

# 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.

## 322/01 Elexon Report

### BSC Panel

Date of meeting	<b>10 February 2022</b>
Paper Number	<b>323/01</b>
Owner/author	<b>Sara Vaughan</b>
Purpose of paper	<b>For Information</b>
Classification	<b>Public</b>
Summary	<b>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.</b>

### Executive Summary

We have:

- noted that the final version of the Elexon 2022/23 Business Plan will be published on the corporate website at the end of March 2022;
- highlighted that the latest Board Circular to BSC Parties has been published.
- highlighted that RECCo have agreed to a solution and format that they will be able to receive the required Central Switching Service (CSS) data from our Kinnect Customer Solution; and
- advised that the Credit Committee decided to cancel the last notified CAP value of £340/MWh, which was due to go live on 25 January 2022, and instead proposed a new CAP value of £245/MWh. The Credit Committee decided that value should go live on the proposed date of 8 February 2022. They also proposed a new CAP value of £190/MWh, which will go live on 22 February 2022. The next scheduled Credit Committee meeting is on 17 February where a new CAP could potentially be proposed.

### Target Audience

Elexon's customers and the wider industry.

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## I. Elexon News

### Market Conditions

The energy industry is still experiencing unprecedented and challenging market conditions. Elexon continues to operate Settlement and to closely monitor Parties' payments and Credit Cover positions, escalating defaulting Parties to the Panel where resolutions available under the BSC are discussed and applied. Such discussions also include representatives of Ofgem. We also support Ofgem in the Supplier of Last Resort (SoLR) process, as well as supporting the appointed Supplier. This also extended to the recent first use of the Energy Supply Company Administration process. We will continue to be available to assist Parties during these difficult times.

### Consultation Responses

We have responded to one consultation since our last update to the Panel as follows:

- The Retail Energy Code (RECCo)'s Guidance on Metering Points (formerly MRA Schedule 8) [Consultation](#), prior to it being created as a new Category 3 guidance document under the REC. In our response we responded with our views on whether to retain, revise or remove each of the current examples.

All previous consultation responses are available on the [industry insights](#) page of the Elexon website.

### Elexon Board Circular letter issued to BSC Parties

The latest Elexon Board Circular letter to BSC Parties and stakeholders was issued on 17 January 2022 detailing the key activities of the Board over the past six months. This included an update on the latest market conditions, our 2022/23 Business Plan, Market-wide Half Hourly Settlement (MHHS), Elexon Kinnect and Project Helix, our latest customer satisfaction survey and changes to the leadership of the company.

Read the latest Board circular letter on our [corporate website](#).

### Feedback on our 2022/23 Business Plan

The deadline for providing feedback on our 2022/23 business plan closed on 31 January 2022, following a webinar held on 14 January, attended by some 34 people.. The plan sets out our work priorities for the coming year.

Our overarching focus is on 'delivering the day job' by continuing to manage Settlement to our historic high standards. We will also continue to adapt the BSC so that it can support progress to Net Zero. Our total proposed budget for 2022/23 is £98.2m compared with £83.7m in 2021/22 but this includes some £35.7m for mandatory programmes, namely MHHS.

We will update Elexon's Board following any feedback we receive, and a final version of the plan will be published at the end of March. This is available on our [corporate website](#).

### Capacity Mechanism Advisory Group (CMAG)

Ofgem issued a call for input on establishment of the Capacity Market Advisory Group, including consulting on designation of Elexon as its Secretariat

## Cross Code survey

Ofgem has published the results of cross code survey carried out in summer 2021

<https://www.ofgem.gov.uk/publications/code-administrators-performance-survey-findings-2021>. 34 participants answered about the BSC (14th June – 15th July 2021).

- Cross code survey shows satisfaction levels remain high. Overall satisfaction of 76% (previously 86) with 81% of our customers satisfied with the level of support provided.
- Elexon has dropped to 2nd place (1 point behind DCUSA) - Electralink was praised for its efforts in digitising the code and also in providing 'livechat' functionality.
- A lot of the verbatim comments provided in the draft version have been taken out of the published version and we are unsure if this is based on the feedback Elexon provided.
- We continually seek our customers' feedback and look for areas of continual improvement and actions from the in depth customer survey are being progressed with section owners.

## Event Driven Architecture (EDA)<sup>1</sup> –

This forms part of the new MHHS systems and was recommended by the Elexon-led AWG (Architecture Working Group). The EDA was approved by Ofgem in December 2021. Ofgem is looking to appoint an organisation to be responsible for the enduring EDA service, following procurement, design and then build of the systems by the MHHS Central Programme. There are two contenders for the service: Elexon and RECCo. Ofgem asked them to fill in a self-assessment form, which formed part of the industry consultation published on 20 January. Ofgem will consult with industry for approximately four weeks on which would be best placed to take on this work. As part of this, Ofgem will run a Stakeholder Engagement event on 3 February, where Elexon and RECCo will each present on their capabilities.

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## II. Operational News

### SAA migration to Kinnect delayed, but Settlement Solution demonstrates significant improvement

#### Settlement Solution

The code development for the Settlement Solution application has completed, however factory accepting testing for Drop 2 has not yet completed. This means that the project is delayed and is no longer on track to conclude in June 2022. Though testing has not yet completed, the Settlement Solution development to date demonstrates a significant improvement on our legacy systems. There is a significant reduction in operation time, it removes manual operation and tracks input files to allow live identification of missing data. Re-planning is currently in progress and a further update regarding the impact of the testing delay will be provided in next month's report.

#### Insights Solution

The Insights Solution team have now begun the second iteration of the project, which will deliver Demand data to build on the Generation data already available on the Solution.

The team are also continuing with the migration of data from the Balancing Mechanism Reporting Service (BMRS) onto the new platform.

#### Customer Solution

The Participant Management team continue to progress Release 3.2, Drop 1 of Elexon Kinnect establishing a pipeline of continuous delivery for the Customer Solution, which will include enhanced functionality and other customer-led service improvements in May this year.

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<sup>1</sup> MHHS changes the data, processes, systems and responsibilities for energy companies in Settlement. Smart meter data represents a major change to the volume and frequency of data that needs to be processed and settled. This requires a more modern approach in the way energy companies interact with each other and the Settlement data. EDA sets out the framework for this new data integration and enables services to respond to real-world business events more quickly, and at a much higher scale than at present. It also allows industry to create faster and more efficient processes for Settlement as, through MHHS, data will be made available to companies far more quickly than at present

A roadmap of the current, next and future developments planned for the Customer Solution is now available on the [Kinnect Customer Solution ongoing development and planning](#) page of the Elexon website.

Overall the Kinnect Programme remains on budget with £26.4m of investment in progress, of which £21.7m has been spent to date. The remaining £20.2m 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
21.7	4.7	20.2	46.6	46.6	0

### RECCo confirmed the interface data format

Elexon have been working with the REC Manager over a number of months, and have agreed to a solution and format that they will be able to receive the required Central Switching Service (CSS) data from the Kinnect Customer Solution. It was expected to be delivered via API but the REC Manager changed its approach and it will now be delivered via an email interface using an Secure File Transfer Protocol (SFTP) service. The REC Manager has agreed to support Elexon during the development and testing phases of the solution. Elexon plans to deliver this solution in mid-June 2022.

### Performance Assurance product feedback request

We are interested in gathering feedback on our [Performance Assurance](#) product from parties within the industry. The questions below will feed into our analysis and help identify areas where we could improve:

1. How do you find navigating the different Performance Assurance Frameworks (PAF) available within the industry?
2. How does Elexon's PAF compare to others available within the industry?
3. If there are notable differences, what are others doing within their PAF that we are not?
4. How do you think Elexon's PAF could change to benefit the industry?

Please send feedback to [Hussein.Osman@elexon.co.uk](mailto:Hussein.Osman@elexon.co.uk) by close of play on 4 February 2022. Please note, that Elexon is still looking into and taking actions on the feedback already provided on the PAF through our 2021 customer survey.

### Improving the process for making changes to the BSC – short survey

The process to change the BSC can be lengthy, complex and resource-intensive for both BSC Parties and Elexon.

Proposals for major rule changes often have to be developed over a period of months by Elexon and the industry before they are consulted on, and recommendations on whether to approve them can be made.

All code bodies will need to increase the speed in which rule changes can be made to support progress to Net Zero. We are collecting views for the BSC Panel on whether the BSC Change process should be reviewed, and what improvements could be made, including speeding up the process.

Please respond to this short [survey](#) with your views by close of play on 7 February 2022.

### Changes to SAA Settlement Report (SAA I014)

The November 2021 Release went live on 4 November 2021, which included changes to the Settlement Administration Agent (SAA) Settlement Report (I014) flow.

Since 4 November 2021, the SAA I014 Sub Flow 1 Version 11 has been sent to BSC Parties and Elexon has ceased support to the SAA I014 Version 9.

From 31 January 2022, Elexon will decommission the production of the SAA I014 Sub Flow 1 Version 10. This means that the only version available to all BSC Parties will be Version 11 after this date. Please ensure that your systems are able to process Version 11 of the report.

BSC Party currently receives	From January 31 2022	Action
SAA I014 Sub Flow 1 (V11)	SAA I014 Sub Flow 1 (V11)	Do nothing



SAA I014 Sub Flow 1 (V10)	SAA I014 Sub Flow 1 (V11)	Complete BSCP41
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In order to move from SAA I014 Sub Flow 1 Version 10 to Version 11 BSC Parties will need to have completed the BSCP41 (Report Requests and Authorisations) form by 21 January 2022. This could either be done online via the Elexon Kinnect Customer Solution, or manually through the [BSC Service Desk](#).

### Recent Credit Assessment Price (CAP) value cancelled and new value proposed

The Credit Committee decided to cancel the last notified CAP value of £340/MWh, which was due to go live on 25 January 2022. This is because they did not feel it was representative of recent market data.

They also proposed a new CAP value of £245/MWh, which will go live on 8 February 2022 until the 15 February 2022. They also proposed a new CAP value of £190/MWh, which will go live on 22 February 2022. The next scheduled Credit Committee meeting is on 17 February where a new CAP could potentially be proposed

### Generic Metering Dispensation D/534 approved

In December 2021, Seagreen Wind Energy Limited applied for a site specific Metering Dispensation (D/534) from CoPs 5 and 4 for a solution to metering its LVDC supplies on its Seagreen Offshore Wind Farm. The solution proposed was similar to that already approved under generic Metering Dispensations D/461 and D/474.

We recommended that D/534 was made generic instead and included the solutions under D/461 and D/474. We also recommended that registrations against D/461 and D/474 be end dated if the Supplier Volume Allocation Group (SVG) and the Imbalance Settlement Group (ISG) both approved D/534.

The SVG and ISG approved D/534 as we recommended subject to the condition that the Direct Current (DC) metering solution is not used for measuring DC supplies to customers for billing purposes. We have updated the [Statement of Generic Metering Dispensations](#) to reflect their decisions. You can find more details about the consolidated solution to metering LVDC supplies on Offshore Wind Farms on the statement.

The Settlement metering [Codes of Practice \(CoPs\)](#) only cover Metering Equipment designed for Alternating Current (AC) circuits. This means that no DC Meters have ever been compliance tested under [BSCP601](#), against a Half Hourly (HH) CoP, or approved for billing under the Electricity Act 1989.

### Funds Administration Agent (FAA) Payment Calendar

The FAA Payment Calendar for 2022/23 is now available on the [FAA Dashboard on the Elexon Portal](#).

This lists the Notification Date and calendar Payment Date for each Settlement Day and Settlement Code in BSC Year 2022.

### Publication of Revised Estimated Transmission Losses Adjustment (ETLMO) values for the 2022/23 BSC Year

At its January 2022 meeting, the Imbalance Settlement Group (ISG) approved the revised Estimated Transmission Losses Adjustment (ETLMO) values for use from 1 April 2022.

Following [approved BSC Modification P350 'Introduction of a seasonal Zonal Transmission Losses scheme'](#) implementation on 1 April 2018, ETLMO values have been calculated for each season across the 2022/23 BSC Year. Please note the Spring season is split into two periods, April to May 2022 and March 2023, to align with the BSC Year.

The new Delivering (ETLMOj+) and Offtaking (ETLMOj-) values are:

Season	Start Date	End Date	ETLMOj+	ETLMOj-
Spring A	01/04/2022	31/05/2022	-0.01231	0.00852
Summer	01/06/2022	31/08/2022	-0.01265	0.00999

Autumn	01/09/2022	30/11/2022	-0.01473	0.00925
Winter	01/12/2022	28/02/2023	-0.01444	0.00608
Spring B	01/03/2023	31/03/2023	-0.01231	0.00852

ETLMO values are used to report indicative data on the [Balancing Mechanism Reporting Services \(BMRS\)](#), and are published within the [ETLMO Data](#) section of the Elexon Portal.

### Removal of Protocol Approvals for CM Outstation Types

In November 2021, we received a request from Half Hourly Data Collector (HHDC) SP Dataserve to remove their Protocol Approvals for the CM10, CM11 and CM32 Outstation Types as they were no longer able to support these Outstations.

As a result we have removed SP Dataserve's Protocol Approvals from the Code of Practice (CoP) Compliance and Protocol Approval list for the CM10, CM11 and CM32 Outstations.

The [CoP Compliance and Protocol Approvals](#) spreadsheet on the Elexon website has been updated to reflect this.

### Credit Assessment Load Factor (CALF) values for the Spring 2022 BSC Season

The Credit Assessment Load Factor (CALF) values for the Spring 2022 BSC Season, which runs from 1 March 2022 to 31 May 2022, are now available from the Credit/Credit Alerting section under the Financial and Credit menu on the [Elexon Portal](#).

If you are the Lead Party of a non-Credit Qualifying BMU, you can appeal an assigned CALF value if you believe it does not accurately represent your expected activity.

## III. 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 (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.

## IV. Cross-Code News

### BSUoS Forecasting Update

National Grid ESO (NGESO) has now made the Balancing Services Use of System (BSUoS) forecast for February 2022 available on the [ESO Data Portal](#). Please take a look at the latest updates on the [Monthly Balancing Services Use of System \(BSUoS\) Forecast Reports webpage](#) and [Communications Pack](#), which is part of NGESO's commitment to continually improve its modelling, forecasting and insight provided to the market around changing BSUoS costs.

### MHHS Design Update

We are now interactively sharing our Design Artefacts in the Design Document Library on our Market-wide Half-Hourly Settlement (MHHS) Portal, making it easier for Working Group participants to review the design documents and provide comments. The library contains all the working documents that are currently under review with the sub-working groups along with consolidated comments logs making it easier for everyone to contribute to the design activity.

The Design Artefacts that are currently under review within the Working Groups are now available in the Design Document Library on the MHHS Portal. To help you navigate the documentation, [you can access a quick guide here](#).

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## V: 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.

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## VI: Recommendations

We invite the Panel to:

- **NOTE** the contents of this paper.

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### Attachments

Attachment A – Elexon monthly KPIs

Attachment B1 - Report from the ISG (public)

Attachment C1 – Report from the SVG (public)

Attachment D1 – Report from the PAB (public)

Attachment D2 – Report from the PAB (confidential)

Attachment F1 – Report from the Credit Committee (meeting)

### For more information, please contact:

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