

Request to raise a Modification 'Reflecting NCER Rules in the BSC'

This Modification will update the BSC to ensure it accurately reflects the BSC provisions constituting the network code on electricity emergency and restoration (NCER) Rules in the mapping for EBGL Article 18 Terms and Conditions.



ELEXON recommends that the Panel raises this Modification and approves it as a Fast Track Self-Governance Modification.



ELEXON **does not** believe this Modification impacts the Electricity Balancing Guideline (EBGL) Article 18 terms and conditions related to balancing held within the BSC

This Modification is expected to have a minor impact on:

- BSC Parties engaging in the BSC Modifications process; and
- Interested third parties engaging in the BSC Modifications process

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About This Document

This document is a request to raise a Modification, which if raised by the BSC Panel will become such Modification's Initial Written Assessment (IWA). Elexon will present this document to the BSC Panel at its July meeting on 8 July 2021. The Panel will consider the recommendations and agree whether to raise this Modification and if so, how to progress it. There are three parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress.
- Attachment A contains the Modification's Proposal Form.
- Attachment B contains the proposed redlined changes to deliver the Modification's solution.



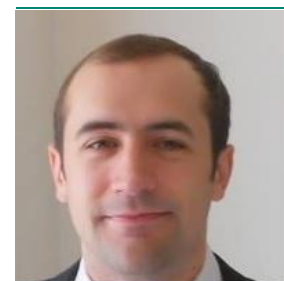
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1 Summary

What is the issue?

P392 'Amending BSC Change Process for EBGL Article 18' introduced [Section F 'Modification Procedures' Annex F-2](#) to the BSC on 25 June 2020. Annex F-2 gives guidance as to which BSC provisions also constitute [Electricity Balancing Guideline \(EBGL\) Article 18 terms and conditions](#) and hence which BSC Modifications should be subject to a BSC Change process that includes a one month Report Phase Consultation.

The EBGL also states (at Article 18(2)) that the Article 18 terms and conditions shall include the rules for suspension and restoration of market activities pursuant to Article 36 of the NCER, and the rules for settlement in case of market suspension pursuant to Article 39 of the NCER (together, the 'NCER Rules'), once these Rules have been approved. These NCER Rules were approved by Ofgem on 11 June 2021.

[Following this approval](#) it is important that the BSC should be amended to ensure NCER and EBGL requirements are appropriately reflected. In particular, Annex F-2 should be updated so that the mapping continues to give an accurate reflection of which BSC provisions also constitute EBGL Article 18 terms and conditions.

What is the proposed solution?

This Modification updates references in the table in [Section F 'Modification Procedures' Annex F-2](#) which identifies the Sections and parts of the code that constitute EBGL Article 18 Terms and Conditions. The Modification also makes minor amendments to ensure relevant definitions in [Section X Annex X-1 'General Glossary'](#) and the EBGL change process in Section F reflect the incorporation of the NCER Rules.

Impacts

This Modification will make clear to BSC Parties and interested third parties engaging in the BSC Modifications process where such Modifications must follow the EBGL Change process within the BSC (one month Report Phase Consultation).

Implementation

We recommend an Implementation Date of **+5WD** following the closure of objection period if the Modification is progressed as a Fast Track Self-Governance Modification. If there are no objections this would be an Implementation Date of **5 August 2021**.

If the Modification is progressed as a straight to Report Phase Self-Governance Modification, we recommend an Implementation Date of **19 August 2021**.

Recommendation

We believe that, as this Modification updates reflects a factual decision already made by Ofgem, it should be progressed as a Fast Track Self-Governance Modification.

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2 Why Change?

What is the issue?

P392 'Amending BSC Change Process for EBGL Article 18' introduced Section F Annex F-2 to the BSC on 25 June 2020 as part of the June 2020 BSC Release. Annex F-2 maps the requirements of [Commission Regulation \(EU\) 2017/2195 \(Electricity Balancing Guideline – EBGL\) Article 18](#) to the approved EBGL Article 18 terms and conditions contained within the BSC.

Annex F-2 gives guidance as to which provisions in the BSC also constitute EBGL Article 18 terms and conditions and hence which BSC Modifications should be subject to an extended change process (incorporating a one month Report Phase Consultation) – as required by EBGL Article 10 and detailed in the P392 Modification Report.

On 11 June 2021 the NCER Rules were [approved by Ofgem](#) under Article 4 of [Commission Regulation \(EU\) 2017/2196 establishing a network code on electricity emergency and restoration \(the NCER\)](#). As a result of this approval, the existing BSC provisions that form NCER Rules as approved, now also constitute EBGL Article 18 terms and conditions (in accordance with Article 18(2) of the EBGL). Therefore, BSC Modifications affecting NCER Rules will be subject to an EBGL compliant change process. To clearly inform Market Participants which change process should be used when developing Modifications, the BSC requires amendments to ensure NCER and EBGL rules, terms and conditions are accurately reflected. In particular, Annex F-2 requires updates so that the mapping continues to give an accurate reflection of which BSC provisions constitute EBGL Article 18 terms and conditions. Section F should also be amended as necessary to incorporate reference to the NCER into the EBGL change process, and definitions in Annex X-1 should be amended to incorporate references to the NCER.

Background

Electricity Balancing Guideline (EBGL)

The EBGL came into force on 18 December 2017. The EBGL is one of eight European Network Codes (ENCs) and Guidelines and is intended to create an interconnected internal energy market. The EBGL is the Network Code most relevant to the BSC as much of its scope covers Balancing and Settlement. EBGL Article 18 terms and conditions include the rules for market suspension and restoration pursuant to Article 36 of the NCER and the rules for settlement in case of market suspension pursuant to Article 29 of the NCER.

Network Code on Electricity Emergency and Restoration (NCER)

The NCER also came into force on 18 December 2017, and is also one of the ENCs. It sets out requirements for the management of transmission systems in case of emergency or blackout, as well as other different system critical states. The NCER addresses the suspension and restoration of market activities, and requires TSOs to develop proposals for the NCER Rules (as well as other documents), which must be approved by the relevant National Regulatory Authority ('the Authority' in GB i.e. GEMA, subsequently delegated to Ofgem)). In its proposals for these rules, submitted to Ofgem, National Grid ESO set out the sections of the BSC, the Grid Code and the STC that constitute the NCER Rules.

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Following the UK's exit from the European Union, the NCER and EBGL remain in force in the UK as retained direct EU legislation, with minimal amendments to the original text.

P392 'Amending BSC Change Process for EBGL Article 18'

EBGL Article 18 (terms and conditions) sets obligations on the Transmission System Operators (TSOs) of each Member State to develop the terms and conditions for Balancing Service Providers (BSPs) and Balancing Responsible Parties (BRPs). Article 18 of EBGL also describes at a high level what these balancing and imbalance terms and conditions must cover.

Articles 4, 6 and 10 describe the process that must be followed if any of the Article 18 terms and conditions are to be amended. Therefore any Modification that impacts BSC provisions constituting the EBGL Article 18 terms and conditions has to satisfy this process.

The NETSO delegated some of its tasks under EBGL Articles 4, 6 and 10 to Elexon as BSCCo and the BSC Panel. P392 was implemented on 25 June 2020 and introduced amendments to reflect those delegations. This ensures the EBGL amendment procedure requirements are fulfilled within the BSC Modifications process. P392 also introduced Annex F-2, an indicative list of those BSC provisions that constitute EBGL Article 18 terms and conditions.

As the approved NCER Rules are included within the Article 18 terms and conditions, the BSC EBGL-compliant change process will also apply to those BSC provisions constituting NCER Rules.



Proposed solution

This Modification will update [Section F 'Modification Procedures' Annex F-2](#) to reflect the incorporation of BSC provisions constituting the approved NCER Rules into the BSC mapping of the Article 18 terms and conditions. [BSC Section F](#) and [Section X Annex X-1 'General Glossary'](#) will also be updated to reflect these changes and include a new definition of the NCER.

Benefits

Ensuring the Annex F-2 mapping is accurate will help Market Participants understand the EBGL impact of proposed BSC Modifications and the proposed governance around making such changes, including timescales.

Applicable BSC Objectives

This Modification will positively impact objective (d) as it will assist those engaging in the BSC change process have clarity on whether a Modification will be required to undergo the additional steps involved in the EBGL change process (e.g. a consultation of one calendar month).

We note that this Modification does not directly impact compliance, as the Annex F-2 mapping is used to show which BSC provisions constitute Article 18 terms and conditions. If this Modification were not implemented, the EBGL change process would still apply, but it would not be clear for market participants that it would apply. Therefore, this Modification is neutral against all other Applicable BSC Objectives.

Implementation approach

We recommend an Implementation Date of **+5WD** following the closure of objection period if the Modification is progressed as a Fast Track Self-Governance Modification. If there are no objections this would be an Implementation Date of **5 August 2021**.

If the Modification is progressed as a straight to Report Phase Self-Governance Modification, we recommend an Implementation Date of **19 August 2021**.

What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(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

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

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4 Proposed Progression

If the Panel agrees to raise the Modification Proposal in Attachment A, it will then need to determine how it should be progressed. We believe that this change should be progressed as a Fast Track Self-Governance Modification.

The Panel must be unanimous in a decision to progress a Modification as Fast Track Self-Governance. If any Panel Member disagrees with this proposed approach, the Modification will progress as a standard Modification.

Elexon believes that this Modification reflects a factual change and updates out of date references to the BSC provisions constituting EBGL Article 18 Terms and Conditions (as defined under the EBGL), which have changed as a result of Ofgem's approval of the NCER Rules. These are minor changes that are consequential to the Ofgem decision to approve the NCER and the legal effect of Article 18(2) of the EBGL. Further, if this Modification were not implemented, Elexon considers the EBGL change process would still apply, but it would not be clear for market participants that it would apply, and therefore this Modification does not impact compliance directly, rather ensures clarity, reflective of a decision already made by Ofgem, for market participants.

Accordingly, Elexon believes this Modification meets the Fast Track Self-Governance Criteria.

Impacts on EBGL Article 18

This Modification does not directly amend any provisions of the BSC that constitute EBGL Article 18 terms and conditions. It is therefore not required to follow the EBGL Amendment Procedures as detailed under Section F of the BSC.

Progression as a Fast Track Modification

If the Panel unanimously agrees to progress this as a Fast Track Modification, it will need to approve the draft legal text and implementation approach. We will then issue the Fast Track Modification Report (including approved BSC legal text) to the Authority, the NETSO and BSC Parties. From this point, there will be a 15 Working Day objection period in which BSC Parties can raise an objection to the implementation of the Modification. This period would close on 29 July 2021.

If an objection is received, the implementation of the Modification would be suspended and the objection tabled at the Panel meeting on 12 August 2021. The Panel would then need to agree on the progression of the Modification as a standard Modification.

If no objections are received, the Panel will be notified and the Modification will be implemented on the agreed Implementation Date.

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Proposed Progression Timetable if progressed as a fast track Modification	
Event	Date
Present Initial Written Assessment to Panel	8 July 2021
Issue Fast Track Modification Report	8 July 2021
Objection Period	8 July 2021 – 29 July 2021
Implementation Date	5 August 2021

Progression as a standard Modification

If the Panel does not unanimously agree to progress this as a Fast Track Modification, it will need to determine the Modification's progression, including whether it should be progressed as a Self-Governance Modification.

If the Panel determines to progress this Modification as a standard Modification, we recommend that it progresses this directly to the Report Phase as a Self-Governance Modification. We believe this would be the most appropriate route to follow as this Modification is only updating references and does not have a material impact on any of the Self-Governance criteria.

Proposed Progression Timetable if not progressed as a fast track Modification	
Event	Date
Present Initial Written Assessment to Panel	8 July 2021
Report Phase Consultation	14 – 28 July 2021
Present DMR to Panel	12 August 2021
Implementation Date	19 August 2021

5 Likely Impacts

This is a document-only Modification and we identified only a minor positive impact on Parties or Market Participants interested in progressing BSC Modifications. This is because there is clarity on which BSC provisions will be required to undergo the EBGL change process if amended.

This Modification will not have any impacts on BSC Central Systems.

We estimate the costs of implementing this Modification as a document-only change to be approximately **<£1k**.

Impact on BSC Parties and Party Agents

Party/Party Agent	Impact
BSC Parties/Party Agents/interested third parties engaging in the BSC Modifications process	BSC Parties, Party Agents and interested third parties may be indirectly impacted positively by the solution to this Modification Proposal due to the more accurate reflection of BSC provisions constituting Article 18 terms and conditions

Impact on BSC Settlement Risks

No impact on BSC Settlement Risks are anticipated

Impact on Code

Code Section	Potential Impact
BSC Section F 'Modification Procedures'	Amendments to Section F and Annex F-2 are required to accurately reflect the EBGL Article 18 terms and conditions being amended by incorporation of the NCER Rules
BSC Section X Annex X-1 'General Glossary'	Amendments required to reflect the inclusion of NCER Rules as EBGL Article 18 terms and conditions

Impact on a Significant Code Review (SCR) or other significant industry change projects

No impacts on SCRs identified – Elexon requested Ofgem treat this Modification as an SCR Exempt Modification on 29 June 2021.

Impact on Consumers

We do not expect this Modification to directly impact Consumers

Impact on the Environment

We do not expect this Modification to directly impact the environment

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Impact on EBGL Article 18 terms and conditions

This Modification does not directly amend any provisions of the BSC that constitute EBGL Article 18 terms and conditions. It is therefore not required to follow the EBGL Amendment Procedures as detailed under Section F of the BSC.

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6 Recommendations

We invite the Panel to:

- **RAISE** the Modification Proposal in Attachment A

If the Panel agrees to raise this Modification, we invite the Panel to:

- **AGREE** that this Modification should be progressed as a Fast Track Self-Governance Modification;
- **AGREE** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- **AGREE** that this Modification **DOES** better facilitate Applicable BSC Objective (d);
- **AGREE** that this Modification should be **approved**;
- **AGREE** the legal text
- **AGREE** an initial Implementation Date of:
 - **5 August 2021** if the Modification is progressed as a Fast Track Self-Governance Modification; and
- **NOTE** that Elexon will issue the Fast Track Modification Report (including the BSC legal text), which will then be subject to a 15 Working Day objection period.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BSC	Balancing and Settlement Code
DMR	Draft Modification Report
EBGL	Electricity Balancing Guidelines
ESO	Electricity System Operator
GEMA	Gas and Electricity Markets Authority
IWA	Initial Written Assessment
NCER	Network Code on Electricity Emergency and Restoration
NETSO	National Electricity Transmission System Operator
SCR	Significant Code Review
STC	System Operator Transmission Owner Code

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
3 & 4	P392 Modification Webpage	https://www.elexon.co.uk/mod-proposal/p392/
3,6 & 9	BSC Section F 'Modification Procedures'	https://www.elexon.co.uk/the-bsc/bsc-section-f-modification-procedures/
3 & 4	Electricity Balancing Guideline (EBGL)	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2017.312.01.0006.01.ENG&toc=OJ:L:2017:312:TOC
3,6 & 9	BSC Section X-1 'General Glossary'	https://www.elexon.co.uk/the-bsc/bsc-section-x-annex-x-1-general-glossary/

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External Links		
Page(s)	Description	URL
4	Ofgem NCER approval	https://www.ofgem.gov.uk/publications/decision-approve-market-suspension-and-restoration-rules-and-settlement-rules-market-suspension
4	NCER	https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R2196