

Minutes

BSC Panel

Meeting number **324**

Venue **Elexon Offices/Video Conference**

Date of meeting **10 March 2022**

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
Ed Rees	ER	Industry Panel Member
Lisa Waters	LW	Industry Panel Member
Andy Manning	AM	Consumer 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
Jon Wisdom	JW	NGESO Panel Member
Karen Thompson-Lilley	KTL	NGESO (observer)
Sara Vaughan	SV	Interim Elexon CEO
Victoria Moxham	VM	Elexon Director of Customer Operations, Panel Secretary
Angela Love	AL	Elexon Director of Future Markets and Engagement
Fionnghuala Malone	FMa	BSC Administration Team Leader

Attendees and apologies

Lawrence Jones	LJ	Modification Secretary
Elliott Harper	EH	Elexon (Part Meeting)
Stanley Dikeocha	SD	Elexon (Part-Meeting)
Iain Nicoll	IN	Elexon (Part-Meeting)
Katie Wilkinson	KW	Elexon (Part-Meeting)
Ivar Macsween	IM	Elexon (Part Meeting)

Apologies

Mark Bellman	MB	Industry Panel Member
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Open Session

1. Introduction

- 1.1 The Chair noted Mark Bellman's apology, and that Rhys Kealley was appointed as his alternate.

Part I: Non-Modification Business (Open Session)

2. Application for a derogation under BSC Section K5.2.1 for the Isle of Man Interconnector (324/06)

- 2.1 A Panel Member queried whether the Panel approval was required, and suggested that this could be addressed via a housekeeping Modification in future (it was noted that the BSC requires Panel approval).
- 2.2 The BSC Panel:
- a) APPROVED** Smartest Energy Limited's request to treat the Isle of Man Interconnector as a Single BM Unit from the date that Smartest Energy Limited becomes responsible for the BM Unit.

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 (324/04)

- 3.1 The Modification Secretary presented the Change Report and progress of Modification Proposals.
- 3.2 Following the update on P419, a Panel Member commented on the number of Modifications waiting for Ofgem decision. The Ofgem Representative noted the comment and agreed to feed it back to colleagues.
- 3.3 Another Panel Member commented that delays with Ofgem decisions on Modifications hindered cross Code working, and that this was an unfortunate position to be in, particularly given that the Panel had previously discussed the impact of delayed Ofgem decisions.
- 3.4 The NGESO Panel Member commented that it was aware of the interaction between CMP308 and P419, and that the ENA had flagged to Ofgem some time ago its concerns around interdependencies and the pressure on Elexon in terms of delivery that the delayed decision was causing.
- 3.5 A Panel Member expressed concern that Ofgem seemed to lack awareness of the commercial and financial significance to and impact on industry of changing the BSUOS calculations.
- 3.6 The Modifications Secretary provided an update on whether to move the standard Release days from a Thursday to a Friday, Elexon noted to the Panel efforts it had been making to ensure cross-Code coordination over Release Dates (notably, in response to REC's plans to move releasing changes from Thursdays to

Fridays). Elexon and NG both share concerns around risks associated with shifting to Fridays so Elexon's intent, following engagement with both industry members and via CACoP, is to keep the current arrangement of releasing on a Thursday. The Panel agreed that there was no good argument for shifting away from the current release day arrangements. Despite efforts to engage, Elexon reported that RECCo had not responded to recent communications from Elexon on the subject.

3.7 The BSC Panel:

- a) **APPROVED** a four month extension to the P426 Assessment Procedure;
- b) **APPROVED** a three-month extension to the P427 Assessment Procedure;
- c) **APPROVE** a one-month extension to the P432 Assessment Procedure;
- d) **RECOMMENDED** a new "decision by" date for P419 of 1 June 2022;
- e) **COMMENTED** on the need for an Urgent Modification Proposal (see item 4 below); and
- f) **NOTED** the contents of the March 2022 Change Report.

4. **Amending the BSC to include reference to Sanctions Orders**

4.1 Elexon presented its initial thoughts on a potential Urgent Modification to authorise Elexon and/or BSC Parties to give effect to sanctions. As there are currently no arrangements that authorise Elexon or BSC Parties to give effect to sanctions, three potential risks have been identified: 1/ the risk that a vague sanctions order could cause Elexon to take a step beyond the scope of a sanctions order or, conversely, not fully comply; 2/ the risk of contractual claims against Elexon from other BSC Parties if they were negatively impacted by steps taken to comply with a sanctions order but were not authorised by the BSC; and 3/ that the relevant party may take legal action for breach of contract under the BSC

4.2 Elexon had sought advice from an external lawyer, who believed the risk should be addressed and that there was justification for raising an Urgent Modification. An option being considered was to treat sanctions in a similar way to an Event of Default.

4.3 Elexon noted that it had been speaking with National Grid as a potential Raising Party, and had been engaging with colleagues across various Codes to ensure a coordinated approach.

4.4 A Panel Member suggested that Elexon should also engage with BEIS. SV confirmed that she was meeting with BEIS the following day so would raise the issue then.

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4.5 The Panel was supportive of Elexon continuing to progress inclusion of Sanctions Orders in the BSC as a matter of urgency, but noted that Elexon should be mindful of the political nature of the issue and the issue should be carefully coordinated across other industry Codes.

5. **Allowing non-BSC Parties to request Metering Dispensations (324/03)**

5.1 Commenting on the Terms of Reference areas to consider, a Panel Member asked whether the Workgroup could consider exactly how far back in the process non-BSC Parties would be able to request a Metering Dispensation. This would avoid the risk of 'baking in non-compliance by design'.

5.2 A Panel Member asked whether a register of Metering Dispensations could be made available. Elexon confirmed that this already existed and was published on the Elexon website. Consideration of whether a more detailed record could be published should be included within the scope of the Workgroup.

5.3 The Panel asked whether the timetable was too aggressive given recent quoracy issues on Modification Workgroups. Elexon agreed to contact non-BSC Parties likely to be impacted to make them aware of the Modification, and also to extend the timetable to include a 5 month Assessment Procedure.

5.4 The BSC Panel:

- a) **RAISED** the Modification Proposal in Attachment A (in accordance with F2.1.1(d)(i));
- b) **AGREED** that this Modification progresses to the Assessment Procedure;
- c) **AGREED** the proposed Assessment Procedure timetable;
- d) **AGREED** the proposed membership for the Modification Workgroup; and

e) **AGREED** the Workgroup's Terms of Reference.

6. **IWA: P435 'Enabling EMRS to undertake preparatory work for potential future settlement services (324/04)**

6.1 The Chair noted that there was no cost for BSC parties associated with implementation of this BSC Modification, and also that it was purely an enabling Modification and that a further Modification would be required to enable EMRS to take on specifically identified pieces of work.

6.2 The BSC Panel:

a) **AGREED** that P435:

i) **DOES** better facilitate Applicable BSC Objective (d);

b) **AGREED** that P435 does not impact the EBGL Article 18 terms and conditions held within the BSC;

c) **AGREED** a recommendation that P435 should be **approved**;

d) **APPROVED** an Implementation Date of:

i) 5WDs after Authority decision;

e) **APPROVED** the draft legal text; and

f) **APPROVED** the P435 Modification Report.

7. **P415 Cost Benefit Analysis Methodology and Assumptions**

7.1 Lewis Heather from CEPA presented a summary of the methodology and assumptions it had applied to the P415 Cost Benefit Analysis.

7.2 A Panel Member commended LH on the quality of the paper and the work completed to date. Commenting on the methodology, the Panel Member noted that the CBA had used net present value (NPV) as a basis for comparison, and thought that this was potentially too singular a criterion for the complexity of the issue; net present value was not necessarily appropriate if there were lots of different impacted Parties and participants bearing costs and benefits. In addition, the Panel Member questioned whether transaction costs should be included in the business models for VLPs.

7.3 LH agreed with the comments made and assured the Panel that further metrics would be included in the final report so that the NPV would not be considered in isolation. On transaction costs for VLPs, further verification would be carried out to test any assumptions included in the final report.

7.4 A Panel Member raised the issue of unintended consequences associated with the implementation of P415, particularly in terms of additional flexibility potentially delaying other sources of flexibility. LH noted that the risk of unintended consequences would be explored more widely in discussion with Network Companies.

7.5 A Panel Member asked whether a business model had been created for Suppliers as well as VLPs as part of the CBA. Assumptions on variable costs from non-VLPs (as well as VLPs) would be included in the analysis – the exact nature of the assumptions was still being developed.

7.6 LH offered to have individual conversations with any Panel Members who had additional comments or questions.

7.7 The BSC Panel:

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 meeting 323. Exelon presented the actions and associated updates for the March 2022 Panel meeting.

- 8.2 The Chair asked whether Ofgem had responded to the Panel's letter on pending expulsion approvals. VM confirmed that Ofgem had acknowledged the note but not yet provided a response. The Ofgem representative agreed to provide an update at April meeting.

ACTION 324 (02)

9. Chair's Report

- 9.1 The Chair noted that he and SV had recently met with the Chair of the CUSC.
- 9.2 The Chair noted the regularity with which the Credit Committee had recently been meeting. Currently, it was expecting to implement a higher CAP value within the next week. He noted the extreme volatility of the market.
- 9.3 On the Business Plan, the Chair provided an update on the Board Process. At its 2 March meeting, the Board had reviewed and discussed in detail the three responses received on the draft Business Plan. As a consequence, some material changes had been made to the text of the Business Plan, particularly around explanation of the future costs of Helix, around the potential consequences of delays to the MHHS programme (and how these consequences could be mitigated) and further detail had been included on Elexon's people strategy. The Chair also noted that meetings had been held with the two BSC Parties who provided responses, and SV had written to both, and to the BSC Panel. The Chair confirmed that the Board had approved the proposed budget and strategy text, as described above.
- 9.4 A Panel Member asked what degree of internal challenge had been undertaken within Elexon on the budget. SV assured the Panel that the budget had been subject to significant scrutiny by all members of the Executive, and that particular effort had been made to introduce efficiency and cut any 'fat', given the current financial pressures faced by the industry. SV reiterated that she was acutely aware of Elexon's obligation to serve the industry and give all BSC Parties comfort that Elexon was spending industry's money as carefully and efficiently as possible.

10. Elexon Report (324/01)

- 10.1 SV provided an update on Elexon's recent and upcoming activities. This included additional detail on the forecast delay to the Kinnect programme, and associated impact on budget and timescales. The additional costs of £0.9m resulting from the delay are being met by contingency, meaning that the overall costs still remain within budget.
- 10.2 SV also drew the Panel's attention to an item not in the report but included in a recent Newscast article highlighting metering errors within GSP Groups J and C that, in respect of the Group J error, could have a potential impact in excess of £16m. Elexon is continuing to investigate and will provide further updates as appropriate. A Panel Member noted that Elexon's role in this type of issue was as a 'policeman', and that while Elexon was the bearer of potentially bad news, it was not responsible for the errors that had occurred, and thanked Elexon for its work in this area.

11. Distribution Report

- 11.1 The DNO Representative noted that DNOs are responding to consultations on the switching SCR with a deadline of 21 March.
- 11.2 The ENA will be working with Ofgem on stakeholder engagement on the DUOS SCR launched by Ofgem in its role as secretariat.
- 11.3 In relation to the Modification [P437](#), a Panel Member requested that the DNO Representative ask the DNAs review their connection processes to ensure that their connection metering is compliant with the DCUSA and also with the BSC.

ACTION 324 (03)

12. National Grid Report

- 12.1 The NGESO Panel Member introduced KTL to the Panel and noted that she would be appointed as his alternate Panel Member.
- 12.2 The NGESO Panel Member noted that NG had submitted its C16 Report to Ofgem for decision, with a go live date for the new statements of 1 April. In addition, Ofgem had asked NGESO to lead a series of taskforces on TNUOS reforms. More to come on this in the coming months. Finally, JW reported that NGESO's DR and DM

products had received final approval from Ofgem and would be going live in March and April as per previous communications.

13. Ofgem Report

- 13.1 CD noted that DUOS SCR Publication was published by Ofgem in late February. There was nothing additional to report.

14. Tabled Reports

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

15. Review of Specified Charges – (324/07)

- 15.1 The BSC Panel:
- a) **APPROVED** the new SVA Specified Charge of £0.00992/SVA MSID per month;
 - b) **APPROVED** the new MHHS Monthly Implementation Charge of £0.05074/SVA MSID per Month; and
 - c) **APPROVED** a reconciliation of the SVA Specified Charge rate in the 2021/22 Final Reconciliation process.

16. Updates to Panel Committees' Terms of Reference – (324/09)

- 16.1 A Panel Member asked whether membership/attendance by BSCCo at RECCO committees was reciprocated. Elexon confirmed that it was.
- 16.2 Elexon committed to a more thorough review of the Terms of Reference, with the aim of significantly streamlining them, during the next annual review cycle.
- 16.3 The BSC Panel:
- a) **APPROVED** the proposed changes to ISG's Terms of Reference;
 - b) **APPROVED** the proposed changes to SVG's Terms of Reference;
 - c) **APPROVED** the proposed changes to PAB's Terms of Reference;
 - d) **APPROVED** the proposed changes to TDC's Terms of Reference; and
 - e) **APPROVED** the proposed changes to CC's Terms of Reference.

17. Any other business

Part IV: Non-Modification Business (Closed Session)

18. Next meeting

- 18.1 The next meeting of the BSC Panel will be held in the Elexon Offices on Thursday 14 April 2022