

## Minutes

### BSC Panel

Meeting number	<b>344</b>	Venue	<b>Elexon Offices – Ice Blue Room/Video Conference</b>
Date of meeting	<b>9 November 2023</b>	Classification	<b>Public</b>

**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
Alice Taylor	AT	NGESO (part meeting)
Christopher Salter	CS	NGESO (part meeting)
Andrew Colley	AC	Industry Panel Member
Andy Manning	AM	Citizens Advice Representative
Ban Mac	BM	Elexon (part meeting)
Camille Gilsenan	CG	ESO Panel Member
Chris Lock	CL	Elexon (part meeting)
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Industry Panel Member (part meeting)
Euan Graham	EG	Citizens Advice Representative
Fionnghuala Malone	FMa	Elexon BSC Admin Team Leader
Fungai Madzivadondo	FM	Distribution Business Representative
Helen Adey	HA	Elexon Director of Strategic Programmes
Ivar Macsween	IM	Modification Secretary (part meeting)
Jacob Smith	JSm	Elexon (part meeting)

Attendees and apologies		
Jacob Snowden	JSn	Elexon (part meeting)
James Nixon	JN	Industry Panel Alternative
Jonathan Coe	JC	Ofgem Representative
Lisa Waters	LW	Industry Panel Member
Loretta Bolah	LB	Elexon (part meeting)
Mark Oxby	MO	Industry Panel Member
Neil Dewar	ND	NGESO (part meeting)
Patrick Matthewson	PM	Elexon (part meeting)
Peter Stanley	PS	Elexon CEO
Steve Page	SP	Interim Chief Financial Officer (part meeting)
Tirath Maan	TM	Elexon (part meeting)
Tom Edwards	TW	Industry Panel Member
Victoria Moxham	VM	Panel Secretary
Zaahir Ghanty	ZG	Elexon (part meeting)
Apologies		
Michael Robertson	MR	Industry Panel Member
James Nixon	JN	Industry Panel Member Alternate

## Open Session

### 1. Introduction

- 1.1 The Chair noted apologies from Diane Dowdell, Derek Bunn and James Nixon. Phil Hare was nominated as Diane's alternate until she joined the meeting at midday. He then become Derek Bunn's alternate for the remainder of the meeting.

## 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

### 2. Change Report and Progress of Modification Proposals (344/02)

- 2.1 The Modification Secretary (IM) presented the Change Report and progress of Modification Proposals.
- 2.2 The Panel raised questions about whether Ofgem are comfortable with the new process under P444 to ensure that it does not get sent-back again. IM noted that Ofgem have been present in the Workgroup and participating, and JC confirmed that Ofgem are keen to stay engaged and that the team present will raise concerns during the meetings if they were to have any. IM confirmed Elexon are planning to share the results of the workgroup imminently to allow for further Ofgem engagement.

2.3 IM highlighted that he was seeking the Panel's approval on the updated P455 Terms of Reference (ToR). IM noted that the proposed ToR had not yet been seen by the Workgroup and therefore the changes were from the Proposer. The Chair suggested that some of the questions forming the ToR should be revised to form more open questions, instead of using closed language such as "is it right".

2.4 The BSC Panel:

- a) **APPROVED** changes to the P455 Workgroup's Terms of Reference; and
- b) **NOTED** the contents of the November 2023 Change Report.

### 3. 'Housekeeping and updating BSC references to "Consumer Scotland", "Generation Curtailment Validation Committee" and "GCVC"' (344/14)

3.1 JSm presented the Housekeeping Modification.

3.2 A Panel Member raised a concern around modifying algebra under a housekeeping amendment, and therefore queried what would happen to the current calculation under Section T 4.3B.3, as they were concerned to ensure that changing the text would not amend a mathematical process.

3.3 IM noted that the rationale for seeking housekeeping change to Section T 4.3B was due to a drafting typo error, there was an inconsistency in the order of the subscripts for data item Secondary BM Unit Supplier Delivered Volume (VBMUSDV). In Annex S-2 the subscripts are i2ji, in Section T the subscripts are the same but in a different order (iji2). It was therefore confirmed that this would not change the intended impact of the algebra, which would operate as it should.

3.4 The Panel Member noted that industry should comment if they are uncomfortable with the change, and therefore there must be people with relevant expertise in the room for these discussions.

3.5 The BSC Panel:

- a) **RAISED** the Modification Proposal in accordance with Section F2.1.1(d)(i);
- b) **AGREED** that the Modification should be progressed as a Fast Track Self-Governance Modification
- c) **AGREED** that the Modification:
  - i) **DOES** better facilitate Applicable BSC Objective (d)
- d) **AGREED** that the Modification should be **APPROVED**
- e) **AGREED** that the Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC
- f) **AGREED** an Implementation Date of
  - i) 29 February 2024 if no objection is notified
- g) **APPROVED** the draft legal text; and
- h) **NOTED** that Elexon will issue the Fast Track Modification Report (including the BSC legal text), which will be subject to a 15 Working Day objection period.

### 4. 'Introduce a Standard Change Process' Suppliers' Initial Written Assessment (344/03)

4.1 A Panel Member requested that communication and timescales should be included as part of the ToR to ensure that there was sufficient time for industry to respond. It was agreed this would be added into the ToR. LJ reassured the Panel that there was a minimum notice period to then be consulted on with industry, which is already considered as part of the ToR.

4.2 A Panel Member suggested that the minimum criteria list should be published on the Elexon website and any amendments to this must be approved by the Panel. A Panel Member queried whether Elexon needed to seek guidance from Ofgem on the Self-Governance proceedings in relation to this Modification. It was noted that the procedure proposed appeared to be in line with that envisaged by the Codes Review. A Panel Member noted that if Ofgem approved this Modification, then they would be approving all of the Self-Governance elements of the low-level Changes going forward.

4.3 A Panel Member queried why this was not the process from the beginning. Another Panel Member provided clarity that, when everything was written into the Code under NETA go-live, due to the potential implications for

market signals, there was not the foresight or consideration for the number of interconnector fuel types that would eventually be brought online, alongside all the transitions in energy policy. The Ofgem Representative noted that this was a sensible area to explore as it was helpful to understand the interactions between the new process and licence condition.

4.4 The Panel agreed to nominate Lawrence Jones to sit on the Workgroup as the Proposer, and noted that LW and AC would also attend the workgroup.

4.5 The BSC Panel:

- a) **RAISED** the Modification Proposal in accordance with Section F2.1.1(d)(i);
- b) **AGREED** that the Modification progresses to the Assessment Procedure;
- c) **AGREED** the proposed Assessment Procedure timetable; and
- d) **AGREED** the Workgroup's Terms of Reference.

## 5. **P461 “Accurate Reporting of Customers Delivered Volumes to Suppliers’ (344/04)**

5.1 The Panel noted that this Modification had originally been brought the previous month and was returning following a request for industry comment having been made.

5.2 A Panel Member queried whether all Suppliers would be given the data as a result of the Modification being approved.

5.3 The Chair queried what communication channels had been used to promote this Modification for industry comment, given the low response. IM confirmed that all of the usual channels and distribution lists had been utilised to generate responses.

5.4 It was acknowledged that this Modification might take a long time to implement and IM reassured the Panel that the Proposer was satisfied with this approach.

5.5 A Panel Member highlighted, in relation to the modest number of consultation responses, that the Proposer has a particular business model which other Suppliers do not, therefore the other Suppliers may not see the significance of these costs.

5.6 The BSC Panel:

- a) **AGREED** that P461 progresses directly to the report phase
- b) **AGREED** that P461:
  - DOES** better facilitate Applicable BSC Objective (c);
- c) **AGREED** an initial view that P461 should not be treated as a Self-Governance Modification;
- d) **AGREED** that P461 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- e) **AGREED** the impact on the EBGL objectives;
- f) **AGREED** an initial recommendation to the Authority that P461 should be approved
- g) **AGREED** an initial Implementation Date Modification of:
  - i **7 November 2024** if an Authority decision is received on or before 7 May 2024; or
  - ii **27 February 2025** if an Authority decision is received after 7 May 2024 but on or before 27 August 2024
- h) **AGREED** the draft Legal Text for P461;
- i) **NOTED** that Elexon will issue the P461 Draft Modification Report (including the draft Legal Text) for a one month consultation and will present the results to the Panel at its meeting on 11 January 2024.

## 6. **P462 “The removal of subsidies from Bid Prices in the Balancing Mechanism’ (344/05)**

6.1 Neil Dewar (ND), Alice Taylor (AT), and Chris Salter (CS) joined from NGESO.

6.2 The Chair queried whether this Modification was rather one to be progressed as a policy question instead of through the BSC. ND clarified that DESNZ, including the REMA team, and Ofgem had been engaged on this and were happy that NGESO proceed to raising this under the BSC so that industry might decide on the merits

of its proceeding. ND noted that NGESO had undertaken a thorough robust assessment before bringing this to the Panel.

- 6.3 A Panel Member raised a question around NGESO's engagement with Ofgem and DESNZ and ND confirmed that NGESO had queried whether this Modification would present any blockers in dealing with current regulations about negative Balancing Mechanism (BM) Prices. NG acknowledged that P462 did not present a perfect solution.
- 6.4 A Panel Member queried whether the Modification should be classed as a BSC issue. John Lucas (JL) from Elexon indicated that NGESO had engaged with Elexon before the meeting and noted that the Modification raised questions around competition in the BM, noting that NGESO's view was that, due to the structure of the BM, recovering subsidies and therefore distorting prices did align to the BSC. Additionally, it was noted that, as the design of the BM sits under the BSC, it would therefore make this issue in resolving a potential structural flaw in the BM a BSC issue.
- 6.5 A Panel Member expressed his concern that this should not fall within the BSC, as referring to subsidy free generators not bidding in their costs. He noted that this appeared to fit better with Ofgem to look at, given it aligned with how Parties who participate in the BM are licensed and whether this needs to be amended. CG noted that NGESO had spent significant time on the initial work with Ofgem and DESNZ to consider these issues, and had come to the BSC Panel as all involved agreed this should be the way forward.
- 6.6 JL noted that the design of the BMS was set out within the BSC, and that, despite Ofgem introducing licensing conditions over time, the BM was a fundamental part of the BSC and therefore this Modification should be a BSC issue.
- 6.7 Four key areas of discussion were raised by the Panel:
- a) How to deal with the RO buy-out price, which varied;
  - b) Who were the winners and losers in terms of customer costs/benefits;
  - c) What about other subsidies such as FITs and nuclear RAB?
  - d) Was this, in fact a BSC issue or not?
- 6.8 SV began a discussion about the customer cost and benefit of the Modification. Christopher Salter (CS) from NGESO joined and noted that the financial modelling was sensitive to day-ahead prices, which were variable. CS noted that NGESO had used 2022 data to model high day-ahead prices, and 2019 for low day-ahead prices, modelling what changes the sensitivity to how much consumer benefit there was. CS further noted that NGESO had done analysis to see whether strike prices had reverted to previous levels where they were awarded on CfDs, and used different scenarios under the FES. CS provided context on how the excess costs were considered and noted that the current market structure was not suitable for them to appropriately reflect the repayment obligation
- 6.9 A Panel Member asked which industry participants benefited from the additional £16bn of consumer costs. CS noted that this aspect would be considered as part of the BSC Modification but indicated that the costs would be through reduced BSUoS as the repayment obligation sits with LCCC, in the case where the strike prices are negative. A Panel Member queried why, in this case, the Transmission Constraint Licence Conditions (TCLC) did not apply, meaning the generator would be in breach of its licence for not reflecting its costs in its bid? JL noted that this scenario applies to Renewable Obligation (RO) generators in addition to CfDs and therefore the Modification would change the bidding behaviour of those generators. It was suggested that the Workgroup would need to look at the distributional impacts and consider the benefit to the end consumers.
- 6.10 Another Panel Member agreed that the solution for the issue sits within the BSC.
- 6.11 It was noted that the Modification will cover other subsidies that have reimbursed based on the metered volume, in relation to when an action in the BSC requires a reduction in volume and where the subsidy itself depends on what is generated.
- 6.12 A Panel Member noted that there would need to be identification of all Supplier BM units that are affected by this. However, JL noted this could be difficult in the case where there are different sorts of generation with subsidies. The Panel Member noted they believe this will create a greater distortion than the current one, and the NGESO Panel Member acknowledged this as they noted that the issue is incredibly complex.
- 6.13 It was noted that the REMA team have specifically been engaged on this, however CG noted that, having identified the issue, NGESO was unable to wait for publication of any REMA documentation. That was why

they had progressed the Modification at this time, whilst appreciating the complexity will take up industry's time. EG highlighted that there was no clear assurance that this Modification would not affect REMA.

- 6.14 A Panel Member noted that there is a distortion in costs where GB consumers have agreed to take this on, and therefore the current market structure is not suitable for them to appropriately reflect the repayment obligation. They expressed concern that there may be increased costs when prices are low as generators will be encouraged to spill when the cash out price is higher. Another Panel Member noted that the Workgroup should consider existing actions that deal with the consequences of when cash out price goes negative in addition to how the data in the solution is governed around differing strike prices.
- 6.15 A Panel Member noted that they felt unable to vote if there was not a thorough impact assessment and therefore requested a cost-benefit analysis. This point was generally met with favour. The Chair noted that there needed to be a revised timetable presented to reflect the need for a CBA.
- 6.16 A Panel Member suggested that NGESO should be assessing using their IT systems as part of the CBA as it would be the mechanism to implement the change that the Modification is seeking to do. They suggested the Modification is brought back in Q1 20204 to be updated based on what the possible REMA impact may be. CG noted that there may be other Modifications which are impacted by REMA and therefore suggested to review these in turn.
- 6.17 The Panel discussed that the Workgroup should continue to consider alternative solutions, alongside ensuring the discontent in the delivery timeline is registered with NGESO. In response to a Panel Member suggesting the BSC Panel write a letter to DESNZ, they noted that this is not necessary however there is sufficient time for feedback within the Workgroup and it was suggested that DESNZ should sit in on the workgroup.
- 6.18 The Chair requested that the ToR return at the December Panel meeting to include more detailed questions for the Workgroup's consideration. JSn noted that the revised ToR will be presented alongside the progression of the Workgroup meeting in parallel.

**ACTION 344/01:** JSn to return to December Panel with an updated ToR

- 6.19 The BSC Panel:
- a) **AGREED** that P462 progresses to the Assessment Procedure;
  - b) **AGREED** the proposed Assessment Procedure timetable as amended (12 months);
  - c) **AGREED**, subject to **further expansion**, the proposed membership for the P462 Workgroup; and
  - d) **AGREED** the preliminary Workgroup's Terms of Reference **as amended**, and that these were also subject to any further amendments from the Workgroup or Elexon as needed, which would be notified to the Panel for comment.

## **7. P454 'Removal of BSC obligations to provide BMRS Data via TIBCO and the High Grade Service' (344/06)**

- 7.1 A Panel Member expressed their concerns over the workgroup's considerations of user readiness and communication to the broader BMRS community relying on TIBCO. The acceptance criteria did not clearly address communication to TIBCO users. It was mentioned that written communication had been sent to all TIBCO users, with two specific comments on it. ZG noted that it will return in 2024 on the engagement plan.

**ACTION 344/02:** JSn and ZG to undertake an assessment of whether users are ready for the TIBCO switch off and report back to the Panel for their awareness so that they have visibility of industry readiness.

- 7.2 A Panel Member noted if the wider BMRS community is separated out there may be increased costs when prices are low, as generators will be encouraged to spill as cash out price is higher. It was confirmed this was raised at the Workgroup.
- 7.3 The conversation covered the decommissioning of TIBCO and its impact on the entire industry. There were discussions about potential risks if a supplier was unable to access data due to TIBCO decommissioning, potentially undermining the BSC's position.
- 7.4 A Panel Member confirmed that the workgroup aimed to provide a checkpoint for TIBCO users, particularly those extensively operating in the B (legacy users) group. Concerns were raised about users not being able to make investment decisions until the modification was approved and implemented. The Panel emphasised the need to ensure users are not stranded, aligning with strategic aims.



- 7.5 The discussion also touched on how the modification tied BSC technology to leased line and TIBCO software, with considerations about readiness criteria and acceptance criteria. There were discussions about the purpose of changing the service description and embedding a timeline, highlighting that acceptance criteria should be tied into it to avoid breaking the existing high-grade service. Legal text drafting was mentioned in relation to provisions for leased line to continue being available outside of the high-grade service for specific web services.
- 7.6 LW left the meeting and nominated AC as her alternate.
- 7.7 A Panel Member expressed surprise that not all 20 users responded to the consultation. ZG noted that engagement began a while ago where some TIBCO users already has programmes in place and therefore they considered a response unnecessary.
- 7.8 The BSC Panel:
- a) **AGREED** that P454 does better facilitate Applicable BSC Objective (d);
  - b) **AGREED** an initial view that P454 should not be treated as a Self-Governance Modification;
  - c) **AGREED** that P454 does not impact the EBGL Article 18 terms and conditions held within the BSC;
  - d) **AGREED** an initial recommendation to the Authority that P454 should be approved;
  - e) **AGREED** an initial Implementation Date of 5 Working Days after Authority decision;
  - f) **AGREED** the draft Legal Text;
  - g) **AGREED** the draft amendments to the Code Subsidiary Documents;
  - h) **AGREED** that P454 is submitted to the Report Phase; and
  - i) **NOTED** that Elexon will issue the P454 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 14 December 2023.

## 8. 'Correction to P415 legal text to amend Credit Cover requirements for Virtual Trading Parties' (344/07)

- 8.1 The BSC Panel
- a) **RAISED** this Modification Proposal in accordance with Section F2.1.1(d) (i);
  - b) **AGREED** that this Modification progresses directly to the Report Phase;
  - c) **AGREED** that this Modification:
    - i) **DOES** better facilitate Applicable BSC Objectives (c); and
    - ii) **DOES** better facilitate Applicable BSC Objective (d);
  - d) **AGREED** an initial view that this Modification **SHOULD NOT** be treated as a Self-Governance Modification;
  - e) **AGREED** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
  - f) **AGREED** an initial recommendation to the Authority that this Modification should be **APPROVED**;
  - g) **AGREED** an initial Implementation Date of:
    - i) **7 November 2024** as part of the Standard November 2024 BSC Release if a decision from Ofgem is received by **7 September 2024**;
  - h) **AGREED** the draft Legal Text; and
  - i) **NOTED** that Elexon will issue the 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 14 December 2023.

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## Part II: Non-Modification Business (Open Session)

### 9. Elexon Report Minutes of previous meetings and Actions arising

- 9.1 The BSC Panel approved the draft minutes for BSC Panel meeting 343. Elexon presented the actions and associated updates for the November 2023 Panel meeting. Updates are summarised in the table appended to this set of minutes.

## 10. Chair Report

- 10.1 The Chair highlighted that the Energy Bill had received Royal Assent and became the Energy Act.
- 10.2 The Chair noted that there was a conflict in reports as to when the REMA update will be delivered. PS added the sentiment that it is likely to go beyond Christmas.
- 10.3 The Chair noted that the December Panel is one where we would encourage attendance from members.
- 10.4 The BSC Panel:
  - a) **NOTED** the update.

## 11. Elexon Report – (344/01)

- 11.1 PS highlighted that Elexon was increasing the availability of the level of MPAN data through ingesting it into the data acquisition hub. Elexon would be looking to use platforms such as the Elexon data lake to store the data and make it more widely available.
- 11.2 PS highlighted that the KPIs which are reported on a cumulative basis for systems were within the threshold; however Elexon have made two small investments given decommissioning of BMRS, including improving the performance within it.
- 11.3 The BSC Panel:
  - a) **NOTED** the contents of this paper.

## 12. Distribution Report

- 12.1 The DNO Representative noted she had no updates to share with the Panel.
- 12.2 The BSC Panel:
  - a) **NOTED** the update.

## 13. ESO Report

- 13.1 CG noted that the Energy Bill became the Energy Act after its royal assent. Therefore, the FSO has been established and there will be numerous changes to licences and codes over the next few months. A Panel Member suggested that NGESO consider how this will work in parallel with other priority work.
- 13.2 CG highlighted that the demand flexibility service (DFS) was approved by Ofgem as the winter contingency product and the testing phase would commence over the next few weeks.
- 13.3 CG noted that the Markets forum which was held on 08 November was received really well. CG highlighted that there would be a battery storage event in December.
- 13.4 PS queried how the NGESO Market advisory council fitted in with the Market Forum. CG agreed to take this away.
- 13.5 The BSC Panel
  - a) **NOTED** the update.

## 14. Ofgem Report

- 14.1 The Ofgem Representative highlighted that Ofgem had appointed Mark McCallister as the new Chair alongside five new Board members.
- 14.2 It was noted that the FSO Cross code working group has confirmed names for those members.
- 14.3 Further, he noted that Ofgem had published its assessment of locational pricing, expressing a view it could produce significant benefits for society.
- 14.4 The BSC Panel
  - a) **NOTED** the update.

## 15. MHHS Update

- 15.1 HA provided an update on the MHHS Programme.



15.2 The BSC Panel

- a) **NOTED** the update.

**16. Tabled Reports**

- 16.1 The BSC Panel noted the tabled report from the PAB.

**17. Nuclear RAB Discussion**

- 17.1 A Panel Member stated that they believe the Panel should respond to Ofgem's Nuclear RAB consultation. PH offered to draft a response letter and would circulate this amongst the Panel to gather views ahead of formalising a response.
- 17.2 PS confirmed that Elexon would respond to the consultation.
- 17.3 CG confirmed that NGESO would provide a high-level response to the consultation.

**18. Market Index Definition Statement (MIDS) (344/08)**

- 18.1 The Chair noted that it was good to have insight of number of users (51).
- 18.2 The BSC Panel:
- a) **NOTED** the ISG's recommendation; and
  - b) **AGREED** that no change is made to the MIDS.

**19. AOB**

- 19.1 FMa noted that NBV Training for all committee members would be taking place on Friday 10 November however will be organising an additional session in the near future for those who are unable to make it.

**20. Next meeting**

- 20.1 The next scheduled meeting of the BSC Panel will be held on Thursday 14 December 23.