

## Minutes

### BSC Panel

Meeting number	<b>329</b>	Venue	<b>Elexon Offices/Video Conference</b>
Date of meeting	<b>11 August 2022</b>	Classification	<b>Public</b>

**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
Angela Love	AL	Elexon Director of Future Markets and Engagement
Ashley Lawrence	ALa	Ofgem
Chris Arnold	CA	Elexon
Colin Down	CD	Ofgem Representative
Colm Murphy	CM	NGESO
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Chair Appointed Industry Panel Member
Ed Rees	ER	Industry Panel Member
Fionnghuala Malone	FMa	BSC Administration Team Leader
Fungai Madzivadondo	FM	Distribution System Operator Representative
Jenny Sarsfield	JS	Elexon (Part Meeting)
Jon Wisdom	JW	NGESO Panel Member
Lawrence Jones	LJ	Modification Secretary
Lisa Waters	LW	Industry Panel Member
Mark Bellman	MB	Industry Panel Member

## Attendees and apologies

Michael Bate	MBa	Ofgem
Rhys Kealley	RK	Industry Panel Member
Sedef Kiris	SK	Elxon
Simon McCalla	SM	Elxon CEO
Tirath Maan	TM	Elxon
Tom Edwards	TE	Industry Panel Member
Victoria Moxham	VM	Elxon Director of Customer Operations

## Apologies

Andy Manning	AM	Consumer Panel Member
Elliott Harper	EH	Head of Governance Services, Panel Secretary

## Open Session

### 1. Introduction

- 1.1 The Chair noted apologies from Andy Manning whose alternate was Ed Rees.

## 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 (329/02)

- 2.1 The Modification Secretary presented the Change Report and progress of Modification Proposals.
- 2.2 The BSC Panel:
- a) **APPROVED** a three-month extension to the P434 Assessment Procedure; and
  - b) **NOTED** the contents of the August 2022 Change Report.

### 3. P425 'Amendment to the definition of Shared SVA Meter Arrangement' DMR (329/03)

- 3.1 The BSC Panel:
- a) **AGREED** that that P425:
    - i **DOES** better facilitate Applicable BSC Objective (c); and
    - ii **DOES** better facilitate Applicable BSC Objective (d);
  - b) **AGREED** that P425 does not impact the EBGL Article 18 terms and conditions held within the BSC;
  - c) **APPROVED** an Implementation Date of **Five Working Days** after the Authority's decision is received;
  - d) **APPROVED** the draft legal text;
  - e) **APPROVED** the amendments to the Code Subsidiary Documents; and
  - f) **APPROVED** the P425 Modification Report.

### 4. P376 Configurable Item Approval February 2023 Release (329/04)

- 4.1 The Panel agreed that the ownership of the Baseline Methodology Document should be delegated to both ISG and SVG committees.

#### 4.2 The BSC Panel:

- a) **APPROVED** the changes to BSCP602 and the Baselining Methodology Document for P376 for implementation in the February 2023 BSC Release;
- b) **DELEGATED** ownership of the 'Baselining Methodology Document' as a Category 3 BSC Configurable Item to the Imbalance Settlement Group (ISG) and the Supplier Volume Allocation Group (SVG);
- c) **DELEGATED** ownership of BSCP602 'SVA Metering System Register' as a Category 1 BSC Configurable Item to the Supplier Volume Allocation Group (SVG);
- d) **APPROVED** the changes to BSCP602 for P419 for implementation in the February 2023 BSC Release; and
- e) **NOTED** that we will consolidate the changes to the BSCP602 for P376 and P419 into a single version of BSCP602, which will become effective on 23 February 2023.

### 5. BSC Change Review Update (329/05)

- 5.1 A Panel Member noted that Elexon will need to prioritise efficiently, especially as Modifications may come from Parties where the outcome of the Modification will directly benefit them. Further, they queried whether all Code Administrators could be invited to contribute to the discussion, also querying whether Elexon can widen the definition of Self Governance so that Elexon could have the ability to raise more Modifications.
- 5.2 LJ noted that the issue of prioritisation was a key theme that came out of the research survey, and also noted that the overlap with the Codes Review may be difficult.
- 5.3 A Panel Member noted that it would be helpful to understand if there has been much engagement with Ofgem and how they will be involved in this process.
- 5.4 A Panel Member queried whether it would be worthwhile to have an initial meeting to go through the process and have acknowledgement and ideas sharing session. Therefore this would give the opportunity to shape Ofgem and BEIS review
- 5.5 The Ofgem Representative noted that Ofgem want to engage but cannot commit to have someone attending all Issue Group meetings.
- 5.6 The Panel agreed that the people who use the Code should come up with ideas to share on a reformation under the Change Review.
- 5.7 A Panel Member commented that it is difficult trying to get more consultation responses, especially given the industry's volatility and the increase in people that have less experience and understanding of the BSC.
- 5.8 LJ noted that Elexon intended to analyse statistics, including data on attendees to use as input data for the Issue Group. He noted that Elexon will outline dates on timescales.
- 5.9 The Chair reiterated the importance of the implications on the "must" language, especially as – maintaining and improving quality is absolutely key. He noted the comments on the terms of reference especially the understanding of the potential overlap with Ofgem to further understand what areas they are working in.
- 5.10 The BSC Panel:
  - a) **COMMENTED** on the Issue form, proposed approach, timetable and terms of reference;
  - b) **NOMINATED** Lisa Waters as sponsor for the review; and
  - c) **NOTED** the contents of this paper and that we will raise the Issue following the August Panel meeting.

---

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

### 6. Minutes of previous meetings & actions arising

- 6.1 A Panel Member raised an issue regarding the NGESO Coal contracts in the minutes and also wanted to thank NGESO for working on this.
- 6.2 The BSC Panel approved the draft minutes for BSC Panel meeting 328. Elexon presented the actions and associated updates for the July 2022 Panel meeting.

## **7. Chair's Report**

- 7.1 The Chair informed the Panel that the next Board circular would be issued imminently, and the Panel would be informed when this is published.
- 7.2 The Chair requested any feedback from the Panel in relation to the Annual BSC Meeting held in July, and to communicate this with Elexon. A Panel Member noted that the online meeting did not work that well, noting that they struggled in contributing comments and questions.
- 7.3 The Chair noted that the Panel elections were underway and encouraged BSC Parties to vote. He highlighted that voting closes on Friday 26<sup>th</sup> August 2022 and the outcome of these elections will be announced by the September Panel meeting.
- 7.4 The Chair highlighted that the Credit Committee have increased the Price Cap once again, with the highest prices ever recorded. He noted that these price are predicted to soar in the winter months.
- 7.5 A Panel Member questioned whether the Credit Committee refer to liquidity data, and whether they consider buying forecasts from other companies. The Chair noted that the Committee are meeting frequently (weekly) to allow for the opportunity to amend the data if needed and should not get into predicting prices.
- 7.6 The Deputy Chair announced that Sara Vaughan has been formally appointed to begin the handover as the new Chair of Elexon and the BSC Panel from 1 September. She will formally succeed Michael Gibbons from 1 October. The Deputy Chair expressed their thanks to Lisa and Mark in the recruitment process.
- 7.7 The BSC Panel:
- a) **NOTED** the update

## **8. Elexon Report (329/01)**

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

## **9. Distribution Report**

- 9.1 The DNO Representative highlighted the update on GSP Metering issues. A Meter registrant had attended the July PAB meeting, and there were ongoing investigations with other Registrants. Further, there was commitment from the Registrant to provide regular updates and to continue holding workshops with Elexon. An initial workshop has been scheduled for September.
- 9.2 The BSC Panel:
- a) **NOTED** the update

## **10. National Grid Report**

- 10.1 The NGESO Panel Member commented that the C16 Consultation has concluded, and Elexon will publish this in Newscast. The second TNUoS taskforce meeting has been held and more information can be found in the podcast and on the [website](#).
- 10.2 The BSC Panel:
- a) **NOTED** the update

## **11. Ofgem Report**

- 11.1 The Ofgem Representative highlighted the BEIS review on REMA arrangements and noted that Ofgem will be supporting government on this work. Further, he noted that the consultation closes on 10 October.
- 11.2 The Ofgem Representative confirmed that the retail price cap will be updated every 3 months instead of every 6 months. This will mean that prices come down more quickly when wholesale prices fall. It will also - help reduce the risk of large scale supply failures, which increase costs to consumers..
- 11.3 The BSC Panel:
- a) **NOTED** the update

## 12. Tabled Reports

- 12.1 The BSC Panel noted the reports from the SVG, PAB, the Trading Operations Headline Report, the System Price Analysis report and the Funding Shares Audit Findings and Reconciliation Specified Charge Rates.

## 13. Funding Shares Audit Findings and Reconciliation Specified Charges Rates (329/06)

- 13.1 The BSC Panel:
- a) **NOTED** the findings of the 2021/22 Funding Shares Audit;
  - b) **NOTED** the Reconciliation rate for SVA Specified Charge rate £0.00878 MSID per month; and
  - c) **NOTED** the Reconciliation rate for MHHS Monthly Implementation Charge £0.01296 MSID per month.

## 14. WPD's 2023-24 Generic LLF Calculation for \_B (329/07)

- 14.1 A Panel Member questioned whether the time period used to create the calculation would be reflective of the next 12 months, as they noted they think demand will fall again to due to the price.
- 14.2 FM queried whether this process should be done holistically, and noted that there are no comments from WPD prior to meeting.
- 14.3 SK noted that the data needs to be accurately submitted by the end of September.
- 14.4 The NGESO Panel Member commented that NGESO have done a cross check to see if there was a systemic error and therefore queried whether WPD is doing the analysis.
- 14.5 The BSC Panel:
- a) **DEFERRED** the decision that WPD can use 2021/22 Settlement data from the latest available Settlement Runs in its 2023/24 Generic LLF calculation for East Midlands until the September 2022 Panel meeting.

## 15. Future System Operator (FSO) Programme

- 15.1 Colm Murphy (CM) from NGESO presented the overview of the Future System Operator Programme
- 15.2 SM asked when NGESO did the original separation, did they rely on NGESO infrastructure and whether this is now looking at hosting environments.
- 15.3 A Panel Member queried when there will be a deeper understanding of what the future roles are.
- 15.4 CM noted that there will be industry round table engagement events. The ESO will also have dedicated forums and hold structured interviews. NGESO is happy to discuss with any Panel Members if they have any questions.
- 15.5 A Panel Member questioned to what extent will the FSO will be an agent of policy. CM noted that NGESO want to find out what stakeholders want and to then work with BEIS, Ofgem and industry on this.
- 15.6 LW: A Panel Member expressed a concern that the ESO is focusing too heavily on what the culture should be, and questioned whether this focus will be shifted on what needs to be done today with detail on priority work.
- 15.7 A Panel Member commented that if NGESO underperform there are clear sanctions, however queried whether there is a danger that they are making their own rules. CM confirmed that the key accountability for efficiency is to Ofgem.
- 15.8 CM noted that producing an accountability RACI is in the pipeline.
- 15.9 The BSC Panel:
- a) **NOTED** the update

## 16. Panel discussion on Elexon Future Ownership Consultation

- 16.1 The Panel held a thorough discussion covering points of the Elexon Future Ownership consultation. The Deputy Chair will collate these views in a response to BEIS.
- 16.2 The BSC Panel:
- a) **NOTED** the update

## 17. Performance Assurance Board (PAB) Update

- 17.1 Panel Members noted that they are happy to help the Chair of the PAB with engagement of the REC.
- 17.2 The Panel noted their positive views over the PAB's actions during the Pandemic.
- 17.3 The BSC Panel:
  - a) **NOTED** the update

## 18. Panel Dates 2023 (329/08)

- 18.1 FMA commented that there was a discrepancy in the paper, where the annual BSC Meeting will be held on Thursday 13<sup>th</sup> July 2023 instead of the date of Thursday 14<sup>th</sup> July 2023.
- 18.2 The BSC Panel:
  - a) **APPROVED** the proposed BSC Panel dates for 2023; and
  - b) **NOTED** the dates will be published on the Elexon website.

## 19. Any other business

- 19.1 A Panel Member noted that there was an issue with the Digital Code where there was missing text on the website. Elexon confirmed that this bug had been identified and corrected.
- 19.2 Another Panel Member queried whether the Digital Code and BSC Website's search function could be more relevant to business functions.

## 20. Section H Default and the Expulsion Process (329/09)

- 20.1 Michael Bate (MBa) from Ofgem attended the session and noted that they have had constructive conversations with Elexon.
  - 20.2 The Chair noted that statutory demand should be considered a next step before the expulsion process.
  - 20.3 A Panel Member noted that anyone is able to issue a statutory demand, therefore noted it would be prudent to understand the steps after this would be issued.
  - 20.4 A Panel Member highlighted that the mechanism (either expulsion, or use of statutory demand) should encourage all Parties to pay their bills.
  - 20.5 MBa commented that Ofgem would be supportive of Elexon, a statutory demand prioritises the supplier and the factors could be determined by the size of the debt and Supplier circumstances.
  - 20.6 A Panel Member expressed concern in the behaviour of two Parties awaiting expulsion, as it could demonstrate that other Parties may take this route and may mean that Elexon may struggle to receive payment.
  - 20.7 The Chair highlighted that this process is governed by the BSC and Ofgem. Further, he noted the concerns that the expulsion mechanism is not proving effective incentives for Parties to pay their debts as they fall under the BSC, therefore concluded that the concept of the statutory demand should be inserted earlier in the process. He commented that the recommendation that statutory demands should be in all future Section H Default situations should be considered. The Chair noted that it is the responsibility of the Panel alone as to whether or not to follow up the notice 21 days later.
  - 20.8 NB commented that any Section H Default statutory demands is not a demand for payment therefore it would be a BSC matter to commence insolvency proceedings.
  - 20.9 The Chair highlighted that Ofgem are always invited to all meetings where Section H Defaults are concerned, and have almost always attended.
  - 20.10 Elexon queried how effective statutory demands would be in relation to the two Parties in question.
- ACTION 329/01**
- 20.11 The BSC Panel:
    - a) **AGREED** to approve a statutory demand where relevant and appropriate in future Section H Default situations;

- b) **AGREED** to consider a paper discussing the current options for the Panel in relation to the two outstanding companies recommended for expulsion; and
- c) **NOTED** the discussion.

---

### **Part III: Confidential Business (Closed Session)**

#### **21. Next meeting**

- 21.1 The next meeting of the BSC