

ELEXION

‘BSC Section N Modernisation’

Initial Written Assessment

346/04 – Samraj Gill

11 January 2024

Background and Issue

- BSC Section N 'Clearing, Invoicing & Payment' was written over 20 years ago and therefore some sections within it are now deemed redundant and no longer align with modern ways of working
- With the FAA system being replaced with Elexon Kinnect it seemed a review of Section N seemed timely to align with the updates to the system
- Elexon carried out a preliminary review of BSC Section N to align with the opportunity of updating FAA systems
- Issue 107 Review of BSC Section N 'Clearing, Invoicing & Payment ' was raised to review BSC Section N in order to identify solutions to alleviate pain points and improve efficiency
- The Issue Group was carried out and it was agreed that a full review of Section N should be carried out by Elexon and the identified improvements recommended by the Issue Group to be included in a consequential Modification
- Issue 107 was brought to Panel 341 as a tabled item

Proposed solution

- A update to Section N to allow for more efficiency and merges current information to update the processes that have been in place for 20 years
 - Remove and or/add existing text or processes where references are no longer required;
 - Move the Payment Default timescales 9.6.1 (b) from D+2 to D+1;
 - Removal of Confirmation Notices, with the Advice Note becoming the Invoice for VAT; and
 - Remove duplication such as merging all backing sheets into one singular Backing sheet for all charges
- This solution will also amend Sections H, U, V and X-1 which will be consequential changes as part of the update to terminology in Section N
- While there are updates being made to the FAA systems, this will be a document only Modification
- The Modification will better facilitate BSC Applicable Objective (d)

Impacts & Costs

- This Modification will impact all BSC Parties where an amendment in the Code has a dependency on the implementation of the new FAA System

Organisation	Implementation (£)	On-going (£)	Impacts
Elexon	<1K	0	Update to BSC Sections, no BSC System Changes
NGESO	0	0	No Impact identified
Industry	0	0	No Impact identified
Total	<1K	0	

- Elexon believes that this Modification will have impacts on the EBGL Article 18 Terms and Conditions held with the BSC, therefore a one month Report Phase Consultation period will occur

Proposed Progression and Implementation Approach

- Request for Panel to raise Modification in accordance with Section F2.1.1(d) (iv)
- Straight to Report Phase
- EBGL impact
- One month Consultation period
- Not Self-Governance
- Implementation Approach
 - **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before 9 September 2024; or
 - **14 November 2024** if an Authority decision is received after 9 September 2024 but on or before 7 November 2024; or
 - **5 Working Days** after an Authority decision if that Authority decision is received after 7 November 2024

Event	Date
Report Phase Consultation	15 January 2024 – 15 February 2024
Present Draft Modification Report to Panel	14 March 2024
Issue Final Modification Report to Authority	21 March 2024

Recommendations

We invite the Panel to:

- a) **RAISE** this Modification Proposal in accordance with BSC Section F2.1.1 (d) (iv);
- b) **AGREE** that this Modification progresses directly to the Report Phase;
- c) **AGREE** that this Modification:
 - i. **DOES** better facilitate Applicable BSC Objective (d);
- d) **AGREE** an initial view that this Modification **SHOULD NOT** be treated as a Self-Governance Modification;
- e) **AGREE** that this Modification **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- f) **AGREE** the impact on the EBGL objectives;
- g) **AGREE** an initial recommendation to the Authority that this Modification should be **APPROVED**
- h) **AGREE** an initial Implementation Date of:
 - i. **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before 9 September 2024; or
 - ii. **14 November 2024** if an Authority decision is received after 9 September 2024 but on or before 7 November 2024; or
 - iii. **5 Working Days** after an Authority decision if that Authority decision is received after 7 November 2024
- i) **AGREE** the draft Legal Text;
- j) **NOTE** that Elexon will issue the 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 **14 March 2024**.

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**BSC Party Applicant Suitability Checks
346/05**

Public

Loretta Bolah

11 January 2024

- Transmission License requires the BSC to include provisions relating to the accession to the BSC of new Parties but explicitly leaves it to the BSC to stipulate conditions to be fulfilled on accession.
- BSC Section A ‘Parties and Participation’ sets out the provisions and requirements of Parties acceding to and withdrawing from the BSC.
- Within the current provisions, the BSC does not provide persons seeking to accede to the Code with the obligation to comply with any standards of suitability to enter the electricity market.
- This could pose a risk to existing BSC Parties who ultimately bear the costs incurred by Parties who do not comply with the BSC.

What we have done

- Reviewed the BSC
- Engaged with Ofgem to understand the checks they conduct on persons of 'Significant Managerial Responsibility or Influence'.

Following our discussions with Ofgem and internal assessment, Elexon believes it would be beneficial to implement its own checks prior to Parties acceding to the BSC, to mitigate the risk of unsuitable entities entering the market. Practices we could implement include:

1. In-depth checks using Companies House to check for unfavourable business activity e.g. previous insolvency cases, charges
2. The use of companies who specialise in the supply of business information and research
3. Introducing clear questions within the accession form to ascertain more details including those of the persons of significant managerial responsibility or control of new Parties and whether they could pose any risk to industry.
4. Introducing a discretionary power for the Panel to assess any unfavourable disclosures or findings and impose mechanisms to deal with those e.g. denying or deferring a Party's accession unless certain conditions are met.
5. Keeping an internal records of the results of such checks and Panel decisions to cross-check, consider previous business activities and suitability to re-enter the market.

Other Considerations

- Different outcomes of Elexon and Ofgem's checks
- Retrospective checks on existing BSC Parties
- Timescale

Recommendations

We invite the Panel to:

- a) **COMMENT** on the appropriateness of Elexon conducting director suitability checks; and
- b) **DETERMINE** whether a Modification to the BSC should be raised to allow imposing checks on the directors of new Parties, and whether the Panel would be comfortable to act as the Proposer for this Modification.

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THANK YOU

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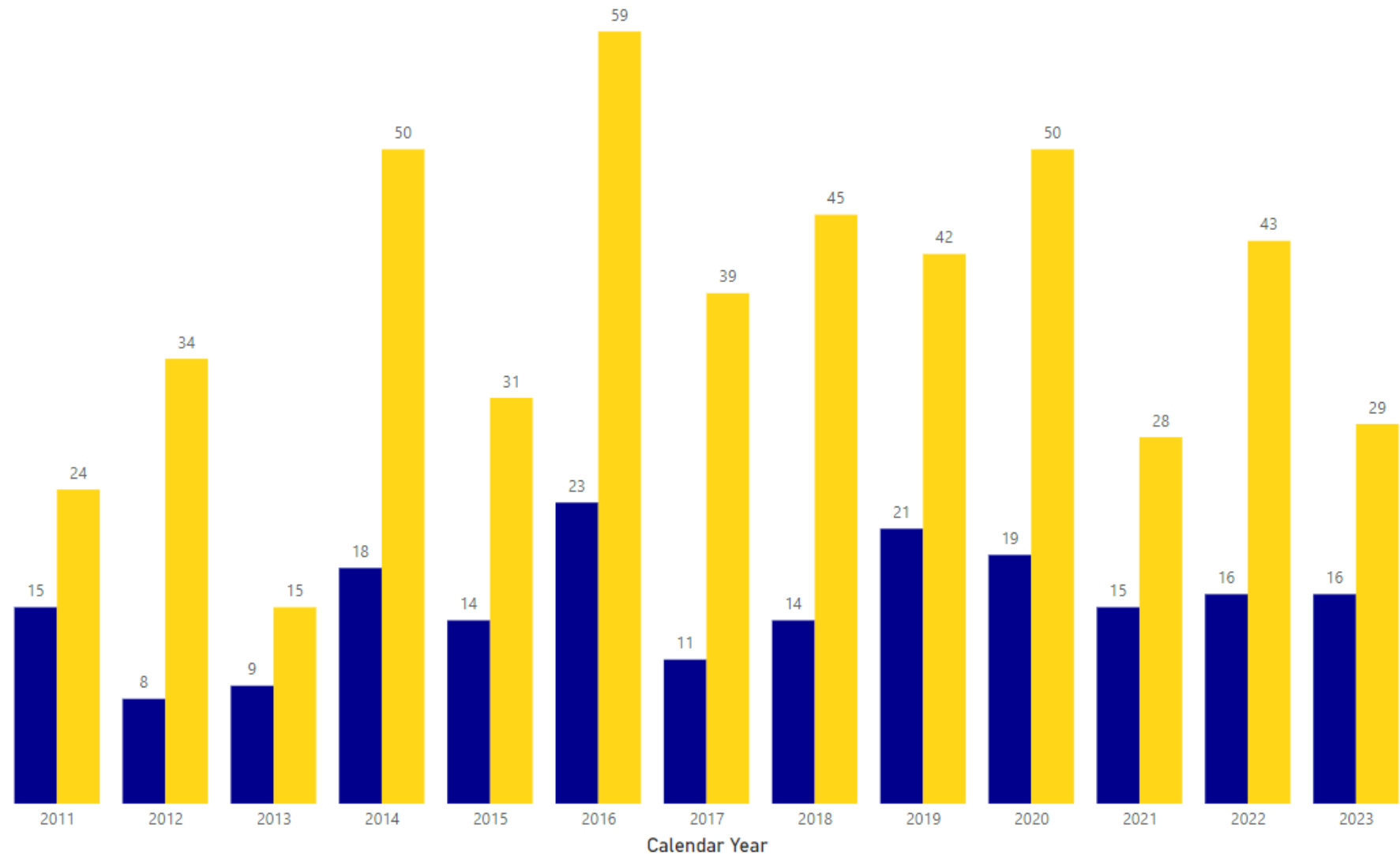
**Change Report and Progress of
Modification Proposals**

346/02 – Ivar Macsween

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	- [New Modification] BSC Section N to support FAA
Assessment Procedure	P462, P463, P412, P441, P444 (Sent Back), P455, P459
Report Phase	P461, P442
Urgent	-
With Authority (decision cut-off)	- P451, P454 (+5 WDs after Ofgem decision) P432 (+3 months after Ofgem decision)
Authority Determined (implementation date)	-
Self-Gov. Determined	- P465 (closed 9 January 2024)
Fast Track Determined	-
Withdrawn	-
Open Issues	Issue 101, Issue 103, Issue 109

BSC Modifications approved timelines

	Ext. Reqs.	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24	May 24	June 24	July 24	Aug 24
P412 'Non-BM Balancing Providers pay for non-delivery imbalance'	4										
P441 'Creation of complex site classes'	3							AR	DMR		
P442 'Reporting FCL for exempt and licenced supply'	2		AR	RPC	DMR						
P451 'System Restoration'	1		DMR	WA							
P454 'Removal of obligation to provide TIBCO service'	1	AR	DMR	WA							
P455 'On-site aggregation method'	1					AR	DMR				
P459 'Allow different Supplier Agents for Import and Export MSIDs'	0						AR	DMR			
P461 'Accurate Reporting of Customers Delivered Volumes to Suppliers'		IWA	RPC	DMR							
P462 'The removal of subsidies from Bid Prices in the Balancing Mechanism'		IWA									
P463 'Introduce a Standard Change Process'		IWA				AR	DMR				

BSC Change Release Roadmap

2024	2024			Un-allocated
Ad-hoc	Feb	Jun	Nov	
P432 'HH Settlement for CT Adv. Meters' (+3 months after the Authority's approval)	P464 'Housekeeping and updating BSC references to "Consumer Scotland", "Generation Curtailment Validation Committee" and "GCVC"	P455 'On-site aggregation methodology'	P415 'VLP access to wholesale market'	P412 'Non-BM BS providers pay non-delivery'
P454 'TIBCO retirement' (+5WDs)	CP1578 'Enabling Embedded LDSOs to submit Site Specific LLFs'		P444 'Compensation for VLP actions in the BM'	P441 'Creation of complex site classes'
P451 'System Restoration' (+5WDs)	CP1584 'Allow non-BSC Parties to raise CPs'	,	P442 'Reporting FCL for exempt and licenced supply'	P459 'Allow different Supplier Agents for Import and Export MSIDs'
	CP1582 'Remove MA from BSCP520'		CP1589: Create Additional Market Participant Role Codes	MHHS
	CP1586 'Defining the requirements for Minimum Burden and CT ratios		P465 'Correction to P415 legal text to amend Credit Cover requirements for Virtual Trading Parties'	P462 'The removal of subsidies from Bid Prices in the Balancing Mechanism'
	CP1587 'Obsolete Metering Equipment'		P461 'Accurate Reporting of Customers Delivered Volumes to Suppliers'	Future System Operator
	CP1588 'Mandating Calibration Checks for Main and Check Meters'			Nuclear RAB
	CP1590 'Enabling use of DTN agent appointments process for P434'			

Key

Approved

With Authority

Report Phase

Assessment Phase

Direction

Urgent

Upcoming Modification Proposals

- We are supporting Proposers on the following upcoming Modification Proposals:
 - Outcome from Issue 102: Allow more than one Alternative for BSC Modifications → Early 2024
 - Outcome from Issue 105: Further considerations following implementation of BSC Modification P448 → February 24
 - Consequential change to BMRS to facilitate GC0156 → February 24
 - Potential change to BSC Party Director Suitability checks → Early 2024

Recommendations

We invite the Panel to:

a) NOTE the contents of the January 2024 Change Report.

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**P461 'Accurate Reporting of Customers
Delivered Volumes to Suppliers'**

346/03 – Serena Tilbury

11 January 2024

P461: Issue and Proposed solution

Issue

- The details reported to Suppliers (where customer consent is given) when a customer delivers a Bid Offer Acceptance (BOA) through a Virtual Lead Party (VLP) do not reflect any adjustments made to that data in Settlement

Proposed solution

- Values reported to Suppliers on the P0287 'Secondary Half Hourly Delivered Volumes' data flow should incorporate any adjustments made by the Settlement Administration Agent (SAA)

Panel and Proposer views on the Objectives

- This change is expected to positively impact competition (Objective (c)) in the sale and purchase of electricity, by providing Suppliers with more accurate information on the actions taken by their customers through VLPs and allowing them to charge those customers in a way that is cost-reflective and consistent with agreed contractual terms

P461: Impacts & Costs

- Updates to Settlement Administration Agent (SAA) and Data and Calculations Platform (DCP) systems
- Document changes to BSC Section S Annex S-2, Section T, Section X-2
- Impact on EBGL Article 18 balancing terms and conditions due to updates to Section T4:
 - We do not believe this proposal has a direct or material impact on the EBGL provisions and is therefore neutral against the EBGL objectives
 - A calculation is being added into SAA to obtain an adjustment ratio as the most efficient place for this to be done. This will be sent to DCP and not used in Settlement

Organisation	Implementation (£)	On-going (£)	Impacts
Elexon	170k – 260k	0	Cost to update DCP & SAA systems
NGESO	0	0	
Industry	L	L	No materials impacts on Suppliers were disclosed during the RFI or RPC
Total	170k – 260k	0	

P461: Request for Information and Report Phase Consultation

- P461 was first brought to Panel on 12 October. Panel deferred for one month, so that an RFI could be carried out
- On 9 November 2023, Panel were advised that the RFI had uncovered no material impacts arising from the proposed solution

P461: Report Phase Consultation responses

- The Report Phase Consultation ran from 16 November 2023 – 18 December 2023
- No responses were received
- Elexon published the Report Phase Consultation via the usual distribution lists and posted a weekly reminder in our external newsletter
- One Supplier and VLP, who had responded to the RFI, requested a meeting to discuss the consultation. They confirmed that they “did not see a problem with the change to the timing of settlement data flows”

P461: Recommendations

We invite the Panel to:

- a) **AGREE** that P461:
 - i. **DOES** better facilitate Applicable BSC Objective (c);
- b) **AGREE** a view that P461 **should not** be treated as a Self-Governance Modification;
- c) **AGREE** that P461 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;
- d) **AGREE** the impact on the EBGL objectives;
- e) **AGREE** a recommendation to the Authority that P461 should be **approved**
- f) **APPROVE** an Implementation Date 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) **APPROVE** the draft Legal Text;
- i) **APPROVE** the P461 Modification Report