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Date: 10 May 2021

Dear Michael,

Retail Code Consolidation Significant Code Review: Authority Led SCR Modification Proposal

We refer to our open letter¹ published on 30 April 2021 which sets out the proposed process for the suite of industry code modification proposals now being raised by the Gas and Electricity Markets Authority (the Authority)² pursuant to its Retail Code Consolidation Significant Code Review (SCR)³.

Pursuant to and in accordance with Section F5.3A.1 of the Balancing and Settlement Code (the Code), and pursuant to the Retail Code Consolidation SCR, the Authority hereby submits the enclosed Authority Led SCR Modification Proposal⁴ for an Authority Led SCR Modification⁵ to the Code Panel.

As you are aware, this Authority Led SCR Modification Proposal has been developed through extensive consultation. In line with the Authority's SCR guidance⁶, we have worked with code administrators and stakeholders on all of the Authority-led code modification

¹ <https://www.ofgem.gov.uk/publications-and-updates/open-letter-regarding-significant-code-review-modifications-retail-code-consolidation>

² The terms "the Authority", "we" and "us" are used interchangeably in this document.

³ https://www.ofgem.gov.uk/system/files/docs/2019/11/rcc_launch_statement.pdf

⁴ As defined by the Code

⁵ As defined by the Code

⁶ https://www.ofgem.gov.uk/system/files/docs/2016/06/scr_guidance.pdf

proposals related to this SCR and, while we have not consulted on the complete set of final proposed drafting for the BSC, we have consulted on the policy that underpins the proposed changes. We have now carefully considered the responses to our December 2020 consultation and sought further feedback from industry on certain points. We have also been working with colleagues in Elexon to coordinate the Code Panel's procedures for consideration of this Authority Led SCR Modification Proposal.

Please ensure that the enclosed Authority Led SCR Modification Proposal is published on the Code's website.

Next steps

We note that paragraph 5.3A.2 of the Code states that, in response to an Authority Led SCR Modification Proposal, the Code Panel shall prepare an Authority Led SCR Modification Report. Under the terms of that paragraph, that Report shall include, *inter alia*, "(d) a timetable for implementation of the Authority Led SCR Modification, including the date with effect from which such modification could take effect." Under the terms of paragraph 5.3A.6 of the Code, the timetable for completion of the procedural steps for an Authority Led SCR Modification, shall be set by the Authority in its sole discretion.

Accordingly, the Authority hereby sets the following timetable for completion by the Code Panel of the procedural steps for this Authority Led SCR Modification:

Code provision	Procedural step	Deadline for completion
5.3A.2	Preparation of Authority Led SCR Modification Report by Code Panel	13 May 2021
5.3A.3	Submission of Authority Led SCR Modification Report by the Code Panel to the Authority	9 July 2021
5.3A.4 and 2.7A.1	If required - Authority requiring any revision and re-submission of the Authority Led SCR Modification Report	To be determined in the event that this procedural step is required

Paragraph 5.3A.5 of the Code states that the timetable referred to in paragraph 5.3A.2(d) for implementation of any modification shall be set by the Authority. We will advise on this

in due course. As you are aware, if the Authority decides to approve this Authority Led SCR Modification then implementation will need to take place in time for Retail Code Consolidation. Retail Code Consolidation is planned to come into full effect on 1 September 2021.

UK Guideline on Electricity Balancing (UK EBGL)⁷

We note that paragraph 2.1.2 of the Code provides that a modification proposal made pursuant to paragraph 2.1.1 of the Code – which includes modification proposals made by the Authority in respect of an SCR⁸ – shall be submitted in writing in accordance with BSCP40, and shall contain *inter alia* “(I) where possible, an indication of whether the Modification Proposal seeks to amend the EBGL Article 18 terms and conditions”. We refer to our recent discussions with Elexon in relation to the UK EBGL, in particular the requirement under Article 10 of the UK EBGL for consultation of stakeholders, including the Authority, in certain circumstances. We also note the terms of the EBGL Delegation Letter, as defined by the Code. In our consultations with Elexon, Elexon have advised that at least some of the terms (the UK EBGL Terms) of this Authority Led SCR Modification Proposal seek to amend the UK EBGL Article 18 terms and conditions. We have therefore made this clear in the enclosed Authority Led SCR Modification Proposal, as required under the Code, and we understand that this will require a consultation of no less than one month in relation to the UK EBGL Terms. We have factored this in to the timetable which we have set above.

Decision stage

As set out in our open letter, and following discussions with colleagues in the code bodies, we will be submitting all Authority-led proposals in relation to the Retail Code Consolidation SCR to the panels of all relevant industry codes within a specified time window to ensure that the submissions align as far as is possible with the dates on which the relevant panels convene, namely between 30 April 2021 and 21 May 2021 unless this time window is subsequently amended by the Authority (in which case we will notify you). This means that there will not be a single date for Authority decisions on all of the Authority-led modification proposals under the Retail Code Consolidation SCR.

Our target date for decision in relation to this Authority Led SCR Modification Proposal is 23 July 2021, although we will endeavour to issue a decision as soon as possible following our receipt of the Authority Led SCR Modification Report.

⁷ Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing as retained in domestic law following the UK’s withdrawal from the European Union (UK EBGL)

⁸ Paragraph 2.1.1(h) of the Code

This is an Authority-led end-to-end SCR and so we expect that modification in respect of the Retail Code Consolidation SCR will end when the Authority makes its decisions following its receipt of the relevant panel reports. We will confirm when we have made our final decision and the Retail Code Consolidation SCR has ended.

Finally, we would like to once again extend our thanks to Elexon for their support in developing the legal text for the SCR modification proposals on the timelines that have been required by the programme.



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Rachel Clark,
Programme Director, Switching Programme
Duly authorised on behalf of the
Gas and Electricity Markets Authority

10 May 2021