

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.

315/01 Elexon Report

BSC Panel

Date of meeting	10 June 2021
Paper Number	315/01
Owner/author	Mark Bygraves
Purpose of paper	For Information
Classification	Public
Summary	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.

Executive Summary

Elexon is doing everything to assure the continuity of the services provided under the BSC and EMR during the Coronavirus pandemic.

We have published the Market Wide Half Hourly Settlement (MHHS) budget for comment.

We have announced that Ofgem has approved the first proposal by Emergent Energy to use Elexon's BSC Sandbox.

We are requesting feedback on how the Elexon Kinnect Customer solution is working for you, and what further developments you would like to see.

We have announced that we have renewed our BSC Audit and Qualification contract to KPMG, for an initial five-year period.

Target Audience

Elexon's customers and the wider industry.

Contents

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

I. Coronavirus News

We are doing our utmost to assure the continuity of the services provided under the BSC and EMR. We are helping to ease the burden of our Parties who may be experiencing difficulties at this time. Our office remains closed with all Elexon colleagues continuing to work remotely.

Actions taken by Elexon, the BSC Panel and Panel Committees are set out on our dedicated Coronavirus [webpage](#). Here we have also addressed a number of questions or issues that may arise because of the current events. We will also communicate any major changes to Elexon or the BSC via our regular channels.

II. Elexon News

Consultation Responses

We have responded to two consultations since our last update to the Panel as follows:

- **Ofgem's consultation on licence amendments to facilitate the introduction of an Electricity System Restoration Standard.**

In our response we:

- Noted that the BSC relies on the definition of Black Start given in the Grid Code, and that if there was a material amendment to this definition, then there would be a consequential change to the BSC via the Modification process.
- **National Grid ESO (NGESO)'s consultation on their high level approach to supporting the Distribution System Operator (DSO) transition.**

In our response we:

- Expressed support for NGESO's work to enable DSOs, and noted our agreement that the ESO, DSOs and wider market processes need to be coordinated to achieve maximum value from the DSO transition.
- Noted a number of existing industry services that need to change in order to best accommodate new DSO capabilities.

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

Ofgem approves Emergent Energy's proposal to use the BSC Sandbox

Ofgem has approved the first proposal by Emergent Energy to use Elexon's BSC Sandbox. Ofgem's decision follows Elexon's consultation to use the service and the BSC Panel's recommendation for Ofgem to approve the proposal.

Further information including the application itself, Elexon's assessment and consultation itself can be found on the following [webpage](#).

Give us your views on the Elexon Kinnect Customer Solution

Earlier this year we launched the [Elexon Kinnect Customer Solution](#), which offers a streamlined, online customer experience around a range of BSC activities. Whether you are going through the Market Entry process, want to register assets, or manage your company details, the Elexon Kinnect Customer Solution allows you to do all of that in one place.

We are now looking for customer feedback on how the solution is working for you, and what further developments you'd like to see. If you're already using the Customer Solution, we'd be grateful if you would take a minute to complete this [short survey](#). You can also sign up to take part in our User Group, via the survey or by emailing us at the address below.

Access to the Customer Solution was initially granted to the Category A Authorised Signatory from your business, however anyone can register to use it. Please contact the Category A Authorised Signatory from your company to request access. If you have any difficulty, or if you are a Category A Authorised Signatory and don't already have access, please contact us at partymngt@elexon.co.uk.

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.

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'](#) is still expected to be withdrawn following Brexit but no action has yet been taken by NGESO.

Day-Ahead trading

European Network of Transmission System Operators for Electricity (ENTSO-E) and the UK TSOs all published their joint proposal for Multi-Region Loose-Volume Coupling (MRLVC) on 26 April 2021, which closed on 16 May 2021. As expected, there was nothing in the proposal that affects Settlement, but we will continue to monitor.

Network Code on electricity emergency and restoration (NCER)

[GC0144: Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1\(b\)](#) has recently been approved by the Authority and implemented by NGESO. NGESO are now moving forward with the final part of their NCER implementation plan with [GC0148 'Implementation of EU Emergency and Restoration Code Phase II'](#). We are not expecting GC0148 to impact the BSC, but are continuing to monitor.

EU Horizon Scan

Things of note that may impact GB and therefore Elexon depending on how post-TCA relationships evolve include, where there has been progress since last month:

- Capacity Allocation and Congestion Management (CACM) 2.0 guidelines for network capacity use are being drafted and stakeholders are being engaged – Progress: the first proposals have been published and Elexon is reviewing them. Anything of note will be reported subsequently:
- Capacity Allocation and Congestion Management (CACM) 2.0 guidelines for network capacity use are being drafted and stakeholders are being engaged – Progress: the first proposals have been published and Elexon is reviewing them. Anything of note will be reported subsequently.

The Panel is aware there is a longer list of initiatives (see previous Elexon Reports) 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

BSC Audit and Qualification Services contract renewed

The current contract for the BSC Audit and Qualification Services is due to expire in September 2021. Following a competitive procurement process, Elexon is pleased to announce a new contract has been awarded to KPMG. For an initial period of five years from 1 October 2021, KPMG will continue to undertake the role of BSC Auditor and Qualification Service Provider.

The BSC Audit is a key detective technique in Elexon's Performance Assurance Framework. It provides assurance that the provisions of the Code and Code Subsidiary Documents (CSDs) in relation to Settlement and the calculation of Funding Shares have been complied within the Audit Year. This involves assurance of BSC Parties, Party Agents and BSC Agents covering both the Central Volume Allocation (CVA) and Supplier Volume Allocation (SVA) systems. The Qualification process is designed to provide assurance that new organisations entering the market develop their systems and processes to the existing standard, ensuring standardisation across the industry.

We look forward to continuing our relationship with KPMG and delivering the best services possible to our customers, whilst using our expertise to make improvements and ensure we are able to adapt to future changes.

Kinnect Platform on track to deliver 2021/22 objectives

Migration of the legacy SAA to the Kinnect Platform is progressing well. We now have five sprint teams building the following system elements: Metered Volumes and Transmission Loss Multipliers, Balancing Mechanism Volumes, and Replacement Reserve, in addition to an Operator Portal for the operation of the Settlement Solution. All development is due to complete in October 2021 ahead of testing and parallel run, which remain on track to conclude in April 2022.

We are also planning for the central systems development required for Market Wide Half Hourly Settlement (MHHS). The team have carried out a high level assessment of the new services required and the scope for migration of the SVAA BSC Agent, while awaiting the architecture requirements to be finalised by the industry Architecture Working Group (AWG).

Recruitment began this week for the Data and Reporting User Group. This will consist of customers and stakeholders with a vested interest in the development of the [Elexon Kinnect Insights Solution](#), which will commence in late summer with the migration of BMRS to the new Kinnect Platform. Involvement in the Data and Reporting User Group will allow customers to influence the design of the solution at an early stage. If Parties would like to be involved in the project or just stay informed, they should sign up at the following [link](#). Release 1 remains on track to go live in October 2021, and will deliver interconnector fuel type reporting in the new Insights Solution.

In addition to managing and testing the required changes to SVAA for Ofgem's Targeted Charging Review (TCR), which is due to complete in July 2021, the Party Management Product team continue to finalise requirements for Release 3 of the Elexon Kinnect Customer Solution. This will include three incremental drops of functionality to improve the account management features of the platform. We are working with our service providers to build a pipeline of continuous delivery for the Customer Solution, which will include Release 3 and other customer led service improvements.

In June 2021, we published a Customer Solution survey to ensure the voice of our customers is incorporated in future changes. During June 2021 we will also form a Customer Solution User Group in order to gather further feedback and recommendations.

Overall the Kinnect Programme remains on budget with £25.8m of investment in progress, of which £10.1m spent to date. The remaining £20.8m forecast for future work to conclude migration of the legacy systems to the digital platform in 2023.

Credit Assessment Price (CAP) increase announced for 16 June 2021

A Consultation paper on the value of Credit Assessment Price (CAP) was issued on 17 May 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 from £70/MWh to £77/MWh on 16 June 2021.

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

Credit Assessment Load Factor (CALF) values for the Autumn 2021 BSC Season: 1 August 2021 appeal deadline

CALF values for the Autumn 2021 BSC Season, which runs from 1 September to 30 November 2021, are now available from the Credit/Credit Alerting section under the Financial and Credit menu on the [Elexon Portal](#).

If you are the Lead Party of a non-Credit Qualifying BMU, you can appeal an assigned CALF value if you believe it does not accurately represent your expected activity. To raise an appeal, please complete the CALF Appeals pro forma in Appendix 7 of the CALF Guidance document and email it to bscservicedesk@cgi.com by 1 August 2021. To find out more about CALF appeals, please see Section 12 of the CALF Guidance document

June 2021 Release – Revised Scope

The scope of the [June 2021 Release](#) has been revised to include [CP1540 'Strengthening the Qualification – Change of Ownership Process'](#). The Release now includes one approved Modification and three approved Change Proposals which are as follows:

- [P398 'Increasing access to BSC Data'](#);
- [CP1530 'Introduction of a formalised process for the validation of measurement transformer ratios by Elexon'](#);
- [CP1539 'Inclusion of LCCC as an Affected party in Metering Dispensation applications'](#); and
- [CP1540 'Strengthening the Qualification – Change of Ownership Process'](#)

These changes will become effective on 24 June 2021.

Transmission Loss Factors

Values for the Summer 2021 Season

The BM Unit Specific Transmission Loss Factor (TLF) values for the Summer 2021 BSC Season, which runs from 1 June 2021 to 31 August 2021, are available on the TLFs Determination page under 'BM Unit Specific Transmission Loss Factors (TLFs)' on the [Elexon Portal](#). This file provides the TLF for each BM Unit that is registered to be active during the period 1 June 2021 to 31 August 2021.

Prevailing Network Mapping Statement

The latest version of the Prevailing Network Mapping Statement is now available from the Transmission Loss Factors Determination section on the [Elexon Portal](#). The Prevailing Network Mapping Statement updates the Reference Network Mapping Statement to include any new registrations and de-registrations since 31 August of the previous Reference Year.

If you have any questions on either the values or Network Mapping Statement, please email Settlement.Invoicing@elexon.co.uk.

Estimation method finalised for the GSP Group _A metering issue

We reported in December 2020 that work carried out at a Grid Supply Point (GSP), on behalf of a Licensed Distribution System Operator (LDSO) and the Transmission System Operator (TSO), to replace one of the three Super Grid Transformers (SGTs), had resulted in damage to the wiring to the Meters for one of the other SGTs.

As a result, the Meter had not been recording consumption. The overall impact was that the total volumes of the GSP had been under-recording by approximately one third since July 2019. In March 2021, we confirmed that the metering issue had been fixed.

Data estimation

In order to correct Settlement promptly, we estimated data for the period where the Meter was not recording, using data from another SGT that was unaffected by the metering issue. We planned to revisit the accuracy of the estimation method once there was sufficient data (post-fix) to establish how evenly the total load of the GSP is split between the three SGTs.

We have now assessed the data that has been recorded on the Meter post-fix. We have concluded that as a result of the data that was submitted, all Settlement Runs should be uplifted by approximately 2.4%.

Settlement Run adjustments

The end date of Trading Dispute DA1110, which was raised to correct data in the Post Final Settlement Run, has been extended to 10 March 2020. This will enable the data that was entered into the Final Reconciliation (RF) Settlement Run to be amended based on the revised estimation method.

Affected Parties

All Parties that were affected by more than £3,000 by the correction of the error in Settlement have been notified of the outcome of the Trading Dispute.

BSC Insights

Forward Market Prices drive six Credit Assessment Price (CAP) value reviews this year

We issued a consultation on changing the CAP value on 17 May 2021, which is the sixth time in 2021 that the CAP value is going to change. This is the most CAP change events to occur in the first five months of the year since the CAP weekly monitoring process was introduced in 2007. In this [Insight](#), one of our Data Analysts Mehdi Jafari outlines the reasons for this.

How COVID-19 impacted Load Profiles

In this latest [Insight](#), Mehdi Jafari, discusses the Group Average Demand data used in the profiling process and the way it has been impacted by the COVID-19 pandemic.

Update on Demand Reduction during COVID-19 lockdown

In this latest [Insight](#), one of our Data Analysts, Hussein Osman, uses the latest data from BMRS and our internal databases to compare the changes in demand following Government advice that people stay at home with the demand patterns from similar periods in previous years. The graphs provide Initial Demand Out-turn data up to 17 May 2021 and Grid Supply Point Group Take (GSPGT) data up to 30 April 2021.

The impact of Trading Charges in 2020/2021

In this latest, [Insight](#), our Analysis and Insight Delivery Lead, Emma Tribe, explains how BSC Trading Charges are settled by Elexon, noting that in the 2020/21 financial year, the absolute cashflow for BSC Trading Charges was £2.96bn; this was the most cashflow settled in a financial year.

Latest information on the status of BSC Parties

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

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.

The following EMR Circulars have been issued since the last Panel meeting:

- **EMRC232:** Exciting News! My EMRS has launched!
- **EMRC231:** Launch of My EMRS coming soon!
- **EMRC230:** EMRS Website Back Online
- **EMRC229:** EMRS Website Unavailable

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)

Exelon is asking for views on its [proposed budget](#) to manage smooth implementation of the Market-wide Half Hourly Settlement (MHHS) Programme.

As part of its decision in April 2021 to implement MHHS, Ofgem appointed Exelon as the Senior Responsible Owner and Programme Manager for MHHS. Alongside its implementation decision, Ofgem also approved BSC Modification [P413 'Enable Exelon to be the Programme Manager for the implementation of Market-wide Half Hourly Settlement'](#) (Alternative Modification), which will result in Suppliers funding the MHHS programme via an increase in Exelon's costs.

In the MHHS Programme Budget document we are asking for feedback from the industry on four key areas:

- The Programme Budget, which totals £90m over the 4.5 year implementation programme from 2021 to 2025 and £14.5m for 2021/22;
- The objectives and governance principles for the implementation programme;
- The Programme Management structure; and
- A request for secondees from energy companies to work within Exelon's Design Authority to help deliver the programme.

We would be grateful if you could let us know your views on the programme budget document by 08:00 on Monday 14 June 2021.

VII: Summaries of Panel Business – Tabled

Summaries of papers considered and decisions made by the Panel Committees since the last Panel meeting can be found in their headline reports, included as attachments to this paper.

VIII: Recommendations

We invite the Panel to:

- **NOTE** the contents of this paper.

Attachments

Attachment A – Exelon monthly KPIs

Attachment B - Report from the ISG (public)

Attachment C – Report from the SVG (public)

Attachment D1 – Report from the PAB (public)

Attachment D2 – Report from the PAB (confidential)

For more information, please contact:

Mark Bygraves, Chief Executive Officer,

mark.bygraves@exelon.co.uk, 020 7380 4137

