree that BSC Change activities should be exempt, which of option 1 or option 2 is do you believe is most appropriate and why?	2	0	0	0

P416: Workgroup Views (1 of 2)

Majority Workgroup View (Including Proposer)

Current routes of appeal for BSC Parties not in agreement with items in the Annual Budget, and who feel their comments have not been addressed during the drafting and consultation phase of the Business Strategy/Annual Budget are not satisfactory. The Proposer contends that the current options of:

- Raising Non-binding Resolutions that require BSCCo Board members to consider a specified issue; or
- Raising a Binding Resolution to remove a director

are inefficient and in the case of a Binding Resolution to remove a director, disproportionate.

The Proposer contends that introducing a new route to challenge items in the Annual Budget in a limited and specific way is therefore an improvement in efficiency in the implementation of the Balancing and Settlement arrangements.

Applicable BSC Objectives

- The majority of Workgroup Members believe that Proposed Modification better facilitates Applicable BSC Objective d) *Promoting efficiency in the implementation of the balancing and settlement arrangements.*

P416: Workgroup Views (2 of 2)

Minority Workgroup Views

- Did not agree that the Proposed Modification would better facilitate Applicable BSC Objective (d) compared to the current baseline
- Believe that the current arrangements provide suitable accountability to Parties in a mature code like the BSC and that P416 would be detrimental to the efficient governance of the BSC due to the introduction of additional process steps
- Believe that introducing Ofgem into BSC governance could create potential conflicts that do not exist under the current arrangements
- Concerns relating to undermining the authority of the BSCCo Board
- There could be a slight detrimental impact on Applicable BSC Objective (a) 'The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence'
 - This would be an indirect consequence of Elexon not being able to deliver its full set of duties imposed on them through the Transmission Licence, due to challenge it had received this could therefore introduce inefficiencies and reduce the efficient discharge of the Transmission Company obligations under the Transmission Licence.

Recommendations

We invite the Panel to:

- a) **AGREE** that the P416:
 - i. **DOES** better facilitate Applicable BSC Objective (d);
- b) **AGREE** an initial recommendation that P416 should be **approved**;
- c) **AGREE** that P416 **does not** impact the EBGL Article 18 terms and conditions held within the BSC;
- d) **AGREE** an initial Implementation Date of:
 - i. **5WDs** after Authority decision;
- e) **AGREE** an initial view that P416 should not be treated as a Self-Governance Modification;
- f) **AGREE** that P416 is submitted to the Report Phase; and
- g) **NOTE** that Elexon will issue the P416 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 10 June 2021.

ELEXION

**P376 'Utilising a Baseline Methodology
to set Physical Notifications for Settlement
of Applicable Balancing Services'**

314/06 - Chris Arnold

13 May 2021

P376: Issue

- 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

- 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 Panel's Initial Views

The Panel initially:

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 Implementation Date of:

- i. **23 February 2023** 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.

P376: Report Phase Consultation responses

Question	Yes	No	Neutral	Other
Do you agree with the Panel's initial unanimous recommendation that P376 better facilitates Applicable BSC Objectives (b), (c) and (e)?	3	0	0	0
Do you agree with the Panel's initial unanimous recommendation that P376 should be approved?	3	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P376?	2	0	1	0
Do you agree with the Panel's recommended Implementation Date?	2	1	0	0
Do you agree with the Panel's initial consideration that P376 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?	1	0	2	0
Do you have any comments on the impact of P376 on the EBGL objectives?	1	0	2	0
Do you agree with the Panel's initial view that P376 should not be treated as a Self-Governance Modification?	3	0	0	0

P376: Recommendations

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** that P376 does impact the EBGL Article 18 terms and conditions held within the BSC;
- c) **AGREE** the impact on the EBGL objectives;
- d) **DETERMINE** that P376 should not be treated as a Self-Governance Modification
- e) **AGREE** a recommendation that P376 should be approved;
- f) **APPROVE** an Implementation Date of:
 - i. **23 February 2023** if an Authority decision is received on or before 1 October 2021;
- g) **APPROVE** the draft legal text;
- h) **APPROVE** the P376 Modification Report.

ELEXION

**Approval of P398 Configurable Item
changes for the June 2021 BSC Release**

314/11 – Chris Arnold

13 May 2021

Recommendations

We invite the Panel to:

- a) **APPROVE** the 'Process for requesting BSC data' document as a Category 3 BSC Configurable Item to be implemented on 24 June 2021 as part of the June 2021 BSC Release; and
- b) **DELEGATE** ownership of the 'Process for requesting BSC data' document to the BMRS Change Board (BCB).



PART III: NON-MODIFICATION BUSINESS (OPEN SESSION)

E L E X O N

**Minutes of previous meetings
and Actions arising**

Claire Kerr

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Chair's Report

Michael Gibbons

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Elexon Report

314/01 - Mark Bygraves

ELEXION

Distribution Report

Fungai Madzivadondo

ELEXION

National Grid Report

Jon Wisdom

ELEXION

Ofgem Report

Colin Down

ELEXION

Panel Committee Reports

314/01A-F

ELEXION

BSC Funding Shares Audit Scope

314/07 – Kathy Ferrari

13 May 2021

BSC Funding Shares Audit Scope (1 of 2)

- Funding Shares used to charge Elexon's costs to Trading Parties
- Funding Shares Audit required by the BSC
- Panel required to agree scope of Audit
- Scope is limited to calculation of Funding Shares - costs separately audited
- Funding Share data accompanying Elexon's invoices can be checked against the website and assistance is always available from the Finance Team

BSC Funding Shares Audit Scope (2 of 2)

- Calculation of Main Funding Shares, SVA (Production) Funding Shares, and General Funding Shares (on a default basis)
- Calculation of Annual Funding Shares (used by FAA)
- Checking of BSC Cost shares through to invoices

Recommendations

We invite the Panel to:

- a) **APPROVE** the proposed scope of the Funding Shares Audit for financial year 2020/2021.

MEETING CLOSE

ELEXON

THANK YOU
