

Minutes

BSC Panel

Meeting number	328	Venue	Elexon Offices/Video Conference
Date of meeting	14 July 2022	Classification	Public

Please note that unless otherwise stated, all Panel decisions were unanimous.

Attendees and apologies		
Attendees		
Michael Gibbons	MG	BSC Panel Chair
Phil Hare	PH	Deputy BSC Panel Chair
Andrew Colley	AC	Industry Panel Member
Andy Manning	AM	Consumer Panel Member
Angela Love	AL	Elexon Director of Future Markets and Engagement
Aylin Ocak	AO	Elexon
Clare Duffy	CDu	Elexon Board Member
Colin Down	CD	Ofgem Representative
Danielle Walton	DW	Ofgem
David Titterton	DT	Elexon Board Member
Derek Bunn	DB	Independent Panel Member
Ed Rees	ER	Industry Panel Member
Elliott Harper	EH	Head of Governance Services, Panel Secretary
Erika Melen	EM	BEIS
Fionnghuala Malone	FMa	BSC Administration Team Leader
Fungai Madzivadondo	FM	Distribution System Operator Representative
Ivar Macsween	IM	Elexon
Jenny Sarsfield	JS	Elexon (Part Meeting)
Jon Wisdom	JW	NGESO Panel Member

Attendees and apologies

Keren Kelly	KK	Elxon
Lawrence Jones	LJ	Modification Secretary
Lewis Heather	LH	CEPA
Lisa Waters	LW	Industry Panel Member
Mary Gillie	MGi	Energy Local
Matthew McKewon	MM	Elxon MHHS
Oli Davies	O	BEIS
Rhys Kealley	RK	Industry Panel Member
Simon McCalla	SM	Elxon CEO
Somayeh Taheri	ST	UC Energy
Stan Dikeocha	SD	Elxon
Tim Fitzpatrick	TF	Elxon Board Member
Tirath Maan	TM	Elxon
Tom Edwards	TE	Industry Panel Member
Victoria Moxham	VM	Elxon Director of Customer Operations

Apologies

Mark Bellman	MB	Industry Panel Member
Diane Dowdell	DD	Chair Appointed Industry Panel Member

Open Session

1. Introduction

- 1.1 The Chair noted apologies from Mark Bellman, with Rhys Kealley appointed as his alternate, and also noted apologies from Diane Dowdell whose alternate is Phil Hare.

Part I: 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

2. Change Report and Progress of Modification Proposals (328/02)

- 2.1 The Modification Secretary presented the Change Report and progress of Modification Proposals.
- 2.2 The BSC Panel:
- a) **APPROVED** a six month extension to the P412 Assessment Procedure;
 - b) **APPROVED** a six month extension to the P426 Assessment Procedure;
 - c) **APPROVED** a two month extension to the P427 Assessment Procedure; and
 - d) **NOTED** the contents of the July 2022 Change Report.

3. **P441 'Creation of Complex Site Classes' (328/03)**

- 3.1 The Panel discussed a few points that were to be considered as added to the terms of reference. Including whether the site arrangements will be forward looking and not retrospective, what is considered as 'local' and 'primary substations', and what impact will this have on the MHHS Programme.
- 3.2 The BSC Panel:
- a) **AGREED** that P441 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P441 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference.

4. **P442 'Reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply' (328/04)**

- 4.1 A Panel Member noted that the six month timescale may need to be reconsidered. LJ noted that Elexon are hoping to build on work from the Issue 96 workgroup.
- 4.2 A Panel Member queried if the Exempt Supply Calculation Agent (ESCA) is intended to be Supplier procured. If so, it would need to be subject to BSC qualification. However they noted if it is centrally procured there is the question of where the funding comes from. JS noted that the role is intended to be Supplier procured. It could be provided by existing Suppliers or could be handled by peer to peer trading platforms.
- 4.3 A Panel Member requested that the terms of reference includes consideration of what data will be made publicly available and whether the arrangements will be retrospectively applied, alongside the addition of needing to consider qualification criteria. Further, they queried what happens under Section H Defaults in this process.
- 4.4 A Panel Member noted that whilst they are supportive of the Modification, they are wary of the implication of "winners and losers". Therefore, they commented that it is helpful to have some estimate of distributional impact and so questioned whether this has been considered in Issue 96.
- 4.5 ST commented that she had spoken with UKPNS, which determined if you create peer to peer market at local level then you increase efficiency by 75%. ST also noted that the intended solution does not seek to mandate a local arrangement, recognising that the current 'interim' process allows generators to be in a different GSP Group.
- 4.6 A Panel Member noted that the exemption order is a legal issue which sits outside of the BSC, so therefore suggested that the Legal team engage with BEIS.
- 4.7 The Chair noted that Elexon should reconsider the timetables as six months is very ambitious. LJ noted that Elexon are now proposing a timetable of 10 months.
- 4.8 The BSC Panel:
- a) **AGREED** that P442 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P442 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference.

5. **BEIS Update on Elexon Ownership Consultation- Verbal**

- 5.1 Erika Melen (EM) and Oli Davies (OD) from BEIS provided the BSC Panel with an update on the consultation on the Future Ownership of Elexon, which had been published that morning.
- 5.2 A Panel Member questioned whether BEIS envisage industry Parties becoming shareholders in a voluntary or directed way. EM noted that this is something for the consultation and that BEIS will speak to future owners if that route is chosen. Further, she noted that under implementation they are exploring licence changes with Ofgem.
- 5.3 A Panel Member queried the definition of Licence Parties; whether they are these Licensed Parties or Parties who are licensable. The Ofgem Representative commented that Ofgem and BEIS would take this point away.

EM noted that BEIS looking into the detail of pension liabilities and highlighted that they will be working very closely with Elexon.

- 5.4 A Panel Member questioned whether the Future Ownership has been considered in the future context where Elexon is a market operator subject to licence and therefore may be subject to penalties. They noted that this may become more challenging under code reform, yet owners have limited influence on how the company is run because of this model. The Ofgem Representative agreed that Ofgem and BEIS would take this point away.
- 5.5 The Chair noted that the federated model was preferred as there was no apparent reason to transition into the public sector. He added that there were further reasons to prefer the private federated model, e.g. to increase accountability to industry, to avoid certain public sector constraints and to be more capable of consolidation as a consequence of the Codes Review.
- 5.6 A Panel Member noted that due to the BSC, the ability to remove directors lies with the Parties instead of the shareholders. SM noted that these entities may become the same. The Panel Member queried how licensed Parties can take on the obligation for those that already have funding which prohibits them from participating in any other business. AL clarified that this is a general issue and that NGESO own Elexon and all of the rights for BSC Parties are separate. EM highlighted that BEIS are not looking to change the overall governance of Elexon.
- 5.7 The Chair questioned how this approach worked with the REC.
- 5.8 A Panel Member recalled that Elexon had to seek financial assistance from National Grid ESO after the Settlement cashflow issue in October 2021. The Chair commented that this was a one-off temporary solution, given that Elexon had not operated the shortfall process in many years and that it had not therefore been tested. He clarified that there is complete clarity around the BSC process of what should be done in the event of shortfall and that were a situation to arise again the shortfall process would work as intended. Further, he noted that there is no obligation for anybody else to fund Elexon in this example. AL added that the overdraft limit has been increased as a result of the Settlement issues, which Panel approved last year.
- 5.9 The Chair requested BEIS to return at the next Panel Meeting in August to answer any questions the Panel may have.
- 5.10 The Deputy Chair agreed to draft a response to BEIS on behalf of the Panel in relation to the consultation.

ACTION 328/01

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

6. P425 'Amendment to the definition of Shared SVA Meter Arrangement' (328/10)

- 6.1 A Panel Member commented that they had voted neutrally for whether P425 does better facilitate Applicable BSC Objective (d).
- 6.2 The BSC Panel:
 - a) **AGREED** that P425:
 - i **DOES** better facilitate Applicable BSC Objective (c); and
 - ii **DOES** better facilitate Applicable BSC Objective (d);
 - b) **AGREED** an initial recommendation that P425 should be **Approved**;
 - c) **AGREED** that P425 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
 - d) **AGREED** an initial Implementation Date of **Five Working Days after the Authority's decision is received**;
 - e) **AGREED** the draft legal text for P425;
 - f) **AGREED** the amendments to the Code Subsidiary Documents for P425;
 - g) **AGREED** an initial view that P425 should not be treated as a Self-Governance Modification;
 - h) **AGREED** that P425 is submitted to the Report Phase; and
 - i) **NOTED** that Elexon will issue the P425 Draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 11 August 2022.

7. **P432 'Half Hourly Settlement for CT Advanced Metering Systems' (328/06)**

- 7.1 A Panel Member commented that Suppliers are not against the obligations proposed by P432 but are concerned about timings around P432.
- 7.2 A Panel Member noted that the MHHS Programme is recommending that P432 is completed earlier to reduce risks. They noted that there is no evidence that this will be very difficult for Parties, apart from a delay. They noted that the MHHS Programme is the strong driver to deliver this Modification.
- 7.3 A Panel Member noted that there were different aspirations of timelines for MHHS when this Change was first recommended, therefore benefits for de-risking the MHHS project have diminished, especially as the WPD response noted that there are 15,000 customers which are affected by this.
- 7.4 AL commented that the programme will be carried out in a logical order, noting that this was an industry recommendation, she noted that it recommended to start work sooner rather than later.
- 7.5 A Panel Member queried why P432 does not state that work could begin now, noting that delays could affect customer charges. MM noted that whilst the programme design work milestones have moved, migration dates have stayed the same and it is these dates that P432 were based on.
- 7.6 The Chair commented that consultation responses are well balanced. A Panel member highlighted that the WPD response is shared by other DNOs. Another Panel Member added that if others were concerned they should have responded to the consultation as they need to deal with the evidence in front of them.
- 7.7 AC: Indication from the Supplier responses as the window has been lost, is there a point of doing it before the programme starts.
- 7.8 The BSC Panel:

a) AGREED by majority that P432:

- i **DOES NOT** better facilitate Applicable BSC Objective (c); and
- ii **DOES NOT** better facilitate Applicable BSC Objective (d);

b) AGREED by majority an initial recommendation that P432 should be **Rejected**;

c) AGREED that P432 DOES NOT impact the EBGL Article 18 terms and conditions held within the BSC;

d) APPROVED an initial Implementation Date of:

- i **5WDs** after Authority decision if decision is received by 26 August 2022;

e) APPROVED the draft legal text for the Modification; and

f) APPROVED the amendments to the Code Subsidiary Documents for the Modification.

8. **P415 - CEPA Cost Benefit Analysis Update - Verbal**

- 8.1 Lewis Heather (LH) from CEPA provided an update to the Panel on the [cost benefit analysis](#) on the [P415 'Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties'](#) Modification.
- 8.2 The Panel noted the provisional findings and asked CEPA to attend the September 22 Panel meeting to discuss the results of the CBA in detail, which was not possible at this session. In the meantime, CEPA will engage with any interested Panel members to discuss the CBA results and methodology in July and August as desired.
- 8.3 The BSC Panel:
- a) **NOTED** the update

9. **P427 'Publication of Performance Assurance Parties' impact on Settlement Risk' (328/07)**

- 9.1 A Panel Member queried whether the Modification could have the opposite impact of that intended, with the publication of Peer Comparison league tables providing comfort to poorer performing Parties.
- 9.2 The Panel highlighted their wariness that P427 impacts EBGL. LJ noted that Z7 has been mapped as a BSC provision that constitutes EBGL Article 18 terms and conditions which determines how Elexon govern EBGL arrangements.

- 9.3 A Panel Member queried the Elexon implementation costs as they appear low. It was confirmed that performance data will be published in usable formats on the Peer Comparison area of the Elexon website. Following implementation, making the performance data even more accessible, via mechanisms such as an API, would be explored further.
- 9.4 The BSC Panel:
- a) **AGREED** that P427:
 - i DOES better facilitate Applicable BSC Objective (c); and
 - ii **DOES** better facilitate Applicable BSC Objective (d);
 - b) **AGREED** an initial recommendation that P427 should be Approved;
 - c) **AGREED** that P427 DOES impact the EBGL Article 18 terms and conditions held within the BSC;
 - d) **AGREED** the impact on the EBGL objectives;
 - e) **AGREED** an initial Implementation Date of:
 - i **23 February 2023** if an Authority decision is received on or before 2 February 2023; or
 - ii **29 June 2023** if an Authority decision is received after 2 February 2023 but on or before 8 June 2023;
 - f) **AGREED** the draft legal text;
 - g) **AGREED** the amendments to the Code Subsidiary Documents;
 - h) **AGREED** an initial view that P427 should not be treated as a Self-Governance Modification;
 - i) **AGREED** that P427 is submitted to the Report Phase; and
 - j) **NOTED** that Elexon will issue the P427 Draft Modification Report (including the draft BSC legal text) for a one month consultation and will present the results to the Panel at its meeting on 8 September 2022.

10. Creation of a new BSC Procedure (BSCP) for Assurance Information Requests (AIRs) (328/05)

- 10.1 The BSC Panel:
- a) **NOTED** that this CP has been raised;
 - b) **NOTED** the proposed progression timetable for this CP; and
 - c) **PROVIDED** any comments or additional questions for inclusion in the CP Consultation.

Part II: Non-Modification Business (Open Session)

11. Minutes of previous meetings & actions arising

- 11.1 The BSC Panel approved the draft minutes for BSC Panel meeting 327. Elexon presented the actions and associated updates for the June 2022 Panel meeting.

12. Chair's Report

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

13. Elexon Report (328/01)

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

14. Distribution Report

- 14.1 DNOS will be attending the next CVA workshop looking at GSP Metering issues.
- 14.2 The BSC Panel:
- a) **NOTED** the update

15. National Grid Report

- 15.1 A Panel Member highlighted that industry should know how NGESO are planning to use the coal emergency contracts, and how they will be cashed out. The NGESO Panel Member commented that they are not in a position to be able to carry this out currently, though they are aware of the issue despite not being able to indicate when.
- 15.2 The BSC Panel:
a) **NOTED** the update

16. Ofgem Report

- 16.1 The Ofgem Representative directed the Panel to the following links for updates on the [RIIO-ED2 Draft Determinations](#), [Ofgem's five year programme](#) and the [Net Zero paper](#) which sets out their view on key aspects of the GB energy system.
- 16.2 A Panel Member asked whether the Ofgem Representative could explain the point of the thought piece as it may be considered unhelpful as it is such high level. The Ofgem Representative agreed to take this point away
- 16.3 The BSC Panel:
a) **NOTED** the update

17. Tabled Reports

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

18. BSC Audit Opinion - Verbal

- 18.1 VM updated the Panel on the BSC Audit, and noted that the report will be with Elexon from the end of August 2022, noting the delay. Further she commented that NGESO informed Elexon that there is an increased cost of the audit and would therefore be levied as a Section D cost, subject to Panel approval.
- 18.2 The NGESO Panel Member apologised to the Panel on the timescales of this. He noted that the additional costs are assumed to be incurred due to the delays and will confirm exact figures at the next Panel.
- 18.3 A Panel Member queried whether is it right to put this cost onto Code Parties. VM highlighted that Elexon are looking at the potential routes for costings and payment.
- 18.4 The BSC Panel:
a) **NOTED** the update

19. Any other business

Part III: Non-Modification Business (Closed Session)

20. Next meeting

The next meeting of the BSC Panel will be held in the Elexon Offices on Thursday 11 August 2022