

ELEXON

326/01 Elexon Report

For the Panel's information, summarising recent activities and developments within Elexon and the Balancing and Settlement arrangements.

12 May 2022

Confirmation from Ofgem that Elxon will operate the Data Integration Platform to support MHHS

Ofgem has confirmed that the BSC will be used to govern and fund the new Data Integration Platform (DIP) to support MHHS. This means that Elxon will initially manage the DIP service provider, which is currently being procured through the MHHS Programme.

Ofgem has agreed that the DIP operating costs should be recovered from industry parties. Suppliers, network owners, consumer representatives and other industry parties should also have a role in governing the DIP. Elxon will consult on the funding and governance arrangements soon as part of a BSC Modification for governance of the service provision.

Urgent Modification P438

On 20 April, Ofgem published its decision that the [Modification Proposal](#) seeking to introduce the concept of sanctions into the BSC should be treated as urgent. Since then, we've issued a consultation on the Modification, which closes on 23 May. After this, the BSC Panel will re-convene to make a decision on whether to recommend to Ofgem that the Modification should be approved.

New Issue Group – Black Start

National Grid ESO has raised a new [Issue](#) to consider potential BSC impacts of its Distributed ReStart Project. The project seeks to enable distribution-connected Plant to participate in an updated version of Electricity System Restoration (aka 'Black Start'). The first Issue Group meeting will be held in mid-May; please contact bsc.change@elxon.co.uk for more information or to register your interest in joining the group.

Launch of new system to track electricity by the hour

An association of leading energy organisations, led by hourly certificate focused start-up Granular and including European power market Nord Pool, Elexon, Energy Systems Catapult and Unicorn, is launching a new mechanism for hourly renewable energy certificates in Great Britain. It comes off the back of a global drive towards greater transparency in energy procurement, known as ‘24/7 carbon-free energy.’

In existing energy certificate schemes, such as the UK’s Renewable Energy Guarantees of Origin (REGO), renewable generation and consumption are matched on an annual basis. This fails to reflect the ‘real world’ situation, where the availability of renewable energy fluctuates from hour-to-hour.

The new certification system will be initially launched as a pilot project, which will start at the end of April with a series of stakeholder engagement workshops. It is still open to new participants. Find out more on the [Elexon corporate website](#).

Second BSC Sandbox trial

The BSC Sandbox allows innovators to trial concepts in a live market environment without having to meet all the usual BSC rules. In September, Centrica is due to begin a trial where controllable storage heaters will provide demand-side response by dialling down their demand. This is the second BSC Sandbox trial that ofgem has approved.

Simon McCalla said: ‘Our Sandbox service is playing an important role in the move to a smarter energy system by giving innovators opportunities to test new concepts. We believe that DSR will play a big part in the transition to a cleaner, more efficient energy system and we are pleased that the BSC can support a trial which offers new ways for customers to participate in the BM.’

Elexon Kinnect: SAA on track to go live in September and Insights and Customer Releases go live in May

Settlement Solution

The go-live date for the Settlement Solution remains on target for September 2022. Factory Acceptance Testing (FAT) has been progressing well and we are on track to begin Operational Acceptance Testing (OAT) in mid-May. Following this milestone, it is anticipated that other ramp up activities including security testing will be completed, before we enter a period of parallel runs to provide maximum assurance to industry before SAA goes live on Kinnect.

Once live, the Settlement Solution will deliver significant reductions in operation time with faster calculation and removal of manual operation. It will track input files to enable the live identification of any missing data or erroneous files.

Insights Solution

Delivery of Iteration 1.2 for the Insights Solution, which will deliver Demand and Wind Forecast Data, is on track. This new data set will be released to the BMRS Change Board and Data and Reporting User Group on 18 May before the wider industry launch at the beginning of June. Discovery phase for Iteration 1.3 which will deliver Balancing Mechanism Data is in progress.

Recruitment of more industry participants to the Data and Reporting User Group continues, in order to allow for strong customer engagement with the project.

Customer Solution

The Participant Management team continues 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 at the end of May.

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.

Elxon Kinnect: Budget update

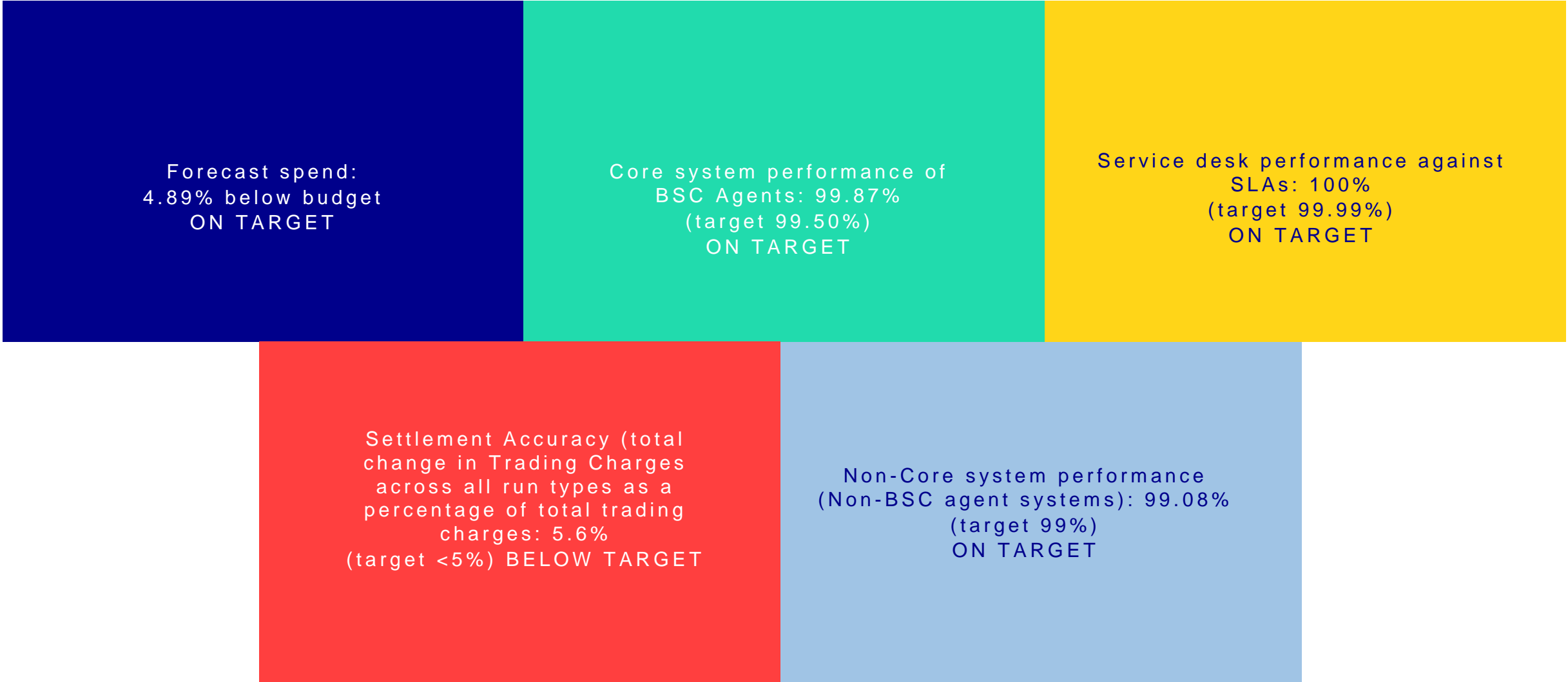
Overall, the Kinnect Programme remains on budget with £28.2m of investment in progress, of which £24.8m has been spent to date.

The remaining £19.3m is forecast for future work to conclude migration of the legacy systems to the digital platform in 2023 and we have £6.4m remaining contingency, which is held by the Transformation Committee.

These figures are also demonstrated in the table below:

| CTD (£m) | Committed | FTC | Contingency | Forecast Outturn | Budget | Variance |
|----------|-----------|------|-------------|------------------|--------|----------|
| 24.8 | 3.4 | 19.3 | 6.4 | 53.9 | 53.9 | 0 |

Key KPIs: March 2022



Appendices

Elxon monthly KPIs and 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:

Attachment A – Elxon monthly KPIs

Attachment B – Report from the ISG

Attachment C – Report from the SVG (public)

Attachment D1 – Report from the PAB (public)

Attachment D2 – Report from the PAB (confidential)

Recommendation



We invite the Panel to:

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