

## Minutes

### BSC Panel

Meeting number **326**

Venue **Elexon Offices/Video Conference**

Date of meeting **12 May 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
Andrew Colley	AC	Industry Panel Member
Mark Bellman	MB	Industry Panel Member
Lisa Waters	LW	Industry Panel Member
Tom Edwards	TE	Industry Panel Member
Derek Bunn	DB	Independent Panel Member
Fungai Madzivadondo	FM	Distribution System Operator Representative
Jon Wisdom	JW	NGESO Panel Member
Ed Rees	ER	Industry Panel Member
Rhys Kealley	RK	Industry Panel Member
Simon McCalla	SM	Elexon CEO
Sara Vaughan	SV	Elexon Board Member
Victoria Moxham	VM	Elexon Director of Customer Operations, Panel Secretary
Fionnghuala Malone	FMa	BSC Administration Team Leader
Lawrence Jones	LJ	Modification Secretary
Elliott Harper	EH	Elexon (Part Meeting)
Chris Arnold	CA	Elexon (Part Meeting)

## Attendees and apologies

### Apologies

Diane Dowdell	DD	Chair Appointed Industry Panel Member
Andy Manning	AM	Consumer Panel Member

## Open Session

### 1. Introduction

- 1.1 The Chair noted apologies from Diane Dowdell, with Phil Hare appointed as her alternate, and Andy Manning with Ed Rees appointed as his alternate.

## Part I: Non-Modification Business (Open Session)

### 2. GSP Metering Issues in GSP Groups \_C and \_J (326/07)

- 2.1 A Panel Member noted that this issue is a source of frustration, as this creates financial uncertainty from Settlement charges, however noted this also happens within the gas industry. Further, they noted that the time spent managing Suppliers' Settlement is undermined when there are errors within the CVA market.
- 2.2 A Panel Member queried whether it would be possible to describe data sources and methodologies in the tools used to help with automatic identification of this type of large metering error. The NGESO Panel Member highlighted that the ESO were approached by Elexon with helping in data quality.
- 2.3 A Panel Member commented that this issue is not getting any better, despite protestations each time it happens. They felt that the expertise and knowledge within DNOs has disappeared, so therefore questioned whether there could be a review of how DNOs operate this process as their role as a registrant.
- 2.4 SM noted that there are not suitable procedures to check the basic practices for example, in relation to human error. It was agreed that Elexon would look into expanding the current process review to include a 'root and branch' review of CVA governance and assurance. A Panel Member requested that that includes not only DNOs (as Registrants) but also Meter Operators, Data Collectors and Aggregation Rules.

#### **ACTION 326(01)**

- 2.5 The DNO representative noted that there are several other GSP areas that are being investigated. Further, it was highlighted that DNOs are aware of the wider impact of this, given it is a significant issue. She commented that DNOs have engaged with Elexon to help with investigations and are happy to attend the up-coming CVA assurance workshop to discuss processes once the date is confirmed. The DNO Representative further noted the concerns raised by the Panel and will discuss with DNOs and agreed to remind the DNOs of their BSC obligations.
- 2.6 The Panel agreed that that Ofgem should be asked to consider linking performance to RIIO, and that Ofgem should be advised of Registrant performance and asked to consider whether it constitutes a breach of license conditions.
- 2.7 The BSC Panel:  
a) **NOTED** the update.

### 3. Ending the 'Coronavirus Disapplication Period' for Supplier Charges (326/08)

- 3.1 A Panel Member noted that Parties may not have considered reinstating these charges in their forecasting therefore it would be useful to know range of these charges. OM noted that the charges are subject to change from previous years as SP04 has been removed.
- 3.2 It was agreed that this may be subject to a further Panel review, and a Panel Member noted that the Panel should make an informed decision to reinstate once it has reviewed the impact and distribution of charges.

- 3.3 A Panel Member noted that there is a need to move back to post-COVID-19 operations, therefore to achieve this he suggested that a confirmed date to reinstate this could be beneficial.
- 3.4 A Panel Member voted against the recommendation, but accepted that performance is an obligation, and Supplier Charges are a contractual liability. They argued that whilst Parties should expect these costs, they noted that the Price Cap won't fully include Supplier Charges for impacted Parties.
- 3.5 The Panel Sponsor for the PAB noted that he was one of the two dissenting minority and suggested strongly that the decision should not be taken without knowing the distribution and scale of the Supplier Charges to be re-imposed. He felt this was sensible given the change in the market's financial health since P406 was approved. Elexon agreed to provide Panel with an estimate of Supplier Charges for the Panel to review at its next meeting.

#### **ACTION 326(02)**

- 3.6 The BSC Panel:
- a) **NOTED** the contents of the paper;
  - b) **DETERMINED** by majority that the Coronavirus Disapplication Period should be ended, and Supplier Charges for SP08 are reapplied from the September 2022 PARMS Reporting Period; and
  - c) **NOTED** that Elexon will issue communication to the Industry to confirm this decision.

#### **4. Post Implementation Review Of The BCB (326/11)**

- 4.1 A Panel Member noted that members of the BCB had provided positive feedback on being a part of BMRS development. Further, they commented on the benefit brought by the expertise of the BCB Members, which is much more specific to the operation of the BMRS (compared to the more general expertise of the Panel as a whole).
- 4.2 The BSC Panel:
- a) **AGREED** that the BCB continues to meet the objectives as set out in P372 and Panel paper 293/12 dated 8 Aug 2019;
  - b) **NOTED** our intention to continue to work with the BCB as outlined in section 3 of the paper; and
  - c) **NOTED** the relationship between the Data Reporting Group and the BMRS Change Board.

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### **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

#### **5. Change Report and Progress of Modification Proposals (326/02)**

- 5.1 The Modification Secretary presented the Change Report and progress of Modification Proposals.
- 5.2 A Panel Member raised the issue of achieving quorate workgroups. The Panel suggested hosting workgroup meetings either in the morning or afternoon instead of all day and to co-ordinate with NETSO. Further, the Panel questioned how Elexon could make Modifications more accessible to Parties, after noting that there had been a general decline in consultation responses. The Chair commented that a more concise consultation may receive more responses. The Modifications Secretary highlighted that Elexon is looking to enhance the consultation user experience by inviting responses using an on-line form.
- 5.3 The Modification Secretary presented learnings and next steps from piloting on-line forms for consultation responses. Feedback had been broadly positive and, subject to some minor amendments, Elexon intends to roll this out for all consultations. The Panel suggested introducing ways to save personal details, to avoid the need to fill this in each time.
- 5.4 The BSC Panel:
- a) **APPROVED** a three-month extension to the P434 Assessment Procedure;
  - b) **APPROVED** a one-month extension to the P425 Assessment Procedure; and
  - c) **NOTED** the contents of the May 2022 Change Report.

## 6. P440 'Enabling Elexon to administer the Capacity Market Advisory Group' (326/03)

- 6.1 A Panel Member questioned the financial cost of the 4FTE required for the Capacity Market Advisory Group (CMAG) work, and if this information is being communicated transparently. EH highlighted that the CMAG costings will be accounted for as a separate line in the Annual Budget and is expected to be approximately £400k per annum (including operational and staff costs). VM and the Chair noted that the Panel will have the opportunity to comment on the CMAG costs through the Annual Budget process, which is then approved by the Board.
- 6.2 A Panel Member queried how performance of CMAG administration activities would be monitored. EH noted that Elexon will be accountable to Ofgem for performing the CMAG administration activities and performance will be monitored by Ofgem. Robin Dunne (RD) from Ofgem highlighted that annual performance reviews would take place and that while there would be no set KPIs a qualitative assessment of Elexon's performance would be undertaken. Ofgem also highlighted that Elexon could ultimately be removed from providing the CMAG administrator role if significant underperformance occurred. RD confirmed that no financial penalties could be applied to Elexon and thus there are no financial liabilities to BSC Parties.
- 6.3 Panel Members queried how costs would be recovered if the CMAG were to undertake further activities such as cost benefit analysis exercises, in support of the development of CM Rules changes. Elexon agreed to clarify how costs would be recovered in this case. RD confirmed that Ofgem have not previously conducted cost benefit analysis in the development of CM Rules changes.

### Post meeting note:

Elexon confirmed that it has not included cost benefit analysis funding for the CMAG at present, as Ofgem has not previously conducted a cost benefit analysis, and thus it was not considered a requirement for Elexon to do such work. Elexon will consider this point with Ofgem further as part of the implementation of the CMAG work. Elexon also provisionally notes that if the CMAG were to require cost benefit analysis work in the future, Elexon would discuss with Ofgem how this would be funded.

- 6.4 The BSC Panel:
- a) **AGREED** that P440 progresses directly to the Report Phase;
  - b) **AGREED by majority** that P440;
    - i **DOES** better facilitate Applicable BSC Objective (f);
    - ii **DOES** better facilitate Applicable BSC Objective (c); and
    - iii **DOES** better facilitate Applicable BSC Objective (b)
  - c) **AGREED** that P440 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
  - d) **AGREED** an initial recommendation that P440 should be **approved**;
  - e) **AGREED** an initial Implementation Date of:
    - i **1 September 2022** if an Authority decision is received on or before 25 August 2022;
  - f) **AGREED** the draft legal text; and
  - g) **NOTED** that Elexon will issue the P440 Draft Modification Report (including the draft BSC legal text) for a 10 WD consultation and will present the results to the Panel at its meeting on 9 June 2022.

## 7. P439 'Enabling BSCCo to undertake development of the EDA-based Data Integration Platform' (326/05)

- 7.1 The BSC Panel:
- a) **AGREED** with the evaluation of the Authority Led SCR Modification Proposal as detailed in this report;
  - b) **AGREED** that P439:
    - i **DOES** better facilitate Applicable BSC Objective (c);
    - ii **DOES** better facilitate Applicable BSC Objective (d);
  - c) **AGREED** that P439 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
  - d) **AGREED** an initial recommendation that P439 should be **approved**;

- e) **AGREED** an Implementation Date for P439 of 5WD following Authority Approval; and
- f) **AGREED** the BSC legal text for P439 in Attachment C.

## **8. Tabled Issue 97 Report**

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### **Part III: Non-Modification Business (Open Session)**

#### **9. Minutes of previous meetings & Actions arising**

- 9.1 The BSC Panel approved the draft minutes for BSC Panel meeting 325. Elexon presented the actions and associated updates for the May 2022 Panel meeting.
- 9.2 In relation to Panel Action 324(02), the Chair noted that the response letter provided no views but raised three questions. The Panel expressed their disappointment with Ofgem's response to the Panel's letter, especially as a response was received eleven weeks after the Urgent letter was sent. A Panel Member noted that they wondered whether Ofgem should stop expecting the Panel to expel any Parties in the future. The Chair noted that the Panel will respond to Michael Bate (MBa) at Ofgem.

#### **ACTION 326(03)**

- 9.3 The Ofgem Representative noted that Ofgem set out its understanding of the panel's concerns and tried to explore what the impact on consumers would be if Ofgem were to approve the expulsions of Code Parties from the BSC, for example, whether it would reduce the ability of Elexon to claw back any costs from the expelled parties. It was clarified that the Panel's letter to Ofgem is confidential, though Ofgem's response to the Panel is public. A Panel Member noted that if the Panel's initial letter was considered public, it could be seen to be very negative for Ofgem. The Panel noted that Elexon has followed BSC governance explicitly, therefore were perplexed as to MBa's response in the letter. The Ofgem Representative noted that there would be value in having a conversation with MBa before undertaking further action.

#### **10. Chair's Report**

- 10.1 The Chair noted that there will be a Panel agenda item on consultation of the future ownership at the relevant time, and noted the good dialogue to date with BEIS on ownership issues.
- 10.2 The Chair reminded the Panel of the annual Board/Panel dinner which will be hosted on 13 July, prior to the annual BSC meeting on 14 July. He noted there is a confirmed speaker from BEIS for annual meeting, and noted Elexon is hoping for a speaker from Ofgem.
- 10.3 The Chair highlighted recent industry discussion around localised modal cost pricing and that may be brought to the Panel for discussion in the summer months.

#### **11. Elexon Report (326/01)**

#### **12. Distribution Report**

- 12.1 The DNO Representative noted they would provide an update on the Group Take Errors at next month's Panel.

#### **13. National Grid Report**

- 13.1 The NGESO Representative highlighted that there is a new Transformation Director role that will lead the team in transition from ESO to FSO.
- 13.2 The NGESO Representative highlighted that NGESO has published the second iteration of business plan and encouraged the Panel to look at it. He noted that NGESO appreciates any feedback, especially in regard to activity 6 and any other new activities.

#### **14. Ofgem Report**

- 14.1 The Ofgem Representative noted that there has been a review of how Ofgem handles the event of Supplier Defaults. Ofgem noted that they will ensure the recommendations are carried out and will feedback to Ofgem colleagues on the desire of the Panel to be consulted on how the recommendations are carried out.

- 14.2 A Panel Member expressed concern that the review of Ofgem's regulation of the UK energy supply market (led by Oxera) did not appear to consider properly the commercial aspects of running such businesses, for example the way that failing companies were able to avoid paying their bills and the lenient approach Ofgem had taken to supporting the Panel's efforts (e.g. in expelling companies from the Code).
- 14.3 Another Panel Member requested for an updated organisation chart following Ofgem's internal review.

**ACTION 326(04)**

## **15. Tabled Reports**

- 15.1 The BSC Panel noted the reports from the ISG, SVG PAB, the Trading Operations Headline Report and the System Price Analysis report.
- 15.2 VM highlighted that the Panel committee chairs will attend the Panel over the coming months to provide a detailed update on the Committee, commencing at the Panel 327.

## **16. BSC Funding Shares Audit Scope (326/06)**

- 16.1 The BSC Panel:
- a) **APPROVED** the proposed scope of the Funding Shares Audit for financial year 2021/2022.

## **17. Any other business**

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### **Part IV: Non-Modification Business (Closed Session)**

## **18. Appointment of Panel Secretary (326/09)**

- 18.1 The BSC Panel:
- a) **APPROVED** the nomination of Elliott Harper as Panel Secretary from 13 May 2022.

## **19. Section H Defaults – Update – (Verbal)**

- 19.1 The Chair noted that if Parties were expelled completely, then the costs would stop increasing. Elexon noted that Trading Charges would cease to exist if they had been expelled. A Panel Member queried whether Ofgem would put Parties out of business once expelling them, and further queried if legal action could be taken against Ofgem as they were not fulfilling their expectations. The Ofgem Representative highlighted that any questions relating to expulsion should be directed to Michael Bate.
- 19.2 Another Panel Member queried whether Parties could begin trading again if Default decisions were revoked. Elexon highlighted that Parties could continue to trade as they would be treated as a Defaulting Party. Another Panel Member suggested that Parties are therefore getting free energy, totalling approximately £17,000 per day, therefore requested an urgent short paper detailing exactly what Expulsion means and what the process entails. Another Panel Member requested that the paper also details which Parties have administrators in place, and what legal basis these are acting under.

**ACTION 326(05)**

- 19.3 The BSC Panel:
- a) **NOTED** the update

## **20. Next meeting**

- 20.1 The next meeting of the BSC Panel will be held in the Elexon Offices on Thursday 9 June 2022