
P448 Network Gas Supply Emergency Settlement Validation Committee update

BSC Panel

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Purpose of paper	For Information
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Classification	Public
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Synopsis	This paper provides the BSC Panel with a progress update on the creation of the Network Gas Supply Emergency Settlement Validation Data Committee, as per the requirements of Modification P448.
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1. Introduction and Background

- 1.1 Modification P448 'Protecting Generators subject to Firm Load Shedding during a Gas Supply Emergency from excessive Imbalance Charges'¹, was raised due to recent external events significantly increasing the risk of gas shortages during winter 2022/23 and subsequently threatening the production of electricity from gas Generators.
- 1.2 The solution implements a mechanism whereby gas-fired Generators will be protected from BSC Imbalance Charges if the Load Shedding prevents them from delivering contracted positions agreed prior to receipt of the Load Shedding instruction.
- 1.3 If a Network Gas Supply Emergency (NGSE) event were to occur, Generators would be required to submit Final Physical Notifications (FPN) to Elexon, to be compared to their contractual position for the time period of the NGSE.
- 1.4 A new Panel Committee, the Network Gas Supply Emergency Settlement Validation Data Committee (NGSESVC), would meet after the event to verify the data used in Settlement and to determine whether the data should be amended. The committee would have the power to:
 - Reduce the FPNs, if it is not satisfied that they reflect the contractual position prior to receipt of the Load Shedding Instruction; or
 - Amend the Bid Price, if it is not satisfied that it reflects the net saving in Avoidable Costs from not being able to generate.
- 1.5 As specified in the legal text for Modification P448, the responsibility to create the NGSESVC lies with the BSC Panel. This paper provides an update to the BSC Panel on progress that has been made by Elexon with regards to the NGSESVC.

2. NGSESVC update

- 2.1 Paragraphs 2.1.1 – 2.1.6 below detail the areas Elexon has considered so far for the requirements of the NGSESVC, in addition to the draft Terms of Reference (Attachment A) for the committee that was included in the P448 Code Subsidiary Document text.

¹ <https://www.elexon.co.uk/mod-proposal/p448/>

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- 2.1.1 Elexon recommends a maximum of 12 committee members and a quoracy of four. This is reflective of the Q8 Claims Committee which the NGSESVC was modelled on, and Trading Dispute Committee (TDC) which the Q8 Claims Committee is an extension of. It is also in-line with Elexon's view on best practise.
- 2.1.2 Elexon believes that members of the NGSESVC should have knowledge and understanding of gas and/or electricity governance. Further, they should have understanding of at least one of energy trading, electricity generation, Balancing and Settlement and/or gas. A member will, on an ad hoc basis, need to dedicate time to reviewing meeting papers and attending the NGSESVC meetings, which may span multiple days depending on the size and complexity of the event.
- 2.1.3 Elexon will shortly seek expressions of interest from industry, for members wishing to be part of the new committee. Suitable industry members who have submitted expressions of interest will be contacted following an NGSE event inviting them to become a NGSESVC member, or will be contacted yearly to re-confirm their interest if the committee is not formed. Note that the committee can only be formed following an NGSE occurring.
- 2.1.4 The anticipated timeline from an NGSE event to decision making would be approximately three months. Note that this is indicative and may vary depending on the size and complexity of the NGSE. Figure 1 details the expected activities to be undertaken in split into three phases.

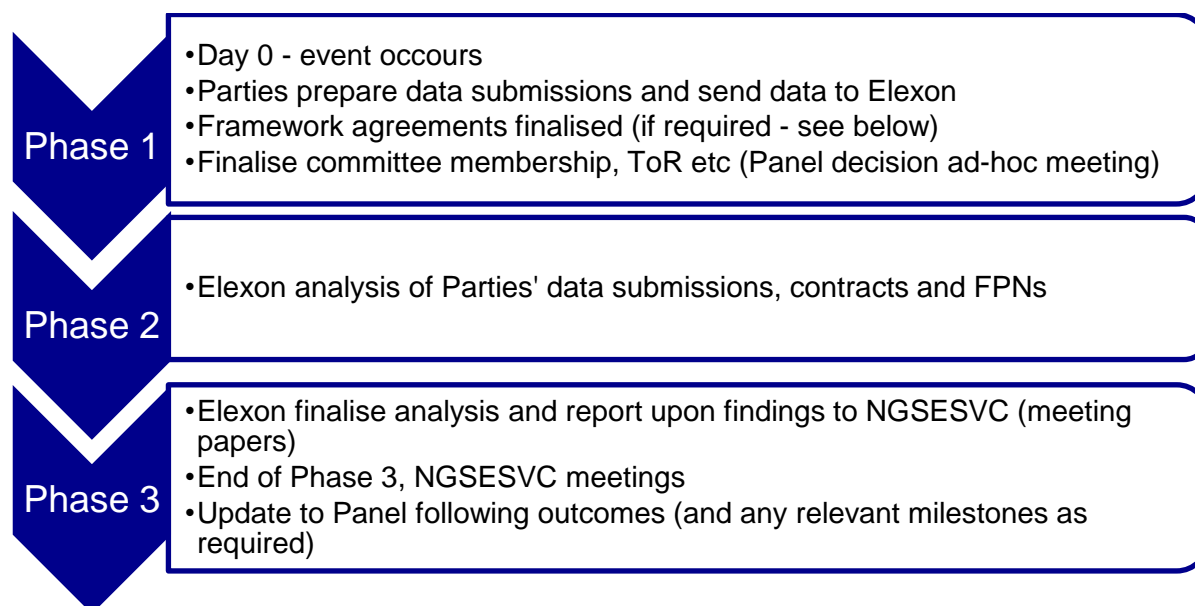


Figure 1 – Activities required to establish and run the NGSESVC

- 2.1.5 There is a possibility that Elexon may require external support for analysis, if the NGSE is of significantly large scale. Elexon is developing framework agreements with third parties in advance, which we may later be able to call upon if required.
- 2.1.6 Elexon did consider utilising a third party to run the committee. However, given Elexon's experience and neutrality managing existing industry committees, Elexon believes it has suitable capabilities to manage the NGSESVC. If legal counsel or other support is required, Elexon will ensure appropriate advice and support is made available to the committee.

3. Next Steps

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3.1.1 BSC Issue 105² has been raised to explore the consequential impacts of P448 and make a recommendation as to whether further industry change is required. Elexon will be utilising this opportunity to suggest suitable amendments to the ToR. For example, we believe it is appropriate (and would provide greater flexibility) to move the ToR out of BSCP 18³ and into a standalone document (in-line with other committees). As part of this work, we also suggest the amendment of two parts of the ToR detailed below:

- a) 2.1.1 The NGSESVC is to comprise ~~[X]~~ 12 members.
- b) 2.2.1 There shall be a Chair to the Committee (NGSESVC Chair) who shall be a person appointed (and where necessary removed/replaced) by the Panel from time to time. ~~The Panel has appointed [X] to be the Chair of the NGSESVC (the 'Chair').~~

3.2 Elexon welcomes thoughts from the Panel on the contents of this paper, and will continue its preparations. We also welcome Panel's views on whether a further update would be helpful.

4. Recommendations

4.1 We invite the Panel to:

- a) **COMMENT** on the NGSESVC update;
- b) **DETERMINE** whether a further update is required; and
- c) **NOTE** the NGSESVC update.

Attachments

Attachment A – Current NGSESVC Draft Terms of Reference as outlined in BSCP18.

For more information, please contact:

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² Further considerations following implementation of BSC Modification P448 - <https://www.elexon.co.uk/smg-issue/issue-105/>

³ Corrections to Bid-Offer Acceptance Related Data - <https://bscdocs.elexon.co.uk/bsc-procedures/bscp-18-corrections-to-bid-offer-acceptance-related-data>