

# ELEXION

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**BSC Panel 316**

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Public

8 July 2021



# PART I: NON-MODIFICATION BUSINESS (OPEN SESSION)

# ELEXION

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## **Market-wide Half Hourly Settlement (MHHS) code change process – update**

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Verbal – Abid Sheikh & Anna Stacey (Ofgem)

8 July 2021

# Market-wide Half-hourly Settlement: Implementation and Governance Arrangements: Panel update (July 2021)



**Settlement Reform team**

## **Consultation on implementation and governance arrangements for MHHS (23 April 2021)**

- Obligations on parties – draft set of proposed code obligations
- Responses (received by 25 June). Key points –
  - Broad support for having code obligations
  - Some drafting and other issues to resolve prior to decision

## Role of the BSC Panel for these changes

Process step	When	Communicating with the Panel
Presentation of consultation proposals on draft code changes	13 May 2021	Gather initial Panel views
Review consultation responses and impact on code change drafting	July 2021	Feedback to Panel of any significant changes to drafting
Final decision on MHHS implementation and governance arrangements	August 2021	Update on final package of code changes - August Panel
Presentation of final code changes	September 2021	Panel recommendation sought
Decision on package of final code changes	Late September 2021	Panel informed of decision
Code changes implemented	Early October 2021	

Decisions on consultation and code changes (final implementation arrangements) – Summer/Autumn 2021

### SCR process – Option 3

Process Step	When	Panel involvement
Raise an Authority-led SCR modification – set out timetable to follow	August 2021	May need ad hoc Panel meeting – 19 August? Panel to follow timetable
Consultation – timetable to specify	August/September 2021	Panel/Elexon to prepare
Final Modification Report	September 2021	Panel recommendation – may need ad hoc Panel meeting?
Authority decision	September/October 2021	



**Our core purpose is to ensure that all consumers can get good value and service from the energy market. In support of this we favour market solutions where practical, incentive regulation for monopolies and an approach that seeks to enable innovation and beneficial change whilst protecting consumers.**

**We will ensure that Ofgem will operate as an efficient organisation, driven by skilled and empowered staff, that will act quickly, predictably and effectively in the consumer interest, based on independent and transparent insight into consumers' experiences and the operation of energy systems and markets.**





## PART II: MODIFICATION AND CHANGE BUSINESS (OPEN SESSION)

# ELEXION

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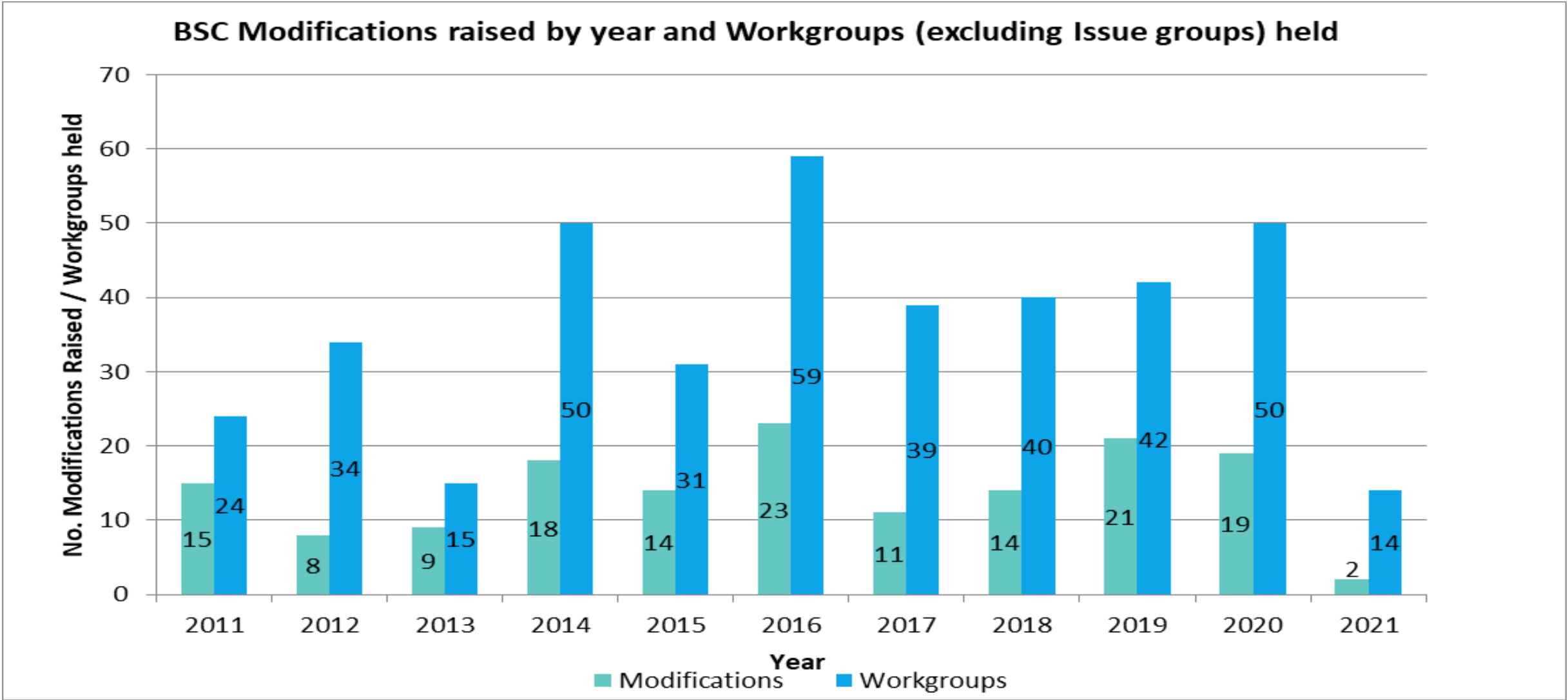
## **Change Report and Progress of Modification Proposals**

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316/02 - Lawrence Jones

8 July 2021

# BSC Modifications raised by year and Workgroups held



## BSC Modifications overview

Initial Written Assessment	P421
Assessment Procedure	P332, P395, P410, P412, P415, P419
Report Phase	P420
Urgent	-
With Authority (decision cut-off)	P376 (1 Oct), P416 (n/a)
Authority Determined (implementation date)	-
Self-Gov. Determined	-
Fast Track Determined	-
Withdrawn	-
Open Issues	Issue 91, Issue 92, Issue 93, Issue 94, Issue 95

## BSC Modifications approved timelines

	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22
P332 'Revision to the Supplier Hub'					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			
P420 'REC Consolidation SCR'	IWA		DMR								
P421 'Alignment with GC0144 for TERRE Market Suspension'			IWA		DMR						

# Modification Release Roadmap

2021			2022			2023			Un-allocated
Sep	Nov	Ad-hoc	Feb	Jun	Nov	Feb	Jun	Nov	
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
	P421 – TERE Market Suspension	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



‘Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations’

- P410 is effectively on hold whilst the Proposer, NEGESO, prepares a revised harmonisation methodology for approval by Ofgem
  - Expected to be issued to Ofgem soon
- ESO’s consultation on EBGL Article 52 Imbalance Settlement Harmonisation Amendment proposals, related to P410 progression, concluded on 21 June 2021
- If Ofgem approve the revised methodology we understand NEGSO will withdraw P410
- The timescales for Ofgem making a decision on the revised methodology are not defined and are therefore uncertain
- We therefore request a further four month extension to the P410 Assessment Procedure for the revised methodology to be submitted and an Ofgem decision reached

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

- We have awarded a contract 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.
  - The options will be presented to the P415 Workgroup
  - The Workgroup will recommend to the Panel which option to take forward
  - The Panel will decide, which option to take forward
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- CEPA will present the options to the Workgroup
  - CEPA will present the options to the Panel for decision at the September 2021 Panel meeting

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## Recommendations

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We invite the Panel to:

- a) **APPROVE** a four month extension to the P410 Assessment Procedure; and
- b) **NOTE** the contents of the July Change Report.

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**P421 'Align the BSC with Grid Code  
modification GC0144 for TERRE Market  
suspension'**

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316/03 – Chris Arnold & Joe Henry (NGESO)

8 July 2021

- **Issue**
- The BSC does not cover the TERRE suspension scenario detailed in paragraph BC4.10(c) of the Grid Code which was implemented on 26 May 2021
- BC4.10(c) relates to TERRE Market suspension as a result of the operators of the TERRE Central Platform [LIBRA] notifying National Electricity Transmission System Operator (NETSO) that the TERRE market has been or is to be suspended
- Additionally, provisions in the BSC outlining notification processes in the event of a TERRE Market suspension should be aligned with the Grid Code

- **Proposed solution**

- The solution changes the TERRE Market suspension provisions in BSC paragraph Q5A.1 to expressly provide for the circumstances detailed in BC4.10(c) of the Grid Code
- The provisions under Section Q5A detail notification requirements between Parties in the event of TERRE Market suspension. They also place obligations on NETSO and Elexon to determine specified information in relation to the start and end of the TERRE Market suspension



- The table below summarises the expected impacts on the Applicable BSC Objectives

Applicable BSC Objective	Rationale
a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence	Clarity and consistency on TERRE market suspension provisions across relevant Codes will aid the Transmission Company efficiently discharge its obligations in such an event
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Clarity and consistency on TERRE market suspension provisions will allow for more efficient and co-ordinated operation of the National Electricity Transmission System
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Clarity and consistency on TERRE market suspension provisions across relevant Codes will allow greater 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]	As the proposed amendments will ensure that the BSC accurately reflects the provisions relating to TERRE market suspension in the NCER this Modification would (in the event that the UK could participate in the TERRE market) aid compliance with a legally binding decision of the European Commission

# P421: Proposed Progression

## Straight to Report Phase

- 1 month consultation required due to EBGL impacts
- The Proposer believes that the Modification is of a minor or inconsequential nature and self evident

## Progression Plan

Event	Date
Present Initial Written Assessment to Panel	8 July 2021
Report Phase Consultation	14 July 2021 – 14 August 2021
Present Draft Modification Report to Panel	9 September 2021
Issue Final Modification Report to Panel	15 September 2021

## Implementation Date

- We recommend an Implementation Date for P421 of:
  - **4 November 2021** as part of the November 2021 BSC Release

## P421: Impacts & Costs

### Implementation Costs

Organisation	Item	Implementation	Comment
Elxon	Systems	£0	
	Documents	< £1k	The cost to implement this Modification is expected to be <£1k which are the costs associated with developing the legal drafting for Section Q
NGESO	Systems	£0	
Industry	Systems & Processes	£0	

### Impacts

- We expect a small impact to Suppliers, Generators and Virtual Lead Parties who may be required to updatedprocesses relating to TERRE market suspension in light of this Proposal

## Recommendations

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We invite the Panel to:

- a) **AGREE** that P421 progresses directly to the Report Phase;
- b) **AGREE** that P421:
  - i. **DOES** better facilitate Applicable BSC Objective (a);
  - ii. **DOES** better facilitate Applicable BSC Objective (b);
  - iii. **DOES** better facilitate Applicable BSC Objective (d); and
  - iv. **DOES** better facilitate Applicable BSC Objective (e);
- c) **AGREE** that P421 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC and is consistent with the EBGL Objectives;
- d) **AGREE** an initial recommendation that P421 should be **approved**
- e) **AGREE** an initial Implementation Date of:
  - i. **4 November 2021** as part of the November 2021 BSC Release
- f) **AGREE** the draft legal text;
- g) **NOTE** that Elexon will issue the P421 draft Modification Report (including the draft BSC legal text) for a one month consultation (as it impacts EBGL terms and conditions) and will present the results to the Panel at its meeting on 9 September 2021.

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**‘Reflecting NCER Rules in the BSC’**

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316/04 - Chris Arnold

8 July 2021

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## Issue and Proposed Solution

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### Issue

- The EBGL states 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 and so the BSC needs updating to reflect this approval

### Proposed solution

- This Modification will update the BSC to ensure it accurately reflects the BSC provisions constituting the NCER Rules in the mapping for EBGL Article 18 Terms and Conditions
- Amendments to definitions required to reflect the inclusion of NCER Rules as EBGL Article 18 terms and conditions
- This solution also contains a small number of unrelated housekeeping amendments:
  - Missing semi-colons at the end of definitions
  - Formatting of quotation marks; and
  - Missing 'Registered Capacity' definition from P364 Solution



## Applicable BSC Objectives

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- Elexon believes this Modification better facilitates Applicable BSC Objective (d) 'Promoting efficiency in the implementation of the balancing and settlement arrangements':
- 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)

# Proposed Progression

## Fast Track Self-Governance Modification

- We believe that this proposal meets all of the Fast Track Self-Governance Criteria as:
  - The Modification does not materially impact any of the Self-Governance Criteria; and
  - Is only required to correct minor inconsistencies which in this case is primarily limited to updating references
- Unanimous approval is required to progress as a Fast Track Self-Governance Modification

## Progression Plan

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

- We recommend an Implementation Date for this Modification of:
  - **5 August 2021** as part of an ad-hoc BSC Release

# Impacts & Costs

## Implementation Costs

Organisation	Item	Implementation	Comment
Elxon	Systems	£0	
	Documents	< £1k	The cost to implement this Modification is expected to be <£1k which are the costs associated with developing the legal drafting for Section F and X-1.
NGESO	Systems	£0	
Industry	Systems & Processes	£0	

## Impacts

- 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
- This Modification does not directly amend any provisions of the BSC that constitute EBGL Article 18 terms and conditions. There are no impacts on the EBGL Article 18 terms and conditions as a result of this Modification

## Recommendations

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We invite the Panel to:

**a) RAISE** the Modification Proposal Form in Attachment A:

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

- b) AGREE** that this Modification should be progressed as a Fast Track Self-Governance Modification;
- c) AGREE** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- d) AGREE** that is Modification **DOES** better facilitate Applicable BSC Objective (d);
- e) AGREE** that this Modification should be **approved**;
- f) AGREE** the legal text;
- g) AGREE** an initial Implementation Date of:
  - i. 5 August 2021** if the Modification is progressed as a Fast Track Self-Governance Modification; and
- h) 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.

# ELEXION

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**P420 'Retail Code Consolidation  
Significant Code Review'**

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316/05 – Andrew Grace

8 July 2021

## P420: Issue and Solution

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### Issue

- Ensure the BSC aligns with Ofgem's Retail Code Consolidation (RCC) Significant Code Review (SCR), which consolidates a number of existing codes into the Retail Energy Code (REC)
- The changes have a direct impact on the BSC:
  - Transfer of Supplier Volume Allocation (SVA) Metering arrangements
  - Updated cross-code change procedures
  - Consequential changes reflecting the close down of the Master Registration Agreement (MRA)

### Solution

- P420 makes the necessary changes to reflect the code governance changes implemented through the RCC SCR. Specifically, it will:
  - Ensure the BSC reflects the close down of the MRA.
  - Transfer operational procedures relating to Metering Point Lifecycle from the MRA to the BSC
  - Make the necessary changes to transfer SVA Metering arrangements to the REC
  - Facilitate a transition period for Metering Assurance.
  - Insert the required drafting to give effect to the Cross Code Steering Group (CCSG)
- Documents updated to reflect the changes
  - 15 BSC Sections
  - 49 Code Subsidiary Documents



# P420: Impacts & Costs

## Impacts

- Parties impacted:
  - Distributors
  - Suppliers
  - SVA Meter Operator Agents (MOA)
  - Elexon

## Costs

Party	Implementation	Ongoing
Elexon	£85k - £95k	<£1k

- Costs for Parties other than Elexon are linked to the RCC SCR and not P420
- Implementation costs consist of document updates, process changes and ongoing support to transition Assurance activities from BSC to REC
- Ongoing costs to support REC Performance Assurance Board (PAB) and CCSG

## P420 Consultation responses

Question	Yes	No	Neutral/ No Comment	Other
Do you agree that the redlined changes to the BSC deliver the intent of P420?	3	2	0	1
Do you agree with the Panel’s initial view that P420 does impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?	3	1	1	1
Do you have any comments on the impact of P420 on the EBGL objectives?	0	4	1	1
Do you have any further comments on P420?	4	2	-	-

- No respondents objected to the Panel’s recommendations that P420 does impact EBGL Article 18 terms and conditions related to balancing held within the BSC, noting they were not in a position to comment, or agreed with the initial assessment that the changes were minor
- Documents updated following Consultation responses and document configuration reviews, including adding housekeeping
- All Consultation responses agreed with Ofgem prior to updating documentation

## P420: Recommendations

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We invite the Panel to:

- a) **AGREE** with the evaluation of the Authority Led SCR Modification Proposal as detailed in the Final Authority Led SCR Modification report;
- b) **AGREE** that P420:
  - **DOES** better facilitate Applicable BSC Objective (d);
- c) **AGREE** 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) **AGREE** the impact on the EBGL objectives;
- e) **AGREE** that P420 should be **approved**;
- f) **AGREE** an initial Implementation Date of:
  - 1 September 2021; and
- h) **AGREE** the redlined text.



# PART III: NON-MODIFICATION BUSINESS (OPEN SESSION)

# E L E X O N

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**Minutes of previous meeting  
and Actions arising**

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Claire Kerr

# ELEXION

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**Chair's Report**

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Michael Gibbons

# ELEXON

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**Elexon Report**

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316/01 - Mark Bygraves

# ELEXION

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## Distribution Report

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Fungai Madzivadondo



# ELEXION

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**National Grid Report**

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Jon Wisdom

# ELEXION

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**Ofgem Report**

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Colin Down

# ELEXION

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**Panel Committee Reports**

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316/01A-E

# ELEXION

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## **Approval of 2022 BSC Panel Meeting Dates**

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316/06 – Claire Kerr

8 July 2021

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## Recommendations

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We invite the Panel to:

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

MEETING CLOSE

# ELEXON

THANK YOU

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