

Minutes

BSC Panel

Meeting number	347	Venue	Elexon Offices – Ice Blue Room/Video Conference
Date of meeting	08 February 2024	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
Andy Manning	AM	Citizens Advice representative
Camille Gilsean	CG	ESO Panel Member
Carly Malcolm	CM	Ofgem (part meeting)
Chris Welby	CW	Elexon (part meeting)
Derek Bunn	DB	Independent Panel Member
Diane Dowdell	DD	Industry Panel Member
Euan Graham	EG	Citizens Advice Representative
Fionnghuala Malone	FM	Elexon BSC Admin Team Leader
Fungai Madzivadondo	FMad	ENA
Ivar Macsween	IM	Modification Secretary (part meeting)
James Lewis	JL	Department of Business and Trade (part meeting)
James Nixon	JN	Industry Panel Alternate
John Lucas	JLu	Elexon (part meeting)
Jonathan Coe	JC	Ofgem Representative

Attendees and apologies

Joseph Henry	JH	NGESO (part meeting)
Kate Elswood	KE	DESNZ (part meeting)
Kathryn Gay	KG	EMRS (part meeting)
Kristian Marr	KM	Ofgem (part meeting)
Lawrence Jones	LJ	Elexon (part meeting)
Lisa Waters	LW	Industry Panel Member
Loretta Bolah	LB	Elexon (part meeting)
Mark Oxby	MO	Industry Panel Member
Michael Robertson	MT	Industry Panel Member
Peter Stanley	PS	Elexon CEO
Robert Clay	RC	DESNZ (part meeting)
Ross Haigh	RH	LCCC (part meeting)
Tom Edwards	TW	Industry Panel Member
Victoria Moxham	VM	Panel Secretary
Yinka Afolabi	YA	Elexon (part meeting)

Apologies

Open Session

1. Introduction

- 1.1 The Chair noted apologies from Andy Manning till 11.15, Euan Graham was his alternate until then.

Part I: Non-Modification Business (Open Session)

2. Update on the FSO programme and the work of the Cross Code Working Group (CCWG) (Verbal)

- 2.1 Carly Malcom (CM) from Ofgem joined the call and presented on the FSO updates in the CCWG.
- 2.2 There was a discussion about what the FSO will be referred to in the various Codes in the future, i.e. NETSO, NESO or ISOP. CM noted that to update all of the Codes to reflect these changes takes time and that the capacity to implement the Codes varies across all of them. CW noted that the preferred solution is temporarily to refer to the NETSO as NGESO, due to the time taken to update all of the codes. LJ added that, given the backdrop of the MHHS changes, it would be more efficient to raise a Housekeeping Modification next Summer (2025) to implement any definition changes, post MHHS implementation.
- 2.3 There was discussion on the BETTA transition, how that had worked and the time it had taken, to which CM noted that the proposed CCWG changes began with Groups 1 and 2, with Group 3 being looked at in more detail in future. A Panel Member expressed their concern with changes in other Sections for GSP groups. The Chair queried whether the FSO would have full membership and voting rights in the Panel. A Panel member asked whether the NESO would be independent and impartial, adding that they would be a counterparty in markets and had an incentive to act in a particular way. It was confirmed that the specifics of Code governance

reform will be looked at in due course. The NGESO Panel Member noted the update from Ofgem was very helpful.

2.4 A Panel Member expressed that Ofgem would need to consider NGESO's regulatory structure including considering incentives and to what extent the voting should change, given the transition to FSO. Other Panel Members supported this proposal.

2.5 The BSC Panel:

a) **NOTED** the update.

3. **DESNZ Update on Elexon Ownership Change**

3.1 Kate Elswood (KE) and Robert Clay (RC) from DESNZ joined and provided an update, looking at flexibility in terms of which company was nominated (so long as they had a licence), exit arrangements and top-up arrangements. It was confirmed that there were no circumstances in which liability was held by the shareholders. The BSC funding arrangements would continue to apply and the shareholders would not control Elexon.

3.2 There was discussion around changes in licences regarding the BSC. KE confirmed that this will be signed off by the Secretary of State under the powers defined in the Energy Act. It was noted that this date is not yet defined and therefore is reliant on when the FSO is designated.

3.3 A Panel Member queried the reasoning behind allowing Parties to voluntarily become shareholders. KE noted that to give parties the opportunity was included as an option in proposed drafting, however noted that they were unsure if Parties would want this. Another Panel Member queried if there was appetite for the Panel to formally respond to this consultation.

3.4 The Chair queried whether there would be a 'fit and proper assessment' of any individual before being granted the permission to be a shareholder. KE noted that Elexon have the right to refuse or revoke any inappropriate shareholders. A Panel Member noted that guidance would be helpful for this assessment, and the Chair noted that they would take it away to discuss with the CEO and Elexon Board. Chris Welby (CW) noted that Elexon would conduct their own due diligence in a similar way to how Ofgem does its own assessment on supply side. It was noted that the assessment is not retrospective and therefore there is a risk. The point was also raised by a Panel Member around VLPs and aggregators and the Chair highlighted that the Energy Act had established new categories of licences which can be designated, including potentially for aggregators.

ACTION: 347/01 – Chair to discuss 'fit and proper' assessments with CEO and Elexon Board

3.5 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

4. **Change Report and Progress of Modification Proposals (347/02)**

4.1 The Modification Secretary (IM) presented the contents of the February Change Report.

4.2 IM provided an update on action 346(01). IM presented analysis showing that, of the 20 Modifications that received a decision from Ofgem in 2022/2023, four featured multiple 'decision by...' implementation routes. Of the four, two had received approval in time for the earlier implementation option, one came after the earliest implementation threshold, while one was rejected. The Panel noted that half of all examples had received decisions by their earliest decision threshold date and were satisfied that this appeared to be a valuable option to present to Ofgem when there are benefits associated with an earlier decision. IM also noted that split or multiple dates are becoming more prevalent due to increased complexity around release planning, which drives a need to carefully plan Modification implementations around current major changes to Elexon systems and industry programmes that require careful consideration of impacts and lead times.

4.3 There was discussion around Ofgem's targets and how they set decision dates. The Ofgem Representative noted that, wherever possible, Ofgem looks to give decisions to meet the earliest implementation dates. Further, he noted that, given the Code landscape is changing over the next few years, this may also be subject

to change. A Panel Member highlighted that DCP392 has been sat with Ofgem since October 2022 and therefore queried whether they are working at pace and raised queries about Ofgem's priorities.

4.4 Another Panel Member noted their interest in understanding Ofgem's relationship with CaCoP as they had previously seen it side-lined in industry processes. The Ofgem Representative noted that the direction of CaCoP is still to be defined, however it is noted as a benefit for implementing Code Reform.

4.5 The BSC Panel:

- a) **APPROVED** a 3 month extension for P463; and
- b) **NOTED** the contents of the February 2024 Change Report.

5. 'Enabling Elexon to support the (currently in draft) Electricity Support Payments and Levy Regulations 2024' – Designation request and Initial Written Assessment (347/03)

5.1 James Lewis (Department of Business and Trade) and Ross Haigh (RH) from LCCC joined.

5.2 IM clarified that the word 'defect' is the term that means there is nothing currently in the BSC which allows this.

5.3 JL provided context that the DBT had previously explored the possibility of relieving Energy Intensive Industries (EII) of exposure to network charges through changes to that regime and that there were numerous technical issues regarding network charging which sat with Ofgem. However, he noted that that had proven infeasible, as it would contradict Ofgem's independence, as the policy had been designed to relieve EII without amending the network charging regime. A Panel Member queried why a Modification could not be raised in the CUSC and DCUSA with Ofgem's approval. JL noted that this approach would be the wrong way to deliver the solution. Further, he reminded the Panel that the Policy was clear and then Elexon have been designated to do the job, therefore the vires need to be changed.

5.4 A Panel Member queried how money gets to EII. JL noted that a portal would be set up for EII to submit charging data once the costs were incurred, and Elexon would then calculate how it would recoup this from Suppliers, which the system will guarantee the regularity of payment. RH noted that charges will be paid as they are expected to and following this, the levy would kick in.

5.5 A Panel Member queried in relation to the EII how it works if someone is on a private wire network supply from other industrial customers. JL noted that any private wire systems are out of scope to the scheme but are aware that EII are on the grid.

5.6 JL noted that it is estimated that between £190-260m per annum will need to be raised through this scheme.

5.7 In relation to the separate funding mechanism, the Elexon CEO noted that the scheme is set up so that admin costs get recovered through the total scheme, not through Section D charges.

5.8 JLu noted that, given Elexon's position, it could deliver the Modification more easily than someone coming to it cold, and therefore would reduce the administration costs picked up by customers.

5.9 A Panel Member queried of JL and the Ofgem representative whether the system was gameable, and whether an audit would be used to regulate this. JL noted that EII will have to present data and it would be handled in a proportionate way.

5.10 The BSC Panel:

- a) **DESIGNATED** LCCC to raise the attached Modification Proposal;
- b) **AGREED** that this Modification progresses directly to the Report Phase;
- c) **AGREED** that this Modification:
 - i) **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) **5 Working Days** following Authority approval;

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 March 2024.

6. **P467 'Enduring solution for cash out price calculation in the event of a Gas Deficit Emergency (GDE) Initial Written Assessment (347/04)**

6.1 Joseph Henry (JH) from NGESO (acting as the proposer) and Simon Dickie (Elexon) joined the meeting.

6.2 Anshu Choudhary (AC) joined to present on P467.

6.3 The Ofgem Representative noted that he was unsure what impacts this Modification would have on EBGL, and therefore noted that Ofgem might be in a position where they are unable to approve the Modification if EBGL timelines are not followed and it is later determined that the Modification does in fact impact EBGL.

6.4 Tina Wirth (TW) from the Elexon Legal Team advised the Panel that their Legal view of this Modification is that it does not impact EBGL, JH confirmed that ESO agreed with this sentiment.

6.5 The Ofgem representative clarified that the Ofgem colleagues that TW had spoken to were not lawyers, and therefore no Ofgem legal view had been provided. The Ofgem representative also clarified that the Ofgem team that TW had engaged with had not provided a view that P467 did not impact EBGL.

6.6 The Ofgem Representative noted that the delay to this Modification would be greater if it were found that it does in fact impact EBGL in the future instead of incorporating the one-month consultation period at the IWA stage. #After speaking with the internal legal team during the meeting, it was clear Ofgem was unable at this stage to provide its legal view.

6.7 The Panel discussed whether they believed the Modification impacted EBGL or not, and upon considering the impact of what was proposed as well as assessing the risk of delay if it was later deemed the Modification impacted EBGL, the Panel was minded to the precautionary view that the Modification DOES impact EBGL and therefore that it would need a one-month consultation instead of the proposed two-weeks.

6.8 JH noted that the likelihood of a Gas Deficit Emergency (GDE) is relatively low, and SD clarified the process is that information would be sent to Elexon a couple of days after the event has happened. Therefore, he noted there is a manual process which then removes the data for the next settlement run. It was confirmed that the Workgroup didn't go into the level of detail in relation to whether the system will 'flag' this on the BMRS. JH confirmed that the Modification is looking to progress with the least expense but quickest development time.

6.9 A Panel Member expressed concern at the level of detail the Workgroup have discussed, especially with the pending implementation of the National Energy System Operator (NESO). The ESO Panel Member noted that it had coordinated with NESO Gas-side about units and are looking to see if improvements can be made year on year.

6.10 The BSC Panel:

a) **AGREED** that P467 progresses directly to the Report Phase;

b) **AGREED** that P467:

i) **DOES** better facilitate Applicable BSC Objective (a);

ii) **DOES** better facilitate Applicable BSC Objective (b); and

iii) **DOES** better facilitate Applicable BSC Objective (d);

c) **AGREED** an initial view that P467 should not be treated as a Self-Governance Modification;

d) **AGREED by majority** that P467 **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;

e) **AGREED** an initial recommendation to the Authority that P467 should be approved;

f) **AGREED** an initial Implementation Date of:

i) **27 June 2024** if an Authority decision is received on or before **1 May 2024**; or

ii) **9 November 2024** if an Authority decision is received after **1 May 2024**; but on or before 01 October 2024;

g) **AGREED** the draft Legal Text;

h) **NOTED** that Elexon will issue the P467 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 April 2024.

7. **P442 'Reporting to EMRS of chargeable volumes for SVA Metering Systems that record both exempt and licensed supply' Draft Modification Report**

7.1 A Panel Member noted that the Modification is clear on its narrative, however, queried whether the alternative solution was being advocated because the proposed solution was out of scope, and not because it cost a significant amount of money. JS noted that the Workgroup members felt like it wasn't an issue that needed to be addressed as having so many players involved may cause issues for customers.

7.2 JS reiterated that the Alternative solution was an improvement on the baseline for suppliers, where the main benefit of the proposed solution was that it would be better for customers instead of exempt suppliers.

7.3 The BSC Panel:

a) **AGREED** that the P442 Proposed Modification:

- i) **DOES** better facilitate Applicable BSC Objective (c); and
- ii) **DOES** better facilitate Applicable BSC Objective (f);

b) **AGREED** that the P442 Alternative Modification:

- i) **DOES** better facilitate Applicable BSC Objective (c);
- ii) **DOES** better facilitate Applicable BSC Objective (d); and
- iii) **DOES** better facilitate Applicable BSC Objective (f);

c) **AGREED** that the P442 Alternative Modification is better than the P442 Proposed Modification;

d) **AGREED** that P442 should not be treated as a Self-Governance Modification;

e) **AGREED** that the P442 Proposed Modification **DOES** impact the EBGL Article 18 terms and conditions held within the BSC;

f) **AGREED** that P442 is consistent with the EBGL objectives;

g) **AGREED** that the P442 Alternative Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;

h) **AGREED** an initial recommendation to the Authority that the P442 Alternative Modification should be approved and that the P442 Proposed Modification should be rejected;

i) **AGREED** an initial Implementation Date for the Proposed and Alternative Modification of:

- i) **7 November 2024** as part of the Standard November 2024 BSC Release if an Authority decision is received on or before 8 March 2024; or
- ii) **27 February 2025** as part of the Standard February 2025 BSC Release if an Authority decision is received after 8 March 2024 but on or before 10 May 2024;

j) **AGREED** the draft Legal Text for the Proposed Modification;

k) **AGREED** the draft Legal Text for the Alternative Modification;

l) **AGREED** the draft amendments to the Code Subsidiary Documents for the Proposed and Alternative Modification; and

m) **DELEGATED** ownership of BSCP606 'BM Unit Eligible Exempt Supply Volumes for Exempt Supply Notification Agents' as a Category 1 BSC Configurable Item to the Supplier Volume Allocation Group (SVG).

8. **Approval of changes to Standard Modification Workgroup Terms of Reference (347/10)**

8.1 The BSC Panel:

- a) **APPROVED** the changes to the Standard Modification Workgroup Terms of Reference.

Part III: 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 346 and reviewed the Actions arising.

10. Chair Report (Open)

10.1 The Chair :

- a) highlighted that it had been announced earlier that day that it was the world's first year long breach of 1.5 degrees and that sea temperatures are the highest ever recorded;
- b) Indicated that the BSC Panel elections will be coming in the later part of 2024, with nominations in July, then voting and will announcements in September.
- c) Informed the Panel that there was an Energy industry Panel Chair's meeting convened for after the day's Panel to look at the consultation.
- d) Reported on a positive introductory meeting with the new Ofgem Chair, Mark McCallister, who had highlighted he wanted to create a 'more intelligent Ofgem'.
- e) Talked about the UKERC report on Labour's proposals to set up a publicly owned energy company, which had a number of recommendations, including a proposal that Labour should focus GB Energy down more tightly and also a proposal of setting up a Net zero delivery unit –
- f) Said that, with the Elexon CEO, they had met with Ofgem regarding the Market Facilitator, including data, digitalisation and MHHS. PS noted Ofgem was pleased with the pace of delivery. The Chair also noted that it had been indicated that the licence exemption review had been deprioritised by DESNZ.
- g) Thanked Phil and the rest of the Panel for their contributions to the consultation on Market Facilitator

10.2 A Panel Member noted that Ofgem staff do not put phone numbers on email signatures. The Ofgem representative responded they did not believe this to be an Ofgem policy or standard practice.

10.3 The BSC Panel:

- a) **NOTED** the update.

11. Elexon Report – (346/01)

11.1 The Elexon CEO noted:

- a) That they appreciated the comments from the Panel on the closing consultation from the central MHHS programme;
- b) The business plan will focus on Elexon's relationship to Helix and the reframing
- c) That Elexon Support ServiceNow platform was launched in January.
- d) The Insights solution Platform in February will decommission BMRS subject to P454, where the decision timetables would be towards the end of February.

11.2 A Panel Member raised their concern about the Service received from the EMRS function, including not responding to emails and being given differing advice. The CEO confirmed he would follow up on this.

11.3 The BSC Panel:

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

12. Standing and Tabled Reports

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

12.2 A Panel Member noted that the PAB had not endorsed the proposed Performance Assurance Framework Changes for Market-wide Half Hourly Settlement. Elexon explained that there were certain aspects of the proposed changes to BSC Section S relating to the granularity of PARMs reporting, but that the PAB was satisfied for the changes to be issued for industry review, subject to the inclusion of a statement explaining the PAB's viewpoint.

13. DNO Report

13.1 The DNO Representative stated that they had no updates.

13.2 The BSC Panel:

- a) **NOTED** that there was no update.

14. ESO Report

14.1 The ESO Panel Member highlighted:

- a) The feedback received about the open balancing platform and why things take so long in systems. They suggested that a representative of NGENSO attend the Panel to talk about this to ensure there is sufficient knowledge sharing. A Panel Member queried how generally the IT projects conduct research with the users of system to inform them of the system design, for example talking to Parties. The ESO Panel Member noted that this is present in connections and CMAG platform.
- b) The operational metering announcement on 6 February where ESO would be relaxing standards to +/- 0.25%. It was highlighted that this will be tested to see what enduring solution will be to remove barriers to distributed flexibility.
- c) The C16 Consultation closes 15 February.
- d) Webinars on FSO will be held to discuss what will be delivered on Day 1 and responsibilities of this .
- e) The markets forum will be launched on 7 March.

14.2 The BSC Panel:

- a) **NOTED** the update.

15. Ofgem Report

15.1 The Ofgem Representative highlighted:

- a) In relation to Code Reform, Ofgem would be meeting with Panel Chairs on 8 February and are looking to attend Panels too to have discussion.
- b) Ofgem is seeking to develop new Code Modification processes and therefore is looking for people who are experts in Modifications to attend the Workgroup. They noted to contact via his email: Jonathan Coe (External): industrycodes@ofgem.gov.uk
- c) A Panel Member noted that the template for providing feedback on the Code Reform consultation is a spreadsheet and therefore queried whether there is a better way to provide comments and responses. The Ofgem Representative agreed to take this away, taking into consideration accessibility requirements.

ACTION 347(02): Ofgem Representative to discuss internally the best way to request consultation responses, ensuring accessibility for respondents.

15.2 The BSC Panel:

- a) **NOTED** the update.

16. MHHS Update

16.1 HA (Director of Strategic Programmes) provided an update on the MHHS programme, including Component Integration Testing (CIT).

16.2 There was a discussion on the interdependencies between MHHS and Helix projects, governance and separation of roles, limitations of current separation agreements during transition, and the need to coordinate industry readiness and migration arrangements between the projects. It was acknowledged that these risks and integration issues during the transition period have to be managed effectively.

16.3 The BSC Panel:

- a) **NOTED** the update.

17. Amending Baseline Methodology Document for P415 (347/06)

17.1 The Panel discussed a potential gaming risk related to a methodology laid out in P376. A Panel Member thought there could be a risk of gaming if Parties know in advance they can adjust something in a certain situation. IN acknowledged the risk but suggested that it is quite unlikely to actually happen.

17.2 A Panel Member expressed concern about adding virtual trading to a day list within a 45 day window, where it could be re-dispatched daily. IN noted this aligned with Section S and further noted this solution was better

short term but imperfect, and ESO was looking at it internally. IN proposed putting this out for consultation. IN agreed to take away the point of what would happen if all 45 days were event days under one methodology.

ACTION 347/03: IN to assess what would happen if all 45 days were Event Days.

17.3 The BSC Panel:

- a) **COMMENTED** on the option proposed by Elexon to amend the Baseline Methodology Document for P415;
- b) **PROVIDED** comments or additional questions for inclusion in the consultation; and
- c) **AGREED** the period of three weeks for the consultation.

18. Update to P427 Peer Comparison Data (347/07)

18.1 The BSC Panel:

- a) **APPROVED** the routine publication under modification P427 of UMS NHH MSID count, UMS MSID HH count and UMS NHH and HH run volumes, per Appendix A.

19. Consultation on the Implementation of the Energy Code Governance Review (Verbal)

19.1 A discussion was held on the recently published Ofgem consultation on Implementation of the Code Governance Review.

19.2 The Chair noted that there was no final Strategy and Policy Statement (SPS) published, and queried whether achieving the Strategic Direction Statement was dependent on this.

19.3 The Ofgem Representative noted that they have the powers to enact Code Reform for a maximum of 7 years, which would expire in 2030. They noted that their ambition is to have the first Code Managers in place in 2026.

19.4 A Panel Member noted that Code Administrators are already licensed and therefore in the scheduling of this recommended that these should be pushed out.

19.5 A Panel Member queried how precise Ofgem's directions to Code Managers will be, in terms of converting aspirations into directions. The Ofgem Representative confirmed this is being considered as part of their work-in-progress. The Chair noted that it was a thorough and helpful document.

19.6 A Panel Member noted that previously it was a long and tedious process when Codes were written and therefore suggested that the Regulator and Government make the decisions to avoid delays to merging them. The Chair queried whether the strategic body may morph from being Ofgem to the NESO. The Ofgem Representative highlighted that the current consultation has been written in the context of Ofgem taking on a new strategic role in codes, in accordance with the provisions of the Energy Act 2023.

19.7 A Panel Member expressed their view that Ofgem's resourcing is pivotal in the progress of implementing Code Reform. Another Panel Member suggested that Code Administrators are appointed in the first instance to allow for a clear vision on who is leading on what area of work.

19.8 A Panel Member queried what view the qualitative drafting impact assessment took on the cost of REMA. It was discussed that whilst Ofgem has the powers to instruct Code Administrators to change their objectives, so that all Code objectives were common, this might be unlikely to happen due to other priorities including REMA.

19.9 The ESO Panel Member noted that they are working on the assumption that ESO would provide a separate consultation response and therefore not be included in the BSC Panel response.

19.10 In relation to a point made about a possible change of Government, the Ofgem Representative noted that Ofgem seek to attend the next Panel meeting to have a deeper discussion, and also host a subsequent webinar to engage with Parties.

19.11 The BSC Panel will now draft up a formal response for discussion at the March Panel meeting, noting the deadline for responses to the consultation is 23rd April 2024.

20. Next meeting

20.1 The next scheduled meeting of the BSC Panel will be held on Thursday 14 March 2024.