

Minutes

BSC Panel

Meeting number **338**

Venue **Elexon Offices/Video Conference**

Date of meeting **11 May 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
Alina Bakhareva	AB	Elexon (part meeting)
Andrew Colley	AC	Industry Panel Member
Ayo Bammeke	ABa	Elexon (part meeting)
Colin Down	CD	Ofgem Representative
David Thomas	DT	Elexon (part meeting)
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Industry Panel Member
Elliott Harper	EH	Elexon Head of Governance Services & Panel Secretary
Fungai Madzivadondo	FM	Distribution Business Representative
Iain Nicoll	IN	Elexon (part meeting)
Ivar Macsween	IM	Elexon (part meeting)
Jess McGoverne	JM	Elexon Director of Corporate Affairs
Kamila Dziuba	KD	Elexon (part meeting)
Karen Thompson Lilley	KTL	NGESO Representative
Lawrence Jones	LJ	Elexon BSC Modification Secretary
Lisa Waters	LW	Industry Panel Member

Attendees and apologies		
Mahamid Ahmed	MA	Elexon (part meeting)
Mark Oxby	MO	Industry Panel Member
Oli Meggitt	OM	Elexon
Paul Wheeler	PW	Elexon (part meeting)
Peter Stanley	PS	Chief Operating Officer
Simon McCalla	SM	Elexon CEO
Tom Edwards	TW	Industry Panel Member
Victoria Moxham	VM	Elexon Director of Customer Operations
Apologies		
Andy Manning	AM	Consumer Panel Member
Euan Graham	EG	Consumer Panel Member
Fionnghuala Malone	FMa	BSC Admin Team Leader
Jon Wisdom	JW	NGESO Representative
Michael Robertson	MR	Industry Panel Member

Open Session

1. Introduction

- 1.0 The Chair noted apologies from Andy Manning, Euan Graham, Fionnghuala Malone, Jon Wisdom and Michael Robertson. Karen Thompson Lilley was acting as Jon Wisdom's alternate.

Part I: Non-Modification Business (Open Session)

2. REMA Update (Verbal)

- 2.0 Elexon provided the BSC Panel with an update on the progress of the Review of Electricity Market Arrangements (REMA) including Elexon's contribution, potential design options, potential impacts on the Balancing Mechanism (BM) and next steps.
- 2.1 KTL noted that ESO's view was fundamental to the REMA discussion and offered to return to a future Panel meeting with the relevant SMEs to provide further ESO comment and responses to questions from the Panel. This offer was accepted by the Chair.
- ACTION 338/01: ESO to attend a future Panel Meeting to provide ESO comment and respond to Panel questions on REMA.**
- 2.2 The Panel discussed whether REMA would extend or limit Elexon's role, and was of the general view that Elexon would be necessary regardless of the option pursued, even if this involved central despatch. There would always be a need for Settlement, transfer of data between parties, etc. and Elexon had a history of being a proven, trusted and reliable entity in carrying out these roles. The Chair noted that it would be helpful if industry responses to REMA consultations could highlight this fact.
- 2.3 Panel Members expressed some concerns that the impact of significant market upheaval had been greatly underestimated by the Department for Energy Security (DESNZ) and Net Zero, particularly in terms of its

impact on the investability of the market, which could last for several years. The view was expressed that Locational Marginal Pricing (LMP) was not at all favoured by industry, with a only few exceptions, including the ESO, Octopus Energy and the Energy Systems Catapult supporting it. The great majority of industry believed that a more evolutionary approach would be more effective and faster. A Panel Member asked whether there was a Heat Map of options and their impact available to give a clear view of the risks and rewards ahead – it was confirmed that no such map was available. A separate concern was expressed that the various DESNZ teams seemed to be operating in silos in relation to REMA and not looking at it holistically.

- 2.4 The Ofgem representative indicated that Ofgem are carrying out a cost benefit analysis of locational pricing and had instructed FTI Consulting to provide quantitative analysis in support of this. Ofgem intend to publish a report in the summer.
- 2.5 The BSC Panel:
 - a) **NOTED** the 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 (338/02)

- 3.0 Elexon presented the Change Report and progress of Modification Proposals.
- 3.1 The BSC Panel:
 - a) **NOTED** the contents of the May 2023 Change Report.

4. Kinnect Roadmap and potential Modification Proposal

- 4.0 Following the previous month's update to the Panel on Elexon's strategy, Peter Stanley provided the Panel with an update on the current and target architecture of BSC Central Systems. Lawrence Jones talked the Panel through a potential Modification Proposal that would enable BSCCo to procure and contract directly with cloud providers, rather than BSC Agents procuring them.
- 4.1 The BSC Panel noted the update and while generally supportive raised some questions around on the status of the cloud services provider, i.e. whether it would become a BSC agent (it would not) and around how liabilities and/or penalties could be managed directly with cloud service providers rather than through BSC Agents.
- 4.2 As a next step, Elexon will invite the Panel to raise a Modification at the June 2023 meeting.

5. P453 'Amending Metering Dispensation Process, Updating AMP/DMP in the CoPs and Clarifying the Relevant CoP' (338/03)

- 5.0 The BSC Panel:
 - a) **AGREED** that P453
 - i **By majority DOES** better facilitate Applicable BSC Objective (a); and
 - ii **DOES** better facilitate Applicable BSC Objective (d);
 - b) **DETERMINED** (in the absence of any Authority direction) that P453 is a Self-Governance Modification Proposal;
 - c) **AGREED** that P453 does not impact the EBGL Article 18 terms and conditions held within the BSC;
 - d) **APPROVED** an Implementation Date of 2 November 2023 as part of the standard November 2023 BSC Release;
 - e) **APPROVED** the legal text;
 - f) **APPROVED** the amendments to the Code Subsidiary Documents;
 - g) **APPROVED** P453;
 - h) **APPROVED** the P453 Modification Report; and

- i) **NOTED** that Elexon will issue the Final Modification Report which will then be subject to a 15 Working Day objection period.

6. CP1580 'Making the Code Subsidiary Documents (CSDs) gender neutral and Housekeeping' (338/04)

6.0 The BSC Panel:

- a) **AGREED** that CP1580 is a Housekeeping CP as defined in BSCP40;
- b) **APPROVED** the proposed changes to the Code Subsidiary Documents;
- c) **APPROVED** CP1580 for implementation on 29 June 2023 as part of the standard June 2023 Release; and
- d) **NOTED** that Elexon will issue the Final CP Report which will then be subject to a 15 Working Day objection period.

7. Issue 102 'BSC Change Process Review' (338/05)

7.0 Elexon presented the conclusions of Issue 102 to the BSC Panel for consideration, and discussion on whether any of the recommended improvements should be progressed.

7.1 The Panel provided views on Recommendation 3, which is to allow more than one alternative for BSC Modifications. While some Panel Members were supportive of this; others raised concerns around wider governance implications. There were split views on whether allowing multiple alternatives would increase or decrease efficiency. The Panel noted that the model of multiple alternatives has worked well in some but not all cases under the CUSC, noting one example of more than 80 alternatives under the CUSC.

7.2 The Panel concluded that it would be supportive of raising a Modification to develop this recommendation, but that a workgroup should be convened to discuss the detail of the governance to support multiple alternatives and potential mechanisms to set the number of alternatives. The terms of reference should specifically include discussion on the appropriate number of alternatives and whether the Panel should have a specific role in this.

7.3 Panel Members were less aligned on Recommendation 4, which was to remove or reduce Workgroup voting duties. On balance, the Panel did not support this recommendation. However, it agreed to include one element of it (Remove requirement for Workgroup to assess and report whether a solution better meets the BSC Objectives in comparison to any alternatives) in the terms of reference for the Modification addressing Recommendation 3 (allowing more than one alternative).

7.4 The Panel discussed the pros and cons of Recommendation 5, which was to expand Elexon's role in cases where there was low workgroup attendance, falling short of quoracy. On the one hand, this was thought to be reflective of the direction of travel of the codes review, moving towards a more active Code Manager; however, the Panel felt it may also be open to gaming and may reduce engagement from BSC Parties if they knew there was no requirement for Workgroup quoracy. A Panel Member reminded the Panel that the ability to set quoracy could be included within the Terms of Reference of any Modification, and there was general agreement that this was a useful option for straightforward Modifications. The Panel then concluded that its preference was for an industry Party to take this Modification forward if it saw benefit, rather than the Panel raising it.

7.5 The BSC Panel:

- a) **NOTED** the contents of the Issue 102 Report.

8. Elexon Report Minutes of previous meetings and Actions arising

8.0 The BSC Panel approved the draft minutes for BSC Panel meeting 337. Elexon presented the actions and associated updates for the May 2023 Panel meeting. Updates are summarised in the table appended to this set of minutes.

9. Chair Report

9.0 The Chair provided the Panel with an update on recent meetings she had attended, including a meeting with Ashley Ibbett, Director General for Energy Infrastructure at DESNZ on ownership and the Codes review and with Clare Spottiswoode, the Chair of Xoserve. A follow up meeting the DESNZ meeting was being arranged specifically on Code reform, which Phil Hare, deputy Panel Chair, would also attend.

9.1 The Chair noted that Elexon was drafting its Annual BSC Report. Phil Hare agreed to coordinate the Panel's review of the document; Andy Colley and Diane Dowdell agreed to assist.

9.2 The BSC Panel:

a) **NOTED** the update.

10. MHHS Update - Verbal

10.0 Helen Tipton, Director of Strategic Programmes, provided the Panel with an update on the Market Wide Half Hourly Settlement (MHHS) programme. She noted that there was a new sponsor in place, Melissa Giordano. The relationship with Ofgem remains positive, and there is high confidence that the replan would both be supported at the next Programme Steering Group and that Ofgem would also approve it. Helen will include more details on migration timescales in her next Panel update. Helen also noted the approval by Ofgem of the revised separation agreement with Elexon and the progress of the Data Integration Platform (DIP).

10.1 The BSC Panel:

a) **NOTED** the update.

11. Elexon Report – (338/01)

11.0 The BSC Panel:

a) **NOTED** the contents of this paper.

12. Distribution Report

12.0 Aside from the update on her action, the Distribution Representative had nothing to report.

12.1 The BSC Panel

a) **NOTED** the update.

13. ESO Report

13.0 Karen Thompson Lilley provided the Panel with a brief update on the Energy Bill and the establishment of the Future System Operator. There is a factsheet available that provides more detail:

<https://www.gov.uk/government/publications/energy-security-bill-factsheets/energy-security-bill-factsheet-future-system-operator#:~:text=The%20Bill%20imposes%20a%20duty,maker%20on%20issues%20of%20policy.>

13.1 The BSC Panel

a) **NOTED** the update.

14. Ofgem Report

14.0 Colin Down provided an update on recent Ofgem activity relevant to the BSC. He noted that Ofgem was disappointed with the level of progress being made by Suppliers around the replacement of Radio Teleswitch Service (RTS) meters, and that Ofgem's expectation was that Suppliers should be actively planning for replacements ahead of service expiration. Ofgem had included a specific call to action to suppliers to this effect in its recent [Smart Meter update open letter](#).

14.1 CD advised the Chair that he would be standing down as Panel representative, with his role being taken over by Jonathan Coe. The Chair thanked CD for his contribution to the Panel.

14.2 The BSC Panel

a) **NOTED** the update.

15. Tabled Reports

15.0 The BSC Panel noted the tabled reports from the ISG, SVG, PAB and TDC.

16. BSC Funding Shares Audit Scope (338/07)

16.0 The BSC Panel

a) **APPROVED** the proposed scope of the Funding Shares Audit for financial year 2022/23.

17. P427 Materiality Thresholds for Error Accountability Notification (338/08)

17.0 The BSC Panel

a) **APPROVED** the PAB's recommended materiality thresholds.

Part III: Confidential Business (Closed Session)

18. Non Confidential AOB

18.0 A Panel Member noted to the Panel that a Distribution Connection and Use of System Agreement (DCUSA) Modification had been raised to include EV charging stations in the definition for Non Final Demand:

<https://www.dcusa.co.uk/change/include-car-charging-stations-in-the-definition-for-non-final-demand/>.

18.1 A Panel Member noted to the Panel that EU REMIT revisions are likely to directly apply to all coupled markets, introducing the risk of double regulation by Ofgem and Acer for any products traded in the UK that end up in Europe.

18.2 A Panel Member noted to the Panel that the Energy Networks Association (ENA) had published a first draft of its primacy rules, including a proposal to only update NGESO on a weekly basis which Generators would be available. The Panel Member flagged this for information, and also asked whether Elexon could be the appropriate body for settling flexibility services.

19. Next meeting

19.0 The next scheduled meeting of the BSC Panel will be held in the Elexon Offices on Thursday 8 June 2023.