

Minutes

BSC Panel

Meeting number **321**

Venue **Elexon Offices/Video Conference**

Date of meeting **Thursday 9 December 2021**

Classification **Public**

Attendees and apologies

Attendees

Michael Gibbons	MG	BSC Panel Chair
Phil Hare	PH	Deputy BSC Panel Chair
Colin Down	CD	Ofgem Representative
Jon Wisdom	JW	NGESO Panel Member
Andrew Colley	AC	Industry Panel Member (and alternate for LW)
Mark Bellman	MBe	Industry Panel Member
Rhys Kealley	RK	Industry Panel Member
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Chair Appointed Industry Panel Member
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ed Rees	ER	Consumer Panel Member
Andy Manning	AM	Consumer Panel Member
Sara Vaughan	SV	Interim Elexon CEO (Part-Meeting)
Victoria Moxham	VM	Elexon Director of Customer Operations, Panel Secretary
Angela Love	AL	Elexon Director of Future Markets and Engagement (Part-Meeting)
Yasmin Mouse	YM	Elexon Interim CFO (Part-Meeting)
Peter Stanley	PS	Elexon Director of Digital Operations (Part-Meeting)
Claire Kerr	CK	BSC Administration and Configuration Manager
Lawrence Jones	LJ	Modification Secretary

Attendees and apologies

Jon Wilkins	JWi	Research Craft (Part-Meeting)
Mark Meyrick	MM	Ecotricity (Part-Meeting)
Alison Price	AP	NGESO (Part-Meeting)
Lee Stone	LS	Npower Commercial Gas Limited (Part-Meeting)
Jack Presley-Abbott	JPA	Centrica (Part-Meeting)
Stef Peeters	SP	Centrica (Part-Meeting)
Craig Murray	CM	Elexon
Chris Arnold	CA	Elexon
Aylin Ocak	AO	Elexon
Angus Fairbairn	AF	Elexon
Sedef Kiris	SK	Elexon
Peter Frampton	PF	Elexon
Chris Lock	CL	Elexon
Colin Berry	CB	Elexon
Chris Wood	CW	Elexon
Richard Baker	RB	Elexon
Tirath Maan	TM	Elexon

Apologies

Lisa Waters	LW	Industry Panel Member
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1. Introduction

1.1 The Chairman noted apologies from Lisa Waters and that Andy Colley was her alternate.

Part I: Non-Modification Business (Open Session)

2. Customer Survey Results – (Verbal)

2.1 Jon Wilkins (JW) from Research Craft [presented](#) the Customer Survey Results for 2021. Key highlights included:

- Elexon had regained some sense of improvement over the past year but views of their contribution at an industry level had weakened somewhat amongst the medium-sized participants;
- Quality, reliability and expertise remain the most valued aspects of Elexon's service;
- Overall satisfaction levels remain consistently high but are improved amongst smaller organisations;
- Elexon's net improvement score has recovered significantly (with those critical of Elexon decreasing from 12% to 6%), which is mainly attributed to its support of change and engagement with industry;
- Net advocacy remains unusually low (but less polarised this year than previous);
- Specific areas of operation:
 - Communications – perceptions of quality of communication remain overwhelmingly positive;

- OSMs – rating has improved with many feeling that OSMs are making more of an effort to understand their business;
 - BSC Change – Mixed feedback with positive comments on quality of CPs and the focus on customers but ratings for change process and its communications after the decision are weaker;
 - Digital Future – Still widespread interest in getting updates and understanding the end benefits;
 - Committees – Feedback has been very positive overall (area where improvement in the past 12 months is most appreciated) but quality of papers remains a desired improvement; and
 - Performance Assurance – Ratings remain positive but larger companies (three) expressing disappointment that certain planned changes did not materialise.
- 2.2 JW observed that there was a spike in the value for money score at 63% in 2020, which had significantly dropped to 48%. JW noted the high gas prices at the time the survey was conducted. He therefore believed these attributed to the score due to high pressures on the market. A Panel Member was not convinced that the survey accurately reflected the costs of Elexon (which they believed to be expensive) as those filling in the survey may not have as much information on this. JW advised that the falls in value for money scores have come across all company sizes but have been sharpest with larger participants.
- 2.3 JW advised that there had been a decrease in Elexon’s role in facilitating industry debate and decision-making. A Panel Member suggested that this could be down to perception, as there had been a decrease in BSC Modifications raised. Of those BSC Modifications raised, a number had gone straight to the Report Phase and therefore fewer Modification Workgroups had been held. Another Panel Member was surprised to hear that this was an area that industry believed Elexon needed to take a more active role in. They suggested that this could be triggered by industry seeing a greater need for Elexon to do more, rather than Elexon actually doing less of it. Another Panel Member observed that there is also increased activity from NGESO which is taking a more active thought-leadership approach than previously.
- 2.4 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 – (321/02)

- 3.1 The Modification Secretary [presented](#) the Change Report and progress of Modification Proposals.
- 3.2 The Ofgem Representative noted that there is a risk that Ofgem would not make a decision by the required date for [P421 'Align the BSC with Grid Code Modification GC0144 for TERRE Market Suspension'](#) in time for the Modification to be implemented as part of the February 2022 Release. The Modification Secretary agreed to draft a letter to Ofgem on the Panel’s behalf with a proposed new approach and revised Implementation Date¹.
- 3.3 The Modification Secretary advised that Elexon planned to issue a letter to BEIS and Ofgem on behalf of the [Issue 97 'Meter shortage risk driven by global materials availability and supply chain challenges'](#) Group. The Panel had been sent early oversight of this letter and Elexon welcomed any further feedback before this letter was finalised and issued.
- 3.4 In relation to [P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'](#), the Modification Secretary advised that Elexon had carried out a competitive tender process for a cost-benefit analysis (CBA) (via a Request for Proposal (RFP)) to six bidders. Following receipt of three responses, a technical and commercial evaluation process and shortlisting the most suitable tenders, Elexon had now identified a preferred Supplier and intended to award the contract to CEPA LLP.

¹ The Modification Secretary drafted the proposed new approach and revised Implementation Date on behalf of the Panel to Ofgem. The Panel agreed to these at an Urgent Panel Meeting held on 13 December 2021.

- 3.5 The Modification Secretary noted that it is expected that the project would take around six-seven months to complete and asked the Panel to agree a budget of up to £135k for the CBA work, which is in line with estimated costs detailed at the September 2021 Panel meeting.
- 3.6 The BSC Panel:
- a) **AGREED** a budget of £135k for the P415 Cost-Benefit Analysis;
 - b) **NOTED** the letter to Ofgem/BEIS on behalf of the Issue 97 Workgroup; and
 - c) **NOTED** the contents of the December Change Report.
4. **P430 'Allow Suppliers to use metering behind the site Boundary Point' – (321/03)**
- 4.1 A Panel Member suggested that the administrative burden of the Qualification process on Suppliers to become an Asset Metering Virtual Lead Party (AMVLP) might need further examination as part of the Workgroup as they were of the view that this should not be a difficult process. The Proposer, Mark Meyrick (MM) from Ecotricity, commented that the AMVLP process was created to allow Settlement behind the Meter and that Suppliers should be able to utilise this benefit in their existing market role, rather than undergoing further Qualification. He went on to agree that looking at how onerous the AMVLP Qualification process is for Suppliers should be considered by the Workgroup.
- 4.2 The Modification Secretary advised that the P375 Workgroup had previously considered specifically extending the P375 solution to include Suppliers at the time. The P375 Proposer and Workgroup concluded that, as Suppliers would be eligible to Qualify as AMVLPs and therefore participate in the P375 solution, it would not be beneficial to extend the timescales for P375 any further so decided not to explicitly include Suppliers in the proposed solution.
- 4.3 The BSC Panel:
- a) **AGREED** that that P430 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P430 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference.
5. **P431 'Post Brexit Agreement Updates' – (321/04)**
- 5.1 A Panel Member queried whether the removal of the references to EBGL Local Data in BSC Section Q proposed under this Modification could lead to some data not being published that otherwise would be. Elexon advised that nothing had changed in respect of EBGL Local Data and the only thing that had changed is that data is no longer going to ACER or ENTSO-E.
- 5.2 A Panel Member queried NGENSO's rationale for P431 better facilitating Applicable BSC Objective (e). Elexon advised that the Electricity Regulation detailed in the Applicable BSC Objective was now defined in UK Law (was previously in EU Law), which the BSC has to comply with (as is common amongst all Code Bodies). Any decisions made prior to 31 December 2020 are still binding as part of UK Law and therefore by aligning the BSC with the new existing UK Law, Elexon is complying with the Electricity Regulation. Two Panel Members noted the rationale but expressed the view that they were neutral on Applicable BSC Objective (e) on the basis that there is already a requirement for BSC Parties to comply with UK Law making the Objective redundant.
- 5.3 A Panel Member commented that they did not agree in principle with multiple consultations being issued over the Christmas period but noted that in this instance, the Modification was straightforward so did not believe there would be an issue. The Modification Secretary sympathised with this observation but highlighted that it had decided to go with the 15 Working Day (WD) Consultation so it would both be compliant with BSC Section F, the consultation could possibly run in parallel with another Modification and to ensure that these Modifications made the January 2022 Panel meeting.
- 5.4 The BSC Panel:
- a) **AGREED** that P431 progresses directly to the Report Phase;
 - b) **AGREED** that P431:
 - i) **DOES** better facilitate Applicable BSC Objective (d);
 - ii) **DOES** better facilitate Applicable BSC Objective (e);

- c) **AGREED** that P431 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- d) **AGREED** an initial recommendation that P431 should be **approved**;
- e) **AGREED** an initial Implementation Date of:
 - i) **30 June 2022** as part of the standard June 2022 Release;
- f) **AGREED** the draft legal text;
- g) **AGREED** an initial view that P431 should be treated as a Self-Governance Modification; and
- h) **NOTED** that Elexon will issue the P431 Draft Modification Report (including the draft BSC legal text) for a 15 Working Day consultation and will present the results to the Panel at its meeting on 13 January 2022.

6. **P432 'Half Hourly Settlement for CT Advanced Metering Systems' – (321/05)**

- 6.1 A Panel Member queried how this Modification would interact with [CP1549 'Amendment of BSCP516 to clarify the criteria for Non-Domestic SVA Metering Systems to be allocated to Profile Classes 3 or 4'](#). The Proposer, Lee Stone (LS) from Npower Commercial Gas Limited noted that CP1549 clarifies moving from HH to NHH. This would provide clarity around the downgrade process but that these should be by exception, as the market will be moving to HH Settlement in the future.
- 6.2 A Panel Member was against the principle of moving from HH to NHH Meters and suggested that the Workgroup should consider removing this ability. Elexon advised that the Workgroup would also need to look at Elexon and the PAB's monitoring and reporting on this point.
- 6.3 The Ofgem Representative queried whether this addition to the Workgroup's Terms of Reference would potentially amend the scope of P432, as Ofgem had agreed that this Modification should not be subsumed into its MHHS Significant Code Review (SCR). LS believed this to be a valid concern, but believed there is minimal change to the scope, as it appeared to be industry's view that having the ability to downgrade once Meters had been moved to HH would be counter-productive.
- 6.4 A Panel Member queried whether there is an estimate of how many CT Meters across the market are in Profile Class 3. LS advised that some 2018 work carried out by the Association of Meter Operators (AMO) and distributors identified approximately 50,000.
- 6.5 The BSC Panel:
 - a) **AGREED** that P432 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P432 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference.

7. **P433 'Aligning the P375 BSC changes with the post-P420 BSC Baseline' – (321/06)**

- 7.1 The BSC Panel:
 - a) **RAISED** the Modification Proposal (in accordance with F2.1.1(d)(vi));
 - b) **AGREED** that this Modification progresses directly to the Report Phase;
 - c) **AGREED** that this Modification:
 - i) **DOES** better facilitate Applicable BSC Objective (d);
 - d) **AGREED** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
 - e) **AGREED** an initial recommendation that this Modification should be **approved**;
 - f) **AGREED** an initial Implementation Date of:
 - i) **30 June 2022**, as part of the standard June 2022 BSC Release;
 - g) **AGREED** the draft legal text;
 - h) **AGREED** an initial view that this Modification **should** be treated as a Self-Governance Modification; and

- i) **NOTED** that Elexon will issue the Draft Modification Report (including the draft BSC legal text) for a 15 Working Day consultation (extended to cover Christmas and New Year) and will present the results to the Panel at its meeting on 13 January 2022.

8. **P428 'Correction to P376 Legal Text' – (321/07)**

8.1 The BSC Panel:

- a) **AGREED** that P428:
- i **DOES** better facilitate Applicable BSC Objective (d);
- b) **DETERMINED** that P428 is a Self-Governance Modification Proposal;
- c) **APPROVED** an Implementation Date of:
- i **23 February 2023** as part of the standard February 2023 Release;
- d) **APPROVED** the draft legal text; and
- e) **APPROVED** the P428 Modification Report.

9. **P429 'Switching off Participant-Reported PARMS Serials' – (321/08)**

9.1 The BSC Panel:

- a) **AGREED** that P429:
- i **DOES** better facilitate Applicable BSC Objective (d);
- b) **AGREED** a recommendation that P429 should be **approved**;
- c) **APPROVED** an initial Implementation Date for the Proposed Modification of:
- i **24 February 2022** as part of the standard February 2022 BSC Release if an Authority decision is received on or before 14 February 2022; or
- ii **5WD following Authority decision** if an Authority decision is received after 14 February 2022;
- d) **APPROVED** the draft legal text and CSDs for P429;
- e) **AGREED** that P429 **should not** be treated as a Self-Governance Modification and
- f) **APPROVED** the P429 Modification Report.

10. **Issue 91 'Registration and Settlement of Smart Export Guarantee (SEG) sites'**

10.1 The BSC Panel:

- a) **NOTED** the Issue 91 Report.

11. **The Code Administration Code of Practice (CACoP) – Quarterly Update - Verbal**

11.1 The Panel Secretary advised that the main points to highlight for this quarter are as follows:

- An October 2021 newsletter had been published (available on the CACoP Forum [webpage](#) on our website and via Newscast);
- The [CACoP Website](#) was now live and the CACoP welcomed any feedback on the site so far; and
- The Retail Energy Code (REC) had asked the CACoP to discuss the Supplier of Last Resort Process (SoLR). The BSC had engaged with REC colleagues on different stages of the process and Ofgem's involvement, which proved to be a useful discussion.

11.2 The Panel Secretary also advised that Chris Arnold would be taking over from Claire Kerr as the CACoP Representative for the BSC from 14 December 2021.

11.3 The BSC Panel:

- a) **NOTED** the update.

Part III: Non-Modification Business (Open Session)

12. Minutes of previous meetings & Actions arising

- 12.1 The BSC Panel approved the draft minutes for BSC Panel meetings 320, 320A, 320B, 320D and 320F. Elexon presented the actions and associated updates for the December Panel meeting.

13. Chair's Report

- 13.1 The Chair advised that the Credit Committee was currently consulting on increasing the Credit Assessment Price (CAP) to £305/MWh. The evidence also indicates that a large increase will take place again in January 2022.
- 13.2 The Chair noted that he had attended a cross-code Chairs meeting where elements were shared of responses to Ofgem/BEIS's consultation on Code Reform. He thought that this forum is potentially useful for discussion of high level cross code issues.
- 13.3 Elexon has worked with Energy Systems Catapult (ESC) on a paper, which examines options to improve the tracking of carbon content in electricity markets. Further information can be found on our website at the following [link](#).

14. Elexon Report – (321/01)

- 14.1 A Panel Member raised a concern that had been made at the ISG meeting on 7 December 2021 around the stability of Elexon's IT systems. VM agreed to speak to the ISG Chair about what was discussed and provide an update to the Panel at its January 2022 meeting.

ACTION 321/01

15. Distribution Report

- 15.1 The DNO Representative commented that DNOs are continuing to engage with Elexon on CVA issues that are being monitored by the PAB. DNOs have also asked for further engagement with Elexon on P415 CBA.

16. National Grid Report

- 16.1 The NGESO Panel Member reported that NGESO has launched an [investigation](#) into the recent high prices coming through BM costs. The Terms of Reference are on NGESO's website but the three main areas for consideration are as follows:
- current behaviours, i.e. how bids have been submitted into the BM since 1 August 2021;
 - technical parameters and market rules, i.e. is there anything inherent in these perpetuating certain behaviours; and
 - stakeholder engagement.
- 16.2 Further, NGESO are procuring external consultants to help with this investigation. They hoped to share their initial findings by the end of January 2022.
- 16.3 A Panel Member welcomed a review of the technical parameters but believed it to be odd to include Parties' behaviour in the scope when the purpose of the BM is to reflect scarcity pricing. They suggested that emphasising that market rules allow this behaviour be reflected in any discussions.
- 16.4 A Panel Member welcomed stakeholder engagement in the investigation but queried how NGESO intended to do this. The NGESO Panel Member advised that there is a specific mailbox available [here](#), where Parties are encouraged to provide any comments or feedback.
- 16.5 A Panel Member suggested that market liquidity was included in the scope, given previous discussions on this topic at the Panel. The NGESO Panel Member agreed to feed this back as an area that should be discussed.
- 16.6 A Panel Member queried why NGESO was leading on this rather than Ofgem. The NGESO Panel Member was of the view that Ofgem was supportive of this work.
- 16.7 The NGESO Panel Member also advised that Ofgem had released its [draft impact assessment](#) on 8 December 2021 on moving BSUoS charges fully onto demand, with effect from 1 April 2023.
- 16.8 A Panel Member noted that at the Operational Transparency Forum held on 8 December 2021, there was a presentation on the Capacity Market warning. This detailed a data issue that meant that some data had not got through resulting in a warning being issued. The Panel Member queried whether this error was related to any

data on the BMRS or de-rated margin (DRM) calculation. The NGESO Panel Member agreed to confirm this with the Panel Member offline.

17. Ofgem Report

- 17.1 The Ofgem Representative noted Ofgem had published a [consultation](#) with five documents attached in relation to changing the price cap and welcomed views by 17 December 2021.
- 17.2 A Panel Member queried whether any progress had been made on the Code Governance Review. The Ofgem Representative advised that work was progressing internally and that a government response (alongside the consultation responses) was still expected. However, an estimated date could not be shared at this time.
- 17.3 A Panel Member observed that Shell Energy had a Licence revoked on 8 December 2021 but noted that they still had three active Supplier Licences. The Ofgem Representative agreed to discuss this with the relevant Panel Member offline.

18. Tabled Reports

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

19. Approval of Data Licences and the Reclassification of P114, P30 and P315 Data Licences due to P398 Open Data Requests Any other business – (321/10)

- 19.1 A Panel Member queried how long the costs had been £0. Elexon advised that they were unable to provide a specific date but that original licence costs were based on the cost of becoming a BSC Party, covering costs of the BSC Modifications related to the Licences and the cost to serve the data. Elexon's Finance team and the service provider for the datasets have identified no current cost with providing the data.
- 19.2 A Panel Member queried whether the dataflows could be broken up as some are available on the Balancing Mechanism Reporting Service (BMRS) but some could be considered sensitive. Elexon advised that following Panel approval, this would then return to the Open Data Request service; this looks at mitigation and can recommend splitting out or aggregating data to ensure that any sensitive data is not shared. Further Elexon would receive feedback from industry on any datasets they may not feel comfortable with (each dataset would be processed individually rather than grouping per licence).
- 19.3 A Panel Member queried how much it would cost to process the refund. Elexon noted that it had looked at this but that the cost of processing the refund pro rata would outweigh the benefits to licence holders in terms of running the BSC.
- 19.4 A Panel Member queried whether there is a risk of this process being abused if data is freely available. Another Panel Member confirmed that the way the Application Programming Interfaces (API) system is set up means that if a Party abuses the data pool they would be removed even if they had paid.
- 19.5 The BSC Panel:
- a) **NOTED** the Open Data Requests received relating to data subject to P114, P30 and P315 data licences;
 - b) **APPROVED** the Open, Public, Shared and Closed BSC Data Licences to facilitate the Elexon Open Data Requests service;
 - c) **APPROVED** the cost of P114, P30 and P315 be revised to a cost of £0; and
 - d) **APPROVED** Elexon to seek industry feedback through a two-week industry consultation on classifying the datasets within the P114, P30 and P315 data licences under the Elexon Open Data Licence.

20. Approval of default Line Loss Factor Class values – (321/11)

- 20.1 A Panel Member observed that 2016 was a long time ago so queried why these were the values being used. Elexon noted that under BSCP128, if there is no material change to the data, then a Party only has to calculate and submit their on-site specific LLF values every five years. However, the Party has advised that when they attempted to calculate the values in 2021, they identified a sub-C cable electrical fault. Therefore, they would not be in a position to recalculate their on-site specific LLF values until 2023, as they would not have sufficient consumption data to submit.

- 20.2 A Panel Member queried whether there had been any change in demand or capacity so that an adjustment could be made to the data; they believed that data from five years ago would now be inaccurate. Elexon advised that it had asked the Party for more recent data but they were of the view that the recent data they hold is incorrect due to the fault.
- 20.3 A Panel Member queried whether there is any impact on the Assistance for Areas with High Electricity Distribution Costs (AAHEDC) Scheme. Elexon advised that as it does not have accurate values, it is unable to calculate the materiality and risk. Further, Elexon noted that there could be a financial impact to obtain values from the past 12 months but that this cost had not yet been identified.
- 20.4 Another Panel Member queried whether there would be an impact on Revenue, Incentives, Innovation and Outputs (RIIO) performance. Elexon noted that as LLF values are not high volume, changes would only be within a certain range. Therefore, Elexon would not expect this to be a high impact but is unable to identify the scale of this at this time.
- 20.5 The BSC Panel:
- a) **NOTED** that the LLF values from 2016 shall be applied for these two LLFCs until such time LLFs can be re-calculated (i.e.2023); and
 - b) **APPROVED** SSEN's Line Loss Factor Values from 2016 for Monan Wind, Harris (LLFCs 642, 842) for use in Settlement until such time sufficient consumption data has obtained.

21. Centrica's BSC Sandbox application for recommendation to Ofgem – (321/12)

- 21.1 Jack Presley-Abbott (JPA) and Stef Peeters (SP) [presented](#) Centrica's BSC Sandbox application to provide Virtual Lead Party (VLP) services to customers with Non Half Hourly (NHH) Boundary Point Metering Systems (currently to use assets must be located on a HH settled site).
- 21.2 A Panel Member queried how the Physical Notification (PN) baseline would be established to work out what the delivered volume would be on a bid or offer. SP advised that the PN and delta delivered would be based on the actual meter readings.
- 21.3 A Panel Member queried how often Centrica intended to read the Meter. SP advised that it intended to read the Meter every minute. Elexon also noted that the Settlement actions for the Boundary Point metered volumes would be separate from Settlement actions for the delivery of the service. A Panel Member also confirmed that the NHH customers could be from any customer in the market not just British Gas. JPA clarified that Centrica would not be the Supplier of the asset but would be the provider of a flexibility service. A Consumer Panel Member believed there could be a gap with the rollout of smart Meters so was of the view that this was a good way to use flexibility services, which is a known issue.
- 21.4 A Panel Member queried whether this would use P375 Asset Metering or baseline P344 process. SP confirmed that the trial's operational phase would only commence with CoP11 compliant Meters once P375 had been implemented in June 2022. The trial would not look to begin operating until September 2022, as during the summer months, the assets do not heat.
- 21.5 A Panel Member observed Ofgem's clear policy view to move to MHHS and observed that as this was a trial, Centrica could raise a Modification in the future if it needed to. Another Panel Member expressed strong discomfort with granting the derogation until they had received satisfactory reassurance of Settlement risk from both Centrica and Elexon. Elexon therefore agreed to share Centrica's modelling with the Panel as soon as possible to demonstrate the impact on Settlement accuracy. Further, Elexon had also liaised with Ofgem on a separate balancing matter identifying the impact of a particular balancing service on GSP Group Take, including in comparison to GCF, so could also share this analysis with the Panel. The Panel suggested that this would be a sensible approach. JPA also advised that any delay would risk the storage heaters not being ready for a September 2022 start date and hoped that any concerns would be eliminated once the Panel had sight of the full application and the additional analysis of the impact on GSP Group Take volumes.
- 21.6 A Panel Member queried what the volume would increase to from 1MW over the course of the trial as there may be consequential effects on other parties. JPA noted that Centrica had proposed to start with 1MW (minimum requirement in the BM) but recognised that limiting the number of MSIDs in the trial was essential. SF proposed that the total volume be capped to 2.5MW, which would allow approximately 6000 assets. The Panel agreed that these volumes seemed sensible. The NGESO Panel Member suggested that any costs should be monitored and as such proposed that the costs be brought back to the Panel after the first Winter Period.

- 21.7 A Panel Member queried whether non-delivery charges would be applicable and if so, how these would be calculated. Elexon advised that the non-delivery charges would be calculated against the deviation from the PN; the Boundary Metered volume would only be used for a validation of delivery.
- 21.8 A Panel Member queried whether Centrica had carried out any simulation modelling or whether Centrica intended to use the trial to be able to do this. SF noted that as detailed in the application, simulations had been carried out on Profile Classes that already exist. Further, Centrica expects the impact to be minimal but with real customers and heating profiles, Centrica hoped to be able to prove that they were correct in their assumptions. JPA emphasised that the storage heaters are technology-enabled and therefore ready to be used in a real-life scenario. Centrica therefore hoped to demonstrate real-world flexibility with real customers from September 2022.
- 21.9 The BSC Panel:
- a) **RECOMMENDED** to Ofgem that this derogation is granted, subject to the following conditions and subject to Panel receiving satisfactory quantitative assessment of the potential impact on GCF of Settlement risk from Centrica and Elexon as soon as possible:
- i A restriction of the total volume to be 2.5MW;
 - ii Annual reporting of the information listed in the Reporting plan section of the Elexon Report for this derogation.
 - iii Number of instructions;
 - iv Value to NGESO;
 - v Delivered vs expected results;
 - vi Learnings about controllability of assets;
 - vii Adaptations to dynamic parameters for the assets in question;
 - viii Cost of the derogation; and
 - ix Review with Centrica after the first Winter Period (Q1 2023).

22. Report on the operation of the Sandbox to date – (321/13)

- 22.1 A Panel Member asked whether two BSC Sandbox applications should be considered a good achievement or whether there was an expectation that there should have been more. Elexon was pleased that there had been an uptake and that this had not been zero.
- 22.2 A Panel Member noted that two applications had been put through but queried how many applicants had come forward to speak to Elexon. Elexon advised that since the BSC Sandbox became operational, Elexon had had conversations with two parties and these are the two applications that had subsequently been received.
- 22.3 A Panel Member commented that there are high expectations for innovation to improve the market and queried whether the Panel believed the BSC Sandbox process should be promoted more as two seemed low and unlikely to materially benefit the market. Another Panel Member did not see this as the BSC's role and one more for Ofgem; the BSC is the facilitator for this process, which is ultimately run by Ofgem.
- 22.4 The Ofgem Representative advised that in the first round of applications for Ofgem's Sandbox, there had been 63 submitted but only seven approved and that in the second round of applications, five were submitted and three were approved (N.B these application rounds occurred prior to the BSC Sandbox becoming operational). Further, the Ofgem Representative was of the view that the COVID-19 pandemic may have stifled demand but that Ofgem was now trying to look at ways of ensuring that innovators are able to come forward.
- 22.5 The BSC Panel:
- a) **NOTED** the BSC Sandbox annual lessons learned report and the operation of the BSC Sandbox to date.

23. Draft Business Plan and Budget 2022/23

- 23.1 Elexon presented the Panel with the draft Business Plan and Budget for 2022/23 noting that this would be published on 20 December 2021. Elexon thanked Phil Hare, Rhys Kealley and Mark Bellman for providing their comments at short notice, highlighting that these had been incorporated into the latest version.
- 23.2 Elexon noted that we have significantly changed our Business Plan needs in recognising the current challenging market conditions. We have applied more pressure to reduce our costs (including a 3% efficiency saving) while still budgeting for investment in overhauling BSC Central Systems to support MHHS and progress to net zero. The six main areas that the Elexon Business Plan will deliver are as follows:

- **The Helix Programme** – to ensure that Elexon can support processing of an exponential increase in HH data;
- **MHHS Implementation Manager** – explaining priority work areas for managing the MHHS Programme on behalf of industry;
- **Elexon Kinnect** – Updating on our plans for deployment of the Settlement and Insights Solutions and continued development of the Customer Solution;
- **BSC Rules Management** – Implementing Modifications which support Net Zero i.e. P375 and P376;
- **Digitalising the BSC** – progressing work to digitalise all 9000 pages of the BSC and CSDs with a first useable version to be available by the end of April 2022; and
- **Assurance** – Explaining the benefits of removing the majority of Performance Assurance Reporting and Monitoring System (PARMS) Serials.

23.3 Elexon noted that the budget of £62.5m for 2022/23 to deliver BSC activity is a decrease of £6.6m (9.6%) over our 2021/22 budget. More than one third (£35.7m) of the total budget (£98.2m) is dedicated to MHHS (Helix + the MHHS Programme). Further, regular activity headcount and operational costs remain broadly consistent with the 2021/22 budget. YM shared a trace diagram demonstrating the budget 2022-23 with that of 2021-22.

23.4 The Deputy Panel Chair noted that in previous years they believed it to be valuable for the BSC Panel to submit a response. Mark Bellman and Rhys Kealley also agreed to form a sub-group to draft a response on the Panel's behalf.

23.5 The BSC Panel:

- a) **NOTED** the draft business plan and budget 2022/23; and
- b) **PROVIDED** comments on the draft business plan and budget 2022/23; and
- c) **AGREED** to form a Panel sub-group to lead the BSC Panel's response.

24. Any other business

24.1 The Chair noted that the majority of the Panel had asked for a letter to be written in response to Ofgem's consultation on the price cap, noting the Supplier representations that had been seen on numerous occasions at Urgent Panel meetings. A draft public letter had been circulated to the Panel in advance of the meeting and as such, VM welcomed any further feedback from the Panel. Further, VM advised that she had tried to ensure that there was a balance in the letter between the Panel's points being robustly conveyed and acknowledging the scope of the Panel's remit.

24.2 The Consumer Panel Member observed that they were supportive of some areas of the consultation and not of others. They therefore recommended that the letter note that the Panel was generally supportive but may not agree on all aspects. The Panel agreed to provide any further comments to VM by midday on 13 December 2021.

25. Next meeting

25.1 The next meeting of the BSC Panel will be held at the Elexon Offices (subject to government guidelines) and via video conference on Thursday 13 January 2022.