

ELEXION

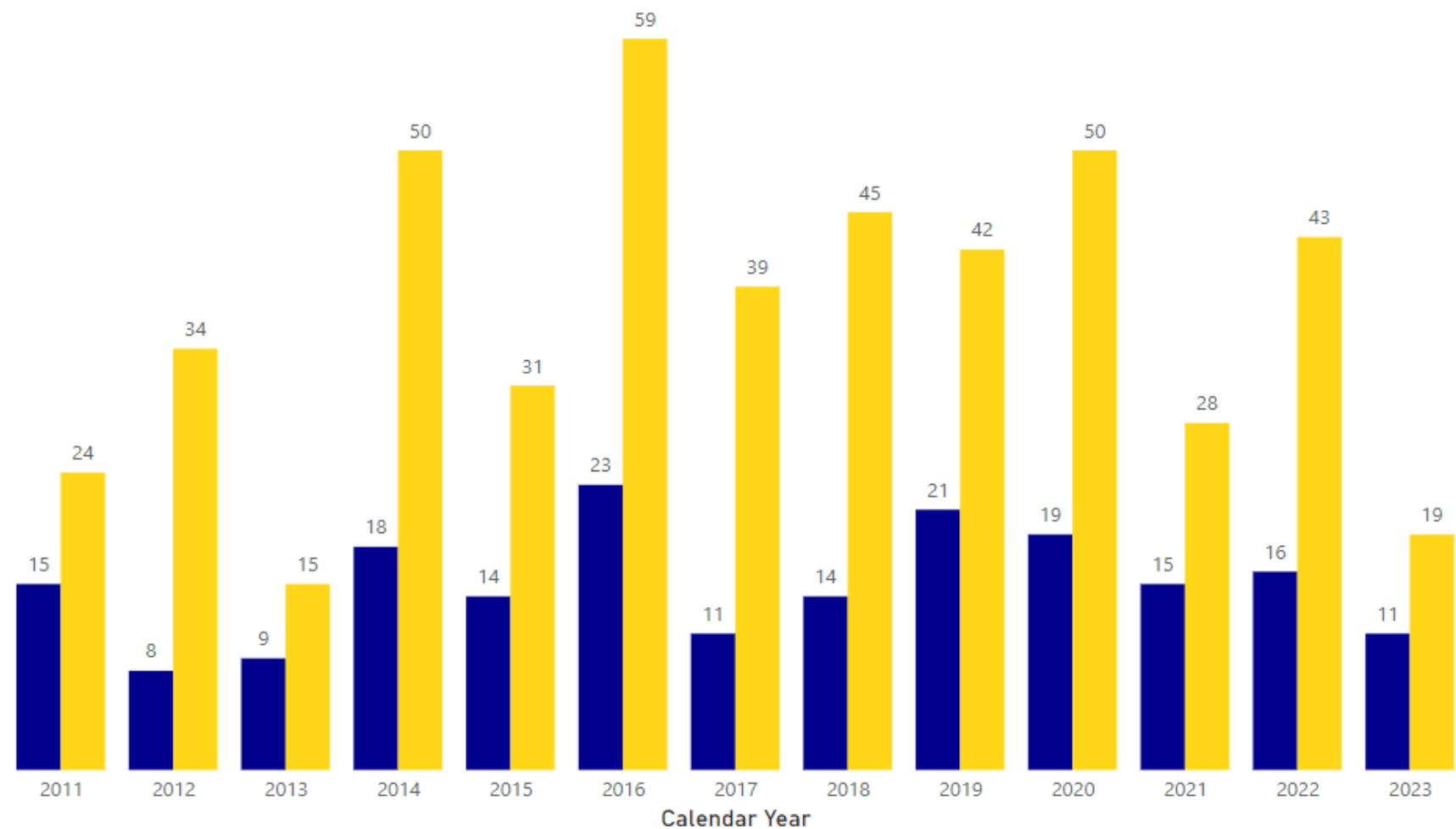
**Change Report and Progress of
Modification Proposals**

342/02 – 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, P441, P442, P451, P454, P455, P456, P459
Report Phase	P457, P460
Urgent	-
With Authority (decision cut-off)	P432 (+3 months after Ofgem decision), P415 (6 Oct 23), P443 (+3 months after Ofgem decision, P444 (6 Oct 23), P458 (+5WDs)
Authority Determined (implementation date)	-
Self-Gov. Determined	-
Fast Track Determined	-
Withdrawn	-
Open Issues	Issue 101, Issue 103, Issue 105, Issue 106, Issue 107, Issue 108, Issue 109

BSC Modifications approved timelines

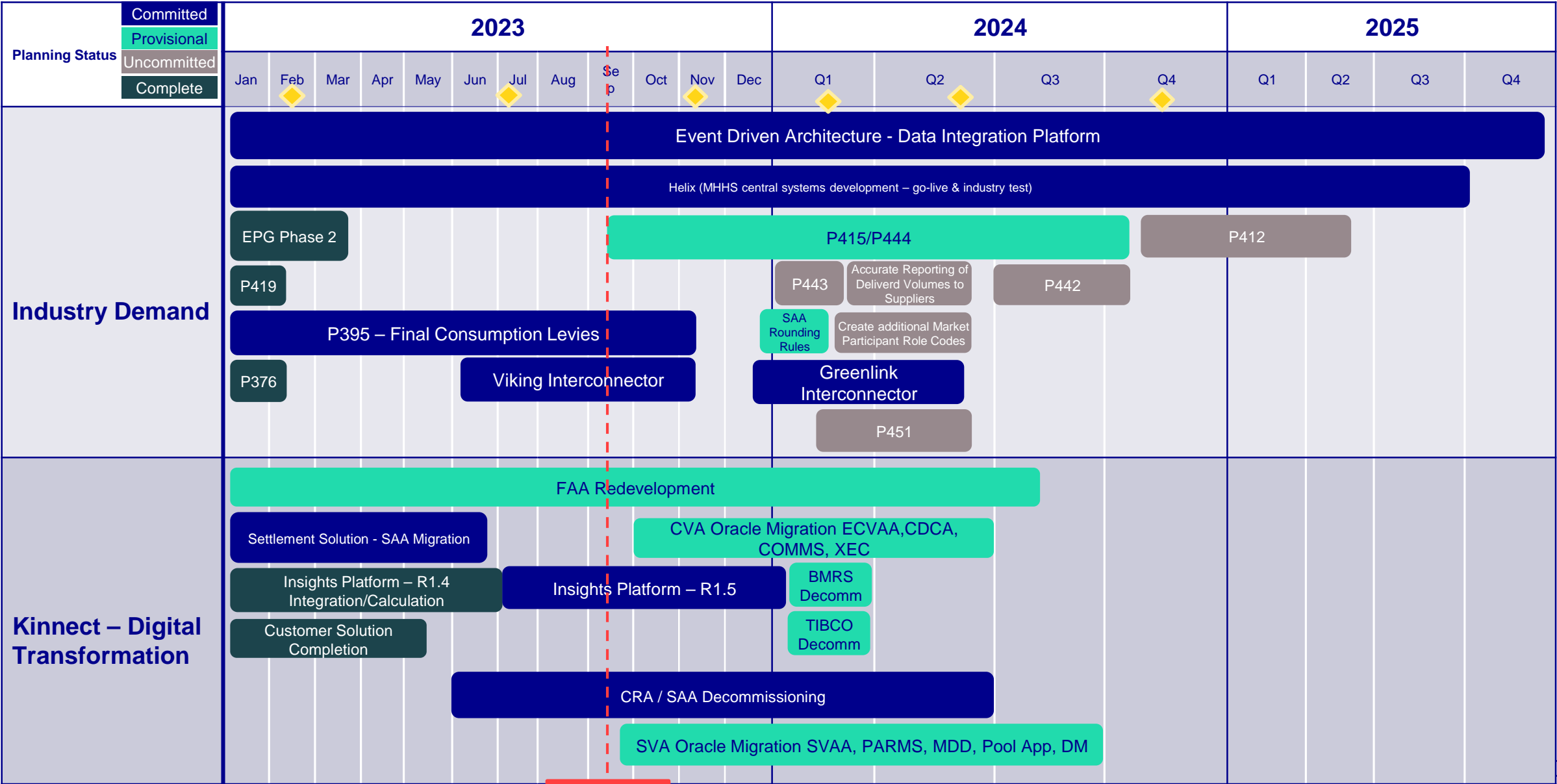
	Ext. Reqs.	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24
P412 'Non-BM Balancing Providers pay for non-delivery imbalance'	4					AR		DMR					
P441 'Creation of complex site classes'	2					AR	DMR						
P442 'Reporting FCL for exempt and licenced supply'	1					AR		DMR					
P451 'System Restoration'	1						AR		DMR				
P454 'Removal of obligation to provide TIBCO service'	0				AR	DMR							
P455 'On-site aggregation method'	0							AR	DMR				
P456 'Enable Elexon to procure ancillary Technology Services for use by BSC Agents'	0				AR	DMR							
P457 'Replace the EAA with LCIA'	0	IWA		DMR									
P459 'Allow different Supplier Agents for Import and Export MSIDs'	0		IWA								AR	DMR	
P460 'Amend responsibility for MHHS Migration Plan'	0		IWA	DMR									

BSC Change Release Roadmap

2023	2023	2024			Un-allocated
Ad-hoc	Nov	Feb	Jun	Nov	
P432 'HH Settlement for CT Adv. Meters' (+3 months after the Authority's approval)	P395 'Final consumption levies'	CP1578 'Enabling Embedded LDSOs to submit Site Specific LLFs'	P451 'System Restoration'	P415 'VLP access to wholesale market' (Q4 2024)	P412 'Non-BM BS providers pay non-delivery'
P443 'Cap NGESO Interconnector Trades' (+3 months)	P453 'Metering Dispensation improvements'	CP1584 'Allow non-BSC Parties to raise CPs'	P455 'On-site aggregation method'	P444 'Compensation for VLP actions in the BM' (Q4 2024)	P441 'Creation of complex site classes'
P454 'TIBCO retirement' (+5WDs)	CP1574 'Improving the use of the D0215'	CP1585 'Submission of Half Hourly data for Embedded LDSO sites to Host LDSO'			P442 'Reporting FCL for exempt and licenced supply'
P456 'Enable Elexon to procure ancillary Technology Services for use by BSC Agents' (+5WDs)	CP1575 'Permitting the use of busbar VTs within metering Codes of Practice 1 and 2'				MHHS
P457 'Replace the EAA with LCIA' (+5WDs)	CP1576 'New Interconnector Fuel Type Category: Viking Link'				P459 'Allow different Supplier Agents for Import and Export MSIDs'
P458 'Update data protection rules for MHHS testing' (+5WDs)	CP1577 'Clarify use of D0151'				
P460 'Amend responsibility for MHHS Migration Plan' (+5WDs)	CP1579 'Allowing HHDCs to undergo Protocol Approval before completing Qualification'				<div>Key Approved With Authority Report Phase Assessment Phase Direction Urgent</div>
	CP1581 'Recommendation to update BSCP18 following Issue 105'				
	CP1582 'Remove MA from BSCP520 3.6.2.3'				
	CP1583 'Rationalising publication of ETR data on Elexon Systems'				

Portfolio Pipeline and Plan (Systems impacting change excludes Doc only)

Denotes Industry release



‘Removal of BSC obligations to provide BMRS Data via TIBCO and the High Grade Service’

- Second Workgroup meeting held on 5 September:
 - Reviewed legal text
 - Gathered initial views
 - Consultation will include acceptance criteria for turning off TIBO service following P454 implementation, including Panel approval, which provided comfort to Workgroup Members on the consequences of the Proposal
- Finalising the Assessment Consultation to issue later in September
- P454 required significant additional engagement in order to form a quorate Workgroup, which delayed progression, with the first meeting only possible to be held in July (raised in April 23)
- Consequently, we are requesting a two month extension (one month contingency included) returning with the Assessment Report by the November 2023 Panel meeting

‘Facilitating access to wholesale markets for flexibility dispatched by Virtual Lead Parties’

- We submitted P415 to Ofgem on 15 June 2023
 - Target Implementation Date is the November 2024 Release
 - Final Modification Report requires a decision from Ofgem by 6 October 2023
- P415 has always been bundled with P444, for efficiency (P444 ‘borrows’ the compensation mechanism from P415)
- Given the P444 Send Back, we are concerned that we may not receive a decision by 6 October 2023
- The latest we can implement P415, without significantly impacting the P415 Implementation Date is 10 November 2023
- We invite the Panel to agree a contingency ‘decision by date’ of 10 November 2023, if needed
 - The next Panel meeting is on 12 October, so this reserve date, will avoid the need for an ad-hoc Panel meeting
- We believe the decision by element of an Implementation Date should be clarified in the BSC

Nuclear RAB consultation on industry code and licence modifications

- The Nuclear Energy (Financing) Act 2022 makes provision for the implementation of a Regulated Asset Base (RAB) funding model to finance new nuclear energy generation projects
 - This includes powers to make amendments to Transmission and Distribution licences, and the industry codes maintained in accordance with these licences
- The Nuclear Regulated Asset Base Model (Revenue Collection) Regulations 2023 made under the powers in Part 2 of the Act, set out the detailed mechanics of how the revenue stream would operate under the model
- Further to P435 ‘Enabling EMRS to undertake preparatory work for potential future settlement services to LCCC’, we have been working with DESNZ on the changes to the BSC to enable EMRS to perform the Settlement and invoicing function of the RAB arrangements, as the Nuclear RAB Settlement Services provider
- DESNZ will soon be consulting on the license and code changes needed for RAB, including changes to the BSC
 - EMRS will collect money from Suppliers (based on market share) to make payments to nuclear generators under the RAB
- Panel are invited to comment on the legal text
- We will alert the Panel to the consultation once published

FSO: Informal consultation on Elexon ownership change

- We have issued an informal consultation on the BSC changes needed to enable Elexon's ownership change
 - <https://www.elexon.co.uk/consultation/informal-consultation-on-the-bsc-changes-needed-to-enable-elexons-ownership-change/>
 - Open 5 September to 4 October
 - We have been working and engaging with DESNZ, Ofgem, NGESO and future shareholders
- We are seeking views from industry on the proposed changes to the BSC to enable Elexon's ownership change, as part of a process led by the DESNZ and Ofgem
- The purpose of this informal consultation is to confirm that the proposed changes to the BSC meet the policy intent, as published by DESNZ and Ofgem
- This consultation is running in tandem with an Ofgem consultation on new electricity supply and generation licence conditions to implement the new ownership arrangements for Elexon
 - <https://www.ofgem.gov.uk/publications/consultation-supply-and-generation-licence-conditions-implement-new-ownership-arrangements-elexon>
- The responses to this consultation will be considered by DESNZ and Ofgem to finalise the required amendments to the BSC for Elexon's ownership change
- There will need to be further changes to the BSC to facilitate the establishment of the FSO. This consultation, along with the associated legal text, concerns only the changes to Elexon's ownership

Upcoming Modification Proposals

- We are supporting Proposers on the following upcoming Modification Proposals:
 - Accurate Reporting of Delivered Volumes to Suppliers → targeting October Panel, subject to Release planning
 - Outcome from Issue 107: Review of Section N ‘Clearing, Invoicing & Payment’ → targeting November Panel
 - Outcome from Issue 102: Allow more than one Alternative for BSC Modifications → November Panel?
 - Introducing Standard Changes into the BSC→ November Panel
- We are assessing the changing BSC system demands for 2024:

Change	Target Release
P415 – VLP access to wholesale market	Nov 24
P444 – Compensation for VLP actions in the Balancing Mechanism	Nov 24
P442 - Reporting chargeable volumes for exempt and licensed supply	Nov 24
Accurate Reporting of Delivered Volumes to Suppliers	Jun 24 / Nov 24

Recommendations

We invite the Panel to:

- a) **APPROVE** a two month extension to the P454 Assessment Procedure;
- b) **AGREE** a contingency decision by date for P415 of 10 November 2023; and
- c) **NOTE** the contents of the September Change Report.

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**P457 'Replace the Electricity Arbitration
Association with the London Court of
International Arbitration'**

Draft Modification Report

342/03 – Andrew Grace

14 September 2023

Background

- The Electricity Arbitration Association (EAA) has not been used by a Market Participant since its inception in 1993
- Elexon reviewed the EAA service in Q4 2019 finding (at the time):
 - EAA are paid £5833.33 every month for Arbitration Services
 - Energy UK are paid £10k per year (in a lump sum) for secretarial costs for EEA
 - The EAA website is not maintained and details are inaccurate and out of date
 - Legal advice was sought from Denton's who advised
 - References to the EAA is rarely made in commercial agreements
 - Could not find any reference to that effect in any recent contracts they have been involved in
- The BSC Panel instructed Elexon to stop paying the EAA in early 2020

P457: Issue and Proposed solution

Issue

- The EAA does not provide good value for money for BSC Parties as monthly payments are required, irrespective of whether there are any disputes to consider

Proposed solution

- Replace EAA with London Court of International Arbitration (LCIA) in relevant BSC sections and remove Elexon obligations to fund EAA overheads
- Why LCIA?
 - Global Reputation
 - Payment required only if there was a dispute that required arbitration
 - Experience in Energy Code arbitration as LCIA used in Retail Energy Code

Justification against proposed BSC Objectives

d. promoting efficiency in the implementation and administration of the balancing and settlement arrangements	Positive
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- The Modification would facilitate improved value for money and is likely to offer more effective and efficient services than the EAA

P457: Impacts & Costs

- Document only change to BSC Section D, H, X-1 and Z
- No implementation or on-going costs are anticipated for any Parties
- It is anticipated this Modification will have a minor positive impact on all BSC Parties by clarifying the Arbitration service they can use if required
- Impact on EBGL Article 18 balancing terms and conditions due to updates to Section H Clause 4.2:
 - We do not believe this proposal has a direct or material impact on the EBGL provisions and is therefore neutral against the EBGL objectives
 - The proposal is replacing one arbitration body with another and therefore does not directly impact balancing or the governance arrangements

Organisation	Implementation (£)	On-going (£)	Impacts
Elxon	<1k	-	Document Only changes to BSC Sections
NGESO	-	-	
Industry	-	-	No costs anticipated, rather we expect confirmation of cost savings.
Total	<1k	-	

P457: Report Phase consultation responses (1 of 2)

Question	Yes	No	Neutral	Other
Do you agree with the Panel’s initial unanimous recommendation that P457 should be approved?	1	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P457?	1	0	0	0
Do you agree with the Panel’s recommended Implementation Date?	1	0	0	0
Do you agree with the Panel’s initial view that P457 should not be treated as a Self-Governance Modification?	1	0	0	0
Do you agree with the Panel’s initial view that P457 does impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?	1	0	0	0
Do you have any comments on the impact of P457 on the EBGL objectives?	0	1	0	0
Do you have any further comments on P457?	-	-	-	-

Question	0-6 Months	6-12 Months	>12 Months	Other
How long (from the point of approval) would you need to implement P457?	1	0	0	0

P457: Report Phase consultation responses (2 of 2)

Question	High	Med	Low	None	Other
Will P457 impact your organisation?	0	0	0	1	0
How much will it cost your organisation to implement P457?	-	-	-	-	-
What will the ongoing cost of P457 be to your organisation?	-	-	-	-	-

- We received 1 response to the Consultation from a Distributor who was supportive of the Modification, they were not impacted by the solution

P457: Recommendations

We invite the Panel to recommend to the Authority to:

- a) **AGREE** that P457:
 - i. **DOES** better facilitate Applicable BSC Objective (d);
- b) **AGREE** that P457 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- c) **AGREE** the impact on the EBGL objectives;
- d) **AGREE** that P457 **SHOULD NOT** be treated as a Self-Governance Modification;
- e) **AGREE** a recommendation to the Authority that P457 should be **APPROVED**;
- f) **AGREE** an Implementation Date of:
 - i. **5 Working Days** following Authority decision;
- g) **APPROVE** the draft Legal Text; and
- h) **APPROVE** the P457 Modification Report.

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**P460 'Amend the responsibility to propose
and consult on a MHHS Migration Plan'**

Draft Modification Report

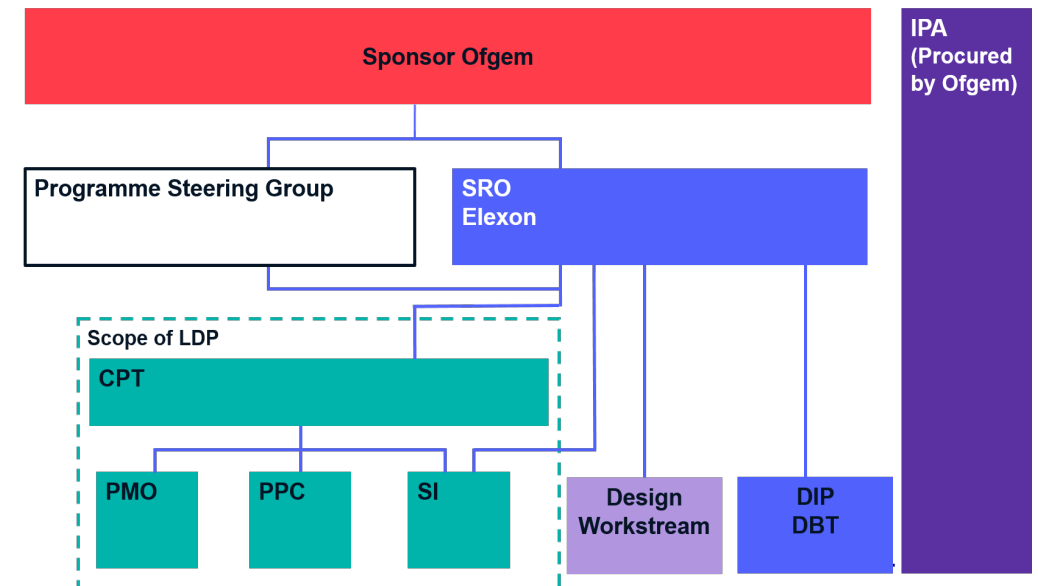
342/04 – Andrew Grace

14 September 2023

P460: Amend the responsibility to propose and consult on a MHHS Migration Plan

Background

- The MHHS Migration Plan identifies:
 - Which classes of MHHS Participant are to participate in the required migration of Metering Systems
 - The requirements with which each MHHS Participant must comply (in sufficient detail to enable them to prepare for and complete such migration)
 - The BSCCo shall ensure that the MHHS Migration Plan includes the timetable for migration set by the MHHS PMO
- The obligation to propose the MHHS Migration Plan currently sits with BSCCo
- The MHHS System Integrator (SI) is responsible for securing the robust and stable integration of the IT Systems to be used by MHHS Participants
- The MHHS SI and PMO are provided by the Lead Delivery Partner:



P460: Issue and Proposed solution

Issue

- BSC Section C ‘BSCCo and its Subsidiaries’ states that BSCCo has a responsibility to propose, consult on and obtain approval for a MHHS Migration Plan
- Responsibility for Migration activities logically sits with the MHHS SI function

Proposed solution

- Move the MHHS Migration plan requirements in BSC section C12.11.3 from BSCCo responsibility to the SI responsibility in section C12.8
 - Update Sections C12.11.1 and C12.2.14 to reflect the change

Justification against proposed BSC Objectives

d. promoting efficiency in the implementation and administration of the balancing and settlement arrangements	Positive
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- Allowing the MHHS SI to manage the MHHS Migration Plan will be the most efficient and logical use of resources

P460: Impacts & Costs

- Document only change to BSC Section C with an Implementation cost of <£1k
- No implementation or on-going costs are anticipated for any Parties
- It is anticipated this Modification will have a minor positive impact on all BSC Parties by clarifying the MHHS SI will have responsibility for proposing and consulting on the MHHS Migration Plan
- No impact on EBGL Article 18 Terms and Conditions

P460: Report Phase consultation responses (1 of 2)

Question	Yes	No	Neutral	Other
Do you agree with the Panel’s initial unanimous recommendation that P460 should be approved?	4	0	0	0
Do you agree with the Panel that the redlined changes to the BSC deliver the intent of P460?	4	0	0	0
Do you agree with the Panel’s recommended Implementation Date?	4	0	0	0
Do you agree with the Panel’s initial view that P460 should not be treated as a Self-Governance Modification?	4	0	0	0
Do you agree with the Panel’s initial view that P460 does impact the EBGL Article 18 terms and conditions related to balancing held within the BSC?	4	0	0	0
Do you have any further comments on P460?	1	3	-	-

Question	0-6 Months	6-12 Months	>12 Months	Other
How long (from the point of approval) would you need to implement P460?	4	0	0	0

P460: Report Phase consultation responses (2 of 2)

Question	High	Med	Low	None	Other
Will P460 impact your organisation?	0	1	0	3	0
How much will it cost your organisation to implement P460?	0	1	0	3	0
What will the ongoing cost of P460 be to your organisation?	0	0	0	4	0

- 4 responses in support of P460:
 - 3 from Distributors
 - 1 from MHHSP
- MHHSP noted costs of £100k - £1m based on criteria within consultation documentation. We received verbal confirmation this is likely to be nearer £100k
- Increased costs on MHHSP are to develop the plan, but should be partially offset by a reduction in BSCCo costs

P460: Recommendations

We invite the Panel to recommend to the Authority to:

- a) **AGREE** that P460:
 - i. **DOES** better facilitate Applicable BSC Objective (d);
- b) **AGREE** that P460 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- c) **AGREE** that P460 **SHOULD NOT** be treated as a Self-Governance Modification;
- d) **AGREE** a recommendation to the Authority that P460 should be **APPROVED**;
- e) **AGREE** an Implementation Date of:
 - i. **5 Working Days** following Authority decision;
- f) **APPROVE** the draft Legal Text; and
- g) **APPROVE** the P460 Modification Report.

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**P444 'Compensation for Virtual Lead Party
actions in the Balancing Mechanism'
Draft Send Back Process**

342/12 – Ivar Macsween

14 September 2023

P444: Background and Issue

- Issue: No mechanism for compensation of Parties who have been affected by VLPs in the Balancing Mechanism (BM)
- As a result, Suppliers are commercially impacted and left with a cost from the BM that they cannot recover through the central arrangements
- Using the P415 Supplier Compensation mechanism within the BM would ensure a level playing field and enable correct incentives for flexibility
- Efficiencies to an aligned implementation with P415 but no hard dependency between the two. Where P415 is not approved, the Proposer and Workgroup believe there is still a strong case for P444
- Panel’s final views:

P444 Solution	Objectives	EBGL Impact	Outcome	Implementation Date	Redlining	Self-Governance
Proposed	+(b)	✓	Reject	Nov 23 Release	Approve	No
Alternative	+(b) +(c)	✓	Approve (Unanimous)	Nov 23 Release	Approve	No

P444: Proposed / Alternative Solutions

- The P444 Solution introduces compensation for Suppliers and VLPs in the Balancing Mechanism

Proposed solution

- Compensation costs are **mutualised**, with compensation paid at a price that approximates the Supplier's expected sourcing costs, obtained by using Ofgem's published Price Cap Methodology (PCM) – also referred to as Compensation 3
- Workgroup believed the Proposed to be majority neutral against objective (b) on the basis that VLPs already have access to the BM market under current arrangements
- Split view on whether neutral/detrimental to objective (c), not identifying a significant benefit/mutualising a risk that Suppliers can't manage then have to pay for

Alternative solution

- **VLPs are liable to pay compensation costs** for volumes adjusted by that VLP, with compensation paid at a price that approximates the Supplier's expected sourcing costs, obtained by using Ofgem's published PCM – also referred to as Compensation 1
- Split view on (b) – positive as more fairly allocates costs and clarifies responsibility for paying them VS detrimental due to encouraging less participation and creating a barrier to entry for VLPs due to the extra cost
- Majority view that this better supports (c) by creating a more level playing field

P444: Ofgem Send Back Direction

- Ofgem direct that additional steps are undertaken to revise the Final Modification Report (FMR) to include:
 - impact analysis with quantitative and qualitative evidence which fully explains and demonstrates the impact on industry of implementing either compensation method through the BSC Modification P444 against the status quo
 - how the implementation of this Modification would positively and/or negatively impact the applicable BSC Objectives
- After revising the FMR accordingly, BSC Panel asked to resubmit to Ofgem for decision as soon as reasonably practicable

P444: Draft Send Back Process

Event	Date	Confidence Level
P444 Workgroup meetings to consider scope for P444 further quantitative and qualitative analysis and develop requirements. Elexon to prepare for potential third party procurement, if needed.	As needed throughout September, October and November	High
Update BSC Panel on discussions and recommended scope for further analysis	9 November 2023 – Suggest replan at this point	High
If needed, Elexon to begin procurement activities for third party service providers	November 2023	Low – subject to agreed scope
Conduct quantitative and qualitative impact analysis	TBC dependent on agreed scope of further analysis, assuming an upper limit of 3 – 6 months, starting in either December or January 2024	“”
Workgroup to consider results of further analysis and provide final views on assessment against the Applicable BSC Objectives.	Following completion of further analysis, provisionally tabled for March 2024	“”
Industry consultation	March/April 2024	“”
Present revised Draft Modification Report to Panel	Following completion of further analysis and additional steps recommended by the Panel (e.g industry consultation), provisionally targeting May 2024	“”
Resubmit Final Modification Report to Authority	Within 3 Working Days of final presentation to the Panel	“”

P444: Recommendations

We invite the Panel to:

- a) **APPROVE** this draft P444 Send Back Process

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**P456 'Enable Elexon to procure ancillary
Technology Services for use by BSC
Agents' Interim Assessment Report**

342/05 – Jacob Snowden (Elexon)

14 September 2023

P456: Background and proposed solution

Issue

- Elexon will roll out the cloud-based platform Kinect within the next 15 months. This is to ensure Elexon can support the changing needs of its customers and replace ageing systems which are increasingly unsuitable
- Requiring a BSC Agent to procure cloud-based services on its behalf, may be significantly more expensive than Elexon procuring these services itself
- Therefore, Elexon requires flexibility to enter contacts with these types of arrangements and relieve relevant BSC Agents appropriate responsibility for the ancillary Technology Services (but not the ancillary Technology Services Providers themselves)

Proposed solution

- Modify Section E 'Role of BSC Agents,' to enable Elexon, rather than BSC Agents to procure ancillary Technology Services
 - Adding in new definitions and making clear that Technology Service Providers would not be BSC Agents

Specific Terms of Reference

Term of Reference	Elexon's view
a) What conditions or controls are needed for Elexon to procure Technology Services?	<ul style="list-style-type: none">• Elexon believes that the conditions and controls already in the BSC are sufficient• We note that the existing conditions and controls apply to the (non-Agent) technology services that Elexon already procures (i.e. application development, support and maintenance for BSC Agent applications)
b) What impacts there are, if any, on Elexon's liabilities and liability exclusions?	<ul style="list-style-type: none">• To the extent that a BSC Agent ceases to be responsible for Technology Services, it will no longer be possible for Parties to bring a legal claim against that BSC Agent under the provisions in Section E that extend third party rights to BSC Parties.• We do not consider this to constitute a significant risk. Any Party that has suffered a loss that was due to the negligence of the Technology Service Provider (and was not a Settlement Error) would therefore have recourse against Elexon (as Technology Service Providers will not agree to third party rights), and Elexon would pass through any amounts recovered from the Technology Service Provider to BSC Parties

P456: Impacts and costs

- P456 is a Document-only change, **no** BSC system impacts are required
 - BSC Section E 'BSC Agents'
 - Cost: <£1k to implement
- No on-going costs for Elexon have been identified, but the solution could avoid incurring certain costs and impact future negotiations and BSC Agent contracts
- No implementation or on-going costs or impacts on industry have been identified
- There are potential costs savings for all BSC Parties if P456 is implemented
- There are **no** EBGL impacts or impacts on EBGL objectives

Benefits

- The Interim Assessment Report identifies the main benefit as on-going costs savings for Elexon and BSC Parties
- We elaborate and expand on these below, which we will include in the Report phase Consultation
- By contracting directly with Technology Providers as opposed to multiple vendors, additional costs can be avoided
- Reduction and avoidance of cost
 - Mark-up cost
 - Complexity reduced
 - Economies of scale
 - Migration of data
 - Increased information for negotiating
- Management of the ancillary Technology Service
 - Accountability of Access Management Activities
 - Security management
- Compounded costs avoided over an estimated 3-year period, give a range of £3 million to £6 million

Mark-up avoidance	Complexity factor reduced	Economies of scale discount missed
£2-4m	£500K-£1m	£500K-£1m

P456: Consumer and environment impacts

Impact of the Modification on the environment and consumer benefit areas:	
Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Positive
3) Reduced environmental damage	Neutral
4) Improved quality of service	Neutral
5) Benefits for society as a whole	Neutral

P456: Implementation Date

Elexon propose the implementation approach for P456 below:

- Self-Governance: **20 WDs after Panel approval**

Views against the Applicable BSC Objectives

- Elexon believes P456 will better facilitate Applicable **BSC Objective (d)** as allowing Elexon to procure Technology Services on behalf of BSC Agents maximises value for money
 - Neutral against all other Objectives
- | | |
|---|----------|
| d. Promoting efficiency in the implementation and administration of the balancing and settlement arrangements | Positive |
|---|----------|

Proposed Progression

Elexon believe it is appropriate for P456 to be submitted to the Report Phase as:

- There has been a lack of interest from industry and it has not been possible for form a quorate Workgroup
- The solution has been fully worked up
- We have provided our views on the Terms of Reference set by the Panel in this report
- We will be able to consult, including on the Terms of Reference, to gather industry views on P456 in the Report Phase

Event	Date
Present Initial Written Assessment to Panel	8 June 23
Present Interim Report to Panel	14 September 2023
Report Phase Consultation (10 WDs)	18 September 2023 – 29 September 2023
Present Draft Modification Report to Panel	12 October 2023
Issue Final Modification Report to Authority	16 October 2023

P456: Recommendations

We invite the Panel to:

- a) **AGREE** that P456 progresses directly to the Report Phase as per BSC Section F ‘Modification Procedures’ 2.2.11;
- b) **AGREE** that P456 does better facilitate Applicable BSC Objective (d);
- c) **AGREE** an initial view that P456 **SHOULD** be treated as a Self-Governance Modification;
- d) **AGREE** that P456 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- e) **AGREE** an initial recommendation that P456 should be **approved**;
- f) **AGREE** an initial Implementation Date of: **20 Working Days** after Panel decision;
- g) **AGREE** the draft Legal Text; and
- h) **NOTE** that Elexon will issue the P456 Draft Modification Report (including the draft Legal Text) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 12 October 2023.

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**Issue 108 'Further Extension of RTS Cost
Recovery Arrangements Under the BSC'**

342/06 – Jacob Snowden (Elexon)

14 September 2023

Issue 108 'Further Extension of RTS Cost Recovery Arrangements' Summary

Background

- In January 2023 Elexon closed Issue 104 'Extending RTS Cost Recovery Arrangements Under the BSC' with the recommendation of no change to the charging mechanism and there being enough incentives on Suppliers to transition from the Radio Teleswitch Service (RTS) by 31 March 2024
- Since January 2023, it appears unlikely that the initial target date of 31 March 2024 will be achieved

Aims

- To invite industry views on continuing to recover operational RTS costs through the BSC as a BSC Cost (as per the current arrangement), or Modifying how RTS costs are recovered under the BSC (to further incentivise RTS removal via the BSC)

Issue Group Outcomes

- There are enough BSC incentives in place for Suppliers to change from the RTS to new solutions, e.g., smart meters
- December 2025 is the deadline to replace RTS
- Elexon will extend its current contract with the Energy Networks Association (ENA) to pass through RTS operational costs via the BSC beyond current contract end date of 31 March 2024
- No changes required to the BSC

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342/01 Elexon Report

For the Panel's information, summarising recent activities and developments within Elexon and the Balancing and Settlement arrangements.

14 September 2023

Settlement Solution

The new Settlement system continues to perform within agreed SLAs and the heightened “hyper-care” support in place since cutover to Live on June 15th will scale down to Business As Usual service management approach from 8th September. We will therefore stop providing updates within this Programme update after this month.

Previously reported issues that affect a limited number of customers (file sequence numbers) have been worked through and are the relevant fixes will be released to the Live service in mid-September.

Funds Administration Agent

The FAA project has concluded vendor selection for development of a new calculation system for BSC invoicing. The delivery contract has been awarded to CGI and project mobilisation and ratification of the design are underway.

The project has also selected a finance system to provide invoicing and billing. The contract has been awarded to Unit 4 who will provide a system called Agresso. A full project plan has been provided by Unit 4 and an overall integrated project plan for full completion of the FAA replacement project will be prepared by the end of September with a target end date of July 2024.

An Issue Group continues to run to review BSC Section N Clearing, Invoicing and Payment. The group will determine the scope for a potential BSC Modification to gain efficiency and reflect modern banking practices.

Insights Solution

We continue to work on the 5th (and final) iteration for migrating BMRS data to the Insights Solution. Completion of this iteration is expected in January 2023 including provision of Balancing Market Settlement data from the SAA system to the Insights system. Cutover to production and decommissioning of legacy BMRS functionality are both expected to be complete in March 2024.

We continue to talk to all users of the existing BRMS system and the TIBCO high grade line service to ensure that they are in a position to migrate to using the Insights Platform at the point of cutover to the new system.

Customer Solution

Delivery of P395 'Aligning BSC Reporting with EMR Regulations – an enduring solution' is ongoing and on track for delivery in November. Additional functionality will be built into the Customer Solution to allow the CRA system to be decommissioned without reduction of functionality across the estate as part of the Oracle Migration project. Decommissioning of CRA is expected to complete in March 2024.

We are hosting a webinar on 21 September to explain the P395 changes and how the new Customer Solution functionality will work. The webinar is aimed at Suppliers, Generators, Half Hourly Data Collectors, or Meter Operator Agents.

Migration of Legacy Agents to Oracle Cloud Infrastructure

Work is progressing on the migration of all on-premises hosted agents to Oracle Cloud Infrastructure. This will provide Elexon with the ability to rapidly create integrated development environments, supported by automated testing. Altogether, this will improve our ability to deliver change.

On conclusion of preparation of an end to end plan on a page for migration, resilience testing and service transition we are aiming to complete migration of generation sector facing agents (including ECVAA and CDCA) in June 2024, and supplier facing systems (including SVAA and PARMS) in September 2024

Elexon Kinnect: Budget update

Overall, the Kinnect Programme remains on budget with £50.1 m of investment in progress, of which £37.8 m has been spent to date and we have £3.8m remaining contingency.

These figures are also shown in the table below:

CTD (£m)	Committed	FTC	Contingency	Forecast Outturn	Budget	Variance
37.8	12.3		3.8	53.9	53.9	0

Elexon Helix: Current project status and budget update

The Helix Programme is almost complete with PI7 (June to September 2023) and is continuing to deliver against its set objectives. This includes the delivery of code for Component Integration Testing (CIT) which was delivered at the end of August. At least one further PI will be required to complete the remaining development of the Helix solutions.

The Helix Programme’s latest budget was baselined in January 2023 at £49.5m. Since then, the programme has had to deal with the impact of several MHHS design and plan changes. The programme will be requesting additional funding from the Transformation Committee in October 2023. We will update Panel on the outcome of this in next month’s digitalisation update. The budget table below reflects the current status of the Programme until the Transformation Committee’s funding decision is made next month.

CTD (£m)	Committed	FTC	Performance Assurance Contingency	Programme Contingency	Forecast Outturn	Budget	Variance
30.0	7.2	6.3	3.1	2.9	49.5	49.5	0

Key KPIs: July 2023

KPI	Target	Status
Performance against budget	Percentage (Under)/Over Spend Full Year Forecast vs. Budget complete >(5)%	0% - ON TARGET
Cumulative Critical System SLA Performance (BSC Agent System)	No more than 3 cumulative SLA failures	1.5 - ON TARGET
Cumulative Core System SLA Performance (BSC Agent System)	No more than 2 cumulative SLA failures	0.25 - ON TARGET
Settlement Accuracy (total change in Trading Charges across all run types as a percentage of total trading charges)	<5%	5.1% - BELOW TARGET Trading charge deltas for SF vs R1 (total) is £12m, impacted by 3 Parties. The reasons for these deltas are being investigated, including engagement with the parties. Additional focus on data accuracy and getting it right first time is having a positive impact on later reconciliation run deltas, with the R2, R3 and RF all continuing to remain below their associated 12-month averages and track downwards
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	90.0%	94% - ON TARGET

Recommendation



We invite the Panel to:

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

ELELEXON

OUR EDI JOURNEY

Presented by Darea Flanagan and
Fionnghuala Malone

14 September 2023

Elexon together, embracing differences, listening to all voices

‘At Elexon we believe a diverse and inclusive culture allows innovation and creativity to flourish. We are committed to continuously improving our culture for our colleagues and stakeholders’

Strategy statement: By 2026 we will be an employer of choice and our culture will reflect performance, teamwork and diversity.



International Women's Day



International Day of Persons with Disabilities
3 DECEMBER



Neurodiversity Celebration Week



WORLD AIDS DAY
1 DECEMBER



INTERNATIONAL MEN'S DAY
19 NOVEMBER



WORLD DAY FOR CULTURAL DIVERSITY
21 MAY

15 to 21 May 2023

Mental Health Awareness Week



#ToHelpMyAnxiety



HOLOCAUST MEMORIAL DAY TRUST

CAMPAIGNS SUPPORTED



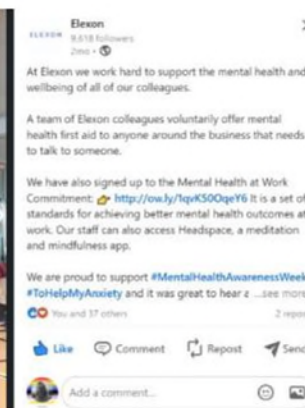
ELEXON



Vivienne Njobi • 1st
Product owner, PSM1 Environmentalist
4mo • 🌐

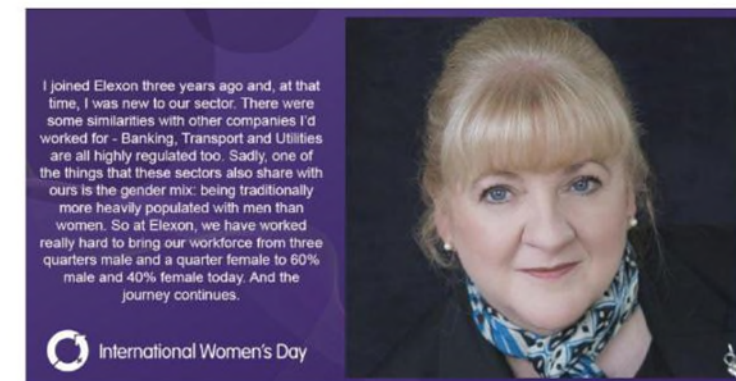
Let us refocus our lenses on making our world gender equal 🌈. I don't want to be the only woman in a room full of men, who question my presence 🙌

There is room for everyone gender at the top.
At Elexon, we support gender equality
#iwd2023 #elexon #genderequality
#womenempowerment



Helen Tipton (She/Her) • 1st
Director of Strategic Programmes a...
1mo • 🌐

Well done **Darea Flanagan**. I am proud to work for **Elexon** and I am committed to being a vocal ally to the LGBTQ+ community



ELEXON

SOCIAL MEDIA

DELIVERABLES

Overview and context to the EDI awareness session

- New starters are now receiving EDI awareness delivered in-house; previously this was arranged via a third party
- It is co-delivered by Darea and Fionnghuala
- The sessions are held in person at Euston Road
- The session is branded: 'THRIVE' : *Together, Headlines, Relationships, Inclusion, Value, Energy*
- Themes covered are: strategy, microaggressions, unconscious bias, intersectionality, personal value, inclusion and connections
- The session is an hour long – we are reviewing extending to ninety minutes
- It uses external resources including videos to bring the topic to life
- Feedback is sought to be able to evaluate and adapt it for future use



So far we have covered:

Mental health and cultural difference
Growing up during conflict
LGBT and me
Hidden disabilities and attitudes

Other topics for 2023...

Baby Loss
Grief
Diversity in sport

We will aim for one a month



Out and about!

Darea and Fionnghuala attended the Energy UK conference and the taskforce breakfast meeting where the 'EDI Leadership Commitment' was launched.

This asks for commitment to:

- Visibly demonstrate allyship and promote EDI
- Ensure senior accountability (Board level) for EDI within their organisation, including frameworks, policies and processes for reporting harassment and abuse
- Have inclusive recruitment practices
- Gather EDI data and set targets for improvement within 12 months, if they do not already exist
- Embed EDI into its business mission, strategy and values to drive an inclusive company culture
- Include at least one EDI target as part of their performance objectives, and ensure their direct reports do the same.

Current signatories are, Emma Pinchbeck, CEO, Energy UK, Jonathan Brearley, CEO, Ofgem, Lawrence Slade, CEO, ENA, Nick Wayth, CEO, Energy Institute.



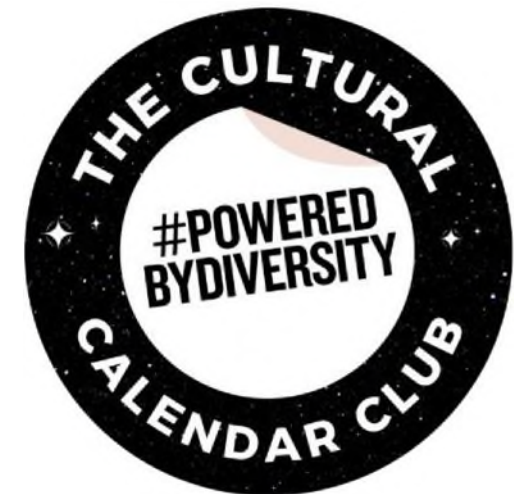
Planned Activities to Support National Inclusion Week



**National
Inclusion Week**
2023 25 September
1 October

We established a working group to:

- Define opportunities to increase visibility of EDI at Elexon and embed into teams and BAU activities
- Achieve external exposure via social media and industry events
- Create synergy with careers week with elements of achieving potential and inclusive leadership/diverse talent as a core message
- Give opportunity to launch new services such as the menopause product now available via Bupa/EAP and the 'Culture Club'
- Deliver a workshop on Neurodiversity
- Arrange social activities and skills sharing-teamwork
- Run an EDI Forum during the week



ROADMAP TO PROGRESS

How do we move from engaged to embedded

Positives to date

- Our intentions and statements are strong
- There is a willingness of colleagues to get involved (but when asked)
- New HR system has increased diversity data to 90+%
- Our activity on social media gains a lot of interest
- Campaigns and sessions are well-attended
- Piloting of flexible bank holidays
- Use of pronouns and gender-neutral language

Future Needs

- Curate the conversation at SLT level
- Think organisational EDI, not always individual level
- Put an EDI lens on all that we do, procurement, recruitment, strategy
- Focus on ‘Belonging’ which is more about **value and purpose**

THERE IS A NEED TO EMBED EDI ORGANISATIONALLY RATHER THAN RELY HEAVILY ON AN INDIVIDUAL TO DRIVE IT



Recommendations

The Panel is invited to:
a) **NOTE** the update