

# 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.

## 316/01 Elexon Report

### BSC Panel

Date of meeting	<b>8 July 2021</b>
Paper Number	<b>316/01</b>
Owner/author	<b>Mark Bygraves</b>
Purpose of paper	<b>For Information</b>
Classification	<b>Public</b>
Summary	<b>Elexon provides this paper for the Panel's information. The paper presents an overview of activities and developments within Elexon, the balancing and settlement arrangements, industry and Codes.</b>

### Executive Summary

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

We have noted that prioritisation of BSC Changes would end on 30 June 2021 and that the three-month notice period required to end the COVID-19 Supplier derogations would begin on 1 July 2021.

We have highlighted that our Annual BSC Meeting will take place from 14:00 to 16:00 on 8 July 2021. We have also published our 2020/21 Annual BSC Report and Financial Statements.

We have published details of the new monthly charge which Suppliers will have to pay so that Elexon can recover the costs of the Market-Wide Half Hourly Settlement (MHHS) implementation programme.

We are also hosting a webinar on 7 July 2021 about a new Code Change and Development Group (CCDG) consultation on the transition and migration approach for implementation of MHHS.

### Target Audience

Elexon's customers and the wider industry.

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## 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 has reopened for some Elexon colleagues and we hope to enable further colleagues to attend the office after 19 July 2021..

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.

### **Prioritisation of BSC Change to end on 30 June 2021**

In response to COVID-19, BSC Changes have been prioritised to reduce the burden on all Market Participants since April 2020.

At its meeting on 10 June 2021, the BSC Panel agreed that this approach would end on 30 June 2021. Its decision was based on the direction of travel with the Government's roadmap to easing lockdown and the significant progress made with the vaccination programme.

### **PAB announce beginning of three-month notice period to end derogations**

At its meeting on 24 June 2021, the Performance Assurance Board (PAB) agreed that the three-month notice period required to end the COVID-19 Supplier derogations would begin on 1 July 2021.

The PAB made this decision taking into account feedback from industry and the loosening of COVID-19 restrictions. The PAB believe that there is now a reasonable level of confidence that Government restrictions, which significantly impact Settlement operations have concluded. In particular, whilst some restrictions do remain in place, very few business premises are now required to remain closed.

During the three-month notice period beginning 1 July 2021:

- No new adjustments are to be made under the derogations to Half-Hourly (HH) or Non Half-Hourly (NHH) Estimated Annual Consumption (EACs).
- Suppliers should review all HH EACs to ensure that they are reflective of the current level of operations at the site. In the absence of any actual data or register reads Data Collectors (DCs) should continue to use the COVID-19 EAC and follow the derogated estimation process through to the end of September 2021 unless instructed otherwise by the Supplier. Supplier Agents will be encouraged to provide any site level information to the Supplier that would help them update the EAC, for example where access to a site is refused but the site itself is open.
- Suppliers should put in place NHH EACs that replace the adjusted derogation EACs. The default expectation would be that EACs return to those used prior to the lockdown. However, an EAC value between the lockdown EAC and the pre-lockdown EAC can be applied where evidence is obtained by the Supplier that activity has now started at the site but at significantly reduced levels.
- A NHH EAC used for the derogated period can remain in place if the Supplier has evidence that this is the most appropriate EAC at the time the derogation ends and in these circumstances there is no need to deem a read again. However, Suppliers should undertake every effort to obtain reads rather than leave these EACs in place. It is expected that this should only be required for a minimal number of sites.

Further information can be found at the following [link](#).

## II. Elexon News

### Consultation Responses

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

- **Ofgem's consultation on [Implementation and Governance Arrangements for Market-Wide Half-Hourly Settlement \(MHHS\)](#) in respect of our role as MHHS Programme Participant.**

Two Elexon responses were submitted, as we also responded in our role as Implementation Manager. In our response we:

- Generally agreed with the arrangements Ofgem had set out, and also highlighted the importance of robust resolution mechanisms that we need to be able to use if we are in disagreement with the Implementation Manager; and
- Stated that we could not commit to implementation deadlines until Ofgem has approved detailed requirements, which will be sent by the Implementation Manager in April 2022.

- **Ofgem's consultation on their [Data Best Practice \(DBP\) and Digitalisation Strategy and Action Plan \(DSAP\) Guidance for energy network companies](#).**

In our response we:

- Agreed that the DBP and DSAP guidance formed a good basis for the creation or modification of regulatory requirements in this area. The model approved by Ofgem in [P398 'Increasing access to BSC Data'](#) is a good basis for future regulation for all codes;
- Noted that it might be worthwhile to consider whether a data monopoly is the most efficient way of delivering the principle of making data assets discoverable for potential data users; and
- Noted that it would be helpful to clarify the intended scope of the DBP. We suggested that it would be beneficial to treat data obtained by all Code Administrators in the same way.

- **National Grid's consultation on [proposed amendments to Imbalance Settlement Harmonisation \(ISH\) the Imbalance Settlement Harmonisation \(ISH\) article 10\(4\)1 related to Article 52, both of which sit underneath the Electricity Balancing Guidelines \(EBGL\)](#)**

In our response we:

- Agreed with NGENSO's proposal to amend the ISH article to include the use of Market Index Price (MIP) in Settlement Calculations; and
- Noted that the inclusion of Market Index Price (MIP) is a valid component of system price calculations and is beneficial to both BSC Parties and consumers of electricity.

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

### Hear from the Energy Minister and other senior industry figures at our Annual BSC Meeting

Our Annual BSC Meeting will take place from 14:00 to 16:00 on 8 July 2021 featuring Fintan Slye, Director of National Grid ESO and Dermot Nolan, Director of Fingleton and former CEO of Ofgem as keynote speakers. There will also be a recorded message at the seminar from Anne-Marie Trevelyan, Minister for Energy, Clean Growth and Climate Change.

Elexon's senior leadership team will give an overview of our performance over 2020/21, and talk about our priorities for the coming year.

Category A and Category ZC Authorised Persons at BSC Parties will also be able to vote on re-electing Directors to Elexon's Board.

Please feel free to register for this event at the following [link](#).

## 2020/21 Annual BSC Report and Financial Statements published

On 28 June 2021, we [published](#) our Annual Report and Financial Statements for 2020/21, which set out our performance against our strategic objectives and our actual spending compared with our budget.

Over the past year our work has continued to help progress to net zero and we remain focussed on delivering the services our customers need. In particular we have continued to support Suppliers in managing the impact of COVID-19 on the sector and developed market solutions such as P398 (open data) and P375 (behind the meter). During the year we implemented 17 Modifications and 10 Change Proposals.

## Elxon to work with Innova-TBS to digitalise the BSC

On 22 June 2021, Elxon finalised commercial agreements with our chosen supplier, Innova-TBS, which will now begin development work to digitalise the BSC and all its subsidiary documents.

The BSC is, we believe, one of the most extensive codes, and we estimate that the legal text along with the subsidiary documents comprises around 10,000 pages. This includes all of our guidance notes and simple guides which act as a knowledge base to support the legal documents.

For some time we have been working on improving our customer experience, making it as easy as possible for existing customers and new market entrants to interact with the BSC.

At the same time we have also been working on a successful Proof of Concept to digitise the BSC, not just the legal text, but all related information, so that we can bring personalisation to address particular customer needs.

We will be moving away from PDF documents and developing an automated navigation system. A focus of our solution with Innova is to ensure that it is inexpensive to maintain and that it does not require resource-intensive manual processes to keep updated.

The first iteration of the digital code will be available later this year and we will be inviting BSC Parties to trial the digital code and provide us with their feedback, before we release it more widely.

In the meantime, please email [Communications@elxon.co.uk](mailto:Communications@elxon.co.uk) should you have any questions about the project.

## III. Industry News

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### 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 NGENSO 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 NGENSO.

### 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. Responses are still being considered 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 NGENSO. We have raised [P421 'Align the BSC with Grid Code Modification GC0144 for TERRE Market suspension'](#) to align the BSC with GC0144.



## 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; and
- Renewable Energy Directive 3 – the draft legal text has been leaked details include an intent for TSOs and DSOs to report carbon content and renewables share of electricity supplied; an as yet to be defined target of hydrogen to be used; and a target to reduce Greenhouse Gases by 55% compared to 1990 by 2030.

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 traction 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.

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## IV. Operational News

### Approach for managing Settlement Performance Standards reviewed

The PAB has reviewed its approach to managing Suppliers' Settlement performance against the BSC standards. It has agreed that the current approach of focusing on the Suppliers with the largest volume of non-compliant estimation should continue and agreed to maintain the current threshold of 4,000MWh of non-compliant estimation for the NHH, HH Measurement Class C and sub-100kW markets until the end of August 2021.

The PAB is likely to apply Error and Failure Resolution (EFR) to Suppliers with non-compliant estimation above this threshold. The PAB also agreed that in August 2021 it is likely to:

- Decrease the threshold as there should be more opportunities to obtain reads over the next quarter compared to the previous one and because the total volume of energy is likely to reduce;
- Reduce the threshold to as low as 2,000MWh; and,
- Require Suppliers that have EFR applied for Performance Standard issues provide performance forecasts for the end of each quarter.

The PAB has noted that it is currently focussing on a small number of HH Suppliers in the sub-100kW market, due to the impact of COVID-19 for Suppliers with NHH Metering Systems. However, it has concerns about the level of performance in the sub-100kW HH market. It encourages all Suppliers in this market to work hard to address performance issues. Further information can be found in the [Performance Thresholds Review paper](#). If you have any questions or concerns, please contact your Operational Support Manager or [risk@elexon.co.uk](mailto:risk@elexon.co.uk).

### June 2021 BSC Release – successfully implemented

The [June 2021 Release](#) has been implemented and became effective on 24 June 2021.

The changes implemented in this Release are:

- [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'

The [BSC Baseline Statement](#) has been updated to v188.0.

## Open Data Requests for BSC Data now available

From 24 June 2021, all BSC Data is presumed open following the implementation of P398 in the June 2021 BSC Release. This means that individuals are now able to request that BSC Data is made openly available, regardless of whether or not they are a BSC Party. Access to open data assists progress to net zero by supporting innovators in developing new products and services.

To request that data be made available, individuals are required to complete a [Data Request Form](#). The request will be sent to [Analysis.Insight@elexon.co.uk](mailto:Analysis.Insight@elexon.co.uk) for processing. The team will put the request through triaging, industry consultation and committee review by the BMRS Change Board before the data is classified as either Open, Public, Shared or Closed. Further information can be found on the following [webpage](#).

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

Migration of the legacy SAA to the Kinnect Platform is progressing well with the 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. Drop one build for SAA is complete and 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 continuing to plan the central systems development required for 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).

Following the implementation of P398 on 24 June 2021, which embedded the principles of Open Data in the BSC, we are able to use these principles in the design of our new [Elexon Kinnect Insights Solution](#). This will make all Elexon data available for industry and make it easier to consume and run analytics on.

Following promotion of the Data and Reporting User Group, over 120 people across the industry have signed up and we expect around 50 to be closely involved in testing the first version of the solution later this year. Involvement in the Data and Reporting User Group will allow customers to influence the design of the solution at an early stage. 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.

We are currently in the process of contacting our customers who actively use the Customer Solution, around 300 to obtain feedback on how they find using the solution. Any feedback we receive will be incorporated in future changes.

Overall the Kinnect Programme remains on budget with £25.8m of investment in progress, of which £12.2m spent to date. The remaining £20.8m forecast for future work to conclude migration of the legacy systems to the digital platform in 2023. These figures are also demonstrated in the table below:

Cost to Date (CTD) (£m)	Committed	Forecast to Completion (FTC)	Forecast Outturn	Budget	Variance
12.2	13.6	20.8	46.6	46.6	0

## Issue relating to EPEX SPOT & ECC on 27/28 June 2021

On 27/28 June 2021, BSC Parties were impacted by a closure of the spot market that is delivered by EPEX SPOT. The issue affecting the spot market had a related issue with the Energy Contract Volume Aggregation Agent (ECVAA) System. Though there was not an ECVAA System Failure, Elexon is investigating the issue in collaboration with ECC and EPEX SPOT. Recognising the market wide impact of the issue, Elexon will share relevant findings of the investigation, including a verbal update to the Panel at its meeting on 8 July 2021.

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

### **Technical Assurance of Metering (TAM) Update**

#### **Mandatory Desktop Audits and Central Volume Allocation (CVA) onsite Inspection Visits**

At its May 2021 meeting, the PAB agreed recommendations for TAM Desktop Audits and CVA onsite Inspection Visits to become mandatory from 5 July 2021. All TAM activities have been operating on an optional basis throughout the COVID-19 national lockdown.

#### **Mandatory Supplier Volume Allocation (SVA) onsite Inspection Visits**

At its May 2021 meeting, the PAB also agreed recommendations for TAM SVA onsite Inspection Visits to become mandatory one month following the removal of all national lockdown measures. Following the UK government's announcement, delaying the removal of national lockdown measures until 19 July 2021, the date at which SVA onsite Inspection Visits will become mandatory has been revised to 16 August 2021.

#### **Technical Assurance Agent Management Tool (TAAMT) 2**

Elexon and the Technical Assurance Agent (TAA) are pleased to announce the release of the TAAMT2 digital platform on 5 July 2021. TAAMT2 will maintain the same core functionality as the current TAAMT system, but with a number of new features and a brand new modern look and feel.

The TAAMT platform will be unavailable from 17:00, Thursday 1 July 2021 whilst the new system is launched. All TAAMT users will receive an email from the TAA containing joining information, prior to launch.

### **Consultation for Removal of a Grid Supply Point (GSP) GSP FERRB1 from the North Eastern GSP Group (\_F)**

National Grid Electricity Transmission System Operator (NETSO) is de-registering GSP FERRB1 (\_F). NETSO proposes that no changes to the allocation of GSPs are required as a result of the de-registration of GSP FERRB1.

BSC Parties are invited to respond to this consultation using the proforma available on the [Process, Operational and Credit Consultations](#) page of our website. If you have any views on the de-registration of the GSP as described above, please respond using the consultation response form, and send to [bm.unit@elexon.co.uk](mailto:bm.unit@elexon.co.uk) by 17:00 on 12 July 2021.

### **BSC Insights**

#### **Why Non Half Hourly electricity use increased in the first four months of 2021**

In this [Insight](#) article, Emma Tribe, our Analysis and Insight Senior Product Analyst, explains how the colder temperatures between January and April 2021 increased NHH electricity demand.

A podcast is also available for this BSC Insight. If you have any feedback on our BSC Insight articles, or if there are topics you would like us to write about, please contact [Analysis.Insight@elexon.co.uk](mailto:Analysis.Insight@elexon.co.uk).

#### **Latest information on the status of BSC Parties**

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

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## **V. Electricity Market Reform News**

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

No EMR Circulars have been issued since the last Panel meeting. All previous EMR Circulars are available to download from the [EMRS Circulars page](#) of the EMRS website.



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## VI. Cross-Code News

### Proposed budget for MHHS Programme

On 14 June 2021, the feedback period ended for the [proposed budget](#) to manage smooth implementation of the MHHS Programme.

We are updating Elexon's Board which will make a decision on whether to approve the budget which was issued to industry, or approve an amended version. If the Board decides to amend the budget significantly, we will recalculate the rate for the MHHS Implementation Monthly Charge and present it to the BSC Panel.

The Panel will vote on whether to approve the amended rate or continue with the approved rate and allow the year end reconciliation to address the difference between the budget and the actual spend incurred. The reconciliation process is used to return un-used budget to BSC Parties.

### Introduction of MHHS Implementation Monthly Charge

We have [published](#) details of the new monthly charge which Suppliers will have to pay so that Elexon can recover the costs of the MHHS implementation programme. The systems responsible for issuing the BSCCo Charge invoices are being modified to include the new charge of £0.03847/SVA MSID per month. This new charge rate will come into effect in July 2021.

This will be the first invoice issued after the system implementation, and will include a recalculation of the MHHS Implementation Management Monthly Charge. This will mean for Suppliers, their July 2021 invoice will be larger than usual as it will include the reconciled April – June 2021 amounts, as well as the monthly charge for July 2021. From August, invoices will only include the billing month charges.

Further information is also available in Elexon Circular [EL03322](#).

### Architecture Working Group recommendation on reference architecture to support MHHS

On 14 June 2021, we [published](#) the AWG's recommendation to Ofgem that an 'event-driven' reference architecture is developed to support MHHS implementation.

The AWG received 21 responses to the consultation on MHHS reference architecture. After carefully reviewing the responses, the AWG's view is that the industry broadly supports the proposal. The AWG is therefore not proposing any changes to its recommendation to Ofgem that event driven architecture is adopted to support the roll out of MHHS.

On behalf of the AWG thank you to everyone who responded with their views.

### Code Change and Development Group (CCDG)

Around 5 July 2021, we will be publishing a consultation on the transition and migration approach that the Code Change and Development Group (CCDG) has developed to support implementation of MHHS. This will cover:

- CCDG Transition recommendations in addition to the MHHS Significant Code Review timeline for implementation;
- Transition milestones;
- Market segment specific considerations; and
- Performance Assurance for MHHS.

We are hosting a webinar about the consultation on 7 July from 11am to 12.30pm, to explain the detail and answer any questions you have. You can sign up to attend the webinar at the following [link](#).

### Code Administration Code of Practice (CACoP) publishes Code of Conduct

The Code Administration Code of Practice (CACoP) has put together a Code of Conduct which aims to:

- provide some rules of engagement in Workgroups;
- help create a level playing field and respectful environment to enable Workgroup Members to voice their opinions; and
- work collaboratively together to achieve their set tasks.

This has been published on the [CACoP Forum](#) page of our website.

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## 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.

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## VIII: Recommendations

We invite the Panel to:

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

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### Attachments

Attachment A – Elexon 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)

Attachment E – Report from the TDC

### For more information, please contact:

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