

Minutes

BSC Panel

Meeting number **317**

Venue **Elexon Offices/Video Conference**

Date of meeting **Thursday 12 August 2021**

Classification **Public**

Attendees and apologies

Attendees

Michael Gibbons	MG	BSC Panel Chair
Phil Hare	PH	Deputy BSC Panel Chair (and alternate for DD and DB part-meeting)
Colin Down	CD	Ofgem Representative
Jon Wisdom	JW	NGESO Panel Member
Andrew Colley	AC	Industry Panel Member (and alternate for LW part-meeting)
Lisa Waters	LW	Industry Panel Member (Part-Meeting)
Mark Bellman	MBe	Industry Panel Member
Rhys Kealley	RK	Industry Panel Member
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member (Part-Meeting)
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ed Rees	ER	Consumer Panel Member
Andy Manning	AM	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
Claire Kerr	CK	BSC Administration and Configuration Manager
Elliott Harper	EH	Modification Secretary
Chris Arnold	CA	Elexon (Part-Meeting)

Attendees and apologies		
Mark DeSouza-Wilson	MD	Elexon (Part-Meeting)
Chris Welby	CW	Elexon (Part-Meeting)
Alina Bakhareva	AB	Elexon (Part-Meeting)
Thomas Demetriades	TD	Elexon (Part-Meeting)
Tirath Maan	TM	Elexon (Part-Meeting)
Andrew Margan	AM	Elexon (Part-Meeting)
Eden Ridgeway	ERi	Elexon (Part-Meeting)
Kelly Ings	KI	Elexon (Part-Meeting)
Aylin Ocak	AO	Elexon (Part-Meeting)
Stanley Dikeocha	SD	Elexon (Part-Meeting)
Joseph Henry	JH	NGESO (Part-Meeting)
Laetitia Wamala	LWa	NGESO (Part-Meeting)
Frank Kabisante	FK	NGESO (Part-Meeting)
Mark Herring	MH	NGESO (Part-Meeting)
Abid Sheikh	AS	Ofgem (Part-Meeting)
Anna Stacey	ASt	Ofgem (Part-Meeting)
Colette Baldwin	CB	Gemserv (Part-Meeting)
Apologies		
Diane Dowdell	DD	Chair Appointed Industry Panel Member

1. Introduction

- 1.1 The Chairman noted apologies from Diane Dowdell and that Phil Hare was her alternate.

Part I: Non-Modification Business (Open Session)

2. Whole System Grid Code Project – (Verbal)

- 2.1 Laetitia Wamala (LWa) from NGESO provided the Panel with a [presentation](#) on the Whole System Grid Code Project. The concept was introduced by the RIIO-2 ambition to work with all stakeholders to create a fully-digitalised Whole System Grid Code by 2025.
- 2.2 The Ofgem Representative thanked NGESO for recognising Ofgem's role in enabling any consolidation (and links to the Energy Codes Review). Further, they added that it would be sensible for NGESO and Ofgem's internal Energy Codes Review Steering Group to have a discussion to establish any links between the two and the proposed progression timetables. Mark Herring (MH) from NGESO added that previous conversations between NGESO and Ofgem had taken place in June 2021 which was prior to the Energy Codes Review consultation being issued.
- 2.3 A Panel Member expressed concern that the consultation appeared to be more technical than it needed to be and was therefore of the view that only a minimal number of responses would be received.
- 2.4 A Panel Member noted the digitalisation of the data market platform and queried how consolidated this is and the implications on the BSC which relies on the technical data e.g. BMRS. LWa advised that as part of the

consolidation and rationalisation pieces, the intention is for all links with the BSC to be retained (not modified in any way).

- 2.5 A Panel Member also queried how this was included as part of RIIO-2 when BEIS/Ofgem's Energy Codes Reform is currently ongoing. They were concerned that this is not good value for customers' money. LWa advised that this was something that was suggested as part of industry stakeholders' feedback and as such was included in NGESO's Business Plan. However, she advised that she saw this as an opportunity to influence the Energy Codes Reform. MH added that as part of the consultation, NGESO would be asking for views on what work the industry would consider valuable now (i.e. any 'quick wins') before any outcomes of the Energy Codes Reform.
- 2.6 The Chair noted that the Energy Codes Reform does not detail consolidation of codes but that there will be a consultation issued on this at a later date. The Ofgem Representative advised that the date of this is still to be confirmed. Further, they agreed that Ofgem/NGESO need to ensure that there is no wasted effort but noted that consolidation is in line with the Energy Codes Review.
- 2.7 A Consumer Panel Member commented that a number of the code bodies are already progressing plans for digitalisation of their codes on different platforms; they therefore noted that there already appears to be a risk of duplicated effort. They also commented that the risks of transition and implementation appear to be absent from NGESO's consultation, which they believed to be a key element of this work. LWa advised that there is no influence at this time; this is largely dependent on the outcome of the Energy Codes Review and who the Code Manger will be.
- 2.8 The DSO Representative noted that NGESO had been collaborating with some DNOs. From the Energy Networks Association (ENA)'s perspective, they would want both DNOs and IDNOs to be involved in the process to understand the reasons behind consolidation at this time and to discuss the end goal. They agreed that workgroups might be required given the technical nature of the topic involved.
- 2.9 The Chair queried the quantification of costs (full costs for industry and not just NGESO's costs). LWa agreed that it would be sensible to include these as well as the benefits as part of the various options in the consultation.
- 2.10 A Panel Member queried whether a consultation option could be for just digitalisation rather than consolidation and digitalisation as they were concerned of change fatigue. LWa again agreed to consider this suggestion as part of the consultation document.
- 2.11 The BSC Panel:
a) **NOTED** the update.

3. Market-wide Half Hourly Settlement (MHHS) Implementation Update – (Verbal)

- 3.1 Abid Sheikh (AS) and Anna Stacey (ASt) from Ofgem provided an [update](#) on its decision in relation to MHHS implementation and governance arrangements.
- 3.2 ASt advised that Ofgem published its decision on 11 August 2021 and now expected to put forward a BSC Authority-led Modification in preparation for the ad-hoc BSC Panel meeting on 19 August 2021. ASt advised that a number of changes and clarifications had been made to the proposed BSC code changes and the Governance Framework.
- 3.3 ASt asked the Panel to note that a number of industry respondents had provided feedback including in relation to central management costs. ASt advised that Ofgem had responded to this in a number of ways:
- Ofgem has included an obligation on Elexon as Implementation Manger (IM) to undertake duties economically and efficiently;
 - Included a requirement for the Programme Steering Group (PSG) to scrutinise the central programme management budget (annually and for budget revisions). This will require Elexon to provide responses to respondents who provide comments and take them into consideration when finalising the budget;
 - Added in a sunset clause so that this can easily be removed from the BSC once Ofgem considers the MHHS programme complete;
 - A number of amendments had been made to better reflect the relationship between Elexon as IM and the Independent Programme Assurance (IPA);

- Further details provided on BSCCo separation arrangements and potential conflicts of interest;
 - Further clarification on IM role;
 - Amendment to clarify how IPA will consider delays when assessing threshold for Ofgem intervention;
 - Clarification that impact assessments will cover total costs to industry as a whole as well as different classes of MHHS participants; and
 - Other minor clarifications (provided in Appendix 2 of Ofgem’s decision document).
- 3.4 A Panel Member observed the IPA assessing the threshold for Ofgem intervention and queried whether this is for the £20million contingency. ASt advised that there are a number of thresholds for Ofgem intervention with different criteria; however the threshold referred to is in relation to total industry cost and whether there is a change to Ofgem’s baseline impact assessment.
- 3.5 A Panel Member was also concerned that as well as central Programme implementation costs, Suppliers would also be picking up the Data and Communications Company (DCC) and Elexon’s Central System costs. ASt acknowledged the concern but noted that both the DCC and Elexon have well-established cost-control mechanisms; the DCC costs are managed by DCC price control and Elexon costs are managed by their Annual Budget. Therefore Parties have the opportunity to provide comments if they have any concerns on costings. AL observed that it is the reporting of such other costs by the central Programme, rather than the management of them, that appeared to be the Panel Member’s concerns and agreed to discuss this with Ofgem and the Panel Member offline.
- 3.6 A Panel Member observed that the PSG could be considered quorate without all four Supplier representatives present and believed this to be a risk as decisions could be made without representation from a segment of the supply community. The Panel Member therefore suggested that PSG Representatives should be able to appoint an alternate and that four Supplier representatives must be present to be quorate. ASt reiterated that Ofgem consulted on the governance framework but had made its final decision on this. Once implemented, any Party is able to raise a change and make their case for changes to this. Elexon advised that the MHHS programme is consulting on the lower-level governance arrangements that sit under the Ofgem governance framework. This details that alternates will be allowed to attend if the representative is unable to make the meeting and this will be taken to the first PSG meeting for consideration.
- 3.7 A Panel Member reiterated their concerns that the appointment of the Cross Code Advisory Group does not involve the Code Administration Code of Practice (CACoP). In their view, this was an excellent opportunity to strengthen the industry position of CACoP, while bypassing it in this way would only further diminish any influence it has.
- 3.8 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

4. Change Report and Progress of Modification Proposals – (317/02)

- 4.1 The Modification Secretary [presented](#) the Change Report and progress of Modification Proposals.
- 4.2 In relation to [P410 ‘Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations’](#), Elexon outlined that NGESO had withdrawn its proposal to Ofgem upon request, due to a procedural matter, and will be re-submitting an updated Imbalance Settlement Harmonisation proposal shortly. The NGESO Panel Member clarified that this was so that Ofgem does not miss its statutory deadline. This is the most pragmatic approach as it will enable NGESO to receive a decision sooner rather than later. P410 will therefore remain on hold throughout this process until an Ofgem decision on NGESO’s proposal is reached.
- 4.3 In relation to [P332 ‘Revisions to the Supplier Hub Principle’](#), the Modification Secretary advised that it was likely that the Assessment Report would be a late paper for the September 2021 meeting. A Panel Member was concerned at potentially receiving P332 late as it had been an ongoing Modification for a number of years and therefore would prefer to have the standard paper review timescales to ensure it received the due consideration

it deserved. The Panel agreed that it would therefore be sensible to delay receiving the paper until the October 2021 Panel meeting, if the P332 Assessment Report cannot be completed, due to timings of the Workgroup meeting, in the standard Panel paper timescales.

- 4.4 In relation to [P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'](#), the Modification Secretary advised that the Workgroup have recommended option 5 'Market Modelling – Wholesale and Network Impacts' of the cost-benefit analysis options. The full options paper will be presented to the Panel in September 2021.
- 4.5 The Modification Secretary noted that the Panel Strategy includes an item related to exploring how to make the BSC Change process faster. They therefore wanted to get a steer on what any scope should include and what impacts this would have on the Energy Codes Review. A Panel Member suggested that it might be useful for a short survey to be issued to industry participants to also gauge their feedback on this. The Panel agreed to provide any comments or suggestions to the Panel Secretary in time for the September 2021 Panel meeting.

ACTION 317/01

- 4.6 Colette Baldwin (CB) from Gemserv [presented](#) on the Retail Energy Code (REC) Release schedule. Currently, the gas and electricity industry operates separate Release dates with the electricity industry implementing on Thursdays and the gas electricity implementing on Fridays. The introduction of the REC and the Central Switching Service (CSS) will require an aligned Implementation Date for changes to the REC.
- 4.7 In relation to the proposed June 2022 Release date, a Panel Member noted that it is not yet clear whether the CSS changes will be made before or after that date and therefore recommended that no other changes are made at this time given the complexity of the changes. CB agreed to feed this back internally.
- 4.8 The Modifications Secretary sought the Panel's feedback on whether the BSC should align its Release dates to those proposed under the REC. A Panel Member commented that in principle it seems sensible to align the electricity and gas Release dates. However they queried why the REC had instead not aligned with implementing on a Thursday and what the risk would be for the BSC in moving from a Thursday to a Friday. CB advised that it had taken feedback from its Service Providers to determine the most appropriate Release schedule for REC to operate. She noted that changes to REC would become effective from midnight on the day of the Release, which means that there would still be a Working Day between changes to the REC and the weekend. Additionally, having the weekend to unwind any issues that may arise from a particular Release will be less disruptive for industry.
- 4.9 Elxon welcomes any further views from Panel Members ex-committee and noted that it will be publishing a short survey to gather views from BSC stakeholders.
- 4.10 The BSC Panel:
- a) **APPROVED** a one month extension to the P332 Assessment Procedure;
 - b) **ENDORSED** Elxon's approach to the P375 configurable items;
 - c) **COMMENTED** on the Panel strategy;
 - d) **COMMENTED** on the standard Release approach; and
 - e) **NOTED** the August Change Report.

5. [P421 'Align the BSC with Grid Code Modification GC0144 for TERRE Market suspension' – \(317/03\)](#)

- 5.1 A Panel Member queried whether there is an obligation on the Grid Code Review Panel to keep aligned to the BSC as they did not agree that this should be a one-way obligation. Joseph Henry (JH) from NGESO agreed to investigate this offline.
- 5.2 A Panel Member noted that in the P421 update paper an implication was identified that not progressing this Modification at this time was inefficient. The Panel Member therefore queried how this inefficiency arises. Elxon explained that the inefficiency is as a result of the development of new supporting Modification documentation as well as the Elxon time required to get up to speed with the Modification as they may not be the same individuals working on P421. JH advised that as part of the Grid Code Modification it had been acknowledged that there may be duplication of industry effort as a whole on this in the future.
- 5.3 A Panel Member observed that including the TERRE provisions in the BSC at all could be confusing for new entrants as GB is not currently in TERRE and so the provisions are currently not being used. JH agreed that

this Modification could be confusing for new entrants but has the benefit of ensuring that there is consistency between the two codes.

- 5.4 A Panel Member queried whether this Modification would be required for a GB-only TERRE. JH advised that this is something that NGESO is currently looking at. Another Panel Member believed it to be inefficient to introduce obligations into the BSC that are never going to be used. JH acknowledged the concern but in NGESO's opinion, there are implicit obligations which require the codes to align and therefore this is necessary. Further, this view has been agreed by both the Elexon Legal and ESO Legal teams.
- 5.5 A Panel Member queried why Elexon is instead not removing all obligations from the BSC instead. Elexon noted that it had discussed this but it was agreed that this would involve more work than P421, which would take minimal effort to implement. Another Panel Member queried why NGESO is therefore not removing all the obligations from its codes. JH advised that it would be equally as cumbersome to remove the references now as it had been to include them.
- 5.6 The Panel unanimously disagreed that P421 better facilitates Applicable BSC Objective (b) as they did not believe there to be an impact on the coordination and efficient running of the Transmission System. The Panel also disagreed by majority that P421 better facilitates Applicable BSC Objective (d).
- 5.7 The BSC Panel:
- a) **AGREED** that P421 progresses directly to the Report Phase;
 - b) **AGREED** that P421:
 - i. **DOES** better facilitate Applicable BSC Objective (a);
 - ii. **DOES NOT** better facilitate Applicable BSC Objective (b);
 - iii. **DOES NOT** better facilitate Applicable BSC Objective (d);
 - iv. **DOES** better facilitate Applicable BSC Objective (e);
 - c) **AGREED** that P421 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC and is consistent with the EBGL Objectives;
 - d) **AGREED** an initial recommendation that P421 should be approved;
 - e) **AGREED** an initial Implementation Date of:
 - i. **4 November 2021**, if the Authority's decision is received on or before 28 October 2021; or
 - ii. **24 February 2022**, if the Authority's decision is received after 28 October 2021 but before 3 February 2022;
 - f) **AGREED** the draft legal text; and
 - g) **NOTED** 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 14 October 2021.

6. **P422 'Reflecting NCER Rules in the BSC'– (317/04)**

- 6.1 Two Panel Members were of the opinion that P422 does impact the EBGL Article 18 terms and conditions held within the BSC on the basis that the Annex F2 mapping in the BSC is an integral part of the EBGL Article 18 terms and conditions. Elexon explained that they did not believe that P422 impacts the EBGL Article 18 terms and conditions on this basis as the Annex F2 mapping does not reference itself.
- 6.2 The BSC Panel:
- a) **AGREED** that P422:
 - i. **DOES** better facilitate Applicable BSC Objective (d);
 - b) **AGREED** by majority that P422 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
 - c) **DETERMINED** (in the absence of any Authority direction) that P422 is a Self-Governance Modification Proposal;
 - d) **APPROVED** P422;
 - e) **APPROVED** an Implementation Date of:

- i) **6 September 2021** as part of a non-standard BSC Release;
- f) **APPROVED** the draft legal text; and
- g) **APPROVED** the P422 Modification Report.

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 316. Elexon presented the actions and associated updates for the August Panel meeting.

8. Chair's Report

- 8.1 The Chair highlighted that a Credit Assessment Price (CAP) consultation had been [issued](#) to increase the CAP to £113/MWh from the current value of £96/MWh.
- 8.2 The Chair noted that a cross-code Panel Chairs meeting with Ofgem and BEIS was held on 29 July 2021. All the Panel Chairs agreed that there needed to be further clarity on the problem the Energy Codes Reform is trying to solve (coordination of strategic change rather than competition), consolidation of codes should not be treated entirely separately, tendering would be highly disruptive, there is a need for licensing to be narrow in scope and there were concerns expressed around resourcing of the strategic body. A meeting is going to take place on 6 September 2021 for the Panel Chairs to produce a combined view.
- 8.3 The Chair advised that there is an Energy Institute policy debate on Energy Codes Reform and Future System Operator Reform on 16 September 2021. He urged Panel Members to attend if they were interested.

9. Elexon Report – (317/01)

- 9.1 MB welcomed Panel Members back into the Elexon Offices and advised that the Elexon offices are fully reopening from 1 September 2021 including for external visitors and meetings.
- 9.2 MB advised that in relation to the MHHS programme, despite only being appointed at the end of April, Elexon had recently issued the procurement request for proposals for a lead delivery partner. Two Panel Members confirmed they had been kept informed of progress on the development of the RFP as previously agreed.

10. Distribution Report

- 10.1 The DNO Representative commented that in relation to the CCDG discussions, DNOs and IDNOs have agreed to attend sub-group meetings as required.

11. National Grid Report

- 11.1 The NGESO Panel Member noted that the 2021 incentives outcome for ESO was published and they were awarded £5million.
- 11.2 The NGESO Panel Member also noted that Ofgem has been in discussions regarding the mechanisms for Residual Cashflow Reallocation Charge (RCRC). As part of the Balancing Services Use of System (BSUoS) taskforce report, it was agreed that an Issue Group should be set up under the BSC so NGESO will be looking to discuss this with Elexon as soon as possible.

12. Ofgem Report

- 12.1 The Ofgem Representative noted that the Energy Codes Reform [consultation](#) and Proposals for a Future System Operator [consultation](#) had been issued with responses due by 28 September 2021.
- 12.2 Further, Ofgem had [published](#) its Annual Review into whether conditions are in place for effective competition in domestic supply contracts; overall conclusions indicated that conditions had not been met so Ofgem's recommendation is that the price cap should be extended to the end of 2022.
- 12.3 Additionally, BEIS/Ofgem had [published](#) a consultation on addressing Supplier payment defaults under the Renewables Obligations (RO), with responses due by 9 November 2021.

13. Tabled Reports

- 13.1 The BSC Panel noted the reports from the ISG, SVG, PAB, TDC, BCB, the Trading Operations Headline Report and the System Price Analysis report.
- 13.2 In relation to the SVG Headline Report, a Panel Member noted that at the August 2021 SVG meeting, an application was heard for an Exempt Supply. Although the application was approved, the SVG made it clear that they would not entertain any further applications due to concern over the process. The SVG had expressed concern that an enduring solution had still not been found and had become increasingly uncomfortable with the interim solution. Elexon will write a paper for the September 2021 Panel meeting to address the SVG's concerns and proposing new steps. Additionally, [Issue 96 'Assessing the reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licenced supply'](#) had now been raised in relation to this.
- 13.3 A Panel Member queried how many applications are usually presented to the SVG annually. Elexon advised that there had been three so far in 2021 but that Elexon had a number of applications waiting to be processed.
- 13.4 A Panel Member queried whether the paper would include a brief assessment of the legal position. Elexon agreed to ensure a link to the legal position provided by Elexon's legal team is included in the paper.
- 14. Funding Shares Audit Findings – (317/05)**
- 14.1 The BSC Panel:
- a) **NOTED** the findings of the 2020/21 Funding Shares Audit.
- 15. Any other business**
- 15.1 There was no other business raised by any Panel Members.
- 16. Next meeting**
- 16.1 The next meeting of the BSC Panel will be held in the Elexon Offices in London and via video conference on Thursday 9 September 2021.