

# ELEXION

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**BSC Panel 333**

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Public Slides

08 December 2022



PART I:  
MODIFICATION  
AND CHANGE  
BUSINESS  
(OPEN SESSION)

# ELEXION

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**Change Report and Progress of  
Modification Proposals**

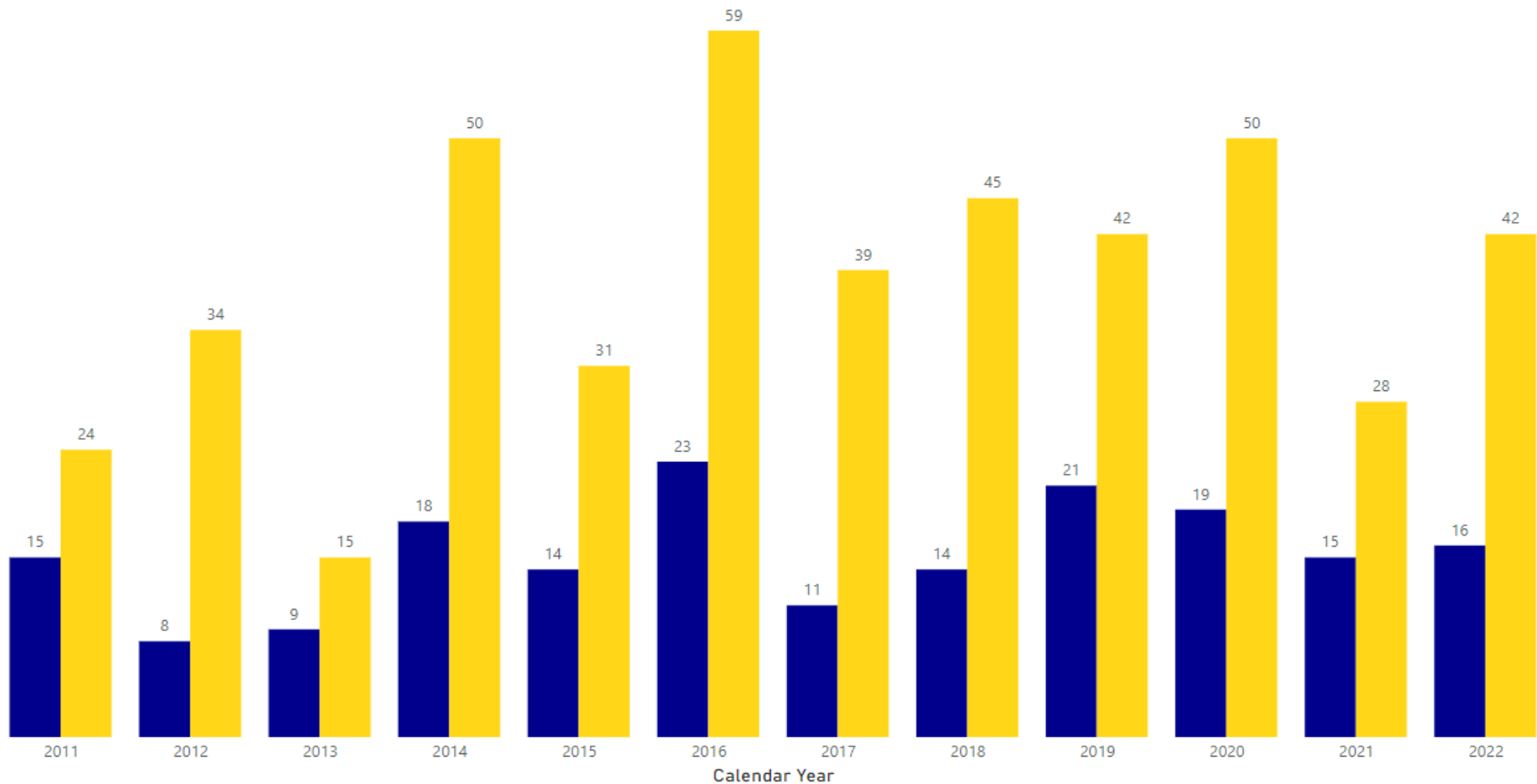
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333/02 – Lawrence Jones

# BSC Modifications raised by year and Workgroups held

How many Modifications raised and Workgroups held?

● Mods raised ● Workgroups (excl. Issues)



## BSC Modifications overview

Initial Written Assessment	-
Assessment Procedure	P412, P415, P426, P441, P442, P443, P444
Report Phase	-
Urgent	-
With Authority (decision cut-off)	P432 (29 Mar 23), P434 (n/a), P448 (n/a)
Authority Determined (implementation date)	P427 (23 Feb 23), P449 (11 Nov 22)
Self-Gov. Determined	-
Fast Track Determined	-
Withdrawn	-
Open Issues	Issue 95, Issue 96, Issue 99, Issue 100, Issue 101, Issue 102, Issue 103, Issue 104

## BSC Modifications approved timelines

	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23
<b>P412</b> 'Non-BM Balancing Providers pay for non-delivery imbalance'							AR		DMR		
<b>P415</b> 'VLP access to wholesale market'									AR		DMR
<b>P426</b> 'Combining Credit Cover for groups of related Parties'							AR	DMR			
<b>P441</b> 'Creation of complex site classes'							AR	DMR			
<b>P442</b> 'Reporting FCL for exempt and licenced supply'										AR	
<b>P443</b> 'Cap NGESO Interconnector Trades'	IWA							AR		DMR	
<b>P444</b> 'Compensation for VLP actions in the BM'	IWA						AR		DMR		

# BSC Change Release Roadmap

2022	2023			Un-allocated
Ad-hoc	Feb	Jun	Nov	
P432 'HH Settlement for CT Adv. Meters' (+5WDs)	P376 'Baselining Methodology'	CP1558 'New Registration data items to facilitate MHHS'	P395 'Final consumption levies'	P412 'Non-BM BS providers pay non-delivery'
P434 'HH Settlement for NHH UMS' (+5WDs)	P419 'BSUoS data'	P441 'Creation of complex site classes'		P415 'VLP access to wholesale market' (Q4 2024)
P443 'Cap NGESO Interconnector Trades' (+2WDs)	P428 'Correct P376 drafting error'	CP1568 'Inclusion of new LDSO-mastered SMRS data items'		P426 'Combining Credit Cover for groups of related Parties'
P448 'Mitigating Gas Supply Emergency Risks' (+1WD)	P427 'Publish Parties impact on Settlement Risks'	CP1571 'Clarify the number of Meter measuring elements and measurement transformers'		MHHS
	CP1569 'Amendments to the IDD documentation to align with SAA migration'	CP1572 'Specifying the requirements to provide SLDs for HV and EHV sites'		P442 'Reporting FCL for exempt and licenced supply'
	CP1573 'Amendments to the IDD Pt 1 Spreadsheet, SVA DC and REC EMAR Data Specification for P376'			P444 'Compensation for VLP actions in the BM' (Q4 2024)

Key

Approved

With Authority

Report Phase

Assessment Phase

Direction

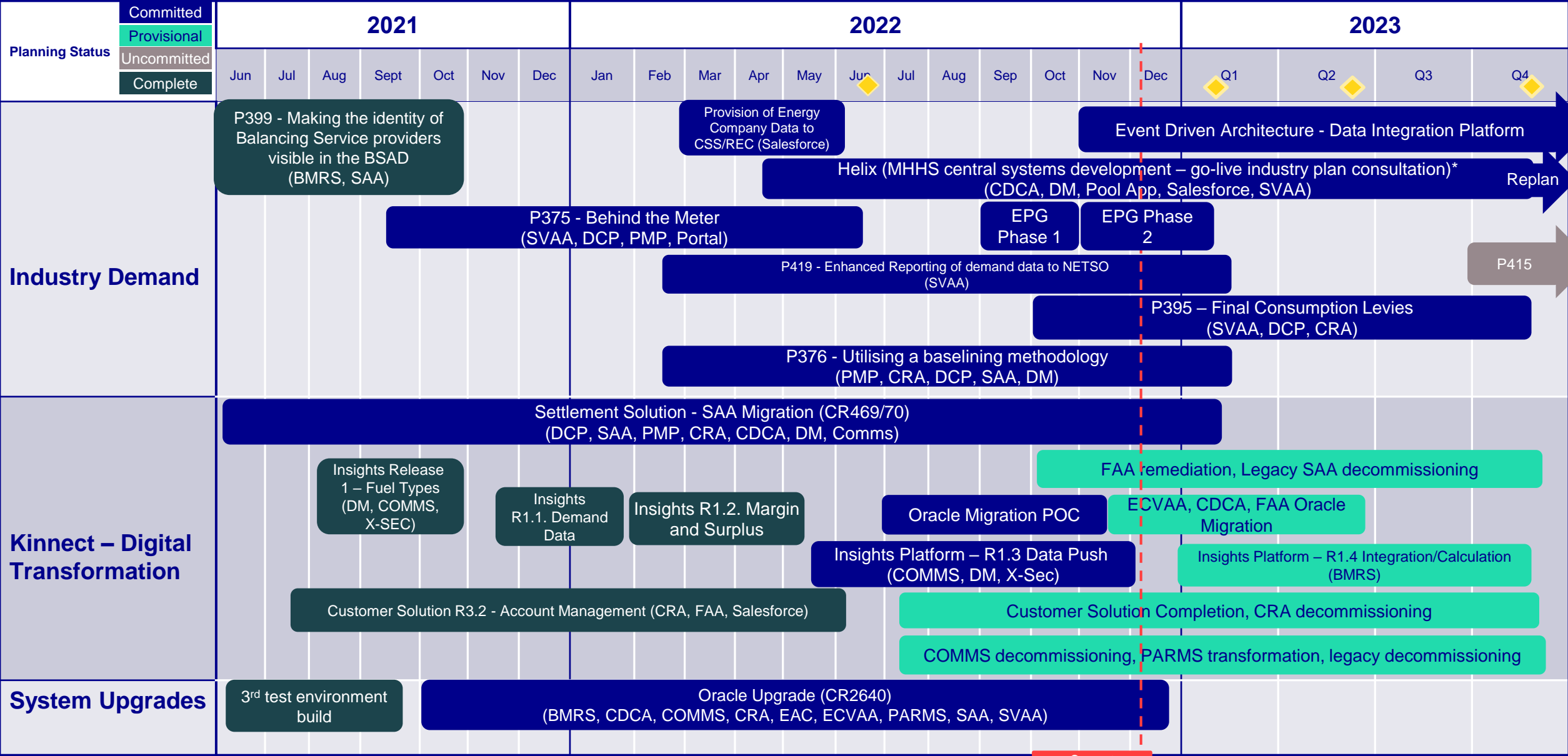
Urgent



# Portfolio Pipeline and Plan

Denotes Industry release

\*Helix increases in Resource and systems demand heading into 2023 reflected in the activity bars below





## Modification update: P448

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‘Protecting Generators subject to Firm Load Shedding during a Gas Supply Emergency from excessive Imbalance Charges’

- Submitted to Ofgem for decision on 18 November 2022, with a recommendation to approve the Alternative solution
- In the P448 Final Modification Report we highlighted that, subject to P448 being approved we would raise an Issue Group to consider some items as part of a post implementation review. The current suggested topics include:
  - Unintended impacts to cash-out prices;
  - PNs for BMUs that have both demand and generation;
  - Whether P448 should be time limited;
  - A guidance document on the P448 solution and processes; and
  - Consider how CCGTs with Operating Margins Contract will be treated – the principle that P448 protections should not be restricted if gas generators are offering OM services.
- We and the Workgroup believe the Cashout item should be treated as a priority
- We invite Panel comments and views on the proposed Issue Group scope and priorities

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## Upcoming Modifications

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- Housekeeping Modification (Fast Track Self-Governance Mod), including making the BSC gender neutral
- Amending the BSC Change Process for changes affecting the NCER Terms and Conditions (Article 4)

## Recommendations

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We invite the Panel to:

- a) **COMMENT** on the P448 post-implementation review (via an Issue Group) scope and terms of reference; and
- b) **NOTE** the contents of the December Change Report.



## PART II: NON-MODIFICATION BUSINESS (OPEN SESSION)

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**Minutes of previous meetings  
and Actions arising**

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Fionnghuala Malone

# ELEXION

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**Chair's Report**

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Michael Gibbons

# ELEXON

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## Elexon Report

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333/01 – Simon McCalla



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## Elxon update: BMRS

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Following a number of recent failures on BMRS we have been working closely with our Service Provider and product team to implement a 'return to green' plan. This is a combination of technical improvements to the infrastructure and also understanding further, reasons for abnormal patterns of data submissions within the market working closely with ESO.

We have stabilised the system through a number of actions including additional memory capacity, optimizing 12 key process SQL queries and have done a significant amount of work preparing revised partitioning of data tables accessed by BMRS system and implemented enhanced monitoring and alerting around dynamic files backlog.

Further significant system improvements are planned through the implementation of CPU upgrades on system servers, repartitioning of database tables and further optimization of priority queries over the coming weeks.

National Grid is still investigating certain BSC Parties' behavior with excessive submission of MIL/MEL data and declaration files from the BSC Parties. It is possible that the issue could be associated with parties using certain application which triggers when there is an event, regardless of any notable action producing a file submission, however, we are proposing that NG repackage the data to avoid volumetric issues in the interim.

Issues around incorrect BMUs submission by NG to Elxon has also been raised and all incorrect submissions have been corrected and impacted flows are fixed for now. However, NG to confirm a robust plan of improvement to mitigate this happening in the future.

Further work on Failure mode effect analysis being performed for BMRS and a list of end of life have been identified and discussed, we are evaluating the impacts and further change requests will be confirmed upon completion of gap and cost benefit analysis (mid December 2022).

Overall comms/alerts and circulars strategy has also been reviewed and made few improvements to make sure customers are informed before, during and after the BMRS related incidents promptly and allow customers to navigate appropriately onto new insights solution platform where there is no data impact during the incidents.

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## **Elexon Kinnect: Parallel runs of new and legacy Settlement systems completed**

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### **Settlement Solution**

The data migration continues to progress on the Settlement Solution, which is now delivering at an increased pace. This phase of the project will continue into the New Year. The plan for go-live is under review to ensure it delivers as early as possible.

The Funds Administration Agent services continue in their discovery phase to determine the calculation and finance system requirements. Progress of the project is being prioritised in line with the wider Kinnect programme goals. The review of BSC Section N Clearing, Invoicing and Payment has started and will determine the scope for a potential BSC Modification to gain efficiency and reflect modern banking practices.

### **Insights Solution**

Iteration 1.3 of the Insights Solution, which included migration of six BMRS data flows and launch of the new real time messaging service to replace TIBCO, was completed on 21 November. Around 46% of all current BMRS data has now been migrated to the Insights Solution. We are carrying out user research for the next iteration (including development of the REMIT portal) and important users of our REMIT data (including Ofgem) will be involved in this.

### **Customer Solution**

Modifications P376 and P419 are progressing well in integration testing, due to complete mid-December, then moving into Operational & User Acceptance testing. Analysis and Design work on P395 has started and is being integrated with CR17463 to align the schema with an enterprise view of contacts and addresses, as an enabler for other projects (e.g. CRM). Additionally, a number of enhancements and fixes of deferred defects relating to P375, Account Management and the Central Switching Service have been successfully tested and deployed into production.

# Elexon Kinnect: Budget update

Overall, the Kinnect Programme remains on budget with £30.4m of investment in progress, of which £29.8 m has been spent to date. The remaining £14.9m is forecast for future work to conclude migration of the legacy systems to the digital platform in 2023/24 and we have £7.1m remaining contingency.

These figures are also shown in the table below:

CTD (£m)	Committed	FTC	Contingency	Forecast Outturn	Budget	Variance
29.8	2.1	14.9	7.1	53.9	53.9	0

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## Helix: Current status

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### Helix Programme Objectives

To deliver the Market-wide Half Hourly Settlement (MHHS) changes to Elexon's systems and processes ready for MHHS go-live in October 2024.

### Overall status

Helix is 7 months into the DBT (design, build and test) phase where re-work and new requirements from the baselined MHHS designs has resulted in significant additional effort. MHHS re-plan will also impact the Helix timeline and budget.

### Key points to note

- Helix DBT was originally planned to be complete by end April 2023, but this has been impacted by the re-work and new requirements within the baselined MHHS requirements and designs which now requires a significant amount of additional effort. This will impact the Helix timeline and budget.
- The risk of further re-work will continue until the work-off items, Migration design and Transition design are complete.
- Integration testing of the new service features continues at a consistent pace.
- The MHHS re-plan will also impact the Helix timeline and budget. We await the final round of the re-plan to complete the impact assessment
- Elexon (Helix) continues to work with MHHSP to clarify the scope and responsibilities for MHHS changes to the Performance Assurance Framework and Qualification.

## Key KPIs: October 2022

KPI	Target	Status
Performance against budget	Percentage (Under)/Over Spend Full Year Forecast vs. Budget complete >(5)%	0.01% - ON TARGET
Core system availability (BSC Agent Services)	99.50%	99.77% - ON TARGET
Service Desk performance against SLAs	99.99%	100% - ON TARGET
Settlement Accuracy (total change in Trading Charges across all run types as a percentage of total trading charges)	<5%	4.6% - ON TARGET
Modifications: number of Ofgem send backs	<=2 in a rolling 12 month period	2 – ON TARGET
Code Admin: % of Panel and Committee papers delivered on time	90%	96.8% - ON TARGET

## Recommendation

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We invite the Panel to:

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

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**MHHS Update**

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Helen Tipton



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## Context

- The Programme is now moving from delivering (design) to participants engaging to delivery (Design, Build & Test)
- DBT baselined in November
- Context remains challenging for [suppliers] to make this top priority – good support from our Sponsor reminding PSG participants of the purpose of MHHS

## Programme Progress

- Agreement to consult on planning window to enable the replan with an output in Spring 2023
- Migration approach agreed at December Programme Steering Group
- New SRO in post
- DIP procurement [just about] concluded

## Looking forward

- Continuing our engagement with representatives and participants in the programme to ensure we are set up to deliver
- On the horizon, Qualification across the industry will be a significant challenge further down the programme delivery - and we are thinking about that now
- Independent Assurance (IPA role conducted by PwC) has recognised the strength of the replan approach being conducted by the programme

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## Distribution Report

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Fungai Madzivadondo

# ELEXION

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**National Grid Report**

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Rob Wilson

# ELEXION

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**Ofgem Report**

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Colin Down

# ELEXION

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**BSC Sandbox lessons learned report 2022**

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333/03 – Kathryn Coffin

8 December 2022

# BSC Sandbox: What's the purpose of the sandbox?

Introduced in August 2018 through P362, with first application received August 2020

A way for innovators to trial ideas in a live market environment

- Enables time-limited trials of activities / arrangements that the BSC wouldn't normally allow
- An approved application gives a temporary BSC derogation from the relevant rule(s)
- Derogations may have other conditions, e.g. on scope

Supports Ofgem's wider Energy Regulation Sandbox (ERS)

- All applications made through ERS using Ofgem's application form
- Ofgem triages against its initial suitability criteria for further assessment
- Ofgem then notifies Elexon if there's a BSC impact, which triggers our own BSC Sandbox process
- All BSC Sandbox applications come through ERS; not all ERS applications impact BSC
- ERS applications may also trigger DCUSA and REC sandbox processes
- Ofgem makes final decision, through its ERS, on each BSC Sandbox application

The image shows two documents side-by-side. The left document is titled 'Final Modification Report' and 'P362 'Introducing BSC arrangements to facilitate an electricity market sandbox''. It includes a table of contents with sections like 'The BSC Panel Modification at', 'This Modification is exp', 'BSC Parties', 'Party Agents', 'BSC Panel', 'Transmission Co', 'Ofgem', 'Non-BSC Parties', and 'ELEXON'. The right document is the 'ENERGY REGULATION SANDBOX APPLICATION FORM' from Ofgem. It includes an 'Overview' section explaining the sandbox's purpose and an 'Application form' section listing 11 sections: 1. About you, your organisation and partners (1A. Partner information); 2. About your innovation; 3. What impacts will your innovation have?; 4. What's preventing your innovation?; 5. Your trial (or pilot or demonstrator) (5A. Bespoke guidance requirements, 5B. Comfort requirements, 5C. BSC and / or DCUSA code derogation requirements, 5D. Ofgem derogation requirements); 6. Market entry (6A. Confirmation requirements, 6B. Ofgem derogation requirements); 7. Delivering your innovation; 8. Supporting information; 9. Confidentiality considerations; 10. Feedback on the guidance and form; 11. Basis on which we provide the Sandbox facility.

<https://www.elexon.co.uk/bsc-and-codes/derogations-from-the-bsc/>

# BSC Sandbox: How are approved derogations managed?

Maximum length of a BSC derogation is 3 years:

- 2 years maximum for the Trial Period to test the idea
- A further Transition Period to exit the derogation by either:
  - Returning to compliance with normal BSC rules
  - Progressing a Modification Proposal to make a permanent rule change for all Parties

Ofgem sets start date, length of Trial Period and overall derogation period

Panel may recommend that Ofgem removes a derogation early (‘early cessation’):

- If there’s a breach of conditions; or
- If it no longer meets the criteria against which it was approved

BSC Sandbox process and criteria set out in BSC Section H10 and BSC Sandbox Procedure

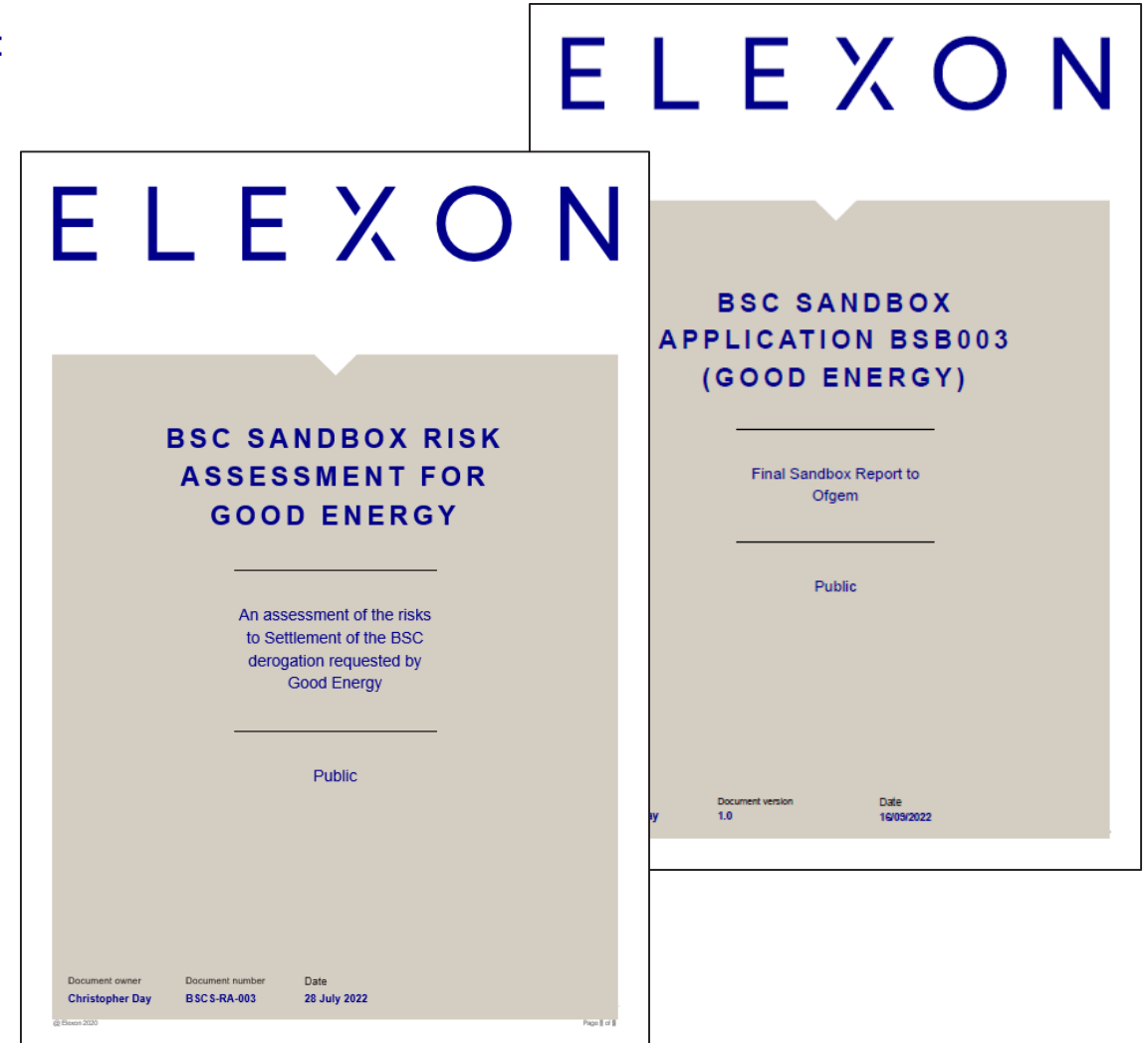
BSC Sandbox Procedure		Version 1.0
Balancing and Settlement Code		
BSC Sandbox Procedure		
Version 1.0		
Date: 28 August 2018		
10. BSC SANDBOX .....		
10.1 BSC Derogations .....		
10.2 Applications for a BSC Derogation .....		
10.3 Sandbox Send Back Process .....		
10.4 Impact of BSC Derogation .....		
10.5 Trial Period Duration .....		
10.6 BSC Derogation Transition and Exit .....		
10.7 Derogation Reporting and Monitoring .....		
10.8 BSCCo Derogation Reporting .....		



## BSC Sandbox: What's Elexon's role?

Elexon operates the BSC Sandbox process and provides 'critical friend' role:

- Maintains BSC Sandbox webpage and guidance
- Advises potential applicants on process and BSC implications
- Assesses applications against BSC Sandbox eligibility criteria (including on impact and risk)
- Co-ordinates with Ofgem's ERS and other Code sandboxes
- Consults Performance Assurance Board and industry
- Makes a recommendation to the Panel (who then makes a recommendation to Ofgem)
- Monitors / reports on approved derogations throughout their lifecycle
- Reports annually on metrics and lessons learned



<https://www.elexon.co.uk/bsc-and-codes/derogations-from-the-bsc/>

## BSC Sandbox: Elexon activities in 2022

Ref	Applicant	Nature of trial	Current status	Elexon activities in 2022
BSB001	Emergent Energy	Alternative aggregation methodology for metered volumes on private networks where some but not all customers have opted for third-party supply	Approved – live Trial in preparation stage	<ul style="list-style-type: none"><li>Supporting trial preparation by clarifying accuracy test requirements</li><li>Monitoring progress and reporting</li></ul>
BSB002	Centrica Business Solutions	Balancing Mechanism participation by assets that are measured half-hourly and operated by a Virtual Lead Party on Non Half Hourly settled sites	Approved – live Trial in preparation stage	<ul style="list-style-type: none"><li>Completing assessment process</li><li>Supporting trial preparation, including ensuring risk controlled through Kinnect Customer Solution</li><li>Monitoring progress and reporting</li></ul>
BSB003	Good Energy	Use of different Supplier Agents for Half Hourly Import and Export Metering Systems with DCC-enabled smart meters	Awaiting decision Rejection recommended	<ul style="list-style-type: none"><li>Undertaking assessment process</li></ul>

The 3 applications shown are the total raised through the BSC Sandbox

See Panel paper [332/05](#) (November 2022) for more detailed status updates

Since that paper, Centrica's made us aware of a further delay – meaning it may now not on-board customers to its trial till January 2023

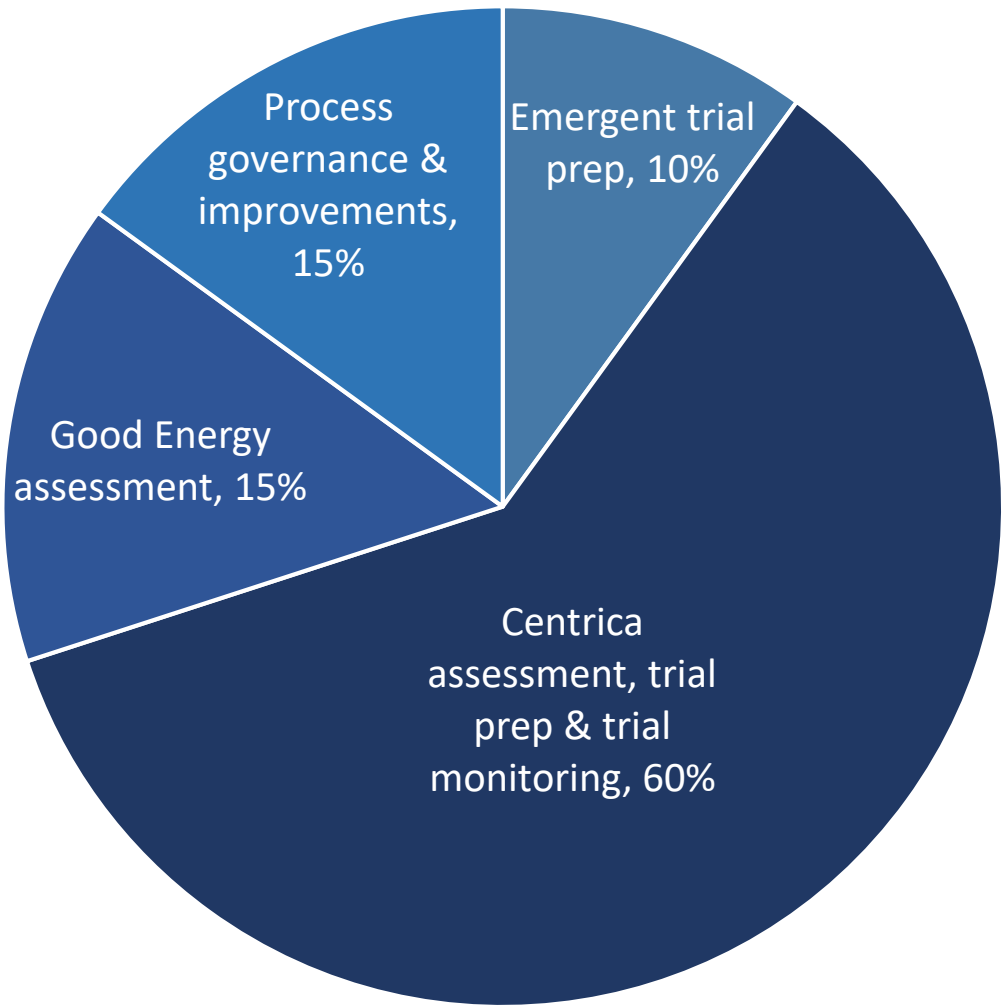
- Due to needing to meet NGESO's requirements / timescales for registering Secondary BM Units in Balancing Mechanism

# BSC Sandbox: Elexon effort in 2022

- Estimated total Elexon effort was equivalent to **0.5 FTE**
- Covers effort since last annual report on 9 December 2021
  - Spans the 3 live applications / derogations
  - Delivered in practice using multiple staff
  - Compares to 0.2 FTE, split 50:50 over 2 applications, in 2020/21
  - Chart shows estimated breakdown for 2022
  - From 2023 we plan to enable better timesheet recording
  - Intend to align future annual reports with end of BSC Year (rather than calendar year)
  - Will submit interim report in April 2023 then annual in April 2024

- Most of Centrica effort comes from delivering risk controls through Kinnect Customer Solution
- Discussed under later lessons learned

- We're not asking Panel to introduce an application processing fee
- But we'll review this again next year since the BSC permits it



# BSC Sandbox: Elexon operational process improvements in 2022

- New plain English guidance note for applicants
- Improved Elexon web page, bringing all documents together
- Register of all BSC applications / derogations
- Improved and standardised report structure, with key information up front and plain English glossary
- Regular working-level meetings with Ofgem scheduled

BSC Sandbox Eligibility Criteria	Y/N	Details
BSC Derogation provisions correct/complete?	Y	The BSC Panel has not identified any other relevant provisions.
Materially similar to another BSC Derogation?	N	Application is materially different to previous BSC Sandbox applications.
Conflicts with any relevant legal requirement?	N	Scope of application does not include any provision from which a BSC Derogation is not permitted.
Conflicts with other BSC changes?	N	The BSC Panel has not identified any upcoming changes (including the Market-wide Half Hourly Settlement (MHHS) Programme) that would make this application unworkable or unnecessary. <sup>2</sup>
Facilitates Applicable BSC Objectives?	N	The BSC Panel agrees that Good Energy's proposal is likely to better facilitate Applicable BSC Objectives (c) and (d). Given this, the Panel believes it would overall be detrimental for competition and efficiency to progress it as a BSC Sandbox Application rather than a Modification Proposal that's available to all Parties.
Material impact on Settlement Risk?	N	Has minor potential impacts on a number of Settlement Risks, but none are material.
Mitigations/controls in place?	Y	Good Energy proposes to: <ul style="list-style-type: none"><li>• Scale up its trial over 9 months, enabling any learnings/issues to be determined on a smaller number of MSIDs before extending to a larger number.</li><li>• Devise an automated process to ensure that any changes to the Meter Technical Details (MTDs) for the Import Metering System are communicated to all relevant parties to the Export Metering System.</li></ul>
Material impact on Elexon processes/systems?	N	Impacts are minimal and relate to receiving reports and monitoring risks/progress in the Derogation Period
Levy fees to recoup operating costs?	N	As there are no material costs to Elexon, the BSC Panel does not recommend levying any fees.
Material impact on BSC Parties/participants?	N	The BSC Panel believes there will be a small downstream impact on all the Suppliers (and their Supplier Agents) for the Import MSIDs with associated export that are included in the trial.
Is Trial Period the minimum needed?	Y	The BSC Panel agrees that this is the minimum necessary to achieve the aims of the trial.
Is trial scope the minimum needed?	Y	The BSC Panel agrees with the proposed scope, subject to the conditions below and regular reporting.
Is Transition Plan robust?	Y	The Transition Plan covers the different possible scenarios for exiting the derogation.
Is Transition Period the minimum needed?	Y	The Transition Period is tight but, given the 2-year Trial Period, cannot be extended further due to the maximum 3-year Derogation Period permitted by the BSC.
BSC accession required?	N	Good Energy is the intended Derogation Party and is already a BSC Party.

Ofgem sand-box ref	
ERS001	
ERS007	

## Applications approved

The following applications have been approved and have been assigned a derogation start date and end date. The applications below list all relevant reports, consultations and decisions.

### BSB002 - Centrica Business Solutions

**Derogation start date:** 01/09/22

**Derogation end date:** 31/08/25

**Current status:** Approved

- BSB002 Centrica: Risk Assessment - 15 Nov 2021 (Size: 662.96 KB)
- BSB002 Centrica: Impact Assessment and Consultation - 12 Nov 2021
- BSB002 Centrica: Report to Panel - 9 Dec 2021 (Size: 265.47 KB)
- BSB002 Centrica: Report to Ofgem - 14 Jan 2022 (Size: 601.30 KB)
- BSB002 Centrica: Ofgem decision letter - 18 Feb 2022 (Size: 134.09 KB)

### BSB001 - Emergent Energy

#### BSC Sandbox application process

#### Who is this guidance note for?

You'll find this note helpful if you're applying, or considering applying, for a derogation from the Balancing and Settlement Code (BSC) through the **BSC Sandbox**. You may be an innovator or a partner in an innovative trial. You may or may not be a BSC Party (signatory).

The BSC Sandbox supports Ofgem's **Energy Regulation Sandbox (ERS)**. All applications must be sent to Ofgem. This guidance should be read alongside Ofgem's own ERS guidance. You can find links to Ofgem's website at the end of this note.

#### What's the BSC Sandbox?

Do you want to carry out a pre-competitive and time-limited trial, in a live market environment, of an innovative product, service, methodology or business model? If this trial isn't compatible with normal energy licence or industry code rules, you can apply through Ofgem's ERS for one or more derogations from these rules.

If your application to Ofgem's ERS requires a derogation from an industry code that has its own sandbox derogation process (currently the BSC, DCUSA<sup>1</sup> and REC<sup>2</sup>) then Ofgem will let the relevant code administrator(s) know. The code administrator will co-ordinate their own supporting process.

For example, you may want to trial an activity or arrangement that would not normally be permitted by the BSC rules. Through the BSC Sandbox, Elexon assesses the risks and impacts of a derogation on behalf of the BSC Panel (the BSC's governing committee). The Panel makes a recommendation to Ofgem and Ofgem makes the final decision.

#### What's a BSC derogation and how long can I hold one?

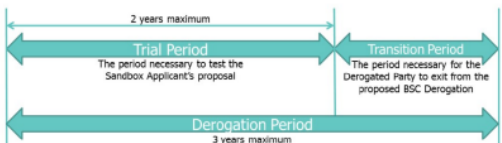
A derogation gives you temporary permission, for a limited period of time, not to comply with one or more BSC rules. A derogation can be from rules in the BSC and/or its Code Subsidiary Documents, e.g. BSC Procedures (BSCPs).

The maximum time for which you can hold a BSC Sandbox derogation is **3 years** in total. This includes:

- **2 years maximum for the Trial Period.** You should apply for the shortest possible amount of time that you need to test your innovation.
- **An extra Transition Period,** by the end of which you must either transition back to full BSC compliance or have progressed a permanent change to the BSC rules. You should plan to do this in the shortest time possible.

The **Derogation Period** you're granted may therefore be less than the maximum shown in the diagram below.

Diagram 1: Derogation Period



#### Elexon BSC Sandbox application register

Last updated: 02/11/22

Current status										Derogation Period milestones								
Ofgem sand-box ref	BSC sand-box ref	Old BSC ref	Elexon lead	Applicant	Current status	Derogation granted?	Needs BSC accession?	Accession completed?	BSC Sections & CSs to which derogation applies	BSC conditions in place	Commencement Date	End of Trial Period	End of Transition Period	Monitoring reports due	Evaluation report due	Trial successful?	Mod raised?	Mod status
ERS001	BSB001	2020-01	Chris Day	Emergent Energy	Live	Yes	No	N/A	BSC Section K, BSC Section L, BSCP502, BSCP514, BSCP550, CoP10	Scope limited to 2,000 customers, applicant to inform Elexon of relevant MSIDs	26/09/21	25/09/23	25/09/24	Quarterly	25/09/24	TBC	TBC	N/A
ERS007	BSB002	2021-01	Chris Wood	Centrica Business Solutions	Live	Yes	No	N/A	BSC Section K, BSC Section S, BSCP503	Scope limited to 2.5MW total capacity of participating assets (Panel review/rec. to Ofgem for Y2) Provide methodology for avoiding consumer harm Provide consumer engagement plan Must not be barrier to smart meter installations Specific annual reporting (see Panel report)	01/09/22	31/08/24	31/08/25	Quarterly against detailed plan, w/ annual report & Elexon review Q1 2023	31/08/25	TBC	TBC	N/A
ERS009	BSB003	2022-03	Chris Day	Good Energy	Assessment	TBC	No	N/A	BSC Section J	TBC - conditions recommended by Panel if approved								

## BSC Sandbox: Lessons learned – assessment timescales and process

Ref	Applicant	Received by Elexon	Report to Ofgem	Time from receipt to report	Impacts other codes?	No. of consl. responses	BSC derogation recommended?	BSC derogation approved?
BSB001	Emergent	21/08/20	16/04/21	8 months	DCUSA	2	Yes	Yes
BSB002	Centrica	30/06/21	14/01/22	6.5 months	No	4	Yes	Yes
BSB003	Good Energy	13/05/22	16/09/22	4 months	Yes - REC	2	No	TBC

Time taken to assess applications will vary by complexity, but metrics suggest downwards trend as we've embedded the process

Going forwards, we'll get impact assessments from across Elexon and (if needed) our service providers

- For Centrica, we underestimated the effort needed to implement our risk controls for their trial
- While the final effort wouldn't have materially changed our recommendation, it's a lesson for future applications

For future consultations, we intend to:

- Run a 15WD consultation where possible (previously 10WD), as per Code Administration Code of Practice (CACoP) principle for change
- Include our Risk Assessment and not just Impact Assessment as previously (began this with Good Energy's application)
- Continue joint consultations with other Code sandbox processes where applicable, as worked well with REC for Good Energy

Number of consultation responses is low but comparable with Modification/Change Proposals:

- Greatest engagement seen from Performance Assurance Board members

Plan to continue inviting applicants to attend Panel for their application, as we did with Good Energy

## BSC Sandbox: Lessons learned – post-approval derogation timescales

Ref	Applicant	Derogation Period			Approved scope	Trial successful?	Early cessation triggered?	Mod raised?
		Commencement	End Trial Period	End Transition Period				
BSB001	Emergent	26/09/21	25/09/23	25/09/24	2,000 Metering System IDs	TBC	No	TBC
BSB002	Centrica	01/09/22	31/08/24	31/08/25	2.5 MW total capacity participating assets (Panel / Ofgem can agree increase in Year 2)	TBC	No	TBC

All applicants have asked for the maximum Trial Period and derogation period permitted by the BSC

Ofgem's approach is to ask applicants to set a derogation commencement (start) date within 4 months of approval

A late start to a trial:

- Eats into its timescales, potentially increasing risk of trial failure
- Reduces time remaining to progress any enduring rule change as a Modification Proposal before the derogation ends
- Means less progress for Elexon to report to Panel/Parties (since approval letter sets applicant's reporting frequency from the start date)

Emergent and Centrica weren't ready to on-board customers from their requested start dates

As critical friend, we plan to advise all future applicants that:

- Their Trial Period should be the shortest time needed to test their idea
- The derogation commencement date is their commercial decision, but there are risks to their trial if they're not ready to go
- They should work backwards from end of derogation period to decide when a Modification needs to be raised, based on its likely complexity

# BSC Sandbox: Lessons learned – post-approval derogation reporting

Ofgem’s introducing a progress report template for all approved ERS applications, including BSC derogations

- We’ll use this to help standardise future reporting (as BSC Sandbox decisions normally require reports to go to both Ofgem and Elexon)
- Will make it easier to co-ordinate ERS, BSC and other Code sandbox updates
- Will also make it easier for us to publish and share the reports by separating / redacting any confidential information

Case number:

Case delivery manager:

ofgem

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Sandbox Progress Reporting Template

A. Sandbox information

Organisation/project name:

Report number:

Reporting period:

Report submitted by:

Submission date:

B. Progress update

Is your Sandbox progressing as planned?

Yes ☐ No ☐

Describe what happened in this reporting period?

Did you identify any risks/issues this reporting period? If yes, describe pre-identified and other risks that manifested in this reporting period, and set out what actions you took to mitigate these.

Did you achieve any milestones this reporting period?

Please list any insights you were able to identify/capture in this reporting period.

What are your plans for the next reporting period?

Sandbox Progress Report

Organisation

Page 1 of 1

Case number:

Case delivery manager:

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Sandbox Progress Reporting Template

C. Additional updates (trials only)

If BSC or DCUSA Sandbox, are there any additional reporting requirements to the code body?

Yes ☐ No ☐ N/A ☐

If yes, have you reported on your progress to [Electrolink](#) and / or Elexon already?

Yes ☐ No ☐

Trial change/variation request: are you planning to make any changes to your Sandbox that you'd like to discuss with us and / or code bodies?

Yes ☐ No ☐

If yes, please provide detail on the following in the box below:

a) Details of the proposed change;

b) The reasons for the proposed change;

c) The impact of the proposed change, including changes to risks;

d) How the changes would be implemented; and

e) Whether the proposed change to the Trial has any impact on the regulatory considerations detailed in the section D of the Sandbox decision letter.

Please note completion of this section does not guarantee that your change/variation request will be granted. We will consider your request and give a decision as soon as reasonably practicable.

The type of change/variation that can be requested depends on your Sandbox. Please check relevant Sandbox guidance or contact relevant code body or [Ofgem's Innovation Link](#) for more information.

Sandbox Progress Report

Organisation

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# BSC Sandbox: Lessons learned – purpose and potential outcomes of sandbox

We’ve reflected on the purpose and possible outcomes of the BSC Sandbox

- Based on our experience of operating the process since August 2020

Plan to incorporate the following learnings in our guidance to applicants:

BSC Sandbox is:	BSC Sandbox isn't:
<ul style="list-style-type: none"><li>• For testing ideas in a live market environment</li><li>• To gather learnings to help inform a Modification Proposal that removes barriers to innovation and opens up benefits for all Parties</li><li>• Limited to the minimum scope / timescales needed to test the idea</li><li>• Something that’s not permitted by normal rules, so conditions may be needed to mitigate any Settlement Risk or impact on Parties</li><li>• Unlikely to be appropriate if there’s a significant Settlement Risk, impact on Parties or Elexon operation effort that can’t be mitigated</li></ul>	<ul style="list-style-type: none"><li>• A way to bring a full-scale product to market without a Modification Proposal</li><li>• A guarantee of trial success – learnings from failure are equally valuable and can avoid the industry effort of a wasted Modification Proposal</li><li>• A guarantee of an enduring rule change (the considerations may be different under a Modification Proposal for an enduring fully-scaled solution)</li><li>• Necessarily a better route than a Modification Proposal to address a barrier to innovation – it depends on what learnings the trial can offer</li></ul>

## BSC Sandbox: Lessons learned – interactions with other sandbox processes

Figures (at 23/11/22)	Ofgem ERS	BSC	DCUSA	REC	Notes
Total applications	10	3	1	2	<ul style="list-style-type: none"> <li>ERS figures include all BSC, DCUSA and REC applications shown (1 BSC and 1 REC are part of a single ERS application from Good Energy)</li> <li>DCUSA application is Emergent, but a separate ERS application to its BSC one</li> </ul>
Under assessment	1	0	0	1	<ul style="list-style-type: none"> <li>ERS and REC figures are the same application - no BSC interactions</li> </ul>
Awaiting decision	2	1	1	1	<ul style="list-style-type: none"> <li>ERS figures = 2 applications but 3 derogations (Good Energy's ERS application involves BSC/REC derogations, the other is Emergent's DCUSA application)</li> </ul>
Approved	4	2	0	0	<ul style="list-style-type: none"> <li>ERS figures include the 2 approved BSC applications for Emergent and Centrica</li> </ul>
Rejected	2	0	0	0	<ul style="list-style-type: none"> <li>No BSC interactions</li> </ul>
Withdrawn	1	0	0	0	<ul style="list-style-type: none"> <li>No BSC interactions</li> </ul>

Ofgem figures are for ERS v2.0 (launched 2020) – not all ERS applications require a Code derogation

All DCUSA derogation applications go through ERS for Ofgem decision

Not all REC derogation applications go through ERS – only those that impact other Codes or need Ofgem sandbox support

- Figures shown here are those relating to ERS

Understand that Emergent's recent DCUSA application (with Ofgem for decision) has no dependency with its approved BSC derogation

Ofgem's re-introducing regular sandbox catch ups with the different Codes

## BSC Sandbox: Is process delivering against the Applicable BSC Objectives?

We believe it is too early to say as:

- Only 3 applications to date
- Although 1 application recommended for rejection, this is an appropriate process outcome
- Of the 2 approved derogations, neither trial has yet produced learnings
- Need to wait for outcomes of trials and any resulting Modification Proposals to assess benefit

Will continue to review annually

Applicable BSC Objectives	
(a)	The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence
(b)	The efficient, economic and co-ordinated operation of the National Electricity Transmission System
(c)	Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity
(d)	Promoting efficiency in the implementation of the balancing and settlement arrangements
(e)	Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]
(f)	Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation
(g)	Compliance with the Transmission Losses Principle

## Recommendations

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We invite the Panel to:

- a) **NOTE** Elexon's BSC Sandbox activities, effort and metrics for the last year;
- b) **NOTE** Elexon's lessons learned and our identified operational improvements (both implemented and planned);
- c) **PROVIDE** any comments for inclusion in the report to Ofgem; and
- d) **APPROVE** the lessons learned report for submission to Ofgem and publication on the BSC Website.

MEETING CLOSE

# ELEXON

THANK YOU

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