

Minutes

BSC Panel

Meeting number **316**

Venue **Video Conference**

Date of meeting **Thursday 8 July 2021**

Classification **Public**

Attendees and apologies

Attendees

Michael Gibbons	MG	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
Rhys Kealley	RK	Industry Panel Member
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member (and PH's Alternate)
Diane Dowdell	DD	Chair Appointed Industry Panel Member
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ed Rees	ER	Consumer Panel Member
Mark Bygraves	MB	Elexon CEO
Victoria Moxham	VM	Elexon Director of Customer Operations, Panel Secretary
Angela Love	AL	Elexon Director of Future Markets and Engagement
Peter Stanley	PS	Elexon Director of Digital Operations
Claire Kerr	CK	BSC Administration and Configuration Manager
Lawrence Jones	LJ	Modification Secretary
Abid Sheikh	AS	Ofgem (Part-Meeting)
Anna Stacey	ASt	Ofgem (Part-Meeting)
James Tickell	JT	Campbell Tickell (Part-Meeting) (Observer)

Attendees and apologies		
Radojka Miljevic	RM	Campbell Tickell (Part-Meeting) (Observer)
Anne Heal	AH	BSCCo Board (Observer)
Joseph Henry	JH	NGESO (Part-Meeting)
Pavinder Babra	PB	NGESO (Part-Meeting)
Hannah Kernthaler	HK	NGESO (Part-Meeting)
Chris Arnold	CA	Elxon (Part-Meeting)
Andrew Grace	AG	Elxon (Part-Meeting)
Mark DeSouza-Wilson	MD	Elxon (Part-Meeting)
Andrew Margan	AM	Elxon (Part-Meeting)
Michael Taylor	MT	Elxon (Part-Meeting)
Roger Harris	RH	Elxon (Part-Meeting)
Tirath Maan	TM	Elxon (Part-Meeting)
Darren Draper	DD	Elxon (Part-Meeting)
Apologies		
Phil Hare	PH	Deputy BSC Panel Chair
Mark Bellman	MBe	Industry Panel Member

1. Introduction

- 1.1 The Chairman noted apologies from Mark Bellman and Phil Hare and that Derek Bunn was Phil's Alternate. He also advised observers from Campbell Tickell, who are currently running an external evaluation of the BSCCo Board would also be in attendance.

Part I: Non-Modification Business (Open Session)

2. Market-Wide Half Hourly Settlement (MHHS) code change process – update – Verbal

- 2.1 Abid Sheikh (AS) and Anna Stacey (ASt) from Ofgem provided an [update](#) on the implementation and governance arrangements for MHHS, following the proposed code changes that had recently been consulted on (consultation closed on 25 June 2021). AS advised that broad support was received from consultation respondents for having code obligations and that Ofgem is currently working through comments made on the drafting and other issues raised.
- 2.2 AS advised that Ofgem is looking to publish its final decision document in mid-August 2021 so would be looking to raise an Authority-Led SCR Modification shortly thereafter; it is likely that an ad-hoc BSC Panel meeting would therefore need to be held around 19 August 2021. The Final Modification Report will need to be presented to the Panel for its recommendation in September 2021; it is likely that an ad-hoc Panel meeting will need to be convened again in order for Ofgem to be able to make its final decision in September/October 2021.
- 2.3 The NGESO Panel Member queried who Ofgem would be intending to direct. As the BSC sits under National Grid's ESO Licence, the member was specifically querying whether Ofgem would be discussing this directly with NGESO. Ofgem agreed to discuss the direction of licensees with NGESO offline.
- 2.4 The Chair queried when Ofgem would be sending through any significant changes to the drafting. ASt advised that changes would be required to the drafting as a number of suggestions had been made. However, nothing fundamental had been identified at this point. ASt agreed for Ofgem to share as much information as possible with the Panel at its scheduled 12 August 2021 Panel meeting in advance of an ad-hoc Panel meeting that

would be required a week later. The Chair emphasised that as much notice as possible should be given for the date of the required ad-hoc meeting in order to maximise attendance.

2.5 The BSC Panel:

a) **NOTED** the update.

Part II: 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

3. Change Report and Progress of Modification Proposals – (316/02)

- 3.1 The Modification Secretary [presented](#) the Change Report and progress of Modification Proposals. The Chair queried when Ofgem expects to make a decision on [P416 'Introducing a route of appeal for the Annual Budget in line with the proposals for the Retail Energy Code'](#). Ofgem advised that decision dates should be published today but that a decision on P416 is expected by October 2021.
- 3.2 The Modification Secretary advised that [P410 'Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations'](#), is effectively on hold whilst the Proposer (NGESO) prepares a revised harmonisation methodology for approval by Ofgem. The timescales for Ofgem making a decision on the revised methodology are not defined and are therefore uncertain; a four-month extension is therefore required for the revised methodology to be submitted and an Ofgem decision reached
- 3.3 In relation to [P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'](#), the Modification Secretary advised that the contract had been awarded to CEPA to develop an options paper on the different types of Cost-Benefit Analysis that could be conducted for P415, including the likely costs and lead times. These options will be presented to the Workgroup who will ultimately make a recommendation to the Panel at its 9 September 2021 meeting.
- 3.4 The BSC Panel:
- a) **APPROVED** a four month extension to the P410 Assessment Procedure; and
- b) **NOTED** the July Change Report.

4. P421 'Align the BSC with Grid Code Modification GC0144 for TERRE Market suspension' – (316/03)

- 4.1 A Panel Member queried why this Modification is being raised when GB is not able to participate in TERRE. Elexon advised that P421 is required to align the BSC with Grid Code Modification ([GC0144: Alignment of Market Suspension Rights to the EU Emergency and Restoration Code Article 35.1\(b\)](#)) that Ofgem had approved as part of wider work relating to NCER. Further, the TERRE Market suspension provisions are already included in the BSC under Section Q5 so without this Modification, these provisions would be inaccurate and incomplete.
- 4.2 The Proposer acknowledged that GB is not currently part of the TERRE arrangements but that there could be a compliance issue if the BSC is not aligned to the Grid Code. One of the main benefits of this Modification would be to save further work to other codes in the future. A Panel Member queried whether the BSC is legally required to align with the Grid Code. The Proposer noted that there had been precedent for codes to align with each other in the past. However, they agreed to provide some background to raising the Modification and further information on whether there is a legal requirement at the next Panel meeting.

ACTION 316/01

- 4.3 A Panel Member noted that no costs were detailed to amend the systems and processes and queried whether this was correct. Elexon advised that consideration had been given to this but that the provisions would use existing mechanisms for e.g. BMRS warning signals are manual. The Proposer also noted that this was also confirmed as part of NGESO's impact assessment. However, Elexon would make sure this explicitly clear as part of any consultation.
- 4.4 A Panel Member disagreed that P421 better facilitates Applicable BSC Objective (e). They commented that the UK is no longer part of the EU and therefore any legally binding decision of the EU should not have an impact on GB. Further, they noted that some EU Law had been transposed into GB Law via statutory instruments but did not believe this had anything to do with future decisions of the EU. The NGESO Panel Member commented

that while Applicable BSC Objective (e) is still in existence, it is considered relevant as it is in the licence but queried how Ofgem believes this should be treated. The Ofgem Representative reminded the Panel that the definitions in the licence had been updated after 1 January 2021 and therefore references to 'EU Law' had been updated to 'retained EU Law'¹ and Objective (e) was therefore still required more generally.

4.5 The BSC Panel:

- a) **REQUESTED** additional information on whether the BSC is legally required to comply/align with the Grid Code change; and what the risks and implications are if the change is not progressed, to enable it to make a decision; and therefore
- b) **DEFERRED** its decision until the 12 August 2021 Panel meeting (in accordance with Section F2.2.5).

5. **'Reflecting NCER Rules in the BSC' – (316/04)**

- 5.1 A Panel Member queried why this Modification had been proposed as a Fast Track Self Governance Modification as they believed that Fast Track Self Governance Modifications were for changes of an urgent nature. Elexon advised that the NCER provisions had already been consulted on through a NGESO consultation and approved by Ofgem. Therefore the BSC provisions that constitute Article 18 terms and conditions for the NCER Rules are already live, but the F-2 Annex does not currently reflect this. Although not considered urgent, Elexon want the changes to be made relatively quickly so that the Annexes in F-2 are not out of date but reflect the NCER rules to provide clarity to Parties.
- 5.2 A Panel Member disagreed that this Modification does not impact the EBGL Article 18 terms and conditions as they believed they were integral to the terms and conditions and could not be separated from them. Elexon advised that once Ofgem approved the NCER rules on 11 June 2021, those particular provisions in the BSC already represented the NCER rules; these balancing terms and conditions are listed in Annex F-2, which is considered guidance. Further, the mapping, does not list itself as representing the balancing terms and conditions.
- 5.3 In order for a Modification to be progressed as a Fast Track Self Governance Modification, Elexon reminded the Panel that it must unanimously agree to do so. One Panel Member believed the Proposal did impact the EBGL terms and conditions as they believed it important the Modification was issued for consultation and therefore not progressed as a Fast Track Self Governance Modification. The majority of the Panel did not believe the Modification impacted the EBGL terms and conditions, but did agree it should be issued for consultation (and not as a Fast Track Self Governance Modification).
- 5.4 The BSC Panel:
 - a) **RAISED** the Modification Proposal in Attachment A;
 - b) **AGREED** that this Modification should be progressed directly to the Report Phase;
 - c) **AGREED** by majority that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
 - d) **AGREED** that this Modification **DOES** better facilitate Applicable BSC Objective (d);
 - e) **AGREED** that this Modification should be **approved**;
 - f) **AGREED** the legal text;
 - g) **AGREED** an initial Implementation Date of:
 - i **6 September 2021**; and
 - h) **NOTED** that Elexon will issue the 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 12 August.

¹ Post-Meeting note: C3 of the Transmission Licence paragraph 3 refers to Applicable BSC Objective (e) as: "compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency". Modifications can and will continue to facilitate Applicable BSC Objective (e) where they are facilitating Regulation (EU) 2017/2195 as amended by the Withdrawal act. "Legally binding decision" refers to any decisions made prior to 31 December 2020; decisions taken by the Commission or ACER from 1 January 21 onwards are therefore not legally binding. As TERRE is not part of the Withdrawal Act then it may be worth the Proposer re-considering this objective as part of the additional information required.

6. **P420 'Retail Code Consolidation Significant Code Review' - Final Authority Led SCR Modification Report – (316/05)**

6.1 The BSC Panel:

- a) **AGREED** with the evaluation of the Authority Led SCR Modification Proposal as detailed in the Final Authority Led SCR Modification report;
- b) **AGREED** that P420:
 - i **DOES** better facilitate Applicable BSC Objective (d);
- c) **AGREED** that that P420 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC and must therefore be submitted to Ofgem for decision;
- d) **AGREED** the impact on the EBGL objectives;
- e) **AGREED** that P420 should be **approved**;
- f) **AGREED** an initial Implementation Date of:
 - i 1 September 2021; and
- g) **AGREED** the redlined text.

Part III: Non-Modification Business (Open Session)

7. **Minutes of previous meetings & Actions arising**

- 7.1 The BSC Panel approved the draft minutes for BSC Panel meeting 315. Elexon presented the actions and associated updates for the July Panel meeting.

8. **Chair's Report**

- 8.1 The Chair noted that the Annual Report had been [published](#) and thanked Phil Hare, Derek Bunn and Rhys Kealley for reviewing this.
- 8.2 The Chair highlighted that the latest BSCCo Board's [Circular](#) to BSC Parties was published on 5 July 2021.
- 8.3 Further, a Credit Assessment Price (CAP) [consultation](#) had been issued with the proposal to increase the CAP to £96/MWh from the current value of £77/MWh.
- 8.4 The cross-code Panel Chairs meeting took place on 14 June 2021 where there was strong agreement for code consolidation. The next meeting is due to take place in September 2021.
- 8.5 The Chair also advised that the 12 August 2021 Panel meeting would be held in person at the Elexon offices in London, subject to government guidelines, (although there would be a hybrid approach). Tom Edwards, Andrew Colley, Fungai Madzivadondo and Colin Down confirmed that they would be unable to attend in person.

9. **Elexon Report – (316/01)**

- 9.1 MB reported that the Elexon offices re-opened on 22 June 2021 for three days a week (Tuesday-Thursday). Towards the end of the summer, Elexon would also be looking to carry out a survey with its customers to identify their expectations of wanting to come to the Elexon offices.
- 9.2 VM noted that PAB derogations were originally introduced to ease some of the burden on Supplier requirements as transport and access to customer's premises was limited. The PAB has given industry three months' notice that the derogation that was put in place for Meter readings will be lifted. Additionally, it is likely that the pre-COVID approach to Error Failure Resolution (EFR) will return. VM also noted that in relation to Technical Assurance Metering, site visits had been made optional. However, this optionality will again be lifted and audits would become mandatory moving forwards.
- 9.3 PS provided an update on the Elexon Kinnect programme. He advised that 150 people had now signed up to participate in the Data User Group who will help with developing the Insights solution.
- 9.4 RH provided an update on the EPEX Spot and ECC issue. Elexon had been working with ECC who identified that there were multiple re-submissions of the data as the Party wanted assurance that the data was entering

ECVAA. Where the Party was not receiving immediate acknowledgements, they were re-submitting the same data to overwrite which was then being repeated and causing issues. The immediate issue has now been resolved and Elexon has been working with the customer to avoid re-submissions. RH noted that it is going to remind industry that in the event that ECVAA does fail (15-minute delay) Elexon has a re-submission process so that it can process the energy contracts in the event of a system failure. The EPEX market was down for a significant amount of time, which Elexon recognises the severity of. Unfortunately the issue was not escalated to the right priority level at the appropriate time which did slow down the resolution of the issue. Elexon is ensuring that the instant management processes are working properly.

10. **Distribution Report**

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

11. **National Grid Report**

- 11.1 The NGESO Panel Member noted that NGESO had issued its [C16 Consultation](#) on changes to its procurement guidelines with regard to interconnector compensation. He encouraged Parties to respond to this.
- 11.2 Further NGESO had responded to Ofgem's [CMP343](#) minded to consultation and agreed with Ofgem that this should be delayed to April 2023, particularly due to the associated implementation challenges. However, NGESO does not expect this to affect the implementation of [P402 'Enabling reform of residual network charging as directed by the Targeted Charging Review'](#) at this stage.
- 11.3 The NGESO Panel Member also highlighted that at a future Panel meeting, the Panel should expect presentations from the Open Networks ENA programme and a presentation from NGESO on the Whole system Grid Code and digitalisation work. They would welcome the Panel's feedback on this.

12. **Ofgem Report**

- 12.1 The Ofgem Representative noted that a further consultation on the Codes Review would be issued in Summer 2021.

13. **Tabled Reports**

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

14. **Approval of 2022 BSC Panel Meeting Dates – (316/06)**

- 14.1 The BSC Panel:
 - a) **APPROVED** the proposed BSC Panel meeting dates for 2022; and
 - b) **APPROVED** their publication on the Elexon website.

15. **Any other business**

- 15.1 A Panel Member advised that Energy UK had drafted a new BSC Issue (shortly due to be raised) to look across BSC and Grid Code in relation to dynamic parameters and how they are used. This is in response to Ofgem's letter where generators were told that their dynamic parameters must say what they can physically do rather than allow any commercial consideration.

16. **Next meeting**

- 16.1 The next meeting of the BSC Panel will be held will be held in person at the Elexon offices in London on Thursday 12 August 2021, subject to government guidelines.