

# ELEXION

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**BSC Panel 317**

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Public

12 August 2021



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

# ELEXION

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**Whole System Grid Code Project**

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Verbal – Laetitia Wamala (NGESO)

12 August 2021

A landscape photograph featuring snow-capped mountains under a dramatic, cloudy sky. In the foreground, several bright, glowing yellow lines, resembling energy or data streams, curve across a grassy field. The lines originate from the left and curve towards the right, following the contours of the land.

# Whole System Code

July 2021

nationalgridESO

# Contents

1. Recap of the whole system code concept
2. Discussion of how to best consult on identified themes:
  - a) Key benefits of increased whole system alignment of the technical codes
  - b) How to most effectively realise the key benefits
  - c) Potential solutions to realise benefits.
  - d) Effective collaboration with industry during development
  - e) Enduring arrangements within industry
  - f) Digitalisation
3. Next steps

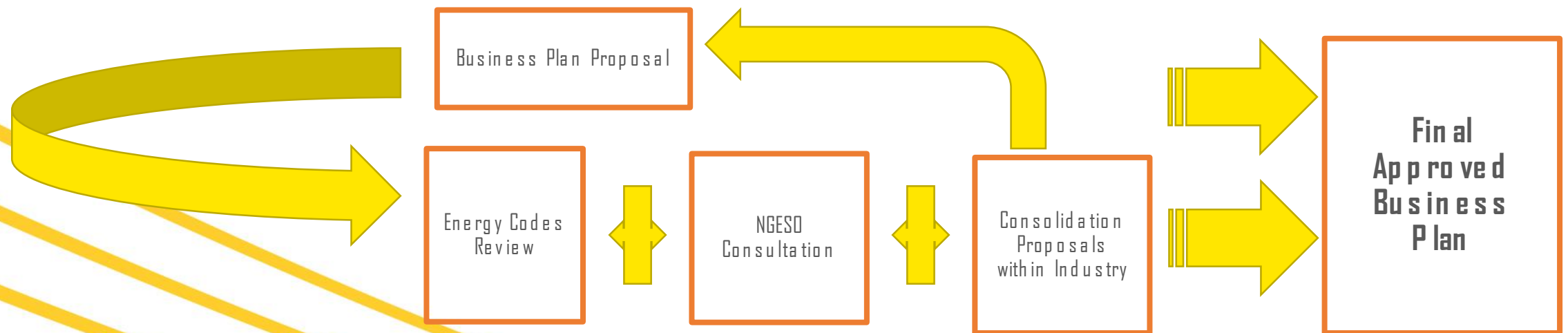
## **Purpose for this discussion**

- To share feedback received to date
- To gather input for the planned consultation paper

# Recap: Introducing the Whole System Code Concept

RIO-2 **ambition** to work with all stakeholders to create a fully-digitalised, Whole System Grid Code by 2025

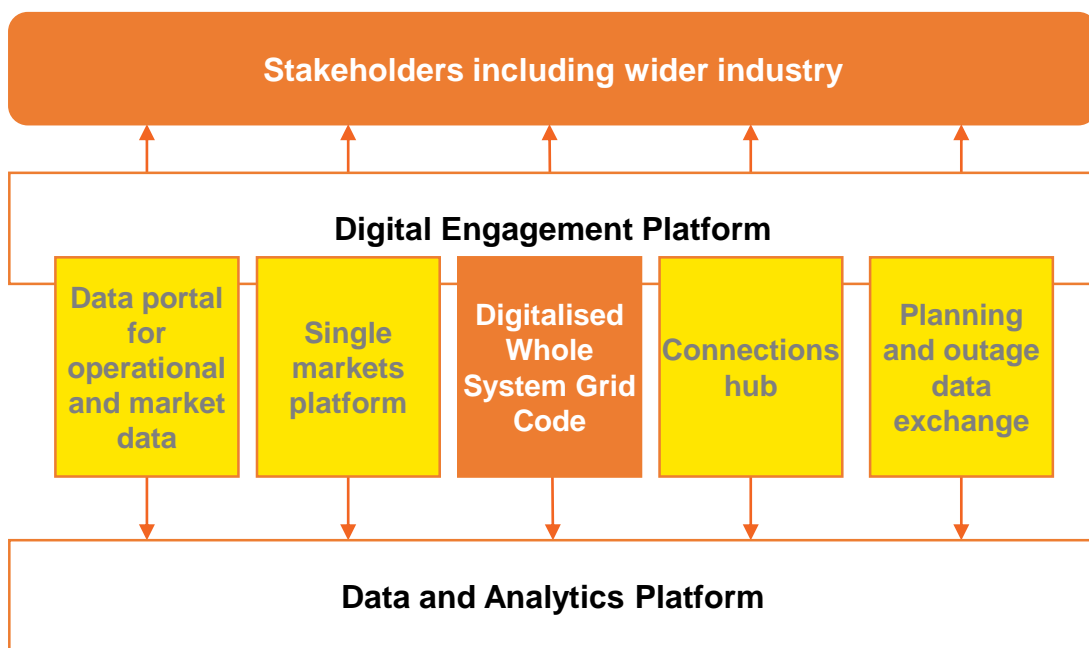
- Focus on providing minimum standards to allow safe and secure operation of the electricity systems.
- **Step 1:** To determine the scope, objectives and approach together with all stakeholders at the start of this activity in 2021/22. This will ensure that there is a consensus on the direction of this work from the beginning.



# Recap: Delivery

The concept can be progressed through two distinct – but closely interlinked – work streams.

## Work Stream 1: Grid Code Digitalisation



A digitalised code supported by artificial intelligence to signpost and improve the user experience (e.g. a 'smart search' that retrieves code information relevant to the use case of a specific market participant).

## Work Stream 2: Whole System Grid Code

Applying a whole system approach to the technical codes at Distribution and Transmission to improve customer experience, deliver consumer benefit, and ensure these codes are fit for the future.

**This is focus of today's presentation.**

# Feedback Themes for Consultation

Stakeholder engagement to date has identified the following themes for consultation:

- a) Understanding the challenges of using the technical codes
- b) Proposing solutions to address the challenges faced with using the technical codes
- c) Effective collaboration with industry
- d) Enduring arrangements

## **Discussion:**

1. Are these the right themes, and are there any missing?
2. What principles should be kept in mind when drafting the consultation?
3. How can we ensure that we attain high quality engagement and responses from the widest possible range of relevant stakeholders?

# Feedback themes for consultation

## a) What are the key benefits of increased whole system alignment of the technical codes?

**1** Clear, transparent & accessible technical codes for a wider group of stakeholders

**2** Increased pace of decision making throughout the connection journey

**3** Streamlined implementation of code changes & housekeeping existing content

**4** Increased market participation, a level playing field, and more efficient outcomes for consumers

## Understanding the challenges of using the technical codes & further potential benefits suggested by stakeholders

- |   |  |
|---|--|
| 1 | Less material to be read during the connection journey   |
| 2 | Alignment of requirements across the whole system e.g. 1 set of electrical standards to be considered  |
| 3 | The Grid Code covers different types of generators and it is difficult to identify the requirements that apply to a particular category. This is an opportunity to write the WSGC in such a way that the Users can easily identify what applies to their connection. To this end, having an index at the front of the WSGC that lists the sections that apply to the different categories could be one potential approach. |
| 4 | The digitalisation should split the information by category (wind onshore, wind offshore, interconnectors, etc.) and type of generator (Types A, B, C & D).  |
| 5 | There should be an easy way to identify requirements for hybrid connections  |
| 6 | A Whole System Technical Code could provide better alignment of the decision making and understanding of the impacts across the Technical Codes, a better understanding of the key stakeholders and the emphasis that in the current economic / political environment that will facilitate fast acting in our decision making and management of the Codes.   |

**Question: What is the best way to ask industry about the benefits of whole system technical codes alignment?**

# Feedback Themes for Consultation

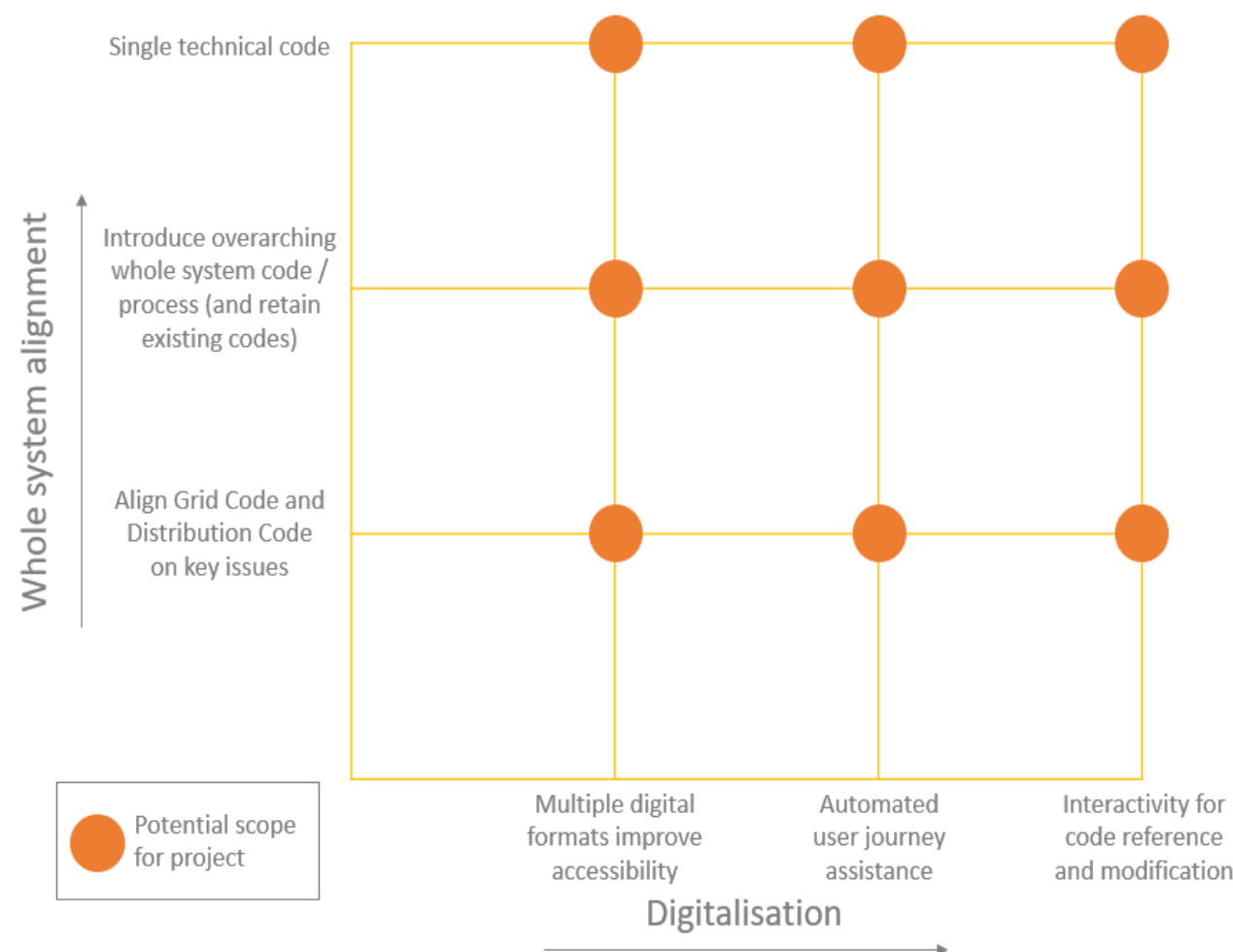
b) To what extent should we go to realise the aforementioned benefits of increased whole system alignment of the codes?

No.	Feedback received to date
1	The WSGC should not: 1) Result in any additional technical requirements being applied retrospectively to existing customers 2) Introduce additional technical requirements for customers in a given category
2	Noting that it is just the Distribution Code (& associated Engineering Recommendations), Grid Code and SQSS in scope, some stakeholders suggested that the STC to also be included.
3	Grid Code Guidance Notes are very useful and should be included within the scope of the digitalisation
4	Once the defects have been identified and the scope clearly understood, it is essential a range of options for addressing them should be developed along with associated risk and impact assessments and how each option or combination of options addresses the defects and scope, aligns with the thinking driving the Energy Industry Codes review and the strategic direction of DNO's and ENA Open Networks workstreams.
5	<del>There is a need to be clear about what the problems with the existing codes are in order to set the scope of any changes and ensure there is value to stakeholders.</del>
6	Some stakeholders asked why the technical codes had been identified for whole system alignment, and suggested that there would also be value in considering consolidation across other codes (e.g. CUSC and DCUSA, or CUSC and BSC).

**Question: What are the options/solutions industry can utilise to realise the aforementioned benefits?**

# Example Content for Consultation

c) Stakeholders have so far suggested 9 potential solutions options to realise benefits; illustrated in the diagram below.



Discussion: Is a graphic like this example a useful way to provide context for the consultation?

# Feedback Themes for Consultation

## d) Effective collaboration with industry stakeholders during development

No.	Feedback received to date
1	It is important to establish how distribution connected users would feel about digitalization of all the technical codes at the same time as the codes being consolidated.
2	NGESO should include DCRP as an engagement forum for the project as it has a wide spectrum of Distribution Code stakeholders.
3	Ofgem would need to get interim guidance from the Energy Codes Review steering group in order to progress elements of this idea with some form of mandate.
4	This is a resource intensive activity and will require time commitment from participants across industry. There will be phases which will not be able to be progressed through a normal workgroup process – a reference was made to the week-long “bunker session” approach used when first writing the Grid Code.

**Question: How do we best shape a consultation question to ensure high quality engagement and responses from the widest possible range of relevant stakeholders?**

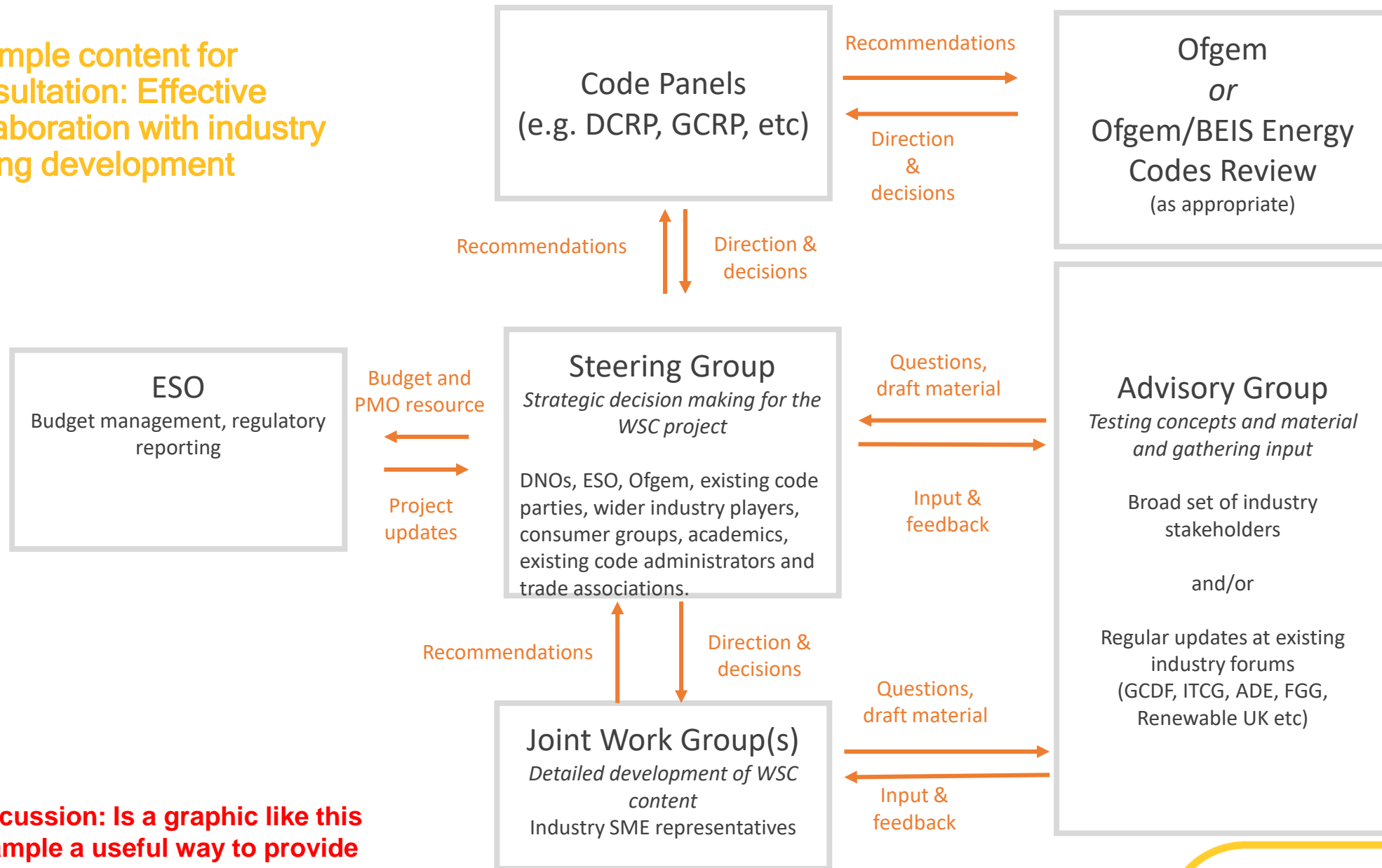
# Feedback Themes for Consultation

## d) Effective collaboration with industry stakeholders during development

No.	Feedback received to date
1	Open Networks is not a good model to use, as industry stakeholders are not really involved in decision making.
2	Given that the work affects changes to the codes, Ofgem need to be closely involved throughout the process to ensure they provide input upfront
3	Decisions made as part of the project should be clear not to pre-empt the outcome of the Energy Codes Review, and that relevant recommendations be made to the review.
4	A formalized “Whole System Technical Code Group” should be set up, and function in accordance with Distribution Code Review Panel agreements.
5	For governance, in order to accelerate the decision-making process, the proposal is to have a steering group that provides recommendations to SQSS Panel, DCRP and GCRP. This is because under current legislation, the steering group would not have any powers to amend the codes. The Steering Group could also formalise a way of notifying Ofgem of the recommendations on institutional changes from the project; via a letter from the 3 panels’ chairpersons. The formal notification will likely be towards the end of Q4 when the scope will be finalised
6	The ESO should write an open letter to Ofgem following the consultation, outlining the proposed scope and approach to the project based on consultation feedback.
7	It is essential the options are considered collaboratively and the process is supported by a clearly defined Terms of Reference, an appointed impartial Chair and appropriate Secretarial support.
8	Given that electricity licences define the content of the codes, the project might get delayed whilst required licence changes are progressed
9	Primary legislation may be required which would put the timeline for the project at risk

**Question: How do we best engage industry stakeholders to progress actions and to make decisions?**

Example content for consultation: Effective collaboration with industry during development



Discussion: Is a graphic like this example a useful way to provide context for the consultation?

# Feedback Themes for Consultation

## e) Enduring arrangements within industry

No.	Feedback received to date
1	Consideration must be given to the management of a Whole System Technical Code, including responsibilities for raising and managing modifications, responding to queries and the resource requirements needed for ensuring efficient administration and governance of the Code.
2	Previous proposals of Code Management change were made in 2019 BEIS/Ofgem consultation and it should be clear whether or not this Whole System Technical Code proposal meets the recommendations made at the time. Unless there is a clear understanding of these, there is a risk that significant time and effort will be spent without delivering something that stakeholders would value.
3	If one of the opportunities is to make Codes more accessible there is a risk that by encouraging involvement to a wider group of stakeholders that participants could be at a meeting and for a majority not being actively engaged. This could make decision making could be protracted as a result of some members not being fully conversant with the topic being discussed. It is important that agendas are clear and precisely Chaired to ensure key matters of debate and modifications are discussed and agreed on in a timely manner.

**Question: How do we best shape a consultation question to ensure high quality engagement and responses from the widest possible range of relevant stakeholders?**

# Feedback themes for consultation

## f) Digitalisation

No.	Feedback received to date
1	The digital version of the code must be legally binding (rather than a “guide”).
2	There is a risk that legal liability is unknown in the scenario that the digital version of the code does not accurately reflect the legal text, and Users who act on the digital version then breach the requirements of the legal text.
3	By digitalising the codes, we need to consider the legal liabilities that may arise from the information

**Question: How do we best shape a consultation question to ensure high quality engagement and responses from the widest possible range of relevant stakeholders?**

# Next Steps - Proposed Stakeholder Engagement Plan

**Phase I:** Introduction of concept and initial feedback (June). Complete.

**Phase II:** Gather input to shape industry consultation (July). Today's discussion.

**Phase III:** Industry consultation (July / August)

**Contact:** Laetitia Wamala

**Email:** [Laetitia.Wamala@nationalgrideso.com](mailto:Laetitia.Wamala@nationalgrideso.com)

Thank you

# ELEXION

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## **Market-wide Half Hourly Settlement (MHHS) Implementation Update**

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Verbal – Abid Sheikh & Anna Stacey (Ofgem)

12 August 2021

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



**Settlement Reform team**

On 11 August 2021 we published:

- [Decision on MHHS Implementation and Governance Arrangements](#)
- [Decision on licence amendment for DCC, to ensure compliance with MHHS implementation requirements set out in the BSC](#)

## Main changes to the BSC code changes we consulted on:

- Obligation on Elexon as Implementation Manager (IM) to undertake duties economically and efficiently
- Requirement for Programme Steering Group (PSG) to scrutinise central programme management budget (annually and for budget revisions)
- Addition of a sunset clause
- Amendments to better reflect relationship between Elexon as IM and Independent Programme Assurance (IPA)

- Further details 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
- Other clarifications (see Appendix 2 of our decision document)

A number of changes and clarifications have been made to the Governance Framework including:

- Amendments to better reflect IM relationship with IPA
- New members of the Programme Steering Group
- Clarifications about industry groups and their procedures
- Clarification that any MHHS party can raise a change
- Clarification on thresholds for Ofgem intervention

## Authority-led modification proposal via SCR 'Option 3'

- Panel: 19 August (ad hoc)
- Panel vote and recommendation: September (ad hoc)
- Modification Report submitted to Authority: September
- Target date for Authority decision: 30 September

## **Annex (for reference):**

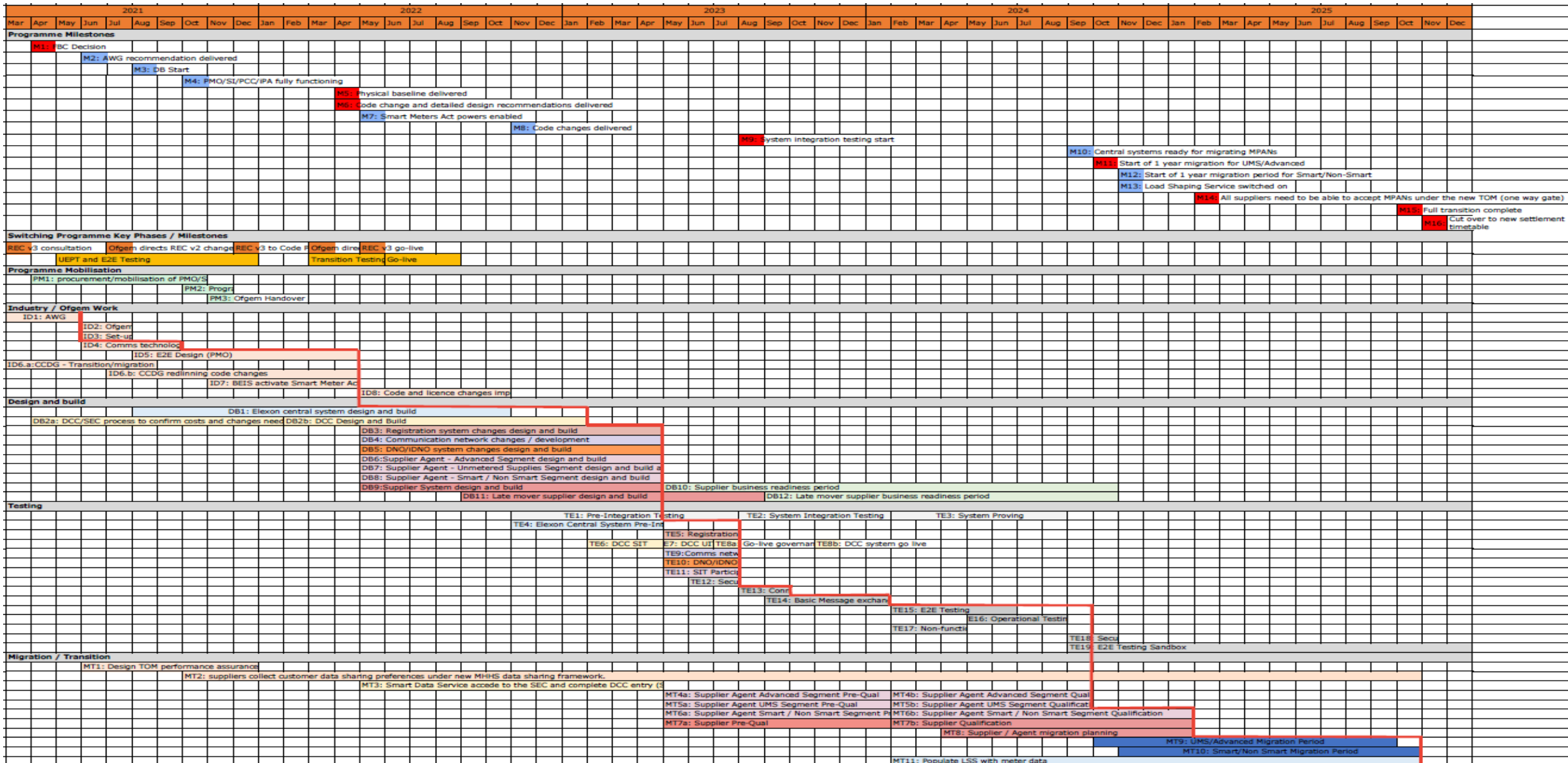
Slides we presented to the May 2021 BSC Panel outlining our proposed arrangements.

We published our decision on Market-wide Half-hourly Settlement (MHHS) - 20 April 2021:

- Transition over 4 years 6 months to October 2025
- Estimated consumer benefits £1.6bn - £4.5bn to 2045
- Elexon as SRO for implementation

BSC modification P413 (20 April 2021) – Elexon’s MHHS implementation role and implementation cost recovery

**Consultation on implementation and governance arrangements for MHHS (23 April 2021)** - for the MHHS transition (follows MHHS Programme Implementation principles consultation (Jan 2021)).



### Key milestones in the baseline transition timetable:

- Physical build and detailed design code changes – delivered April 2022
- Design and build phase – May 2022 to May 2023
- Testing phase – May 2023 to September 2024
- Qualification phase (including pre-qualification) – May 2023 to Jan 2025
- Migration phase – October 2024 to October 2025

## The consultation sets out our proposals on:

- Obligations on parties – draft set of proposed code obligations
- Governance structure – proposed Governance Framework
- Independent Programme Assurance – proposed assurance principles
- Ofgem's role - proposed thresholds for future intervention

**Consultation closes 25 June 2021**

Decision on consultation (final implementation arrangements)  
– Summer/Autumn 2021

### **SCR process – Option 3**

- Obligations on parties – present code changes for panel recommendation – expected September 2021
- Make code changes – decision following panel recommendation
- Handover to Elexon to lead implementation – expected October 2021

Future substantive code changes (CCDG) using Smart Meter Act Powers

### Proposed draft code obligations on different programme parties:

- Elexon (SRO and programme manager and MHHS participant) – powers and obligations to discharge central programme functions
- Suppliers, distributors and supplier agents (MHHS participants) – to act in accordance with programme governance, planning and documentation
- DCC (provider of smart meter comms systems) – to comply with MHHS obligations as MHHS participants
- Code bodies (SEC, DCUSA, REC, CUSC) – to act in accordance with programme governance, planning and documentation as MHHS Participants

NB. Where any of the above rely on 3<sup>rd</sup> parties to help meet their obligations, they will be obligated to secure those parties' cooperation

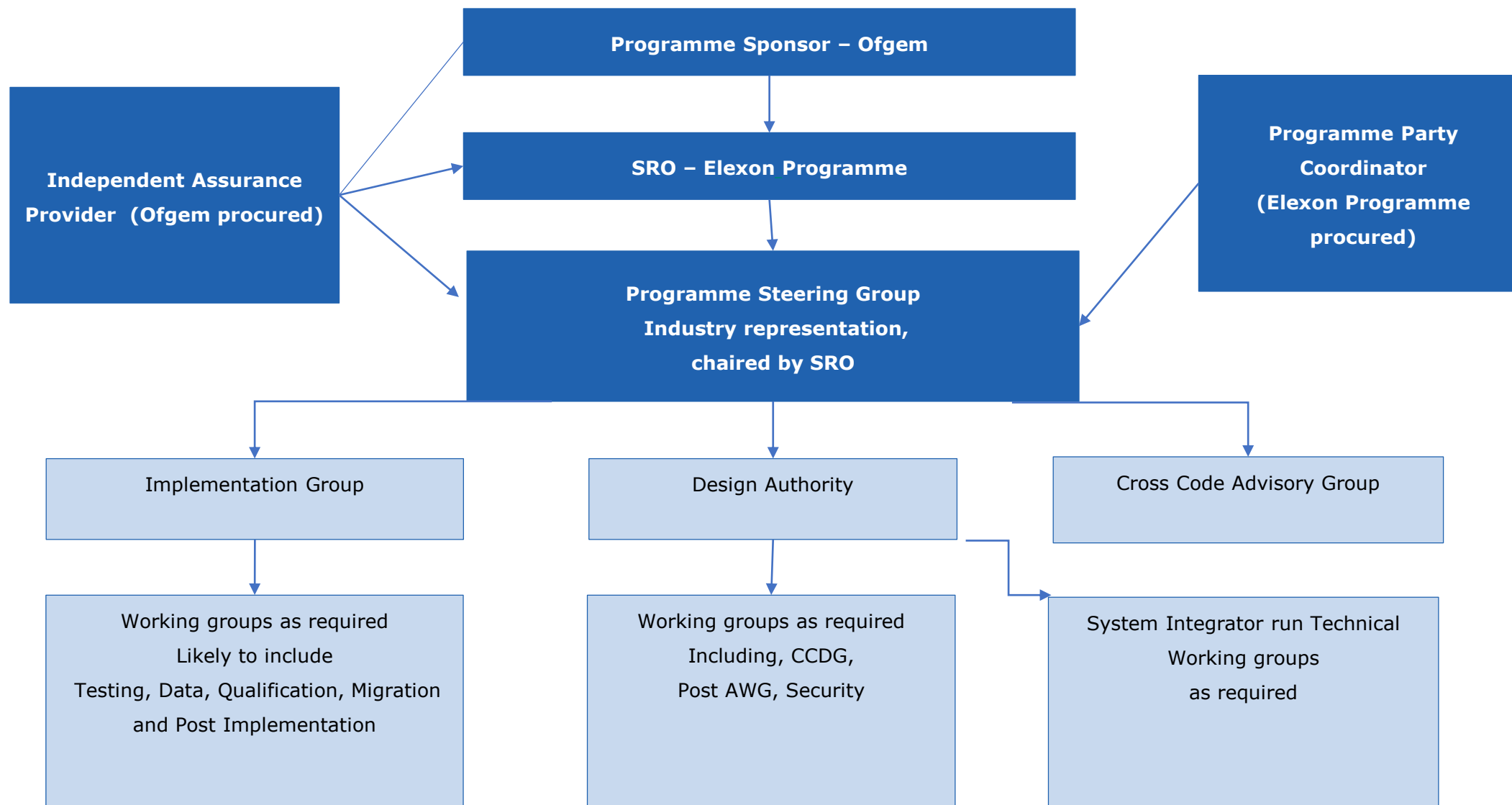
For the purpose of MHHS Implementation:

- The BSC Panel will get regular reports on activities and costs of the MHHS Implementation Manager (BSCCo).
- The BSC Panel will have a limited role in relation to these new obligations. The roles shall be limited to the compliance and performance assurance of the MHHS Qualification and MHHS Migration Plan.

Our draft proposals provide details of code obligations on various programme parties:

- Licensed parties (suppliers, distributors, DCC) have existing 'duty to cooperate' licence obligation in implementing a Significant Code Review (SCR)
- Detailed code obligations to complement the general licence duty
- Proposed licence change to Smart DCC licence will aim to ensure DCC meets its obligations under the BSC, even though it is not a BSC party, to ensure effective and timely MHHS implementation

# Governance Arrangements for MHHS implementation



Purpose of programme assurance to build trust amongst participants and in reliability of programme reporting and forecasting

- PSG, SRO and Ofgem will rely on IPA to assess and highlight if programme on track or where action required and by whom
- IPA also helps manage Elexon conflict of interest risks
- IPA complements parties' own assurance functions, will rely on parties' self-assessment when carrying out own assessments
- IPA to work with both central programme functions and programme parties, help identify risks before they become issues, gather and present evidence, engage actively and provide real-time reporting ahead of key milestones and decisions

Detailed assurance principles set out in consultation – comments welcome

## Seeking views on set criteria – see below - and specific thresholds that may cause Ofgem to intervene in MHHS Programme

- Proposed material or fundamental change to the TOM design baseline in our MHHS Decision
- Significant material proposed or forecast shift in costs or benefits
- Significant delays to planned implementation experienced or forecast compared to transition timetable in MHHS Decision
- Situation where a party or parties consider their interests treated less favourably, without good reason, than others
- Situation where stakeholder argues that design process not taking proper account of end consumers' interests or could materially impact consumers
- Significant governance changes are suggested based on an IPA assessment

## 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	9 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	

We are engaging with industry on the consultation, through industry forums and direct engagement.

The consultation closes on 25<sup>th</sup> June

We will review the responses and set out the final changes we propose to make.

**To contact us, please email**  
**[halfhourlysettlement@ofgem.gov.uk](mailto:halfhourlysettlement@ofgem.gov.uk)**

**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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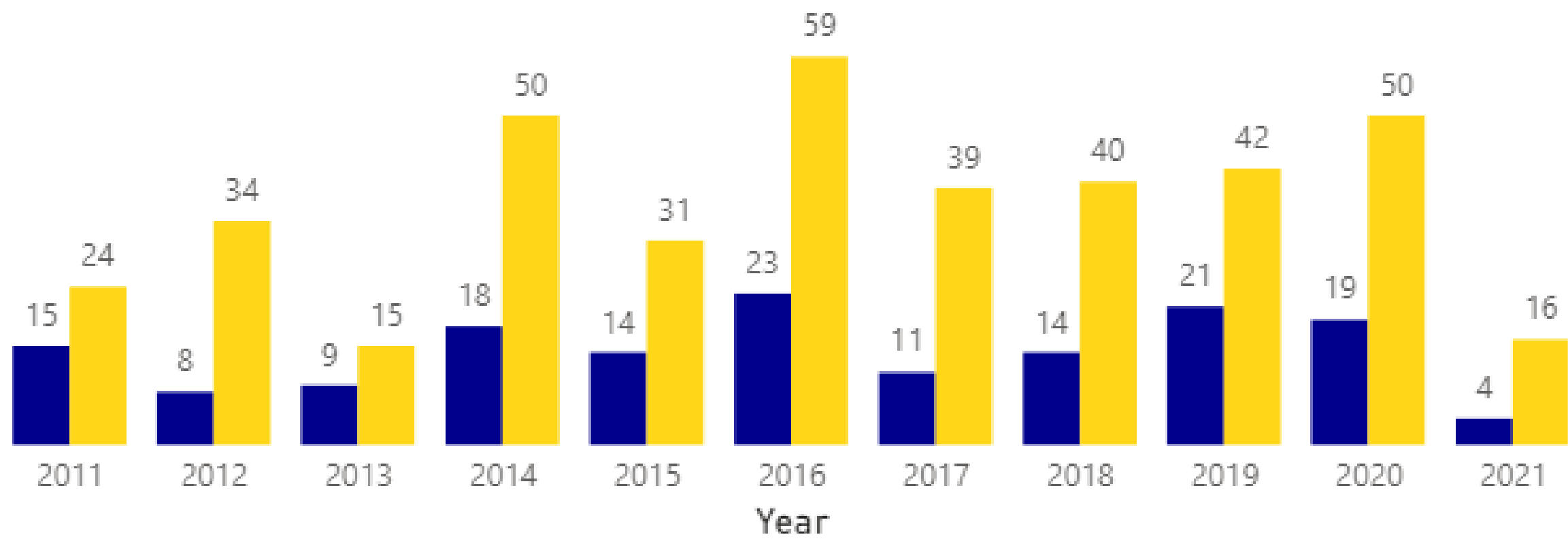
317/02 – Elliott Harper

12 August 2021

BSC Modifications raised by year and Workgroups held

How many Modifications are raised and Workgroups held?

● Mods Raised ● Workgroups (exl. Issues)



## BSC Modifications overview

Initial Written Assessment	P421
Assessment Procedure	P332, P395, P410, P412, P415, P419
Report Phase	P422
Urgent	-
With Authority (decision cut-off)	P416
Authority Determined (implementation date)	P376 (23 Feb 23), P420 (1 Sep 21)
Self-Gov. Determined	-
Fast Track Determined	-
Withdrawn	-
Open Issues	Issue 91, Issue 92, Issue 93, Issue 94, Issue 95, Issue 96

## 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					
P422 'Reflecting NCER Rules in the BSC'			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
		P422 ‘Reflecting NCER Rules’							P412 – Non-BM balancing service providers pay non-delivery
									P415 – VLP access to wholesale market

**Key**  
Approved  
With Authority  
Report Phase  
Assessment Phase

### ‘Revisions to the Supplier Hub Principle’

- Assessment Procedure Consultation concluded on Friday 6 August 2021
- 12<sup>th</sup> Workgroup scheduled for Tuesday 24 August (afternoon) to consider APC responses – scheduled after Change Report drafted
- Elexon will draft AR following Workgroup meeting and circulate for WG member review
- Likely to be a late paper as due to Panel paper day and review timescales (WG and internal)
- Seeking a one month extension to the Assessment Procedure (September – October 2021) as contingency

## Modification update: P415

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

- 5<sup>th</sup> Workgroup meeting held on 29 July, where the costs-benefit analysis options were presented by CEPA
- Workgroup recommended option 5, Market Modelling – Wholesale + Network Impacts
- The Workgroup noted that P415 lends itself to more quantified assessment
- Ofgem provided a steer that the more information that could be provided to inform its decision the better
- Options paper will be presented to Panel on 9 September 2021
- 6<sup>th</sup> Workgroup meeting being arranged to further consider Supplier compensation options

## Panel strategy: Faster change process

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- The Panel strategy includes an item related to exploring how to make the BSC change process faster
- We would like to open a dialogue with you and get a steer on what you would like this work item to include
- Is the Panel supportive of a faster change process?
- What should the scope of any review include?
  - Narrow e.g. focused on speeding up change vs. wide e.g. speeding up change + Section F (& BSCP40?) review and simplification
- What is the impact of the Codes Review on this item?

## Upcoming Modifications

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### P375 alignment modification

- As mentioned at the June Panel meeting, we require a modification to:
  - Correct some inconsistencies and manifest errors caused by P420 e.g. references to BSCP514 (Meter Operator processes) will need to be amended to a new BSCP, as P420 will remove BSCP514
- We would like to invite the Panel to endorse our approach to the P375 subsidiary documents
  - Approve P375 CSD amendments as drafted at September meeting
  - Raise a modification to align P375 legal text and CSDs with P420, and to correct housekeeping and manifest errors, as a Fast Track Self Governance Modification
- The expected timetable will be:
  - Approve the P375 CSDs circulated to industry in July in its September meeting
  - Approve the remaining CSDs and new BSCP at its October meeting
  - Raise/approve P375/P420 alignment Modification at the Panel's October meeting, to be implemented in February 2023 as part of the February 2023 BSC Release

### Credit modification

- We are also working with a Supplier on amending the credit arrangements to allow credit to be lodged across a companies portfolio and not per each BSC Party

# RETAIL ENERGY CODE

REC RELEASE SCHEDULE

COLETTE BALDWIN

# RETAIL ENERGY CODE

## REC RELEASE SCHEDULE

- The Code Manager is required to establish a set of scheduled release dates for the implementation of Change Proposals, which aligns to a release date for REC Service Provider systems.
- The Release Schedule will be held in the REC Portal, and will detail any Change Proposals that are due to be implemented on these dates.
- Currently, the gas and electricity industry operates separate release dates; with the gas industry implementing changes on a Friday and the electricity industry on a Thursday.
- The introduction of the REC and the Central Switching Service will require an aligned implementation date for changes to the REC.
- The Code Manager has been in discussions with REC Service Providers to determine the most appropriate Release Schedule for the REC to operate.

# RETAIL ENERGY CODE

## REC RELEASE SCHEDULE

- Discussions have identified that the gas Central Data Service Provider (CDSP), in their capacity as Gas Retail Data Agent (GRDA) and Gas Enquiry Service (GES), have restrictions on when changes can be made to their systems as it results in non-effective time during core gas settlement processes. This is the reason the gas industry has historically implemented changes on a Friday, so these are completed over the weekend when there is less disruption to vital industry processes.
- Similarly, DCC, in their capacity as Switching Operator, have a preference to implement system changes on a Friday so that issues can be picked up over the weekend when there is less traffic in the system.
- Other REC Service Providers have not expressed a preference and, while some of these are used to implementing changes on a Thursday based on the current electricity release dates, there are no fixed dependencies identified that would prevent them implementing these changes on another day.
- Some stakeholders have highlighted that implementing changes on a Friday may result in an increased staffing cost to provide support over the weekend. Changes to the REC become effective from midnight on the day of the release, which means that there will still be a working day between changes to the REC going live and the weekend.

# RETAIL ENERGY CODE

## REC RELEASE SCHEDULE

- Proposal that REC Release Schedule will have standard release dates on first Friday of November, and the last Friday for February and June from CSS Go-Live.
- Release dates prior to CSS Go-Live will be on a Thursday as there are changes required to align with existing SEC and BSC release dates, and there will be requirements on the CDSP or CSS in these releases.

Release Date (Pre-CSS)	Release Date (Post-CSS)
Thursday 4th November 2021	Friday 4th November 2022
Thursday 24th February 2022	Friday 24th February 2023
Thursday 30th June 2022	Friday 30th June 2023

- We have presented these proposals to various industry groups and invited comments, and have not received any material comments opposing the proposal. We are therefore going to confirm this approach for the REC Release Schedule shortly.

RETAIL  
ENERGY  
CODE



**ANY QUESTIONS?**

## Standard Release approach - summary

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- Currently have three standard Releases a year:
  - Last **Thursday** in February
  - Last **Thursday** in June
  - First **Thursday** in November
- These are aligned across the **electricity** codes
- REC proposing to move to Friday Release dates post-Central Switching Service go-live (to accommodate gas):
  - Last **Friday** in February
  - Last **Friday** in June
  - First **Friday** in November
- In principle there are benefits to having the gas and electricity code Release dates on the same day
- Should the BSC align with the REC?
- We propose to gather Panel views and issue a short (survey monkey) survey to gather Party and Party Agent views

## Recommendations

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We invite the Panel to:

- a) **APPROVE** a one month extension to the P332 Assessment Procedure;
- b) **ENDORSE** Elexon's approach to the P375 configurable items;
- c) **COMMENT** on the Panel strategy;
- d) **COMMENT** on the standard Release approach;
- e) **NOTE** the contents of the August Change Report.

# ELEXION

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

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317/03 – Chris Arnold & Joe Henry (NGESO)

12 August 2021

# P421 - Recap

## 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, and set out the specific activities to be suspended or undertaken in the event of a TERRE Market suspension

# Panel Outcome

In July, The Panel deferred its decision on P421 due to a number of outstanding questions. These were:

1. Is there a legal obligation for the BSC to align with the Grid Code?
2. As Great Britain (GB) is not currently able to participate in TERRE, why is this Modification needed?
3. What are the risks and implications if this Modification is not progressed at this stage?

# Actions

- Document has been sent to Panel for review prior to this meeting.
- As proposer we wish to take this modification forwards to report phase

Action	Result
Is there a legal obligation for the codes to align?	No express obligation – but there are many implicit obligations – please see document.
Why is the modification needed if we cannot participate in TERRE?	Change would ensure requirements outlined at section H of the BSC are satisfied, and would address the risks outlined below
What are risks and implications if modification not taken forwards?	<p>If TERRE provisions came into effect this modification would be needed.</p> <p>Change could be missed if TERRE were to go live</p> <p>Less efficient to progress at a later stage</p>

# 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	12 August 2021
Report Phase Consultation (impacts EBGL t&cs)	18 August 2021 – 18 September 2021
Present Draft Modification Report to Panel	14 October 2021
Issue Final Modification Report to Authority	20 October 2021

## Implementation Date

- We recommend an Implementation Date for P421 of:
  - **4 November 2021** if the Authority’s decision is received on or before 28 October 2021; or
  - **24 February 2022** if the Authority’s decision is received after 28 October 2021 but before 3 February 2022.

## 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** if the Authority's decision is received on or before 28 October 2021; or
  - ii. **24 February 2021** if the Authority's decision is received after 28 October 2021 but before 3 February 2022;
- f) **AGREE** the draft legal text; and
- 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 14 October 2021.

# ELEXION

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**P422 'Reflecting NCER Rules in the BSC'**

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317/04 - Chris Arnold

12 August 2021

### 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

## P422 Panel's Initial Views

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The Panel initially:

- a) **AGREED** that this Modification should be progressed directly to the Report Phase;
- b) **AGREED** by majority that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- c) **AGREED** that is Modification **DOES** better facilitate Applicable BSC Objective (d);
- d) **AGREED** that this Modification should be **approved**;
- e) **AGREED** the legal text;
- f) **AGREED** an initial Implementation Date of:
  - i. **6 September 2021**; and
- g) **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

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## P422: Report Phase Consultation responses

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- The Report Phase Consultation opened on 14 July 2021 and closed on 28 July 2021. No responses were received to the consultation.

## P422 Recommendations

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We invite the Panel to:

- a) **AGREE** that P422:
  - i. **DOES** better facilitate Applicable BSC Objective (d);
- b) **AGREE** that P422 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- c) **DETERMINE** (In the absence of any Authority direction) that P422 is a Self-Governance Modification Proposal;
- d) **APPROVE** P422;
- e) **APPROVE** an initial Implementation Date of:
  - i. **6 September 2021** as part of a non-standard BSC Release;
- f) **APPROVE** the draft legal text;
- g) **APPROVE** the P422 Modification Report.



# 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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317/01 - 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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317/01A-E

## Exempt Supplies

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- At the August SVG Meeting, an application was heard for an Exempt Supply
- The application was **approved**
- However, the SVG made clear they would not entertain further applications due to concerns over the process:
  - The use of Profiled data being used (as opposed to actual data) – no controls over how this is calculated and if appropriate profiles were used
  - The reliability of data – just provided to Elexon in a spreadsheet by the applicant, no guarantee or confirmations it is from a genuine source
  - Concerns how things are monitored after an approval – if a change/cancellation of contract or company difficulties
  - An understanding this is an interim process but has been in place for a number of years - keen to see an enduring solution in place
- Elexon will write a paper for the next Panel meeting addressing the above points and proposing new process steps (and will share with SVG ahead of the Panel meeting)
- Also provide an update on the enduring solution – Issue 96 Group has now been raised.

# ELEXION

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**BSC Funding Shares Audit Findings**

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317/05 – Kathy Ferrari

12 August 2021

# Audit Findings

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- KPMG performed an independent re-performance of the calculations of Funding Shares using an independent model of the calculations
- Obtained explanations for any variances/reconciling items
- Agreed results to:
  - The Supporting Information schedules for Elexon Charges; and
  - Files sent to the FAA for their use in calculating Amounts in Default.
- KPMG's audit identified no significant errors affecting the accuracy of the final Funding Shares applied for FY2020/21

## Recommendation

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We invite the Panel to:

**a) NOTE** the findings of the 2020/21 Funding Shares Audit.

MEETING CLOSE

# ELEXON

THANK YOU

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