

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.

318/01 Elexon Report

BSC Panel

Date of meeting	9 September 2021
Paper Number	318/01
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. Our office is now fully open for both colleagues and visitors. We are taking a number of steps to make sure everyone stays safe while visiting 350 Euston Road.

We have highlighted some recent Market-wide Half Hourly Settlement (MHHS) Programme developments.

We've summarised progress to date on the Kinnect project, including a breakdown of spend against budget.

We've launched some new functionality on the Elexon website to enable users to bookmark their favourite webpages.

The Performance Assurance Board (PAB) has reviewed its approach to managing Suppliers' Settlement performance against the BSC standards.

Target Audience

Elexon's customers and the wider industry.

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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.

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.

Elexon office open to visitors

We are delighted to announce that we've reopened our offices to external visitors and are looking forward to welcoming all of our customers and stakeholders back. For the safety of all visitors and colleagues, there are some health and safety protocols we ask anyone attending the office to follow.

To enter the office, we ask that all visitors register their attendance in advance. To register, please inform your Elexon contact of when you plan to come into the office so they can liaise with our facilities team.

A negative lateral flow test on the morning of your visit is required to attend the Elexon office and we also ask that you do not come to the office if you are unwell.

We also ask that you practice good hygiene while in our office and have provided hand sanitiser stations to help with this.

II. Elexon News

Consultation Responses

We have responded to two consultations since our last update to the Panel as follows:

We responded to the MHHS Programme's consultation on MHHS Programme Governance Framework. In our [response](#), we agreed with the proposed framework objectives and hierarchy set out within the consultation. We noted that both proposals should enable the effective delivery of MHHS. We also make suggestions on Workgroup attendee requirements and note that constituency representatives should only include the Code Bodies.

We responded to the House of Lord's Call for Evidence on Net Zero and Ofgem. In our [response](#), we note that Ofgem has a key role to play in the energy transition to net zero alongside BEIS. We also note that as new energy markets come into play, Ofgem will need to have an equal oversight and ability to extend its existing regulatory framework to these new markets to ensure there is a similar regulatory regime and oversight. In our response, we suggest that certain areas of the Energy Codes Reform be prioritised.

New functionality on the BSC website: My BSC Dashboard

We have added a new option to the BSC website that enables you to bookmark your favourite webpages. The option is called 'My BSC Dashboard' and is located in the top black banner area of the site.

The new functionality enables you to add a bookmark to any of our webpages on the BSC. This will then add the page to your BSC Dashboard. You can also remove the bookmark either from the page or from your dashboard. The dashboard will also offer suggested links based on pages you have visited, as well as suggestions of pages that other BSC Parties regularly use.

We are working to introduce the functionality to our other Elexon websites, where appropriate. We are also adding the functionality so that other content types can be bookmarked, such as videos and PDFs.

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 NGENSO 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 NGENSO.

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.

EU Horizon Scan

Nothing of note has been published since last month due to the annual summer holidays in Europe in August.

We continue to monitor initiatives in various stages of progression. In a post-TCA (Trade and Cooperation Agreement) world, there is no immediate impact on GB or Settlement. However, the topics are beginning to be reflected in GB discussions and we expect this trend to develop 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 ensure we are informed as the post-TCA relationship evolves.

IV. Operational News

Kinnect Platform remains on track to deliver 2021/22 objectives with SAA parallel run to complete June 2022

Settlement Solution

The project to migrate the legacy SAA to the Kinnect Platform is on track once again after re-baselining the project plan to account for additional work to deliver a complete set of Must Have user stories. This additional development work has incurred a small delay to the project of approximately ten weeks but the cost for the additional work is still forecast to be within the SAA approved budget.

Following completion of the development of Drop 1 functionality and solution infrastructure, Drop 1 is now being deployed into the test environment and testing commenced on Tuesday 31 August. Drop 1 includes Metered Volumes

and Transmission Loss Multipliers, Balancing Mechanism Volumes, and Replacement Reserve and Balancing Services Volume.

Development of the remaining system functionality - Drop 2 - is being progressed in parallel and is due to be delivered in November 2021. This will be followed by testing and parallel runs with SAA migration to Kinnect now planned to conclude in June 2022.

Insights Solution

The project continues to progress well, with four sprints now completed. Excellent progress has been made with regards to the API development work for the new solution, underlying cloud architecture as well as the development of the website user interface.

Further engagement with the Data and Reporting User Group has continued. Ten interviews took place in August where the users provided suggestions and improvements on current data and reporting arrangements via the BMRS website and APIs. In the last BMRS Change Board (BCB) meeting on the 13 August, The Insights Solution Product team provided a demonstration of a high fidelity prototype of two new APIs and current work on the design for the website. The BCB were fully engaged and provided several suggestions which have already been factored into the prototype.

Customer Solution

Testing for the required changes to SVAA for Ofgem's Targeted Charging Review (TCR) has been successfully completed and the required changes deployed to the live systems. At the August SVG meeting, Elexon gained approval to continue processing the TCR MDD volumes. The first submissions will be included in the September MDD Publish.

The Party Management Product (PMP) 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. The PMP Product continues to build on the platform, to enhance its existing functionality through Industry Change via Modifications and CPs.

The team 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. They are looking to work with the Voice of the Customer team on how we can increase engagement. Any feedback we receive will be incorporated in future changes.

Overall the Kinnect Programme remains on budget with £26.3m of investment in progress, of which £16.6m 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:

CTD (£m)	Committed	FTC	Forecast Outturn	Budget	Variance
16.6	9.7	20.3	46.6	46.6	0

Credit Assessment Price (CAP) to increase to highest level ever on 8 September 2021 from £96/MWh to £113/MWh

On 8 September 2021, the CAP value will increase from £96/MWh to £113/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](#).

New webpage to help Virtual Lead Parties (VLPs) enter the market

The BSC enables companies to enter the electricity market as a distinct category of BSC Party called a Virtual Lead Party (VLP). These companies can facilitate the participation of Independent Aggregators in the Balancing markets. Ofgem defines Independent Aggregators as Parties that bundle changes in consumer's loads or distributed generation output for sale in organised markets and do not simultaneously supply the customer with energy.

To help VLPs enter the market and answer questions Parties may have, we have created a new [VLP webpage](#). The webpage describes what a VLP is, how they can enter the market, and provides a FAQ section to assist Parties further.

Transmission Loss Factor (TLF) values for the Autumn 2021 Season

The BM Unit Specific Transmission Loss Factor (TLF) values for the Autumn 2021 BSC Season, which runs from 1 September to 30 November, are available on the TLFs Determination page under 'BM Unit Specific Transmission Loss Factors (TLFs)' on the [Elexon Portal](#). This file provides the TLF for each BM Unit that is registered to be active during the period 1 September 2021 to 30 November.

If you have any questions, please email Settlement.Invoicing@elexon.co.uk.

Changes to Performance Standards monitoring thresholds

The Performance Assurance Board (PAB) has reviewed its approach to managing Suppliers' Settlement performance against the BSC standards. It has agreed:

- that the current approach of focusing on the Suppliers with the largest volume of non-compliant estimation should continue,
- to reduce the current threshold of 4,000MWh to 2,000MWh of non-compliant estimation for the Non Half Hourly, Half Hourly Measurement Class C, and sub-100kW markets from September until Elexon and the PAB reviews the threshold again in November,
- that it is likely to apply Error and Failure Resolution (EFR) to Suppliers with non-compliant estimation above this threshold, from September (pending further review in November), and
- that Suppliers which have EFR applied for Performance Standard issues need to provide performance forecasts for the end of each quarter. They must do this from now on.

The PAB has also agreed that in November it is likely to decrease the threshold further as Suppliers work to further improve their performance. The PAB may also reduce the focus threshold to as low as 1,500MWh, and reduce the EFR exit criteria to as low as 700MWh.

For more information, please contact your Operational Support Manager or risk@elexon.co.uk.

Technical Assurance of Metering (TAM) Suspension Lifted

At its May 2021 meeting, the Performance Assurance Board (PAB) agreed recommendations to resume Technical Assurance Agent (TAA) Supplier Volume Allocation (SVA) onsite Inspection Visits one month following the removal of all national lockdown measures. As such, SVA Inspection Visits are mandatory from 16 August 2021.

Elexon will be taking a phased approach to re-introducing SVA Inspection Visits and will continue to supplement the SVA Main Sample with Desktop Audits. This is in light of anticipated challenges in gaining access to sites. Following review of initial SVA onsite Inspection Visits, Elexon will assess whether additional controls are required to ensure site access.

Following notification of an upcoming onsite Inspection Visit, it is vital that Registrants contact their customers to arrange for access to the site. This will give the audits the highest chance of succeeding.

ASL Holdings Limited (ASLH) Half Hourly Data Collector (HHDC) Protocol Approval – Various Outstations

In July 2021, we received an application from the HHDC, ASLH, for protocol approval of various Outstation types. A full list of the Outstations can be found on the updated Codes of Practice Compliance and Protocol Approvals [webpage](#).

We reviewed the protocol application and noted that ASLH are proposing to use MDR v3.4 as its data collection software. Since we have already approved these Outstation protocols, which are embedded within MDRv3.4, we issued a Certificate of Protocol approval to ASLH. If you have any queries, please email metering@elexon.co.uk.

BSC Insight: How to find your own insights from Supplier Market Share data

In our latest [BSC Insight](#), Emma Tribe, our Senior Product Analyst, and Nick Groves, our Data Steward Lead, demonstrate some of the insights that are possible using data from the Quarterly Supplier Market Share report from Elexon. There is also a podcast available for this BSC Insight article.

Using this report you can understand the average number of metering systems for each Supplier above a threshold and compare that to the total electricity demand for their customers. By analysing the data going back to 2016, you can see how the electricity market shares have changed for different Suppliers over the past five years.

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 August can be found on the following [webpage](#). This includes 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.

No EMR Circulars have been issued since the last Panel meeting. All EMR Circulars are available to download from the [EMRS Circulars page](#) of the EMRS website.

VI. Market-Wide Half-Hourly Settlement (MHHS) Programme

The MHHS Programme is developing a dedicated website to support the industry-led MHHS Programme. The MHHS Programme website will provide key information for participants and enable collaboration for Working Groups as well as details on events and Programme assessments. A [holding page](#) for the site is now live in the interim while the MHHS Programme website is being developed for launch in September.

The Programme is currently assessing bids from parties interested in being our Lead Delivery Partner (LDP) with the view to selecting a preferred partner in October.

Nominations for the Level 2 (Programme Steering Group) and Level 3 groups (Implementation Advisory Group, Design Advisory Group and the Cross Code Advisory Group) under the programme have now been requested from parties. Nominations close on 17 September. Details are on the Programme web site.

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

Attachment F – Report from the BCB

For more information, please contact:

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