

Minutes

BSC Panel

Meeting number **318**

Venue **Elexon Offices/Video Conference**

Date of meeting **Thursday 9 September 2021**

Classification **Public**

Attendees and apologies

Attendees

Michael Gibbons	MG	BSC Panel Chair
Phil Hare	PH	Deputy BSC Panel Chair (and alternate for DD)
Colin Down	CD	Ofgem Representative
Jon Wisdom	JW	NGESO Panel Member
Andrew Colley	AC	Industry Panel Member
Lisa Waters	LW	Industry Panel Member
Mark Bellman	MBe	Industry Panel Member (Part-Meeting)
Rhys Kealley	RK	Industry Panel Member
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ed Rees	ER	Consumer Panel Member (and alternate for AM)
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
Lawrence Jones	LJ	Modification Secretary
Lesley Nugent	LN	Ofgem (Part-Meeting)
Sean Donner	SD	NGESO (Part-Meeting)
Hannah Rochford	HR	NGESO (Part-Meeting)
Lewis Heather	LH	CEPA (Part-Meeting)

Attendees and apologies

Gary Keane	GK	CEPA (Part-Meeting)
Paul Wheeler	PW	Elexon (Part-Meeting)
Ivar Macsween	IM	Elexon (Part-Meeting)
Craig Murray	CM	Elexon (Part-Meeting)
Lorna Lewin	LL	Elexon (Part-Meeting)
Sophie Bentley	SB	Elexon (Part-Meeting)
Wayne Jenkins	WJ	Elexon (Part-Meeting)
Tirath Maan	TM	Elexon (Part-Meeting)
Matthew McKeon	MM	Elexon (Part-Meeting)
George Player	GP	Elexon (Part-Meeting)
Matthew Roper	MR	Elexon (Part-Meeting)
Rebecca Kassube	RK	Elexon (Part-Meeting)

Apologies

Mark Bygraves	MB	Elexon CEO
Andy Manning	AM	Consumer Panel Member
Diane Dowdell	DD	Chair Appointed Industry Panel Member

1. Introduction

- 1.1 The Chairman noted apologies from Mark Bygraves, Andy Manning and Diane Dowdell and noted their alternates.

Part I: Non-Modification Business (Open Session)

2. Distributed Restart Project – (Verbal)

- 2.1 Hannah Rochford (HR) and Sean Donner (SD) from NGESO [presented](#) on the Distributed Restart Project.
- 2.2 A Panel Member noted that NGESO was contracting with DNOs but suggested that parties may want to contract with ESO directly. HR advised that they had been engaging with the DER, who had provided feedback on their process map but in terms of contracting are currently running a test procurement process.
- 2.3 The Panel Member also expressed concerns regarding the parties that had been engaged with in the project so far as the Flexible Generation Group (FGG) and DSO Panel Representative were unaware of this work. HR confirmed that there is a Distributed Restart mailing list. However the NGESO Panel Member agreed to liaise with Elexon to ensure that the contacts are more focussed and that relevant parties are signed up.
- 2.4 A Panel Member suggested that one of the obvious technologies to use for this project would be old diesel plants as they are coming to the end of their lifespan and are well scattered. They therefore queried whether NGESO had spoken to the Environment Agency. HR confirmed that NGESO is speaking to the Environmental Agency to investigate the elements of the emissions side of things.
- 2.5 A Panel Member queried whether this would make it easier to run part of the system islanded from the rest of the system. HR advised that the project is coming from the perspective of a total system shutdown and consideration of how a distribution restoration zone could be used for other elements.

- 2.6 In relation to Black Start Compensation, a Panel Member noted that under BSC Section G, an anchor generator is able to apply for compensation and queried whether support generators would also be able to. SD advised that this would be considered as part of the proposed Modification.
- 2.7 A Panel Member noted that in BSC Section G, his/her is used in relation to the Secretary of State and suggested that this housekeeping amendment be made at the next available opportunity.
- 2.8 Another Panel Member requested that a practice session is carried out with all relevant parties to demonstrate what the new scenario would look like once the Modification is in a position to be progressed.
- 2.9 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

3. Change Report and Progress of Modification Proposals – (318/02)

- 3.1 The Modification Secretary [presented](#) the Change Report and progress of Modification Proposals.
- 3.2 The Chair queried whether Ofgem was still on track to making its decision on [P416 'Introducing a route of appeal for the Annual Budget in line with the proposals for the Retail Energy Code'](#). The Ofgem Representative confirmed that Ofgem still intended to provide its decision by October 2021 (as per the published decision dates on Ofgem's website).
- 3.3 In relation to the Modification Release roadmap, the Modification Secretary queried whether the Panel would welcome information on other changes in the pipeline. A Panel Member commented that this was extremely useful and would welcome this information on a monthly basis, as well as publishing something similar on the 'Change' area of the Elexon website. Another Panel Member also requested that Change Proposals are also included on the roadmap so that their impacts are not missed. Elexon agreed to implement these suggestions.
- 3.4 In relation to [P410 'Changing imbalance price calculations to comply with the Imbalance Settlement Harmonisation regulations'](#), Elexon outlined that NGESO had now withdrawn its revised Imbalance Harmonisation Proposal submission to Ofgem and would re-submit it imminently. A Panel Member queried whether NGESO's revised Imbalance Harmonisation Proposal submission had been made publicly available. The NGESO Panel Member confirmed that this had not yet been submitted to Ofgem but did not believe that this would be confidential.
- 3.5 A Panel Member suggested that this Modification should be withdrawn rather than the Panel granting an extension. The Modification Secretary advised that it is still UK law to be compliant with this. The NGESO Panel Member appreciated the Panel's concerns but confirmed that they would not be withdrawing the Modification until there had been sign-off from Ofgem.
- 3.6 The BSC Panel:
- a) **APPROVED** a five month extension to the P410 Assessment Procedure; and
- b) **NOTED** the contents of the September Change Report.

4. P332 'Revisions to Supplier Hub Principle' - Assessment Report – (318/04)

- 4.1 A Panel Member commented that they did not agree that "the majority of Workgroup Members did not believe that the proposed solution was not adding anything to the obligations and provisions that already exist under the BSC"; they believed this to be the Workgroup's view and not a statement of fact. Elexon clarified that the BSC Agents on the Workgroup had the view from the perspective of it being a condition of their qualification (so indirectly impacts them), however they acknowledged that they are not a BSC Party so do not have direct obligations.
- 4.2 The Chair queried why the P332 Workgroup wanted to reject the Modification. Elexon noted that the majority of Workgroup Members believed they were already doing what needed to be done; P332 would not be adding a meaningful and effective tool. Further, a Panel Member commented that the side letter would enable a Party to be taken to court. They believed this would spoil the chances of Suppliers establishing a relationship with a new

BSC Agent that they do not currently have a relationship with; the threat is not an effective deterrent as it is the nuclear option. Further Elexon noted that the Proposer would argue that the proposed solution is an incentive.

- 4.3 Another Panel Member commented that they were of the view that the side letter is an important backstop that sets the framework between a Supplier and a BSC Agent if they are not already engaged. Further, they believed P332 helps to reduce barriers to entry for small Suppliers as without the side letter, new Suppliers entering the market would need to put contracts in place with all Agents; this would be a burden for small Suppliers.
- 4.4 A Panel Member noted that it was hard to see how the proposed solution was any more of a threat than removal of qualification. They believed that going to court would take far longer than the issue being dealt with directly at the PAB. Another Panel Member commented that the side letter avoids Suppliers having to go to Elexon to resolve the issue and Elexon then having to escalate this to the PAB. Elexon confirmed that removal of qualification had not ever been executed; there would need to be significant performance issues across the full portfolio for this to happen.
- 4.5 The Chair queried what Data Collectors' (DC) views are in relation to signing the side letter. A Panel Member commented that the view was polarised. Another Panel Member commented that Suppliers they had spoken to were in favour of this although they did not necessarily believe it would result in significant best behaviour or anyone being taken to court.
- 4.6 The Panel disagreed by majority with the Workgroup's view that P332 should be rejected, for the reasons outlined by Workgroup Members who were in favour of the Modification. They therefore believed that P332 does better facilitate Applicable BSC Objectives (c) and (d) and should therefore be approved.
- 4.7 The BSC Panel:
- a) **AGREED** that P332:
 - i **DOES** better facilitate Applicable BSC Objective (c); and
 - ii **DOES** better facilitate Applicable BSC Objective (d);
 - b) **AGREED** an initial recommendation that P332 should be **approved**;
 - c) **AGREED** that P332 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
 - d) **AGREED** the impact on the EBGL objectives;
 - e) **AGREED** an initial Implementation Date of:
 - i **5 WDs** after Authority decision
 - f) **AGREED** the draft legal text;
 - g) **AGREED** an initial view that P332 should not be treated as a Self-Governance Modification;
 - h) **AGREED** that P332 is submitted to the Report Phase; and
 - i) **NOTED** that Elexon will issue the P332 draft Modification Report (including the draft BSC legal text) for a one month consultation and will present the results to the Panel at its meeting on 11 November 2021.

5. P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties' – Cost Benefit Analysis – (318/05)

- 5.1 Lewis Heather (LH) from CEPA [presented](#) five options differing in analytical sophistication, cost and impact for Panel consideration.
- 5.2 A Panel Member queried the difference between system costs and balancing market impacts i.e. whether this was in relation to network investment or overall costs of system services. LH clarified that reduced system costs referred to a reduction in costs for infrastructure, in particular network investment and potentially additional investment in generation capacity to reflect peak demand requirements.
- 5.3 A Panel Member queried whether there would be an increase from option four to option five in terms of the sophistication of the analysis of balancing market impacts. They noted that this would be due to a potential reduction in costs as a result of a more efficient system build and location responsiveness. LH advised that this would depend on the specifics of the scope of the work, the modelling framework and how that framework would capture the network cost impacts.

- 5.4 A Panel Member noted that as a potential service provider, the finer details of options four and five could become extremely complicated. They noted that a service provider could put together a fully optimised endogenous model with everything in it or split it up into separate modules; depending on what approach is taken will depend on the level of expense. LH agreed, noting that although there are five different options, there is a large number of variants and approaches that could be taken depending on the exact terms of reference and scope.
- 5.5 A Panel Member commented that it was useful to give a range of options and precision but queried whether the CBA would be the primary basis for the Panel's decision on P415. The Panel Member did not want the Panel to be accused of being discriminatory if it did not allow the mechanism for Virtual Lead Parties (VLPs) to access the wholesale market. Elexon advised that the intention is for the P415 assessment and analysis to be handed over to Ofgem for their decision; alongside other considerations, the CBA will either support the case for or the case against implementing P415. The Modification Secretary noted that at the Workgroup where these options were discussed, Ofgem gave a steer that as much information should be presented to them as possible. The Proposer was of the view that demonstrating the proposed benefits was important to show that they clearly outweigh the costs.
- 5.6 A Panel Member commented that currently, allowing VLPs to participate in balancing markets is under different terms and conditions to other parties. They were of the view that some of this relief from obligations may not be appropriate if VLPs start participating in the wholesale market. Therefore the CBA is necessary to understand the unintended consequences and benefits of allowing them to participate.
- 5.7 A Panel Member queried whether the Workgroup expressed a preference for what scale or granularity should be taken for the modelling. LH advised that when looking at the network impacts, the Workgroup's view was that the distribution network was an important factor. They also believed that additional network benefit assessments were warranted. Further, the scope of the work should clearly set out what the requirements are to ensure that potential providers can provide an informed response.
- 5.8 A Panel Member suggested that analysis be undertaken first of the additionality of aggregator capacity before wholesale market modelling analysis, based on the P415 design not being a standard feature of wholesale or network modelling. LH confirmed that this was an important discussion that was had with the Workgroup. Overall the Workgroup generally felt that the 'bottom up' approach was necessary to support analysis of aggregation investment and assess the impacts of the compensation variants.
- 5.9 A Panel Member queried whether any provisional costing had been agreed and how that fits into Elexon's demand-led budget. Additionally the Panel Member suggested that Ofgem should contribute towards the CBA as it is largely for their benefit and can then meet their wider objectives (noting that Ofgem was critical of the Panel's CBA for [P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'](#)). Another Panel Member suggested that the Panel needs to be careful of its messaging to ensure that the Panel is consistent with its approach; they had asked for the CBA in previous discussions on P415. As the market analysis is available to be investigated, it should be carried out.
- 5.10 The Chair queried whether Ofgem had a preference on the five proposed options. The Ofgem Representative advised that Ofgem had given its steer on being provided with a detailed assessment of impacts. Internally at Ofgem, the relevant team had been made aware of the recommendation for option 5 and had not raised any concerns in relation to this, or on option 4 if it were to be chosen.
- 5.11 The NGESO Panel Member highlighted NGESO's Wider Market Reform work and suggested that the provider that wins the tender for the CBA work take a look at this relevant project as part of its analysis. LH also confirmed that CEPA had been keeping a watching brief on this work.
- 5.12 A Panel Member suggested that it should be discussed with DNOs as to what they would consider the potential range of network impacts. The DSO Representative commented that DNOs had been made aware of the proposed options and welcomed some timescales, given the complexity of the information required. A Panel Member observed that DNOs are currently tendering for Flexibility Services so suggested that the successful provider liaise with DNOs to access a view of this area of the market.
- 5.13 Another Panel Member suggested that a CBA of Option 4 should be carried out as a minimum and that costings for the additional modelling could be looked at as part of the tender process. The Chair queried why the Workgroup opted for Option 5 over Option 4. Elexon advised that this was largely down to the additional value of looking at the network impacts which was felt to be beneficial of the majority of the Workgroup. A Panel Member, who is also a P415 Workgroup Member commented that the Workgroup was largely swayed by Ofgem who had requested as much information as possible.

- 5.14 The Panel considered that network impacts are expected to be less impactful relative to wholesale market impacts. Therefore, rather than modelling, analysis instead be conducted with network companies to develop a (qualitative view) on magnitude of impact (with high-level quantification if possible/suitable) and that this approach was considered more proportionate than Option 5 which had a high incremental budget increase for incorporation of the network infrastructure impacts through detailed modelling.
- 5.15 Overall, the Panel recommended that Option 4 be taken forward, subject to Elexon confirming with Ofgem that this would be adequate (Elexon sending through the requirements) and that a separate piece of engagement with networks be undertaken, for example with the Energy Networks Association (ENA), Network Operators and NGESO.
- 5.16 The BSC Panel:
- a) **AGREED** that Elexon submits a competitive tender for a cost-benefit analysis of P415 with Option 4 'Market Modelling – Wholesale Impacts only' to be taken forward, subject to Elexon confirming with Ofgem that this would be adequate and with the additional recommendation that a separate piece of engagement with networks be undertaken; and
 - b) **AGREED** a bottom-up assessment methodology for the CBA.

6. Approval of P375 Configurable Item changes for the June 2022 BSC Release – (318/06)

- 6.1 Elexon advised that following discussions with Retail Energy Code (REC) colleagues, the recommendations had been updated since the paper was issued to provide further clarity.
- 6.2 The BSC Panel:
- a) **APPROVED** the amendments made to the Configurable Items to reflect the P375 solution (with the exception of BSCP502 and BSCP514), to be implemented on 30 June 2022 as part of the June 2022 Standard BSC Release;
 - b) **APPROVED** as “BSC-owned data flows” for implementation in the June 2022 Release of the EMAR:
 - i The new 'Dxxxx' data flow;
 - ii The new 'Jxxxx' data item;
 - iii The new 'Jyyyy' data item; and
 - iv The new instances of the BSC-owned data flows for approval by the CCSG for implementation in the June 2022 Release of the EMAR:
 - D0001, D0002, D0005, D0008, D0010, D0011, D0022, D0148, D0151, D0155, D0170, D0261, D0383 and D0384Code Administration Code of Practice (CACoP) Quarterly Update
 - c) **RECOMMENDED** the new instances of REC-owned data flows for approval by the CCSG for implementation in the June 2022 Release of the EMAR:
 - i D0134, D0139, D0142, D0221, D0268, D0302
 - d) **RECOMMENDED** the REC make the amendments to the 'J0003' data item that are required to implement P375;
 - e) **RECOMMENDED** the REC add AMVLP as a valid Market Data Service in the Standards Definition document; and
 - f) **NOTED** that the changes made to BSCP502 and BSCP514 will be incorporated into a new document that will be presented to the Panel for approval at its meeting in October 2021.

7. Code Administration Code of Practice (CACoP) Quarterly Update

- 7.1 Elexon advised that a CACoP Newsletter had been issued in July 2021 which included information on the CUSC Panel Elections, Energy Codes Reform Consultations and announcement that the CACoP Central website would be launched in early September 2021. Elexon hoped that the website would be shared with the CACoP at its next meeting on 14 September 2021, following which they would inform the Panel when the website had gone live¹.
- 7.2 The BSC Panel:

¹ Post-meeting note: At its meeting on 14 September 2021, the CACoP Forum was informed that issues had been identified in testing which are currently being worked through. The go-live date is now behind schedule but the intention is for the website to go-live at the end of September 2021.

- a) **NOTED** the update.

Part III: Non-Modification Business (Open Session)

8. Minutes of previous meetings & Actions arising

- 8.1 The BSC Panel approved the draft minutes for BSC Panel meetings 316A, 317, 317A and 317B. Elexon presented the actions and associated updates for the September Panel meeting.

9. Chair's Report

- 9.1 The Chair reported that the cross-code independent Panel Chairs was held on 6 September 2021 to discuss code consolidation and simplification. He highlighted that a number of Code Administrators had decided not to provide a response to the Energy Codes Reform consultation. A Panel Member suggested that those independent Panel Chairs that are in agreements sign a collated letter. The Chair agreed to discuss this with the Chair.
- 9.2 The Chair highlighted that Elexon is now [consulting](#) on the highest ever Credit Assessment Price (CAP) on record to £137/MWh. This will be the eighth increase this year if this takes effect from 5 October 2021. Elexon has taken an action to contact the parties who will be most heavily impacted to inform them of how much more Credit Cover they will need to lodge.

10. Elexon Report – (318/01)

- 10.1 VM suggested removing the Coronavirus section from the Elexon Report going forwards. The Panel agreed that this was sensible given the current circumstances.
- 10.2 A Panel Member highlighted that there was an Electralink outage and queried the cause of this. VM advised that the root cause was not down to a corrupt file but an issue with the messaging cue. Elexon had asked Electralink for a post-incident report but this had not yet been received. VM expected a further update to have been issued to BSC Parties before the October Panel meeting.
- 10.3 A Panel Member noted that at the ENCC transparency forum held on 8 September 2021, it was highlighted that demand data was not being updated on BM Reports. Elexon had informed the Party that they were not receiving the data from NGESO. Elexon agreed to investigate this with assistance from NGESO.

ACTION 318/01

11. Distribution Report

- 11.1 The DNO Representative highlighted that DNOs will be holding an MPAS Governance Workshop with Elexon on 14 September 2021 to discuss BSC and MRA arrangements after Faster Switching implementation. This will also look at how MPAS/SMRS will look under MHHS.

12. National Grid Report

- 12.1 The NGESO Panel Member noted that NGESO has now drafted its Whole System Technical Code consultation which it is encouraging stakeholders to get involved in.
- 12.2 The NGESO Panel Member also noted that Ofgem had approved a set of System Restoration licence changes for NGESO which are coming into effect in October 2021. NGESO is currently developing a plan which it will share with industry shortly, including cross-code changes.

13. Ofgem Report

- 13.1 The Ofgem Representative noted that it had made an announcement to open up the fund to £450million to help unlock cutting-edge innovation across networks as part of RIIO-2 price controls.

14. Tabled Reports

- 14.1 The BSC Panel noted the reports from the ISG, SVG, PAB, TDC, BCB, the Trading Operations Headline Report and the System Price Analysis report.

15. Improvement to SVG Interim Process for Exempt Supply Applications – (318/07)

- 15.1 A Panel Member queried whether under this process, the intention is to match each half hour. Elexon advised that the interim process administered by SVG can only support a sub-set of exempt supply (it can only support exempt supply where it is possible to identify a Metering System that is only ever recording exempt supply). There are therefore parties that are making legitimate exempt supplies but are unable to benefit from the interim solution to avoid paying Contracts for Difference (CfD) and Capacity Market (CM) levies.
- 15.2 A Panel Member noted that one of the SVG's concerns was that there is no monitoring process and suggested this approach may be valid in certain circumstances. Elexon advised that the proposal puts the emphasis on the exempt Supplier to notify Elexon of any changes; Elexon can then notify EMRS. A Panel Member queried the circumstance where a company was no longer functioning and who would notify Elexon in this scenario. Elexon advised that there are a number of complicated scenarios which have not yet all been considered in detail. In the case where the Licensed Supplier ceases to trade, EMRS would carry out a process to re-allocate consumption to a SoLR or other trade sale. In the case of the exempt Supplier ceasing to trade but the Licensed Supplier still operating, it would be the Licensed Supplier's duty to notify Elexon. A Panel Member also suggested that Ofgem may wish to start asking about this as part of the SoLR process.
- 15.3 A Panel Member queried how much this is going to cost Elexon to set up as they were worried that BEIS's exemption order may change. Elexon advised that they did not anticipate the process to take up much resource to standardise the process.
- 15.4 The BSC Panel:
- a) **AGREED** that applications for Exempt Supply should include actual data in a standardised spreadsheet format, with confirmation provided by the Licensed Supplier that this data is sourced from the appointed HHDC(s) (section 2.1);
 - b) **AGREED** that Elexon should clearly explain what analysis it has carried out on the data provided in each application and ensure data is collated on one spreadsheet (section 2.2);
 - c) **AGREED** that the director's declaration will include confirmation that any material changes to the sites provided in the application will be notified to Elexon as soon as reasonably practicable and Elexon will inform EMRS (section 3.2);
 - d) **NOTED** the that Issue 96 has been raised to develop the enduring solutions for exempt supply (section 4.3); and
 - e) **AGREED** that SVG should resume processing applications that meet the above criteria from October.

16. Any other business

- 16.1 In relation to the MHHS Programme, a Panel Member queried whether Elexon, in its SRO role, would publish total industry costs that will come back to Suppliers. Elexon agreed to flag this to the MHHS Programme team so that confirmation could be provided.
- 16.2 The Panel Secretary also notified the Panel that they would provide a detailed update on the BSC Panel Strategy at the 14 October 2021 meeting.

ACTION 318/02

17. Next meeting

- 17.1 The next meeting of the BSC Panel will be held at the Elexon Offices and via video conference on Thursday 14 October 2021.