

ELEXION

BSC Panel 315

Public

10 June 2021

An aerial photograph of a rural landscape. In the center, a white wind turbine stands in a green field. To the bottom left, there is a small, light-colored farm building with a grey roof. The surrounding area is divided into green fields by dark, hedged boundaries. A dirt road leads towards the farm building. The right side of the image is overlaid with a solid teal color, which contains the title text.

PART I: MODIFICATION AND CHANGE BUSINESS (OPEN SESSION)

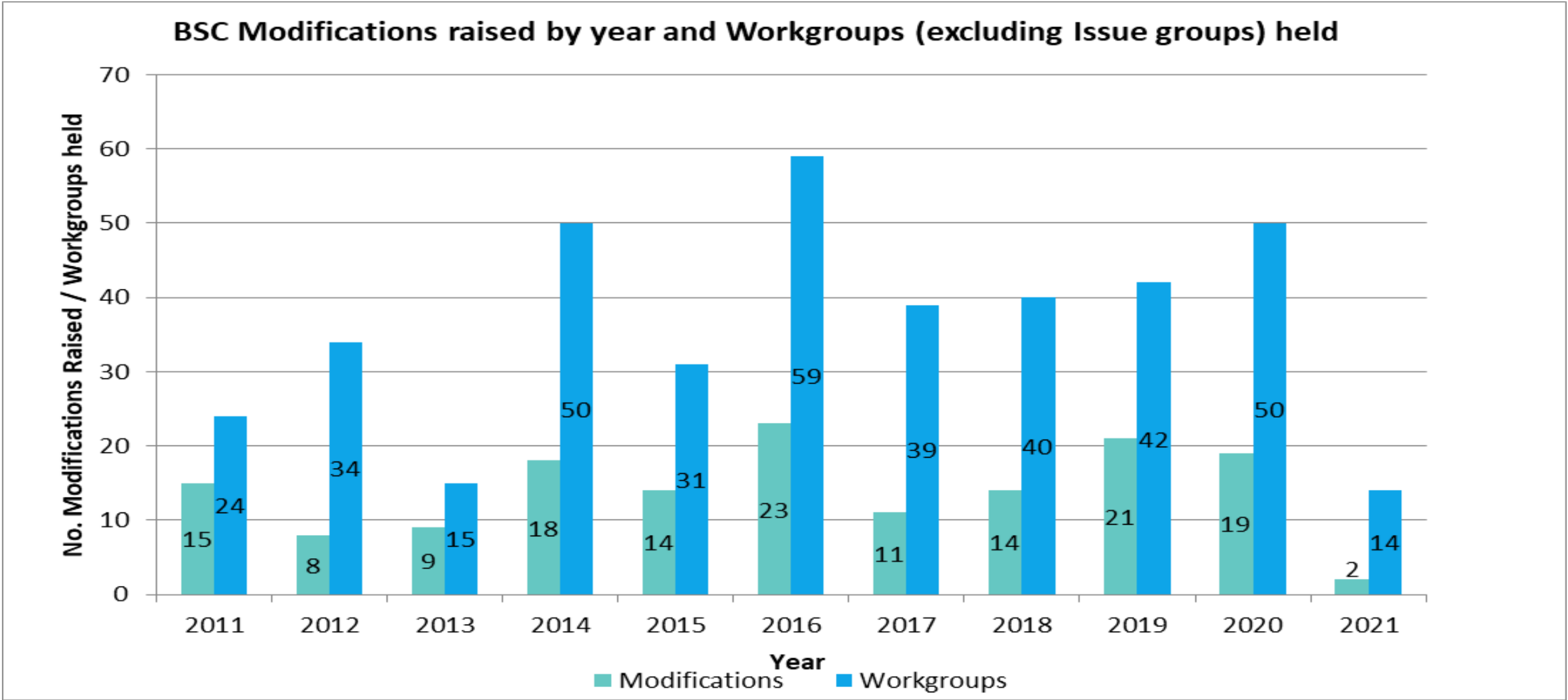
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Change Report and Progress of Modification Proposals

315/02 - Lawrence Jones

10 June 2021

BSC Modifications raised by year and Workgroups held



BSC Modifications overview

Initial Written Assessment	
Assessment Procedure	P332, P395, P410, P412, P415, P419
Report Phase	P416, P420
Urgent	-
With Authority (decision cut-off)	P376 (1 Oct)
Authority Determined (implementation date)	P399 (4 Nov 21) – Approved, P402 Alt. (24 Feb 22) - 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Withdrawn	-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'					DMR	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		DMR	
P415 'VLP access to wholesale market'											AR
P416 'Include Appeals mechanism for Annual Budget'		AR	DMR								
P419 'Data to support BSUoS Reform'		IWA						AR	DMR		

Modification Release Roadmap

2021				2022			2023			Un-allocated
June	Sep	Nov	Ad-hoc	Feb	Jun	Nov	Feb	Jun	Nov	
P398 – Open Data	P420 – REC V2.0	P399 – Balancing Service Providers in BSAD	P332 – Revisions to Supplier Hub principle	P402 – TCR SCR	P375 – Asset Meters		P376 – Baseline Methodology			P395 – Final consumption levies
			P416 – Route of Appeal for Annual BSC Budget				P419 – BSUoS data			P410 – Harmonised Imbalance
										P412 – Non-BM balancing service providers pay non-delivery
										P415 – VLP access to wholesale market

Key

Approved
 With Authority
 Report Phase
 Assessment Phase

COVID-19 Prioritisation approach

- Since April 2020 we have been prioritising BSC Changes
- The Panel agreed at its March 2021 meeting that this approach would end on 30 June 2020, subject to:
 - Feedback and evolving situation; and
 - Returning to the June 2021 Panel meeting to confirm
- No feedback received from industry
- The next step of the Government's roadmap to easing lockdown on 21 June 2021 is not certain
- However, we believe the prioritisation approach can still end on 30 June 2021
 - Consistent with direction of travel for:
 - The Government's roadmap and vaccination efforts; and
 - Assurance related derogations overseen by the Performance Assurance Board
 - We will communicate the decision with industry

Modification Update: P375

‘Settlement of Secondary BM Units using metering behind the site Boundary Point’

- We are on track to deliver P375 on 30 June 2022
 - New and amended SVA data flows will need to be progressed in the new REC EDMS (replaces the DTC) data specification to enable P375 implementation
- As part of the implementation activities, we have conducted a detailed service provider impact assessment, taking into account:
 - The final business requirements; and
 - Changes to the baseline since the original impact assessment was conducted
- Previously, our rough order of magnitude estimate was £1.6m to £2m
- Our revised estimate is £2.2m to £2.5m
- Since P375 was approved, P420 (REC SCR) has been raised which will amend the baseline against which P375 will be implemented
- Subject to P420 approval (expected July 2021), a number of inconsistencies and manifest errors within the approved P375 will require a new Modification Proposal to fix
 - For example, references to BSCP514 (Meter Operator processes) will need to be amended to a new BSCP, as P420 will remove BSCP514
 - For consistency and following PAB endorsement we also plan to move the related Data Collector processes (from BSCP502) into the new BSCP
- We believe these issues meet the Fast Track Self-Governance Criteria and can therefore be progressed in a Fast Track Self-Governance Modification Proposal
- We propose to recommend to the Panel that this Modification be raised by the September 2021 Panel meeting
- We are also supporting a Supplier who is keen to raise a new Modification Proposal, that will build on P375, to allow Suppliers to allocate Asset Meters to Additional BM Units

‘Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties’

- The fourth P415 Workgroup was held on 27 May 2021 where the Workgroup discussed current network charging arrangements, VLP’s proposed role in the wholesale market and imbalance Settlement
- Discussions on the Cost-Benefit Analysis (CBA) have also started
- The Workgroup agreed with Elexon that a sensible first step would be for Elexon to present, with the support of a third party, what the main options and different types of CBAs that would be appropriate for P415 are, including the likely costs and lead times
- We will present the Workgroup’s recommended CBA option to the Panel this summer for approval

Cross Code impacts

- We wanted to share with you that we continue to monitor cross code impacts and engage with other codes bilaterally, at CACoP and at CCSG, as required

name	Ancillary Services Agreements	CUSC	DCUSA	Distribution Code	Grid Code	MRA/DTC	REC	SEC	Total
Issue 92 - Reserve Scarcity Pricing Review	1								1
Issue 94 - Assessing barriers to entry for sub 1MW providers and decimal bids	1				1	1			3
P375 - Settlement of Secondary BM Units using metering at the asset						1		1	2
P412 - Ensuring non-BM Balancing Services providers pay for non-delivery imbalances	1								1
P415 - Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties		1	1		1				3
P419 - Enhanced Reporting of demand data to NETSO to facilitate BSUoS Reform		1							1
P420 - Retail Code Consolidation SCR Mod			1			1	2		2
Total	3	7	8	1	10	9	2	4	44

- In particular, we wanted to draw your attention to Ofgem's decision to approve the proposed GC0147 'Last resort disconnection of Embedded Generation – enduring solution' modification
 - There remain questions around how disconnected generation should be treated within Imbalance Settlement – but we don't believe a Modification is required at this time
 - We are monitoring for any new CUSC or Grid Code Modifications in response to the Ofgem decision

Recommendations

We invite the Panel to:

- a) **AGREE** that the COVID-19 prioritisation approach ends on 30 June 2021; and
- b) **NOTE** the contents of the June Change Report.

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

315/06 – Chris Arnold

10 June 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)

- 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)

- 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: Panel's Initial Views

The Panel initially:

- a) **AGREED** that P416:
 - i. **DOES NOT** better facilitate any of the Applicable BSC Objectives;
- b) **AGREED** an initial 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) **AGREED** an Implementation Date of:
 - i. **5WDs** after an Authority decision is received;
- e) **AGREED** an initial view that P416 should not be treated as a Self-Governance Modification.
- f) **AGREED** that P416 is Submitted to the Report Phase
- g) **NOTED** 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

P416: Report Phase Consultation responses (1 of 2)

Question	Yes	No	Neutral	Other
Do you agree with the Panel’s initial majority recommendation that P416 should be rejected?	0	2	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P416?	2	0	0	0
Do you agree with the Panel’s recommended Implementation Date?	2	0	0	0
Do you agree with the Panel’s initial view that P416 does not impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?	2	0	0	0
Do you agree with the Panel’s initial view that P416 should not be treated as a Self-Governance Modification?	2	0	0	0
Do you have any further comments on P416?	2	0	0	0

- Two responses were received, including:
 - A response from the P416 Proposer; and
 - A response from a P416 Workgroup Member
- Both respondents agreed with the remaining Report Phase Consultation questions and no new rationale was given in support beyond that detailed in the Workgroup discussion detailed in section 6 of this report

P416: Report Phase Consultation response summary (2 of 2)

- No new arguments made beyond previous Workgroup and Panel discussions
- Respondents reiterated the following points:
 - The BSC does not have an appeals mechanism in line with other codes and there isn't any justification for a different mechanism to be put in place for the BSC compared to other codes such as the SEC, SPAA, UNC and REC
 - The introduction to the Authority into the Governance process of the Annual Budget would not be detrimental. Having the ability to appeal budgets in other codes has meant that code Boards have had to ensure budgets are well justified and that a robust rationale is provided for each budget item
 - The current governance framework regarding the Elexon budget process does not offer adequate opportunities to challenge
 - An appeals process, which would introduce Authority oversight, would align with recommendations made in 2016 by the CMA by encouraging Ofgem to keep a watchful eye on budgetary developments knowing that it may have to make a judgement, if an appeal surfaces

Recommendations

We invite the Panel to:

- a) **AGREE** that P416:
 - i. **DOES NOT** better facilitate any of the Applicable BSC Objectives;
- b) **AGREE** a recommendation that P416 should be **rejected**;
- c) **AGREE** that P416 **does not** impact the EBGL Article 18 terms and conditions held within the BSC;
- d) **APPROVE** an Implementation Date of:
 - i. **5WDs** after an Authority decision is received;
- e) **APPROVE** the draft legal text; and
- f) **APPROVE** the P416 Modification Report.

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**Issue 87 'Busbar voltage transformer
metering for Offshore wind farms under
OFTO arrangements'**

Tabled

10 June 2021

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**Issue 88 'Clarification of BSC
Arrangements relating to Complex Sites'**

Tabled

10 June 2021

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Issue 89 'Ensuring Demand Control Event (DCE) procedures remain fit for purpose'

Tabled

10 June 2021

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

Verbal – Claire Kerr

10 June 2021



PART II: NON-MODIFICATION BUSINESS (OPEN SESSION)

E L E X O N

**Minutes of previous meeting
and Actions arising**

Claire Kerr

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Chair's Report

Michael Gibbons

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Elexon Report

315/01 - Mark Bygraves

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Distribution Report

Fungai Madzivadondo

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National Grid Report

Jon Wisdom

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Ofgem Report

Colin Down

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Panel Committee Reports

315/01A-D

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**Introduction of new MHHS
Implementation Monthly Charge**

315/10 – Darren Draper

10 June 2021

Recommendation

We invite the Panel to:

- a) **APPROVE** the new MHHS Implementation Monthly Charge of £0.03847/SVA MSID per month.

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**Rassau Grid Services Stability Pathfinder
Project registration in CMRS**

315/11 – Katie Wilkinson

10 June 2021

- Rassau Grid Services Limited (RGSL) has a Stability Pathfinder contract with NGENSO
- Its facility will provide reactive power services to NGENSO
- Its facility will not produce any Active Export Energy
- RGSL says that the facility will play a key role in supporting inertia and network stability on the system
- The facility is connected to the Distribution System
- In order to effectively dispatch and obtain Metered Data for the facility, RGSL and NGENSO have agreed that a single CVA BM Unit is required and that its metering is registered in CMRS

- The BSC states that the following about registration in CMRS
 - Where a Generating Plant is a Licensable Generating Plant, the associated Metering System must be registered in CMRS (K2.1.1b);
 - Where a Generating Plant is a Licence Exempt Generating Plant, the associated Export or Import and Export Metering System may be registered in either SMRS or CMRS (K2.1.2);
 - Metering Systems measuring Imports at Plant and Apparatus connected to a Distribution System would need to have its Metering Registered in SMRS unless the Panel determines that there are special circumstances to allow it to be registered in CMRS.
- The facility does not currently meet points 1 and 2 so would need agreement from the Panel to register its Metering Systems in CMRS

- NGESO
 - Given the requirements of the service, we support Rassau's application to register meters in CMRS
- Elxon
 - This request constitutes special circumstances under BSC Section K2.1.1d meaning that the Metering System should be registered in CMRS
- RGSL submitted a licence application to Ofgem on 18 March 2021 and if granted the facility would need to be registered in CMRS under BSC Section K2.1.1b

Delegation of Future Requests to the ISG

- BSC Section B3.2.1(b) allows the Panel to delegate any of the Panel's powers, functions and responsibilities to a Panel Committee
- Elexon suggests that future decisions under BSC Section K2.1.1d is delegated to the ISG

Recommendations

We invite the Panel to:

- a) **AGREE** that Rassau Grid Services Stability Pathfinder Project should have its Metering Systems Registered in CMRS; and
- b) **AGREE** to delegate approval of future decisions under BSC Section K2.1.1d to the ISG.

MEETING CLOSE

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THANK YOU
