

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.

317/01 Elexon Report

BSC Panel

Date of meeting	12 August 2021
Paper Number	317/01
Owner/author	Mark Bygraves
Purpose of paper	For Information
Classification	Public
Summary	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.

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 published, on behalf of the MHHS Programme (Implementation Manager), a consultation on the details of the proposed MHHS Programme governance framework on the BSC website (in lieu of the MHHS Programme's website going live).

We have also noted that the Elexon Board approved the budget for MHHS implementation programme.

We have highlighted the Government and Ofgem's consultations on proposals for Energy Code Reform and for a Future System Operator.

Target Audience

Elexon's customers and the wider industry.

Contents

I. Coronavirus News	2
II. Elexon News	2
III. European Developments	3
IV. Operational News	3
V. Contract for Difference and Capacity Market Settlement News	5
VI. Cross-Code News	6
VII: Summaries of Panel Business – Tabled	6
VIII: Recommendations	7
Attachments	7

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 expect more colleagues to attend the office from September (assuming the continuation of the vaccination programme and no changes to government guidance).

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.

II. Elexon News

Consultation Responses

We have responded to one consultation since our last update to the Panel as follows:

- **Ofgem's consultation on [Switching Programme Significant Code Review: Retail Energy Code v3.0](#)**

In our response we:

- Provided some comments around the redlining of REC v3.0 noting that some other parameters needed to be confirmed before Elexon proceeds with the required redlining;
- Asked for clarification around CR-D059 'Changes to support Energy Company Data'; and
- Made some comments with regards to the Energy Market Data Specification (EMDS) and around the governance arrangements for the Supplier Meter Registration Service (SMRS).

Elexon building the path to Net Zero

At Elexon, we prioritise enabling innovation within the industry, and facilitating the changes needed in the energy industry to achieve Net Zero. Ahead of the COP26 Elexon joined the [SME Climate Hub](#) and the [Race to Zero International Campaign](#). We have committed to halving our greenhouse gas emissions by 2030 and reaching Net Zero emissions by 2050. We have also approved or are progressing BSC Modifications and programmes, which facilitate Net Zero in the short term, medium term and long term.

Some of the most exciting Modifications and programmes are: Wider Access, Metering behind the Boundary Point, Open BSC Data, Elexon Kinnect, MHHS, and the BSC Sandbox.

At Elexon, we consider ourselves as innovation facilitators within the energy industry and we would equally like to inspire our stakeholders and the industry to make positive commitments towards Net Zero. This is a great opportunity ahead of COP26 to reduce our carbon footprint and show our commitment to achieving Net Zero. A joint collaborative effort is required to ensure we move towards a greener and brighter future.

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

III. Industry News

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 NGESO 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 NGESO.

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 NGESO. 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:

- The Commission's new 'fit for 55' package was published on 14 July 2021 – this is the EU's plan to reduce emissions by 55% by 2030 compared to 1990. Very broadly, the proposals can be divided into three key areas:
 - Review of the Emissions Trading Scheme (ETS) and its extension to maritime transport, buildings and road transport, and a proposal for a carbon border adjustment mechanism (CBAM);
 - Measures addressing emissions in the transport sector; and
 - Higher targets for renewable energy and energy efficiency and accompanying measures.
- ENTSO-E is considering whether there should be a maximum value of the cross-border marginal price (CBMP) – essentially limiting the price for trades on balancing platforms – their reasoning is that as not all parties are fully operational, there is a potential for price distortion between limited markets - TERRE being a good example.

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 attraction 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.

IV. Operational News

Government and Ofgem consult on proposals for Energy Code Reform and for a Future System Operator

On 20 July 2021, the Government published a set of consultations and calls for evidence that mark the next steps on the road to deliver Net Zero. Included in these were consultations on the design and delivery of [reforms](#) for the code governance framework, and [proposals](#) for a Future System Operator role.

We welcome these consultations as part of the delivery of Net Zero and support the objective of providing strategic direction and encouraging consolidation and simplification of the code landscape. We have been calling for reform of the code governance arrangements for a number of years and earlier this year we put forward [options](#) for how the gas and electricity system operator roles could be reformed alongside the codes. We also welcome that the Government and Ofgem have recognised that Elexon should retain its operational independence, and remain appropriately accountable to the industry it serves.

We believe that reform of the governance arrangements is essential, to support progress to Net Zero. We have been engaging with the Government and Ofgem over the past few years on this, and we have inputted our views. We will respond to the and look forward to assisting the Government and Ofgem in implementing subsequent reforms.

June 2022 BSC Release: Review of P375 Configurable Items

We have uploaded the latest Business Requirements for Modification [P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'](#) to assist in the review of the Configurable Items amended for P375.

The P375 Business Requirements have changed from those noted by the BSC Panel at its December 2020 meeting to reflect the new and amended processes agreed by the P375 Industry Expert Group in Q1 2021. The P375 Configurable Items were circulated for a 20 Working Day review on 5 July 2021, with responses to be returned by 2 August 2021.

Kinnect Platform on track to deliver 2021/22 objectives

Overall the Kinnect Programme remains on budget with £26.3m of investment in progress, of which £14.9m has been spent to date. The remaining £20.3m is 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
14.9	11.4	20.3	46.6	46.6	0

Settlement Solution - Migration of the legacy SAA to the Kinnect Platform is continuing to make good progress but the Project is reporting a red project status and is proposing to re-baseline the project in August 2021 to adjust for a small delay in the start of testing of Drop 1 (now scheduled for w/c 9 August). Drop 1 includes Metered Volumes and Transmission Loss Multipliers, Balancing Mechanism Volumes, and Replacement Reserve and Balancing Services Volume. The delay is due to additional work to deliver a complete set of Must Have user stories. The project is expected to return to green on 13 August 2021 should Elexon governance accept the proposal to move the end date by up to three weeks. Development of the remaining system elements - Drop 2 - is being progressed in parallel and is due to be delivered in October 2021. This will be followed by testing and parallel runs with SAA migration to Kinnect to conclude in April 2022.

Insights Solution - The Insights Solution project is progressing well, with sprint two completed. This involved setting up infrastructure for data ingestion within Azure Data Lake and a database engine for reporting. Two APIs have been developed and are now operational and the Analysis and Insight Product team will demonstrate progress to BMRS Change Board on 13 August to gather their feedback.

Engagement with the Data and Reporting User Group, which comprises over 150 industry professionals, has begun. One hour interviews have been arranged with participants starting from 2 August 2021. The interviews will gather customer feedback on current data and reporting arrangements via the BMRS as well as future requirements. Release 1 remains on track to go live in October 2021, and will deliver interconnector fuel type reporting in the new Insights Solution.

Customer Solution - Testing for the required changes to SVAA for Ofgem's Targeted Charging Review (TCR) has been completed and we are looking to gain SVG approval to continue with the TCR MDD volumes. The Party Management Product team are finalising requirements for Release 3 of the Elexon Kinnect Customer Solution. They 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 to obtain feedback on how they find using the solution. Any feedback we receive will be incorporated in future changes.

Technical Assurance Agent Management Tool (TAAMT) Demonstration on 6 August 2021

The Technical Assurance Agent (TAA) will be hosting a demonstration of the new upgraded TAAMT system, used for the administration of the Technical Assurance of Metering (TAM) audits. Elexon and the TAA will walk through the new system and also give TAAMT users an opportunity to ask questions.

For the avoidance of doubt, this demonstration will focus on the TAAMT system, not the TAM technique itself. As such, it will only be relevant to TAAMT users. The event will be hosted remotely at 10:00-11:30 on Friday 6 August 2021. Please sign up at the following [link](#) to receive more information.

Credit Assessment Price (CAP) increased on 3 August 2021 from £77/MWh to £96/MWh

On 3 August 2021, the CAP value increased from £77/MWh to £96/MWh. As a result of the increase, Parties may notice a change in their Credit Cover Percentage and should review the amount of Credit Cover lodged. Further information can be found on the following [webpage](#).

Erroneous SAA I014 file sent

On 14 July 2021, BSC Parties will have received an extra SAA I014 file for the Final Reconciliation (RF) run type for the Settlement date 26 May 2021. This file was released in error so it should be deleted. The RF file for Settlement Date 26 May 2020 is correct and should be loaded as normal.

If anyone has any questions, please contact the [BSC Service Desk](#).

BSC Insights

Update on Settlement Performance during the COVID-19 pandemic

In this [Insight](#) article, Mehdi Jafari provides an update on the Settlement Performance during the COVID-19 pandemic. This BSC Insight follows on from a previous BSC Insight we published to show how the COVID-19 pandemic had affected suppliers' performance in 2020 and 2021. Our analysis shows:

- Half Hourly (HH) Performance of Import sites shows a slight improvement in 2021 from 2020;
- HH Performance of Export sites was not affected by the COVID-19 pandemic and has always been higher than 99%. Note Elexon only monitor the performance of Import sites; and
- Non Half Hourly (NHH) performance is also improving in 2021 from last year.

The Analysis and Insight team are keen to analyse our BSC data to provide insight which is useful to our BSC Parties. If you have an idea for a potential BSC Insight article, please email 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 July can be found on the following [webpage](#) and for August at the following [webpage](#). These include information on any new qualifications and registrations, new market participants, withdrawals and defaults.

V. Contract for Difference and Capacity Market Settlement 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.

The following EMR Circulars have been issued since the last Panel meeting:

- **EMRC233:** Suppliers to receive Capacity Market Credit Cover and Supplier Charge schedule for the upcoming Delivery Year

All previous EMR Circulars are available to download from the [EMRS Circulars page](#) of the EMRS website.

VI. Cross-Code News

Market-wide Half Hourly Settlement (MHHS) Programme Governance Framework issued 30 July 2021

On 30 July 2021, Elexon, on behalf of the MHHS Programme (Implementation Manager), published a [consultation](#) on the details of the proposed MHHS Programme governance framework on the BSC website (in lieu of the MHHS Programme's website going live).

The MHHS Programme has been developing this governance framework in conjunction with Ofgem to enable effective programme decision making. The objective is to create a high level framework that will evolve to adapt to programme needs over time. The MHHS Programme is therefore seeking views from all MHHS programme participants on the governance framework, before publishing the high-level framework in August or September 2021.

The MHHS Programme requests that all response are sent to SRO@mhhsprogramme.co.uk by 20 August 2021.

Elexon's Board approves budget for Market-wide Half Hourly Settlement (MHHS) implementation programme

Elexon's Board has approved a budget of £14.5m for the first year (2021/22) of the implementation programme for MHHS. Elexon is managing the implementation of the industry-led MHHS Programme and as such is the Senior Responsible Owner and Programme Manager.

Ofgem expects MHHS Programme implementation to complete by October 2025. We issued a [budget document](#) for comment in May 2021 which, as well as the financial aspects of the Programme, also provided stakeholders with information on the objectives, structure and governance arrangements for the implementation programme.

Following discussion of the comments received, Elexon's Board agreed the budget at its July 2021 meeting and noted that the £14.5m included a not insignificant level of contingency given the uncertainty of costs at this stage. The costs for the MHHS implementation programme will be paid for by Suppliers, as set out in the [P413 'Enable Elexon to be the Programme Manager for the implementation of Market-wide Half Hourly Settlement'](#) Alternative Modification, which was approved by Ofgem in April 2021.

Payment of the first monthly invoices for the programme began in July as set out in Elexon Circular [EL03322](#). Elexon is a not for profit company therefore any unused amounts from the budget will be returned to Suppliers.

A paper was also presented to the BSC Panel at its meeting on 8 July 2021, which provided a summary of the responses received on the draft MHHS Programme Budget and the Board's decision to approve the 2021/22 budget. You can read the [paper](#) on the BSC Panel area of our website.

Code Administration Code of Practice (CACoP) July 2021 Newsletter published

The CACoP Forum has published its quarterly newsletter this month. The newsletter contains key updates, CACoP forum meeting dates and the latest CACoP related news and developments. This can be found on the [CACoP Forum](#) page of our website.

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.

VIII: Recommendations

We invite the Panel to:

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

Attachments

Attachment A – Elexon monthly KPIs

Attachment B1 - Report from the ISG (public)

Attachment B2 - Report from the ISG (confidential)

Attachment C1 – Report from the SVG (public)

Attachment C2 – Report from the SVG (confidential)

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:

Mark Bygraves, Chief Executive Officer,

mark.bygraves@elexon.co.uk, 020 7380 4137

