

Minutes

BSC Panel

Meeting number	335	Venue	Elexon Offices/Video Conference
Date of meeting	9 February 2023	Classification	Public

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

Attendees and apologies

Attendees

Sara Vaughan	SV	BSC Panel Chair
Phil Hare	PH	Deputy BSC Panel Chair
Simon McCalla	SM	Elexon CEO
Andrew Colley	AC	Industry Panel Member
Andy Manning	AM	Consumer Panel Member
Colin Down	CD	Ofgem Representative
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Industry Panel Member
Douglas Alexander	DA	Elexon (part meeting)
Elliott Harper	EH	Panel Secretary
Euan Graham	EG	Consumer Panel Member
Fungai Madzivadondo	FM	Distribution Business Representative
Jessica Davis	JD	Elexon (part meeting)
Lawrence Jones	LJ	Modification Secretary
Lisa Waters	LW	Industry Panel Member
Mark Oxby	MO	Industry Panel Member
Michael Bate	MB	Ofgem (part meeting)

Attendees and apologies		
Nick Brown	NB	Company Secretary (part meeting)
Tirath Maan	TM	Elxon (part meeting)
Tom Edwards	TW	Industry Panel Member
Victoria Moxham	VM	Elxon Director of Customer Operations
Apologies		
Michael Robertson	MR	Industry Panel Member

Open Session

1. Introduction

- 1.0 The Chair noted apologies from Michael Robertson (Lisa Waters appointed as his alternate) and welcomed Euan Graham as a new Consumer Panel member.

Part I: Non-Modification Business (Open Session)

2. P448 Network Gas Supply Emergency Settlement Validation Committee update

- 2.0 Elxon presented the update for the Network Gas Supply Emergency Settlement Validation Committee (NGSESVC).
- 2.1 The Panel discussed the potential scenarios of what could happen to imbalance pricing if gas fired generators run out of gas and the potential impact this could have on the industry. It was agreed that there are a wide range of scenarios of potential implications of such an event and it was noted that the scale of the emergency of the scenarios was dependent on how many generators could be required to be offline and for how long.
- 2.2 The Panel discussed previous Modification P037 and the PNE Claims Process. Those in the Panel who remembered this drew others' attention to the length and complexity of the process, and that it had involved very senior legal support. It was suggested that it would be worth looking at the process involved in P037.
- 2.3 Whilst the view was expressed that it seemed possible that such a procedure would not be required this winter, given where we were, a Panel Member expressed the view that the next winter (2023/2024) was a concern as Russian gas supplies had been used to top up stores for the 2022/23 winter period, but would not be available to replenish gas supplies for the 2023/24 winter period.
- 2.4 It was suggested that, given the large sums of money likely to be involved (dependent on what scenario transpired), it was likely that companies would wish to have recourse to legal advice and that matters could quickly become quite legalistic. This also went to the question of who should be represented on the NGSESVC, the identity of the Chair, the amount of time any proposed members would have to dedicate to the proceedings and whether this should be remunerated, whether 12 was therefore too large a number of Committee members to expect to be able to attract, the difficulty of getting representation which would be seen as fair, with the right checks and balances, the potential need to have legal advice to the NGSESVC (i.e. a lawyer sitting on the NGSESVC and advising it on proceedings) and the need for independent assurance of proceedings and whether this might be in the form of forensic accounting expertise or economists, for example. The Panel also noted that the legal text of P448 contradicts the terms of reference (ToR) (in terms of the lack of reference to non-BMU generators) and questioned whether the ToR were approved or not. It was clarified that, once the ToR were approved, the NGSESVC would have to be formally set up as a Panel committee, which was not yet desired, and therefore the request would later be made of Panel to approve them as a draft. That request was not being made today, as this was just an update on progress. A request was made that a timeline for how Elxon expects a possible incident to work should be drawn up. Elxon agreed to take away all of these points and consider them further.

ACTION 335/01

- 2.5 The Panel also discussed the need for the correct legal checks and appeals routes in place, noting that the draft ToR were not clear on this point. The Panel also mentioned the need for efficiency in the process and the importance of having clear guidelines and templates and Elexon was requested to come up with a proposal for this.

ACTION 335/02

- 2.6 The Panel also touched on the cost of tendering for services and whether this will be recovered across all Parties. JD agreed to take this away.

ACTION 335/03

- 2.7 Elexon welcomed further thoughts from the Panel on the NGSESVC.

ACTION 335/04

- 2.8 The BSC Panel:
- a) **DETERMINED** that a further update is required; and
 - b) **NOTED** the NGSESVC update

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

3. Change Report and Progress of Modification Proposals (335/02)

- 3.0 Elexon presented the Change Report and progress of Modification Proposals.
- 3.1 LJ highlighted that Elexon are seeking feedback on [Issue 106 'Review of BSC Credit Cover Arrangements'](#) and that considerable interest had already been shown in this Issue Group.
- 3.2 LW expressed frustration with the slow progress of work on [P443 'To Cap NGESO Interconnector Trades'](#) and the lack of information provided by NGESO. JW noted that the Modification as drafted does not, in his view, clearly define what the problem is and therefore NGESO does not believe P443 is a good idea. LW highlighted the opacity of trading over interconnectors and the questions this raises in the market.
- 3.3 In relation to Sandbox trials, SM noted that, whilst Elexon want to be seen as a partner in the trials, it is not responsible for the outcome of the trial. The NGESO Panel Member raised the question of whether the Sandbox should just be a Modification to begin with. SV suggested that Elexon can have conversations with Parties about the Sandbox and can advise in situations where their suggestions would be better suited as a Modification instead of a Sandbox trial.
- 3.4 The BSC Panel:
- a) **APPROVED** a three-month extension to the P443 Assessment Procedure; and
 - b) **NOTED** the contents of the February 2023 Change Report.

4. Issue 99 'Review the use of the D0215 flow and its associated processes' (335/03)

- 4.0 This document was the Issue 99 Group's Report to the BSC Panel. Elexon tabled this report at the Panel's meeting on 9 February 2023.

Part III: Non-Modification Business (Open Session)

5. Elexon Report Minutes of previous meetings and Actions arising

- 5.0 The BSC Panel approved the draft minutes for BSC Panel meeting 334. Elexon presented the actions and associated updates for the February 2023 Panel meeting.

6. Chair Report

- 6.0 The Chair highlighted the formation of the new government Department for Energy Security and Net Zero (DESNZ) and also thanked members of the Panel, and specifically the Deputy Panel Chair, for leading on both the business plan response and the Panel's response to Ofgem's Code Governance reform call for input (CFI).
- 6.1 The BSC Panel:
- a) **NOTED** the update

7. Elexon Report – (335/01)

- 7.0 A Panel Member questioned the Kinnect finances and the spend to date against the overall budget and any contingency funds. SM highlighted that the Kinnect programme is very tight against budget and then reiterated that the £6m contingency is likely to be used, instead of returned to industry.
- 7.1 SM thanked the Panel for their response to the Elexon business plan. AC queried the number of responses received to the business plan and wanted to understand the proportion of customers represented by the respondents. The Panel noted that the number responses to the business plan have increased over previous years and that the levels of engagement on the business plan seminar were far higher than other years.
- 7.2 HT provided an update on the MHHS Programme. The NGESO Panel Member expressed concern about getting strategic focus on the benefits of MHHS from an industry perspective. HT suggested involving the ESO in the stakeholder group. SM noted that benefits realisation of the MHHSP should be the responsibility of everyone involved, and, although Elexon was the MHHS Programme Manager and clearly wanted and intended that it should succeed, whether MHHSP principally delivers benefit was not itself down to Elexon but across industry and other stakeholders.
- 7.3 The BSC Panel:
- a) **NOTED** the contents of this paper.

8. Distribution Report

- 8.0 The Distribution Business representative provided an update on the winter preparedness action raised at previous Panel Meetings. The ENA held a call and have provided a response to a Panel Member in regard to her questions raised.
- 8.1 The BSC Panel
- a) **NOTED** the update

9. National Grid Report

- 9.0 The NGESO Panel Member provided updates on NGESO publishing its first fixed Balancing Services Use of System (BSUoS) tariff at the end of January, and that he will share the published response to the code reform consultation and that the C16 statements were out for consultation.
- 9.1 The BSC Panel
- a) **NOTED** the update

10. Ofgem Report

- 10.0 The Ofgem Representative noted the Good Energy Sandbox decision (already discussed in the meeting) and mentioned that, in regard to the DELTA enforcement action, Ofgem had imposed a fine due to DELTA missing Renewables Obligation payments. He noted that the provisional order that they don't breach one of their licence conditions against DELTA had been confirmed.
- 10.1 The Ofgem representative was asked by a Panel Member whether the responses to the Call for Input would be published and noted that it would and that Ofgem would consider when best to publish these. He also indicated his expectation that the Consultation on Code reform would be at the earliest published in Q4 this year but that there would be a further engagement with stakeholders (whether through a call for input or workshops) between now and then, which he currently expected to be on governance – the Stakeholder Advisory Forum – and on Code Manager selection.

- 10.2 The BSC Panel
a) **NOTED** the update

11. PAB Update

- 11.0 The Chair thanked the PAB Chair for his service and dedication at Elexon and for the PAB, as he is due to retire at the end of March 2023.
- 11.1 The PAB Chair provided an update from the PAB.
- 11.2 The Panel discussed the issue of people having trouble accessing their meters due to COVID. LW expressed the concern about the increase in the number of prepayment meters being installed. The Chair queried if this is a question that can be raised with the REC (Retail Energy Code). AM mentioned that the REC is working on capturing these issues and EG indicated that he was in discussions with RECCo around these questions. He was also looking at how to modify the regulations around prepayment meters. However, there is often not enough data to estimate the number of people with Smart meters which had been forcibly switched to prepayment mode – it was not clear between choice and forced switching.
- 11.3 The BSC Panel
a) **NOTED** the update

12. Tabled Reports

- 12.0 The BSC Panel noted the tabled reports from the SVG, PAB and TDC.
- 12.1 It was noted that ISG Membership is dwindling and therefore there needs to be a push in getting more members.

ACTION 335/05

ACTION 335/06

13. Panel Response to Code Review call for input (335/05 – Late)

- 13.0 This document was the BSC Panel's response to Ofgem's Code Review: Call for input. The Panel noted that the paper had been submitted to Ofgem. Elexon tabled this report at the Panel's meeting on 9 February 2023.
- 13.1 The BSC Panel
a) **NOTED** the update

14. Panel and Committee Administration Update (Verbal)

- 14.0 Elexon presented the Nasdaq Boardvantage software that is being trialled to assist with paper distribution and other administrative work.
- 14.1 The BSC Panel
a) **NOTED** the update

Part VI: Confidential Business (Closed Session)

15. AOB

- 15.0 There were no items of AOB.

16. Next meeting

- 16.0 The next scheduled meeting of the BSC Panel will be held in the Elexon Offices on Thursday 9 March 2023