

## P413 Digital Meeting Etiquette

---

- Welcome to the P413 Workgroup meeting 4 – we'll start shortly
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use IM if you can't break through
- Talk – pause – talk
- Lots of us are working remotely – be mindful of background noise and connection speeds

# ELEXON

---

## **P413 Workgroup 4 Meeting**

---

Enable Elexon to be the Programme  
Manager for the implementation of Market-  
wide Half Hourly Settlement

25<sup>th</sup> January 2021

# Meeting Outcomes & Agenda

## Meeting Outcomes

- Consider responses received to Assessment Procedure Consultation
- Agree Proposed Modification
- Agree whether to progress an Alternative Modification
- Provide final views against Applicable BSC Objectives and recommendations to BSC Panel

Agenda Item	Lead
1. Welcome and meeting objectives	Claire Kerr ( <i>Chair</i> )
2. Consider responses to Assessment Consultation	Chris Arnold ( <i>Lead Analyst</i> )
3. Finalise Proposed Solution	Workgroup
4. Agree whether to progress an Alternative Modification	Workgroup
5. Agree Implementation Approach	Workgroup
6. Final views against the Applicable BSC Objectives	Chris Arnold
7. Summary & next steps	Chris Arnold
8. Meeting Close	Claire Kerr



# CONSIDER RESPONSES TO ASSESSMENT CONSULTATION

## Assessment Consultation Responses Tally

Question	Yes	No	Neutral/No Comment	Other
1) Do you agree with the Workgroup's initial view that P413 does better facilitate the Applicable BSC Objectives than the current baseline?	4	1	0	0
2) Do you believe the potential Alternative Modification better facilitates the Applicable BSC Objectives than the Proposed Modification:				
a) Without adjustment to the General Funding Shares (requirement 14a))				
b) With adjustment to General Funding Shares (requirement 14b))				
If yes to both, please state which of a) and b) you believe is best and why.	1	3	1	0
3) Do you agree with the Workgroup that the draft legal text in Attachment A delivers the intention of P413?	4	0	1	0
4) Do you agree with the Workgroup's recommended Implementation Date?	4	1	0	0
5) Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?	4	1	0	0
6) Do you agree with the Workgroup's assessment that does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?	4	0	1	0
7) Will P413 impact your organization?	2	3	0	0
9) How much will it cost your organisation to implement P413? What will the ongoing cost of P413 be to your organization?	N/A	N/A	N/A	N/A
10) How long (from the point of approval) would you need to implement P413?	N/A	N/A	N/A	N/A
11) Do you have any further comments on P413?	2	3	0	0

# Assessment Consultation Responses

---

## Key Points:

- Four of five respondents agreed that the Proposed Modification better facilitates the Applicable BSC Objectives than the current baseline
- One of five respondents believed that potential Alternative Modification Option 2 better facilitates the Applicable BSC Objectives than the Proposed Modification, three did not express support for either Alternative option and one (a Party Agent) was neutral
- Four of five respondents agreed with the Implementation Date – the other respondent didn't support the implementation of P413 in principle
- No respondents required any further implementation lead time
- Two respondents said they would be impacted by P413 in the sense that their BSCCo Charges would increase
- No respondents identified any other significant/direct costs as a result of implementing P413
- All respondents agreed with the Proposed Modification legal text or were neutral – there were no comments on the text
- No respondents identified any increase in Settlement risk resulting from the implementation of P413
- All respondents agreed that P413 has no impact on the EBGL Article 18 Terms and Conditions





# FINALISE PROPOSED MODIFICATION

## Summary of Proposed Modification

---

- Requires Elexon to provide MHHS Implementation Management services under the BSC, as BSCCo, if Ofgem determines that Elexon shall provide some or all of these services
- Services may include activities and responsibilities relating to MHHS programme management, system integration and programme party co-ordination (or any part of these)
- If and to the extent required by Ofgem, Elexon will be accountable to Ofgem for its performance of these services
- Elexon may appoint a MHHS Implementation Assurance Provider (and shall appoint or remove any such provider if asked to do so by Ofgem)
- Allows Elexon to participate in any competitive tender exercise that may be used to determine the provider(s) of MHHS Implementation Management services
- Costs involved in Elexon bidding for, or providing, MHHS Implementation Management services will be recovered from BSC Trading Parties by market share (through existing Main Funding Share mechanism). Elexon bid costs will be capped at £100k
- Requires Elexon to report, to BSC Panel and BSC Parties, its costs incurred in bidding for and/or providing MHHS Implementation Management services as well as any costs incurred in respect of the MHHS Implementation Assurance Provider
- Central implementation costs of Proposed Modification, as document-only change, are £0.3k-£0.4k.
- Full business requirements and legal text included in Assessment Consultation.





# AGREE WHETHER TO PROGRESS ALTERNATIVE MODIFICATION

---

## Summary of potential Alternative Modification included in Assessment Consultation

---

Only difference from Proposed Modification is that it recovers Elexon's ongoing costs in providing MHHS Implementation Management services solely from Suppliers by market share (through new Specified BSC Charge)

### Option 1

Trading Parties' General Funding Shares (and therefore their Default Funding Shares, Default Share Amounts and below-cap Voting Shares) change in line with any changes that the new Specified BSC Charge makes to their overall proportion of Elexon's total BSC Costs.

Central implementation costs: £32.5k-£43.7k.

### Option 2

Trading Parties' General Funding Shares (and therefore their Default Funding Shares, Default Share Amounts and Voting Shares) do not change as a result of the new Specified BSC Charge, even if the new charge results in Parties paying different overall proportions of Elexon's BSC Costs.

Central implementation costs: £51.4k-£63.2k.

Both options require changes to Funding Share System and extra BSC provisions.

Full business requirements included in Assessment Consultation.





# AGREE IMPLEMENTATION APPROACH

## Implementation Approach

### P413 Progression Timetable

Event	Date
Workgroup Meeting 4	25 January 2021
Present Assessment Report to Panel	11 February 2021
Report Phase Consultation	15 February 2021 – 1 March 2021
Present Draft Modification Report to Panel	11 March 2021
Issue Final Modification Report to Authority	15 March 2021

### Proposed Modification Implementation Date:

- 5 Working Days after Ofgem approval
- No system changes required

### Potential Alternative Modification Implementation Date (for either Option 1 or 2):

- 5 Working Days after Ofgem approval
- Elexon would deploy the required changes to its Funding Share System in the next available BSC Release (could be a stand-alone Release if needed, to minimise amount of backdated charges)
- Legal text would require Elexon to reconcile, as soon as reasonably practicable, any charges already levied (similar to P396 approach)





# FINAL VIEWS AGAINST APPLICABLE BSC OBJECTIVES



---

## Proposer's views before consultation

---

Proposed Modification enables Ofgem to consider and (if it wishes) approve Elexon as provider of some or all MHHS Implementation Management services. It therefore allows:

- The entity with the greatest subject-matter expertise to provide these services, such that MHHS implementation activities are not relying on an entity who is trying to understand the in-depth electricity Settlement process and drivers;
- MHHS Implementation Management services to be delivered on a not-for-profit basis;
- MHHS Implementation Management services to be provided by an entity whose sole purpose is to provide services for the benefit of BSC Parties and the energy market; and
- Industry delivery costs and timescales to be minimised.

Elexon has a natural incentive to ensure MHHS is implemented efficiently/effectively as it will be responsible for operating the enduring MHHS arrangements.

## Workgroup's initial views before consultation

---

Proposer identified that P413 could result in three outcomes:

- 1) Ofgem could make Elexon responsible, without a competitive tender exercise, for providing MHHS Implementation Management services;
- 2) Elexon could be the successful bidder in a competitive tender exercise; or
- 3) Elexon could be an unsuccessful bidder in a competitive tender exercise, resulting in sunk costs for BSC Parties.

Proposer believed that Proposed Modification better facilitates Applicable BSC Objective (d) in all scenarios for reasons given on previous slide:

- Believed that, even if Elexon's bid is unsuccessful under scenario 3, its participation will still improve the overall quality of all bids

Majority of other Workgroup members (5 out of 6) agreed that Proposed Modification better facilitates Applicable BSC Objective (d) under all three scenarios

One member neutral on Objective (d), believing an unsuccessful Elexon bid under scenario 3 could cancel out any positive impacts

All members neutral on all other Applicable BSC Objectives

Need to capture for Assessment Report:

- Whether any members' views on Proposed Modification have changed after consultation
- Views of any members not present at previous meeting
- Views on any Alternative Modification (if progressed)

Applicable BSC Objective (d): 'Promoting efficiency in the implementation of the balancing and settlement arrangements'

---

## Final Votes

---

### EBGL Impacts

- Workgroup members agree that this Modification does not impact the EGBL provisions.

### Self-Governance

- Workgroup members do not believe that this Modification meets the Self-Governance Criteria

### Implementation Date

- 5WD after Ofgem approval

### Legal Text

- Agree the Proposed Modification legal text (Attachment A in Assessment Phase Consultation pack)
- Legal text for any Alternative Modification to be drafted following meeting (if progressed)



# SUMMARY AND NEXT STEPS

MEETING CLOSE



# ELEXON

## THANK YOU

---

**Chris Arnold**

---

[Chris.Arnold@Elexon.co.uk](mailto:Chris.Arnold@Elexon.co.uk)

[BSC.change@Elexon.co.uk](mailto:BSC.change@Elexon.co.uk)

25 January 2021