

Update of progress made to BSC Panel Strategy 2020-2022

BSC Panel

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Summary	Ellexon invites the Panel to note the actions achieved out of the BSC Panel Strategy in its first 12 months.		

1. BSC Panel Strategy

- 1.1 The BSC Panel Strategy commits the Panel to fulfil a number of actions over a two-year period, and includes actions both directly involving the BSC arrangements and actions that extend beyond the BSC. It enables the Panel to assess its success at the end of the two-year period by reviewing its achievements and learning from the challenges it faced.
- 1.2 Now that the 2020-2022 BSC Panel Strategy has been in place for over 12 months, this paper demonstrates the actions that have been delivered so far and future activities for Panel consideration over the next quarter.

2. Delivery of Core BSC Services

Delivering Change

- 2.1 Delivery of change is one of the Panel's key responsibilities. The Panel continues to recognise the importance of making the change process as accessible as possible to all BSC Parties and of making it easier for them to stay informed and get involved in changes.
- 2.2 In April 2020, the Panel agreed a set of principles for Ellexon to work to, when progressing changes to the BSC while the industry managed the impact of COVID-19. Changes to the BSC (and its subsidiary documents) continued to be progressed, but were prioritised based on whether the change:
 - Was required to mitigate risks and issues caused by COVID-19;
 - Was required to be implemented by a fixed deadline; and
 - Had minimal impact on market participants, unless required for the previous two points.
- 2.3 This prioritisation process ended on 30 June 2021 as this was consistent with the direction of travel for the Government's roadmap and vaccination efforts, and reflected the assurance related derogations overseen by the Performance Assurance Board (PAB).

Code Governance Review and Cooperation with other Code Administrators

- 2.4 The Panel continues to acknowledge the importance of aligning BSC Modifications and Change Proposals (CPs) with changes to other codes to support the industry's timely transition to the future energy system design envisioned by the Smart Systems and Flexibility Plan.
- 2.5 Ellexon and the Panel have continued to support Ofgem and BEIS's Code Governance Review with the overall objective for simplification of the code governance landscape and consolidation of codes. As such, the BSC Panel submitted a formal [response](#) to Ofgem/BEIS's consultation on the Energy Codes Reform on 17

September 2021. The views expressed in the submission were those of the vast majority of the Panel, and comments were made in a genuine attempt to help the cause of the review.

- 2.6 Elxon and the Panel also continues to work with other Code Administrators and plays an active role in Code Administration Code of Practice (CACoP) Workgroups. Most notably, the Panel provided valuable input into the CACoP website. This is due to launch in early October 2021. ,
- 2.7 The BSC Panel Chair continues to attend a cross-code Panel Chairs meeting whose purpose is to discuss code consolidation and simplification. The Panel Chair also attended the CUSC Panel meeting in December 2020. He shared his learnings with the Panel, including the observation that it appeared more procedural. The Panel also invited Trish McAuley (CUSC Panel Chair) to attend a BSC Panel meeting (to which she accepted in March 2021).

Elxon Kinnect

- 2.8 Since 2017/18, Elxon has been re-architecting the central systems to deliver a flexible, scalable, open platform to provide settlement, party management and analytics and insight services appropriate to the needs of the future market. On 27 January 2021, the Elxon Kinnect Customer Solution was launched. This is a self-service gateway for customers to use to manage their Elxon accounts, including market entry and asset registration. All Category A Authorised Signatories were provided with access to the Customer Solution, and access to set up accounts for other people within their organisations. Elxon also formed an Elxon Kinnect Customer Solution Workgroup whose first meeting took place in March 2021.
- 2.9 Further information, including videos on the Settlement Solution and Insight Solution have also been provided on the newly-created Elxon Kinnect [page](#) of the Elxon website.
- 2.10 Regular monthly updates on the Elxon Kinnect Programme are now provided to the BSC Panel in the Elxon Report and Elxon's Director of Digital Operations, Peter Stanley, also attends BSC Panel meetings to answer any specific questions as and when required.

3. Resolution of known BSC Issues

Multiple Suppliers

- 3.1 Following Elxon's White Paper, [P379 'Multiple Suppliers through Meter splitting'](#) was raised to enable consumers to be supplied by multiple Suppliers through BSC Settlement Meters at the Boundary Point. P379 was subsequently withdrawn by the Proposer in March 2021 after independent analysis of the proposal showed that the costs for implementing it would significantly outweigh the benefits.
- 3.2 There are important learnings from the development process for P379, which Elxon plans to compile and publish by Q1 2022. These lessons include elements of the customer experience that would be affected by having multiple Suppliers, and what changes might be needed in the wider policy environment before some of the benefits cases envisaged under P379 could be realised.

Open Data

- 3.3 BSC Panel raised [P398 'Increasing access to BSC Data'](#) (in response to the Energy Data Task Force's report '[A Strategy for a Modern Digitalised Energy System](#)'), was implemented on 24 June 2021. From this date, individuals have been able to request that BSC data is made openly available, regardless of whether or not they are a BSC Party.
- 3.4 The Panel is mindful that access to open data assists progress to net zero by supporting innovators in developing new products and services.

Credit Assessment Price (CAP) Review process

- 3.5 On behalf of the Panel, Elxon carried out a review of the CAP review procedures as there had been seven changes to the CAP in 2019. The Panel considered two potential ways forward as part of Panel paper [310/07](#) (proceed with current process or pursue a 'gold-standard' automated approach) but overall agreed with the Credit Committee's recommendation to proceed with the current process at this time.
- 3.6 At the time of writing this paper, Elxon consulted on its ninth increase in 2021 to a record high level of £184/MWh from £137/MWh. This figure was subsequently agreed by the Credit Committee and will take effect from 21 October 2021.

Ensuring Demand Control Event (DCE) procedures remain fit for purpose

- 3.7 Elexon sought to examine the efficacy of the Settlement Adjustment Processes (SAP) introduced by [P305 'Electricity Significant Code Review Developments'](#) in 2015 by raising [Issue 89](#). Following the SAP's first use in August 2019 and the difficulties that were faced, the Panel raised [P397 'Assessing the costs and benefits of adjusting Parties' Imbalances following a demand disconnection'](#). This was as a means to introduce a materiality threshold wherein the processes are only performed where the estimated benefits outweigh the expected costs.
- 3.8 The Issue 89 Report was presented to the Panel at its June 2021 meeting ([315/09](#)) where the Issue Group recommended that irrespective of the outcome of P397, no further amendments to the SAP should be made as the costs of any further amendments would outweigh the likely costs associated with running the SAPs.
- 3.9 In addition, the Issue Group recommended that minor improvements be made to clarify the Code Subsidiary Documents as part of a CP within 12 months and a new guidance note should be developed as part of this.

Faster change process

- 3.10 Elexon, in discussion with the Panel, seeks to investigate the potential for only having one industry consultation for Modifications in certain circumstances in order to speed up the Modification process overall. This may require a review of the existing governance arrangements in BSC Section F and BSCP40.
- 3.11 This was discussed at the Panel's August 2021 meeting ([317/02](#)), where the Panel suggested that it might be useful for a short survey to be issued to industry participants to also gauge their feedback on this. The Modification Secretary agreed to discuss this internally and will subsequently issue a short survey to market participants.

4. Post-implementation reviews

BMRS Change Board (BCB)

- 4.1 The BCB was set up to help reduce the timescales to progress Balancing Mechanism Reporting System (BMRS) changes and reduce the burden on market participants to respond to consultations, whilst maintaining transparency and Change Management controls.
- 4.2 Elexon has been monitoring whether having a separate Committee has proved beneficial in being able to approve small, low risk and low impact BMRS Changes and will provide an update to the Panel by the end of Q4 2021 for Panel consideration and discussion.

BSC Sandbox

- 4.3 This strategic initiative enables limited pre-competitive trials of potentially innovative products or services into a live market environment. Emergent Energy's proposal to use the BSC Sandbox for the first time was approved by Ofgem on 26 May 2021. Emergent Energy proposed to employ proprietary technology to perform an 'on-site aggregation' calculation on private wire networks. Currently, private wire networks are generally developed to serve clusters of consumers such as businesses on an industrial park, or blocks of flats.
- 4.4 The Panel agreed that it may wish to review this process again by the end of Q4 2021 once it had been running for over 12 months. An update will be provided to the Panel at its December 2021 meeting.

[P411](#) (Including new LDSOs in Qualification to mitigate potential risks to Settlement')

- 4.5 The Panel agreed that it would be useful to review the effectiveness of the Qualification Performance Assurance Technique (PAT) which required new Licensed Distribution System Operators (LDSOs) to undergo Qualification in this role. The Panel agreed to review the process in Q1 2022 (once it had been implemented for over 12 months) to ensure that there had not been any detrimental effects on potential new entrants. An update will therefore be provided to the Panel in early 2022.

5. Panel Governance and efficient working practices between Panel Committee

Appointing a successor to the current BSC Panel Chair

- 5.1 The Panel (being led by the Deputy Panel Chair) has conducted a review of the Panel Chair's role and responsibilities following the end of the Panel Chair's term on 30 September 2022. Following some informal conversations with Panel Members, the Panel has provided input to the Deputy Panel Chair on the type of Chair the Panel would like.

- 5.2 The Panel have agreed that it is desirable that the Panel Chair and BSCCo Board Chair continue to be combined rather than separate people. In addition, the Panel agreed to form a Panel sub-committee, headed by the Deputy Chair to work with the BSCCo Board in the appointment process.

Review of Panel Committees' Terms of Reference (ToR)

- 5.3 In February 2021 the Panel Committee Chairs reviewed the Committee's ToR. It was agreed that the four sub-committees should be aligned as much as possible to keep things consistent, clear and prevent four disparate sets of procedures. For completeness, we also took the opportunity to update the Credit Committees' (CC) ToR (which had not been updated since 2016) so that they were also consistent with the four Panel Committees.
- 5.4 The key changes included amendments to the quoracy rules (four members for all), amendment to the voting procedures so that this is now by majority rather than unanimity and the removal of any gendered references. The Panel approved all the proposed changes to the Terms of Reference at its March 2021 meeting ([312/12](#)).

6. Recommendations

- 6.1 We invite the Panel to:
- a) **NOTE** the actions that have been achieved out of the BSC Panel Strategy to date; and
 - b) **NOTE** the items that will require Panel review over the next six months.

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