

Minutes

BSC Panel

Meeting number **315**

Venue **Video Conference**

Date of meeting **Thursday 10 June 2021**

Classification **Public**

Attendees and apologies

Attendees

Michael Gibbons	MG	BSC Panel Chair
Phil Hare	PH	Deputy BSC Panel Chair
Colin Down	CD	Ofgem Representative
Jon Wisdom	JW	NGESO Panel Member
Andrew Colley	AC	Industry Panel Member
Lisa Waters	LW	Industry Panel Member
Mark Bellman	MBe	Industry Panel Member
Rhys Kealley	RK	Industry Panel Member
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Chair Appointed Industry Panel Member
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ed Rees	ER	Consumer Panel Member
Mark Bygraves	MB	Elxon CEO
Victoria Moxham	VM	Elxon Director of Customer Operations, Panel Secretary
Peter Stanley	PS	Elxon Director of Digital Operations (Part-Meeting)
Angela Love	AL	Elxon Director of Future Markets and Engagement (Part-Meeting)
Claire Kerr	CK	BSC Administration and Configuration Manager
Lawrence Jones	LJ	Modification Secretary

Attendees and apologies

Chris Arnold	CA	Elexon (Part-Meeting)
Sophie Bentley	SB	Elexon (Part-Meeting)
Katie Wilkinson	KW	Elexon (Part-Meeting)
Tirath Maan	TM	Elexon (Part-Meeting)
Chris Stock	CS	Elexon (Part-Meeting)
Darren Draper	DD	Elexon (Part-Meeting)
Gavin Gardner	GG	KPMG, BSC Audit Lead (Part-Meeting)
Alex Peart	AP	KPMG (Part-Meeting)
George Richards	GR	KPMG (Part-Meeting)
Nathan Cain	NC	KPMG, Partner (Part-Meeting)

1. Introduction

- 1.1 The Chairman noted full attendance at the Panel today.

Part I: Modification and Change Business (Open Session)

IWA: Initial Written Assessment | **AC:** Assessment Procedure Consultation | **AR:** Assessment Report
RC: Report Phase Consultation | **DMR:** Draft Modification Report

2. Change Report and Progress of Modification Proposals – (315/02)

- 2.1 The Modification Secretary [presented](#) the Change Report and progress of Modification Proposals. They presented a new Modification Release Roadmap and welcomed the Panel's feedback on this. The Panel agreed that this was a very helpful new slide and suggested that this is included going forwards.
- 2.2 Since April 2020, we have been prioritising BSC Changes in response to COVID-19. The Panel agreed at its March 2021 meeting that this approach would end on 30 June 2021, subject to feedback and evolving situation; and returning to the June 2021 Panel meeting to confirm this. No feedback had been received from industry but there is still uncertainty in relation to the next step of the Government's roadmap to easing lockdown on 21 June 2021.
- 2.3 However, Elexon believes the prioritisation approach can still end on 30 June 2021 as this is consistent with direction of travel for the Government's roadmap and vaccination efforts; and assurance related derogations overseen by the PAB. A Panel Member queried whether Parties would be made aware of this information. The Modification Secretary advised that all Parties on the BSC Change distribution would be notified following the Panel's decision.
- 2.4 In relation to [P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'](#), the Modification Secretary advised that we are still on track to deliver P375 on 30 June 2022. However, as part of the implementation activities, following completion of the detailed requirements, we have conducted a detailed service provider impact assessment which has increased our previous rough estimates from £1.6m to £2m to a revised estimate of £2.2m to £2.5m. A Panel Member queried how BSC Changes are optimised with the Kinnect programme. Elexon confirmed that it continuously manages the portfolio pipeline to optimise delivery of both demand led and strategically led changes.
- 2.5 Additionally, since P375 was approved, [P420 'Retail Code Consolidation Significant Code Review'](#) had been raised which will amend the baseline against which P375 will be implemented. Subject to P420 approval, a number of inconsistencies and manifest errors within the approved P375 will require a new Modification Proposal. We believes this satisfies the criteria for a Fast Track Self-Governance Modification Proposal which we intend to raise in September 2021. A Panel Member queried whether this could have been foreseen and whether any changes should have been included in the P420 text to try and correct this at the same time. The

Modification Secretary advised that P420 only included what was in scope of the SCR and therefore this was more down to a timing issue; P375 was approved before final policy decisions were made on the Retail Energy Code (REC), and therefore, unfortunately, this could not have been avoided.

- 2.6 In relation to [P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'](#), the Modification Secretary noted that the fourth Workgroup was held on 27 May 2021, where the Workgroup discussed current network charging arrangements, Virtual Lead Party's proposed role in the wholesale market and imbalance Settlement. Discussions on the Cost Benefit Analysis (CBA) have started and we will present the Workgroup's recommended CBA option to the Panel this summer for approval. Elexon will work with a specialist third party to provide CBA options to the Workgroup.
- 2.7 The Modification Secretary also shared its monitoring of cross code impacts and engagement with other codes bilaterally, at CACoP and at CCSG, as required. They highlighted Ofgem's decision to approve the proposed [GC0147 'Last resort disconnection of Embedded Generation – enduring solution'](#) Modification. A Panel Member queried whether the reason for not raising a corresponding BSC Modification was because a more robust solution would be considered after the summer. The Modification Secretary noted that this was part of the reason but also until further certainty had been confirmed in this area.
- 2.8 The BSC Panel:
- a) **AGREED** that the COVID-19 prioritisation approach ends on 30 June 2021; and
 - b) **NOTED** the contents of the June Change Report.
3. **P416 'Introducing a route of appeal for the Annual Budget in line with the proposals for the Retail Energy Code' – (315/06)**
- 3.1 The Chair again expressed his interest in P416 and asked the Panel whether anyone disagreed with him chairing the item, noting he would not offer any comment or views on the proposal. No Panel Members disagreed.
- 3.2 A Panel Member queried whether Ofgem had a particular view on P416. The Ofgem Representative noted that Ofgem did not want to give a steer at this stage and would await receipt of the Final Modification Report. If the Proposed Solution increased a risk to consumers then Ofgem would consider these carefully when making its decision.
- 3.3 The Consumer Panel Member presented their rationale in favour of the P416 Proposed Solution better facilitating Applicable BSC Objective (d). They commented that:
- P416 provides due process and structure to the role as Arbiter and represents a move towards better governance generally. Additionally, an open and transparent budgetary Appeals process would support holding Elexon to account;
 - As part of a wider ethos, P416 would contribute to robust checks to consumer costs at a time when energy costs and affordability will increase. Therefore they believed it to be of value to include Ofgem in the process;
 - In relation to a lack of stakeholder responses to the Annual Budget, they did not agree that a lack of responses represented support. They suggested that this could instead be perceived that there has not been a robust enough process in place for challenge which they believed to be a risk; and
 - They did not believe it to be a strong argument for including an Appeals process in the BSC as one had been added to the REC but believed the alignment of codes would be beneficial for stakeholders.
- 3.4 MB did not believe that transparency and opportunity for engagement were an issue (given the detail provided and the steps taken by Elexon) and did not agree that introducing an Appeals mechanism would encourage further engagement or increase transparency. He highlighted that Elexon had made every effort to increase engagement with Parties on the Annual Budget for example by carrying out webinars etc. Another Panel Member commented that they believed silence from Parties should be taken as agreement. A Panel Member (Proposer Representative for P416) reiterated that P416 was not raised as a particular problem within the confines of Elexon but more generally due to an increase in industry costs.
- 3.5 A Panel Member expressed concern over the wording "prejudiced unfairly" as drafted in the legal text. A Panel Member (Proposer Representative for P416) clarified that this wording originally came from the Retail Energy Code (REC) itself and was subtly amended by the Workgroup.

- 3.6 A Panel Member highlighted that even after the REC subsuming the Master Registration Agreement (MRA) and Supply Point Administration Agreement (SPAA), three codes will have a similar Appeals mechanism and six will not. They also reiterated the existing processes introduced by [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#), which they believe work extremely well as accountability is firmly with the BSCCo Board. They also highlighted that as part of the Workgroup's discussions, Ofgem was unable to commit to any resolution timescales so believed that introducing Ofgem into the process would be less efficient.
- 3.7 Another Panel Member did not believe that the P416 Proposed Solution represents a move towards better governance as they were of the view that the special resolutions processes provide an efficient route to challenge. Additionally they commented that P416 undermines the governance and fiduciary duties of the BSCCo Board to manage and set a budget; this would be going against best practice as set out in the UK Corporate Governance Code.
- 3.8 A Panel Member highlighted the importance of appropriate scrutiny of the BSCCo Annual Budget and suggested that a sub-group be convened involving Ofgem, a Consumer Panel Member, DSO Representative, NGESO Panel Member and a couple of industry members to review the budget in detail with Elexon. A minority of Panel Members agreed that this may be a sensible idea to consider in the future. Another Panel Member did not believe that something should be set up specifically as they were of the view that this is the role of the BSCCo Board.
- 3.9 Overall, the minority of the Panel (two members) disagreed with the recommendations as they believed that P416 better facilitates Applicable BSC Objective (d) for the reasons outlined in 8.3 above and as set out in the Draft Modification Report.
- 3.10 The BSC Panel:
- a) **AGREED** by majority that P416:
 - i **DOES NOT** better facilitate any of the Applicable BSC Objectives;
 - b) **AGREED** a recommendation that P416 should be rejected;
 - c) **AGREED** that P416 **does not** impact the EBGL Article 18 terms and conditions held within the BSC;
 - d) **APPROVED** an Implementation Date of:
 - i **5WDs** after an Authority decision is received;
 - e) **APPROVED** the draft legal text; and
 - f) **APPROVED** the P416 Modification Report.
4. **Issue 87 'Busbar voltage transformer metering for Offshore wind farms under OFTO arrangements' – (315/07)**
- 4.1 The BSC Panel:
- a) **NOTED** the Issue 87 Report.
5. **Issue 88 'Clarification of BSC Arrangements relating to Complex Sites' – (315/08)**
- 5.1 A Panel Member commented that if a Modification is raised, that due consideration is given to the impact on business models and cost-recovery as these are the main commercial drivers.
- 5.2 A Panel Member suggested that Elexon and NGESO agree a definition of complex sites where they can be classified similar to Codes of Practice (CoPs). Elexon noted that there is a definition of complex sites under the BSC but that in other forums these sites are being described as 'complicated' sites. They therefore agreed that consideration is needed to align the meaning of these in particular under the BSC, Connection Use of System Code (CUSC) and Distribution Connection and Use of System Agreement (DCUSA).
- ACTION 315/01**
- 5.3 The BSC Panel:
- a) **NOTED** the Issue 88 Report.
6. **Issue 89 'Ensuring Demand Control Event (DCE) procedures remain fit for purpose' – (315/09)**

- 6.1 A Panel Member observed the substantial cost difference made between Parties in Ofgem's Request for Information (RFI) for carrying out the same process. The Ofgem Representative agreed to consider this offline.
- 6.2 The BSC Panel:
- a) **NOTED** the Issue 89 Report.
- 7. Code Administration Code of Practice (CACoP) Quarterly Update – Verbal**
- 7.1 Exelon provided an update on the work of the CACoP over the past quarter:
- A quarterly newsletter had been issued in April 2021 and a further newsletter was due to be issued in July 2021. These are highlighted to Parties in Exelon's Newscast and published on the CACoP forum page of the Exelon website.
 - Work internally had commenced on the CACoP website. Engagement had taken place with the website developers and the CACoP Forum had been presented with a mock up at its meeting on 8 June 201. The intention is for the website to be in a go-live position by September 2021.
 - A Code of Conduct had been created to provide some rules of engagement and behaviour in Workgroups. This is intended to help create a level playing field and respectful environment to enable Workgroup Members to voice their opinions and work collaboratively together to achieve set tasks. This will be uploaded to the CACoP website as a useful tool which Chairs can refer to or attach to Workgroup's Terms of Reference if they think this would be useful.
- 7.2 A Panel Member queried whether CACoP is co-ordinating any change. They noted that this was the original purpose of the CACoP but was not convinced that this was still the case. Another Panel Member noted the number of cross-code working groups (including a cross-code meeting of the Chairs of the code Panels) and did not believe the CACoP to be bringing this altogether as the main hub; there instead appeared to be separate vehicles driving cross-code engagement. Exelon noted that other cross-code groups appeared to be carrying out the more substantive work and that the CACoP appeared to have lost its momentum and now just taking on an administrative function.
- 7.3 Exelon welcomed any comments to be emailed through from the Panel on things they would like fed back to the CACoP or raised as issues. Exelon also noted that the next CACoP quarterly update would be presented to the Panel at its October 2021 meeting.
- 7.4 The BSC Panel:
- a) **NOTED** the update.

Part II: Non-Modification Business (Open Session)

8. Minutes of previous meetings & Actions arising

- 8.1 The BSC Panel approved the draft minutes for BSC Panel meeting 314, noting the addition to paragraph 3.4. Exelon also presented the actions and associated updates for the June Panel meeting.

9. Chair's Report

- 9.1 The Chair noted that the single purpose of the cross-code Panel Chairs meeting is to consider and recommend issues relating to the Code Governance Review. The next meeting will be held on 14 June 2021.
- 9.2 The Chair asked whether any Panel Members would like to volunteer to review and provide comments on Exelon's Annual Report. Phil Hare, Derek Bunn and Rhys Kealley volunteered to assist with this by the end of June 2021.
- 9.3 The Chair announced that the arrangement to hold the BSC Panel 316 meeting on 8 July 2021 in person at the Exelon offices will continue unless government guidelines change. The majority of the Panel agreed that they would be attending the BSC Panel meeting in person noting that they would have to attend the Annual BSC Meeting on personal laptops in different areas of the office.

10. Exelon Report – (315/01)

- 10.1 MB picked out some highlights from the June 2021 Exelon Report including the Ofgem approval of the first BSC Sandbox application.

- 10.2 PS noted the second update on Elexon Kinnect that had been included in the Elexon Report and queried whether there was any additional content the Panel would like included. A Panel Member commented that they were not familiar with the terms such as “sprints” and therefore suggested that more layman language is used.
- 10.3 A Panel Member also asked that the overall financial statement be included (although not necessarily on a monthly basis) as a table rather than a body of text demonstrating spend to date, committed and forecast to complete and the overall budget.
- 10.4 MB also highlighted that the proposed budget for Market Wide Half Hourly Settlement (MHHS) had been issued for comment. A webinar on this subject would also be taking place at 2pm today (10 June 2021).

11. Distribution Report

- 11.1 The DNO Representative did not have anything to report.

12. National Grid Report

- 12.1 In relation to [P412 'Ensuring non-BM Balancing Services providers pay for non-delivery imbalances at a price that reflects the real-time value of energy'](#), the NGESO Panel Member advised that there will be a delay to the CBA that it is conducting.
- 12.2 The NGESO Panel noted that the imbalance harmonisation consultation in relation to changing the methodology (in relation to [P410 'Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations'](#)) had been issued to industry.
- 12.3 In relation to [P402 'Enabling reform of residual network charging as directed by the Targeted Charging Review'](#), Ofgem have [published](#) its minded to decision on the Transmission Demand element of its Targeted Charging Review (TCR) to move the Implementation Date back to April 2023. NGESO is therefore considering whether to also push back the Implementation Date of P402 from April 2022 to April 2023.
- 12.4 The NGESO Panel Member also noted that the ESO had a successful market event in March 2021 where it shared its vision for change and development. The next market event will be taking place on 22 June 2021.
- 12.5 A Panel Member also noted the renaming of Black Start and queried whether the bi-lateral Black Start contracts would need to be reissued with a new name or could remain as they are. The NGESO Panel Member advised that corresponding Self-Governance Modifications would be needed to the BSC, CUSC and Grid Code and that they would enquire on the question of specific contracts.

13. Ofgem Report

- 13.1 The Ofgem Representative noted that Ofgem had published invitations to participate in the cross-Code survey.
- 13.2 The Ofgem Representative advised that Ofgem had [published](#) its innovation vision which sets out Ofgem's innovation principles and priorities.
- 13.3 In relation to Micro-business reviews, Ofgem [published](#) its final views for microbusiness customers to get better energy deals. This has been issued for consultation with responses invited by 9 July 2021.

14. Tabled Reports

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

15. Introduction of new MHHS Implementation Monthly Charge – (315/10)

- 15.1 Elexon highlighted that the original version of the paper had a digit missing from the recommendation for the proposed MHHS Implementation Monthly Charge Specified Charge at £0.3847 instead of £0.03847/SVA MSID per month. The Panel Secretary confirmed that a version 2.0 of the paper with the correct figure had been re-published on the Elexon website.
- 15.2 A Panel Member observed that the MHHS budget is currently out for comment and queried whether this charge could be approved once the consultation closes. Elexon advised that the system will be live for the next billing run on 1 July 2021 so needs to have a rate in place (noting that this could be zero). If Elexon was to wait another month, there will be a larger knock-on impact for Suppliers; however if any revisions are required, these can be rectified in the Final Reconciliation stage.

- 15.3 A Panel Member commented that they did not need to see a revised figure for this year if the approved budget turns out marginally different to the proposed £90million (of which £14.5m was for this year). However, they believed that there is too much contingency which they are making explicit in their response to Elexon. Elexon suggested returning to the Panel with the actual final figure once the budget is officially signed off. The Panel agreed that this would be sensible.
- 15.4 The BSC Panel:
- a) **APPROVED** by majority the new MHHS Implementation Monthly Charge Specified Charge of £0.03847/SVA MSID per month.
- 16. Rassau Grid Services Stability Pathfinder Project registration in CMRS – (315/11)**
- 16.1 A Panel Member (LW) declared an interest as they advise Rassau Grid Services.
- 16.2 A Panel Member commented that the Stability Pathfinder Projects are proving difficult to include in the regulatory regime but noted that there may be an increase of these in the future. They commented that ideally, these projects would be granted Licences so that they are treated in the same manner as the monopolies they are competing against. However, they highlighted that Ofgem and BEIS are currently discussing how to include these projects into the Licencing regime; without the Licences, Parties will fall into final consumption levies.
- 16.3 The NGESO Panel Member agreed that there will be an increase in these types of projects as pathfinders are important in relation to how the system is operated and the route to net zero. They noted that these do not fit neatly into the current processes but advised that NGESO had not yet decided to go down the route of making fundamental changes to the BSC to allow for these and welcomed the Panel's view on this approach. A Panel Member was of the view that they did not believe this to be a BSC issue but one in relation to licences.
- 16.4 A Panel Member queried whether Elexon had spoken to Western Power Distribution (WPD). Elexon noted that they had not. Another Panel Member advised that they had spoken to WPD on other Stability Pathfinder Projects who had commented that they did not have an opinion on where the Meter was.
- 16.5 The Chair queried why this type of decision was reserved for the Panel back in 2001 or why issues such as these had not since been delegated. As detailed in Attachment A to the paper, Elexon advised that what should be delegated is very vague. The Panel considered Elexon's recommendation to delegate approval of future decisions under BSC Section K2.1.1d to the ISG. Elexon advised that the ISG has been delegated other similar decisions from the Panel such as approval of Non-Standard BM Units and Trading Units and Elexon feels that this is similar in nature. The Panel commented that it would be useful to keep an eye on the number of these applications being presented noting that they are in relation to technologies that challenge the current structure. They therefore agreed not to delegate these type of applications at this time.
- 16.6 The BSC Panel:
- a) **AGREED** that Rassau Grid Services Stability Pathfinder Project should have its Metering Systems Registered in CMRS; and
- b) **AGREED** not to delegate approval of future decisions under BSC Section K2.1.1d to the ISG at this time.
- 17. Next meeting**
- 17.1 The next meeting of the BSC Panel will be held at the Elexon offices in London on Thursday 8 July 2021, subject to government guidelines.