

ELEXON

BSC ANNUAL REPORT
2022/23



Top outputs we delivered for customers in 2022/23

21 Modifications and
21 Change Proposals
implemented

21

Reviewed 26 consultations
and responded to 16

26

Helped 48 companies
enter the market and
register for BSC roles

48

21 Qualification applications approved
by the Performance Assurance Board

21

Delivered 2 iterations of the Kinect Insights
Solution, new functionality for the Customer Solution,
and launched the new Settlement Solution

2

Managed £1.53Bn
in Credit Cover

£1.53Bn

Helped 2 Virtual Lead Parties
(VLPs) enter the market bringing to
total number of active VLPs to 12

12

Two Parties expelled
from the BSC

2

Processed more than 3,352,701 Energy
Contract Volume Notifications (ECVNs)

3,352,701

Managed 42 Trading Disputes
totalling more than £6.2m

£6.2m

2,638 Settlement
Runs carried out

2,638

Report from the Chair

Sara Vaughan
Chair, Elexon Ltd and the BSC Panel



Supporting our customers during challenging times

High energy prices and the impact of the war in Ukraine continued to have a major impact on the economy, energy companies and ultimately energy customers. The role of Elexon and the BSC Panel during these challenging times has been to ensure that Elexon and the BSC arrangements continue to deliver high quality support to our customers – BSC Parties.

The annual BSC report 2022/23 (the 'Annual Report' explains the milestones achieved by Elexon, and what has happened under the BSC, over the past year, and is separate from Elexon's Annual Report and Financial Statements, which are available on our [corporate website](#). The BSC Panel's work in governing the BSC is supported by a number of committees comprising industry experts and Panel members and the important activity of each of these committees over the past year is summarised later in the report.

During 2022/23 Elexon and the Panel have worked very well alongside industry to deliver major changes to the code which support Net Zero. Settlement is the bedrock of a well-functioning wholesale market and Elexon has continued to manage it to very high standards, while taking action to improve error prevention and to drive up standards of performance for BSC Parties.

Preparing for winter

Ahead of winter 2022/23, there were significant concerns over security of electricity and gas supplies. To ensure that Elexon and the BSC were best prepared for what might occur, Elexon ran a number of in-depth sessions with technology provider CGI, and National Grid ESO to work through how a partial, or total shutdown of the electricity system, and suspension of the electricity market would impact on the BSC.

BSC changes implemented to support Net Zero

A significant part of the Panel's work, as always, is to support the BSC change process, working with colleagues across Elexon. During 2022/23, Elexon has continued to deliver reforms which are crucial to ensuring that smaller asset owners and demand-side response providers can play a bigger role in providing balancing services. The most important of these were [P375](#), 'Settlement of Secondary BM Units using metering behind the site Boundary Point' implemented in June 2022 and [P376](#), 'Utilising a Baseline Methodology to set Physical Notifications' implemented in February 2023. These changes demonstrate how the BSC is supporting Net Zero and they build on the great work that Elexon and the industry have been doing over the past few years so that demand-side response (DSR) providers can also take part in the Balancing Market. More information about these changes is in the Operation of the BSC section of the report.

Speedy work on code changes to support security of supply and Government policies

Elexon, industry, Ofgem and Government all want to see an acceleration of the pace of delivery of development and implementation of change. Elexon and the Panel have shown how this can be done over the past year by working quickly to develop and put into place urgent changes to help market participants manage security of supply during winter 2022/23.

[P447](#) 'Avoiding impact of Winter Contingency actions on cash-out prices' and [P448](#) 'Mitigating Gas Supply Emergency Risks' were implemented in October 2022 and December 2022 respectively. From proposal to implementation, P447 took just one month, and for P448 the whole process lasted only around three months. This demonstrates the speed and diligence of Elexon colleagues, and the Panel to deliver these reforms, and the power of a strong working relationship with industry. These Modifications demonstrate the importance of having skills and expertise to draw on, ensuring such changes can be passed quickly when needed.

Speedy work was also essential to implementing both the [P446](#) 'Domestic Energy Price Guarantee (EPG) Scheme' and [P449](#) 'Energy Bill Relief Scheme (EBRS) for non-domestic customers' changes. These allowed Elexon to implement and administer the payment schemes for the EPG and EBRS in autumn 2022. Further work was completed to implement [P452](#) 'Replacement of the Energy Bill Relief Scheme for non-domestic customers with the Energy Bill Discount Scheme' in April 2023. You can read more detail about all of these changes in the Operation of the BSC section of the Annual Report.

P427 implementation will improve Settlement transparency

The Panel and Elexon share a common goal to improve Settlement accuracy. Companies that underperform against the Settlement standards are obligated to deliver robust improvement plans through the Error and Failure Resolution (EFR) process. However, many companies' EFR plans remain open for over a year. Therefore, to encourage quicker action, we are pleased to have implemented [P427](#) 'Publication of Performance Assurance Parties' impact on Settlement Risk' in February 2023, which is a major step forward for this. P427 was developed under the Performance Assurance Board's (PAB) recommendation and the Panel approved the publication of Settlement performance league tables

for Suppliers from May 2023. This information has never previously been publicly available and, as delivering service excellence and value is a key part of Elexon's new strategy, it is important to provide this transparency.

Continuing delivery of Kinnect

2022/23 has been a significant year for the continued roll out of Elexon's new cloud platform, Kinnect. Upgrading the systems is an essential step in allowing Elexon and the BSC to adapt far more quickly to the changing needs of customers and to help them deploy innovation to meet Net Zero. Elexon is pleased to be delivering Kinnect to make it fit for the future. Already this has enabled the delivery of new functionality on the Customer Solution to support both the P375 and P376 Modifications as mentioned above. [P419](#) 'Extension of P383 to include non-final Demand' reforms was also delivered using the Customer Solution. P419 allows National Grid ESO (NGESO) and Elexon to identify and exclude demand volumes associated with generation, storage, combined generation and storage, and eligible services facilities (those which are not classed as Final Demand), when calculating Balancing and Use of System Charges. BSC Parties can use the Customer Solution to submit required information to benefit from P419. The Customer Solution also supported delivery of Ofgem's '[faster switching](#)' programme for customers, implemented in June 2022.

A key part of Kinnect is the development of a new wholesale market data platform ([the Insights Solution](#)) which will replace the ageing Balancing Mechanism Reporting Service (BMRS). The first two iterations of the new solution were delivered in [June](#) and [December 2022](#) respectively, with half of all BMRS data flows now being available on the Insights Solution. We are pleased (and fortunate) to be working with so many industry colleagues and data experts to develop and deliver the Insights Solution. Around 160 people are members of our [Data and Reporting User Group](#) and their input into the design of the solution has shown how we can improve the way we engage with, and listen to, our stakeholders. It has also helped to make the Insights Solution development a great example of how Elexon can deliver in an 'agile' way.

A huge amount of work went on during the year to delivering the third pillar of Kinnect ([the Settlement Solution](#)) in June 2023. This new solution is now providing the core Settlement calculations service allowing Elexon to complete the daily Settlement Runs.

Once the roll out of Kinect is complete, it will help Elexon to offer swifter support and a faster rule change process, which are both needed to propel the sector towards Net Zero. The Panel fully supports the Kinect programme, and teams across Elexon have worked hard to deliver the solutions, while maintaining a tight control on costs.

Customer Survey Results

Elexon completed its 2023 customer survey between January and February 2023 and the key findings indicate high levels of satisfaction with the services offered:

- 93% of respondents believe that Elexon’s service was either maintained or improved over the past 12 months;
- Value for money scores increased by 10%, after recovering from a sharp fall in 2021 (when the previous survey was carried out).

Respondents rated helpfulness, expertise, industry support and reliability among Elexon’s strongest points whilst wanting us to continue to work on speed of delivery, efficiency, costs, and adaptability. All of these are areas that we will focus on for making improvements to our services.

Returning unused budget to Parties

Each year we strive to keep our costs as low as possible and ensure value for money. Doing this has become more challenging over the past year, due to increases in inflation and other costs. Despite these pressures, we were pleased that the latest customer survey findings showed an increase in value for money scores for Elexon, compared with 2021. Working with colleagues across the organisation, the team has delivered a saving of £4.9m during 2022/23 against our business plan.

This money is being returned to BSC Parties and we will continue to strive to offer value to all BSC Parties during these challenging times.

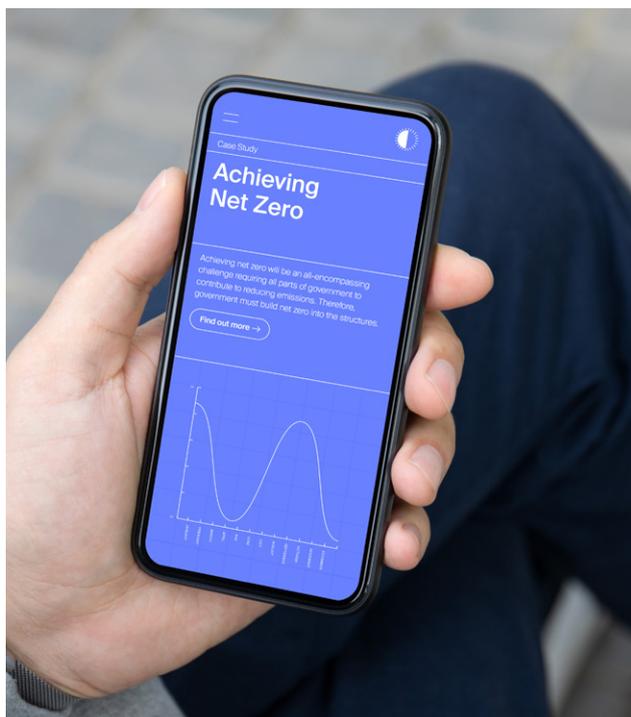
Meeting open data requests

Access to more granular energy data is an important building block for smarter markets. Elexon and the Panel have been leaders in this area by embracing open data principles. Following implementation of [P398](#) ‘Increasing access to BSC Data’ in June 2021, all BSC data has been presumed open unless the Panel says otherwise. Since then, Elexon has served 10 open data requests. The Insights Solution has been developed using open data principles, therefore the customisable data sets it provides will be more accessible to users.

Implementation of Market-wide Half Hourly Settlement (MHHS) will be the next major step forward for the visibility of supply and demand data. The Panel and Elexon share the view that these reforms are essential for progress to Net Zero, and more detail on progress can be found in the Chief Executive’s report for Elexon’s Annual Report and Financial Statements.

Capturing the benefits of half hourly data

Once MHHS goes live, Elexon will be processing an exponential increase in half hourly (HH) data. The data will flow through the new Data Integration Platform (DIP), a next-generation messaging architecture being developed as part of the MHHS Programme. The DIP will be operated by Elexon and over the past year Elexon colleagues have been working to redevelop the BSC systems as part of the Helix Programme. The Helix systems will use the DIP as an enabler, so that Elexon can retain, process and publish HH data. Elexon is looking forward to operating this key piece of digital infrastructure. We will be applying best practice in managing large volumes of data in the cloud (gained from our experience in delivering Kinect). We are



committed to ensuring that the vast increase in data that we will capture is made available for companies and innovators to use in delivering new products and services.

Delivering the Helix Programme

Over the past year, through the [Helix Programme](#), we have been working to develop four new BSC services to ensure that Elexon (as an MHHS Programme participant) can support MHHS. We took a ‘scaled agile’ approach for delivery of the Helix Programme and are successfully progressing through the ‘design, build and test’ (DBT) phase of the new services. We are scheduled to complete the Helix Programme build at the end of October 2023, the date that the MHHS Programme is working towards as the start of the system integration testing (SIT) phase.

As part of all this, Elexon’s Performance Assurance Team has been rewriting the existing BSC Performance Assurance Framework so that it is in line with the MHHS Target Operating Model (TOM) and the required changes to Elexon’s processes. The TOM describes the set of services and data flows necessary for MHHS.

Elexon will also need to re-qualify all existing Suppliers, Licensed Distribution System Operators and Supplier Agents to ensure that their systems and processes meet the MHHS requirements. Due to the number of participants that need to undertake MHHS qualification, this will take place in tranches between July 2024 and March 2026, although there is an opportunity for those ready for the SIT to qualify in that way, at an earlier phase. The transition of the first tranche of electricity Metering System Identifiers (MSIDs, being unique serial numbers for meters) to MHHS is expected to begin in spring 2025.

Changes to BSC documentation will also need to be made to support MHHS. 19 BSC Sections and 39 existing Code Subsidiary Documents will be impacted by the Helix services and four new Balancing and Settlement Code Procedures (BSCPs) will also need to be agreed. The MHHS Programme has been leading on this work over the past year with a code working group mobilised as an integral part of the MHHS Programme governance. The target date for the code changes being baselined is Q3 2024, and those changes would be delivered in March 2025.

Finalising the energy code reforms

Code bodies await further consultations from Ofgem on its proposed reforms to code arrangements. After several years in the making, we are keen to be involved in the future of these reforms. We particularly want to optimise the valuable role played by industry, to continue reaping the tremendous benefit of industry’s practical expertise, knowledge and experience to support the needs of customers, and progress to Net Zero.

Ofgem re-engaged with the industry on the Codes Reform with a Call for Input (CFI) in December 2022. One of the current proposals includes replacing code panels with Stakeholder Advisory Forums. Given the widespread benefits of industry involvement in BSC processes, we would suggest that it would be helpful to reconsider this direction of travel.

It would be worthwhile to define clearly the specific issues with panels that need to be resolved first and then consider ways to deal with them that preserve this all-important engagement with industry in the new structures. Under the existing Panel structure, the members provide deep and valuable expertise and it is really important that code bodies can continue to be able to tap into the knowledge and experience of industry parties.

Both Elexon and the BSC Panel have consistently made full, considered and constructive submissions to each consultation since the Code Reform process started. See the [Panel’s and Elexon’s CFI responses](#) for further detail on their views.



Engaging Government and Ofgem on energy sector reforms

In October 2022, Elexon [responded](#) to the Government's Review of Electricity Market Arrangements (REMA). This is the most comprehensive review of market design and support mechanisms in years. More radical options under consideration include moving from single market pricing to so-called locational marginal pricing, and splitting the wholesale market to create a 'green' power pool. Government is also considering more evolutionary options which include amending the existing arrangements by introducing some incremental changes.

Elexon's own response focussed on the practicalities of the options. Our suggestions for improvements to existing arrangements were based on our experience of operating the BSC arrangements. A follow-up consultation is expected in late 2023 and meanwhile we will continue engaging with Government on the REMA, providing impartial input and expertise.

In March 2023, Ofgem published a consultation on the future of local energy institutions and governance, and a Call for Input (CFI) on the future of distributed flexibility. Amongst other things, Ofgem is proposing the creation of a 'market facilitator' role to align transmission and distribution markets and make existing flexibility markets more joined up. We believe that a single, independent entity is needed for this to be effective.

There is considerable uncertainty around the outcomes of the energy sector reforms discussed above. The industry is already preparing for MHHS, and Parties may have less resource for engaging in the next steps for additional reforms. Both the Panel and Elexon will therefore work to help Parties navigate the impact of any assumed changes on the BSC.

More immediately, we have been engaging Government and Ofgem on changes related to the new ownership arrangements for Elexon, which are required as part of NG ESO's transition to the new Future System Operator (FSO). In March 2023, Government and Ofgem announced that Elexon will move into federated industry ownership, a model that both Elexon and the Panel and many in the industry widely supported. We are now working with Ofgem, Government and the industry to transition smoothly to the new arrangements.

Streamlining code management

Given the need to drive towards Net Zero and the number of issues currently being discussed to achieve this, it seems unlikely that the pace of change within industry will diminish - rather the contrary. In this context, as part of its strategy Elexon will work to reform and streamline code management processes to help us deliver against that challenge. This reflects Elexon's core focus on being a high performing code manager, by delivering value to Parties and excellent Settlement services.

Since I took over as Panel Chair in October 2022, I have continued to have great appreciation of the complex issues that Elexon and Panel members regularly face, alongside the knowledge and expertise required to overcome these challenges. I have been impressed by the cooperative and aligned manner in which Elexon, the Panel and industry more broadly work together. I would like to thank all of the Panel members and Elexon colleagues for the warm welcome that they have given me. Finally, I would like to pay tribute to and thank my predecessor, Michael Gibbons CBE, who carried out this role for nine years, and provided an exemplar of how it should be done.

Sara Vaughan

Chair, Elexon Ltd and the BSC Panel



Elexon Board remuneration

Section C4.4.5 of the BSC requires us to publish the remuneration and benefits payable to all of Elexon's directors in their capacity as directors of Elexon. In accordance with Section C4.4.2, Elexon's Chief Executive Officer does not receive any additional remuneration in their capacity as a director of the company. Figures below show actual amounts paid during 2022/23.

Michael Gibbons

Chair of Elexon Limited and BSC Panel until 30 September 2022. For the total amount paid, see right

Clare Duffy

Non-Executive Director (Senior Independent Director) £32,500

Tim Fitzpatrick

Independent Non-Executive Director and Audit and Risk Committee Chair £30,000 (from the start of his tenure on 1 July 2022, to 31 March 2023)

Anne Heal

Non-Executive Director and Remuneration Committee Chair £36,000

Ian Graves

Non-Executive Director £8,000 (from the start of his tenure on 1 Jan 2023, to 31 March 2023)

David Rigney

Non-Executive Director Senior Independent Director and Chair of the Audit and Risk Committee £9,500 (from 1 April 2022 until his departure on 30 June 2022)

David Titterton

Non-Executive Director, Transformation Committee Chair £37,000

Sara Vaughan

- Non-Executive Director to September 2022
- Chair of Elexon Ltd from 1 October 2022 (taking over from former Chair Michael Gibbons)

Total amount paid £83,100. Sara Vaughan also received £25,500 in respect of her role as interim Chief Executive, which was paid in this financial year.

BSC Panel remuneration

Section B2.11.5 of the BSC states that any remuneration or benefits awarded to the Panel Chair and Chair-appointed Independent Panel members should be disclosed in the Annual BSC Report.

Michael Gibbons

Role: Elexon Board and BSC Panel Chair
Total Payment and benefits of £72,500 for both roles from 1 March 2022 until Sept 2022

Sara Vaughan

Chair of the BSC Panel (since September 2022)
For total amount paid to Sara Vaughan, see left

Panel Members

Dr Phil Hare

Role: Independent Panel Member and Deputy Chair

Remuneration/benefits

£44,500 in total reflecting an:

- Annual fee of £25,000 (the annual fee covers 12 set Panel meetings per year as well as the preparation that goes into those meetings)
- £250 for each additional pre-Panel briefing as Deputy Chair
- £1,000 per additional meeting/day and £500 per half day

Professor Derek Bunn

Role: Independent Panel Member

Remuneration/benefits

£29,500 in total reflecting an:

- Annual fee of £25,000 (annual fee covers 12 set Panel meetings per year as well as the preparation that goes into those meetings)
- £1,000 per additional meeting/day and £500 per half day

Equality Diversity and Inclusion (EDI) at Elexon

At Elexon, we believe a diverse and inclusive culture allows innovation and creativity to flourish. It is a central pillar to our efforts to recruit, retain and support colleagues. We are committed to continually improving our culture and creating a safer space for all of our colleagues, so that they can perform at a high level.

During the year we have:

- Hosted talks for colleagues by both external and internal speakers on topics such as mental health, the menopause, resilience, transgender and neurodiversity
- Maintained our adherence to the Government's [Disability Confident](#) employer scheme and the [Mental Health at Work Commitment](#)
- Renewed our membership of the [Womens Utilities Network \(WUN\)](#) which develops, encourages and connects women in utilities.
- Joined the industry best practice work group for the [TIDE](#) (Tackling Inclusion and Diversity in Energy) cross-industry task force
- Implemented P450 'Housekeeping and making the BSC gender neutral' in February 2023 which included introduction of gender neutral language to the BSC.

Number of meetings attended by BSC Panel members

BSC Panel Members are appointed by:

- Election (in the case of Industry Members), or by appointment
- The Panel Chair (in the case of Independent Members)
- NGESO in the case of the National Grid ESO Panel Member
- Distribution System Operators (in the case of the DSO Representative)
- Citizens Advice (in the case of Consumer Panel Members).

Elections were held between 1 August to 26 August 2022 to vote for Panel members to serve for the period of 1 October 2022 to 30 September 2024.

Mark Oxby and Michael Robertson were elected. Lisa Waters, Andrew Colley and Tom Edwards were re-elected.

At scheduled meetings, Panel Members decide on whether or not to recommend Modifications for approval by Ofgem. Ad-hoc meetings are used for discussing urgent business, for example Supplier of Last Resort (SoLR) issues, Supplier Default and voting on urgent Modifications. A Consumer Panel Member attended every meeting except the scheduled June 2022 meeting.

Panel Members' attendance record is shown in the table below and it continues to be very high. There were 12 scheduled BSC Panel meetings during 2022/23 and 9 urgent or ad-hoc meetings. Urgent meetings are required when the Panel has to discuss and approve urgent Modifications. Despite such meetings typically having only a few days' notice, the vast majority of eligible Panel members attended them.



Number of meetings attended by BSC Panel members

(Continued)

Attendance

(Numbers in brackets show the maximum number of meetings that each Panel member could have attended, as some new Panel members joined during the year)

Attendance	Scheduled meetings Total (12) Number of meetings attended	Urgent Meetings Total (9) Number of meetings attended
Chair		
Sara Vaughan (Panel Chair)	6 (6)	4 (4)
Michael Gibbons (Former Panel Chair)	6 (6)	5 (5)
Existing Panel Members		
Phil Hare (Independent Panel Member)	11 (12)	9 (9)
Derek Bunn (Independent Panel Member)	12 (12)	9 (9)
Diane Dowdell (Chair-appointed Industry Panel Member)	9 (12)	7 (9)
Lisa Waters (Industry Panel Member)	9 (12)	6 (9)
Jon Wisdom (NGESO Panel Member)	9 (12)	7 (9)
Tom Edwards (Industry Panel Member)	12 (12)	9 (9)
Andrew Colley (Industry Panel Member)	12 (12)	8 (9)
Colin Down (Ofgem Representative)	12 (12)	1 (9)
Fungai Madzivadondo (Distribution Network Operator Representative)	11 (12)	8 (9)
Euan Graham (Consumer Panel Member)	2 (2)	1 (1)
Andy Manning (Consumer Panel Member)	5 (12)	4 (9)
New Panel Members		
Mark Oxby (Industry Panel Member)	6 (6)	4 (4)
Michael Robertson (Industry Panel Member)*	3 (6)	3 (4)
Former Panel Members		
Ed Rees Former (Consumer Panel Member)	5 (7)	3 (5)
Mark Bellman (Former Industry Panel Member)	4 (6)	5 (5)
Rhys Kealley (Former Industry Panel Member)	5 (6)	4 (5)

*On paternity leave

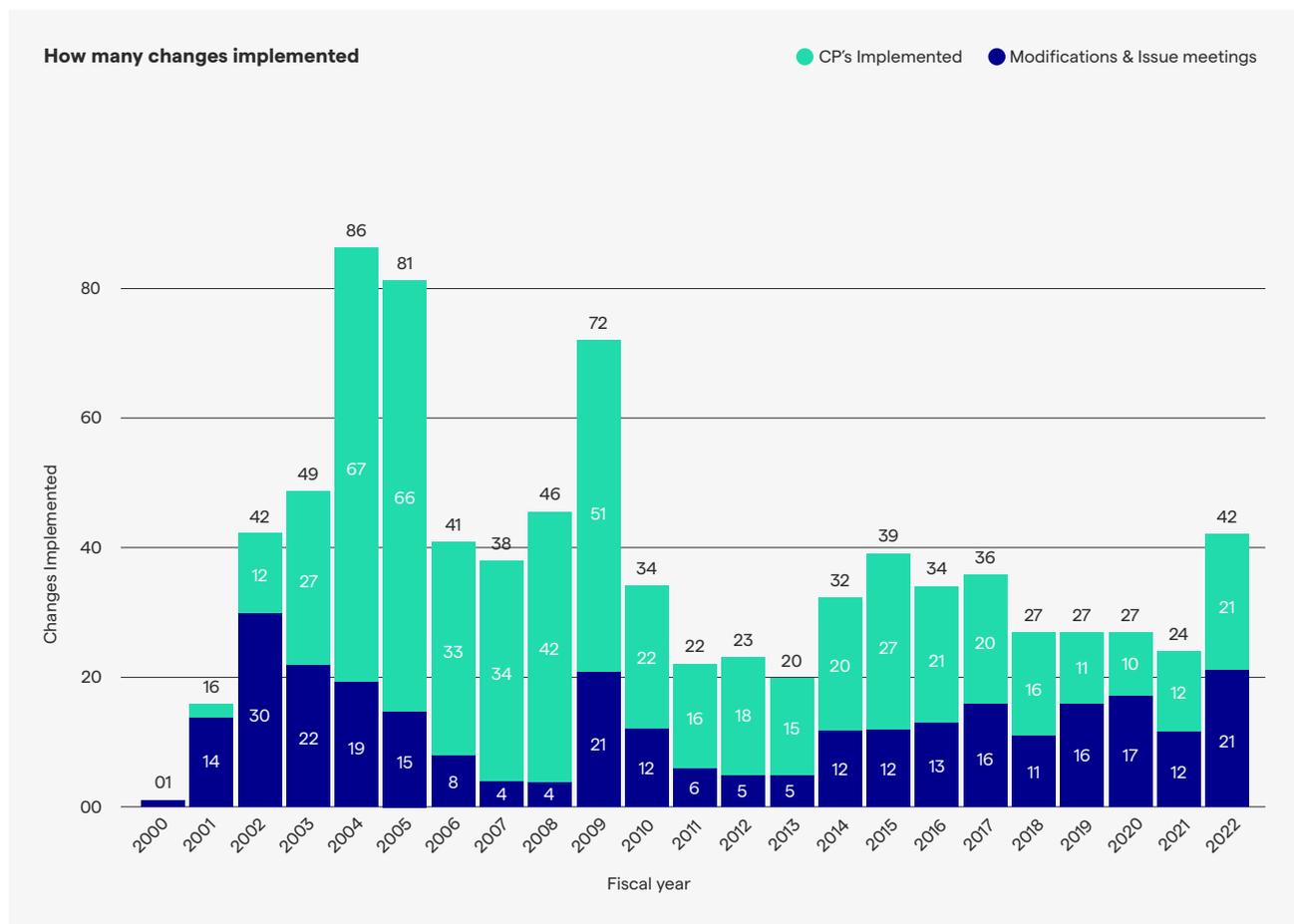
Operation of the BSC

This section of the report reviews our BSC change activity and summarises the changes that have been raised, progressed or implemented. Modifications change the BSC itself, and are typically raised by the Panel and BSC Parties. Change Proposals (CPs) are generally raised by Elexon to amend BSC subsidiary documents.

For more detailed information, our [Change Register](#) details all BSC changes that have been raised, past and present. All of the code documents are available online in easily searchable formats on our [digital code site](#). We continue to improve the usability of the site. See [our website](#) for the latest updates. We also provide a [dashboard of potential BSC changes](#) that may be raised, to give people a forward view.

Highest number of changes implemented since 2009
2022/23 has been a very busy year for the development and implementation of BSC changes. We implemented 42 changes altogether (21 Modifications and 21 Change Proposals, as shown in the graph below). This is the highest number of changes implemented in a single year since 2009.

We generally group changes for implementation into three 'standard' BSC releases in February, November and June of each year to make it easier for Parties to manage changes to their systems. However, we also implement changes at other times of the year, when necessary, as 'non-standard' releases. There were 13 non-standard BSC releases in 2022/23, as many as the total number of non-standard releases between 2014 and 2021. This further illustrates the amount of changes that we have processed and the speed at which we are working.



Increase in the number of meetings held indicates the amount of interest in rule changes

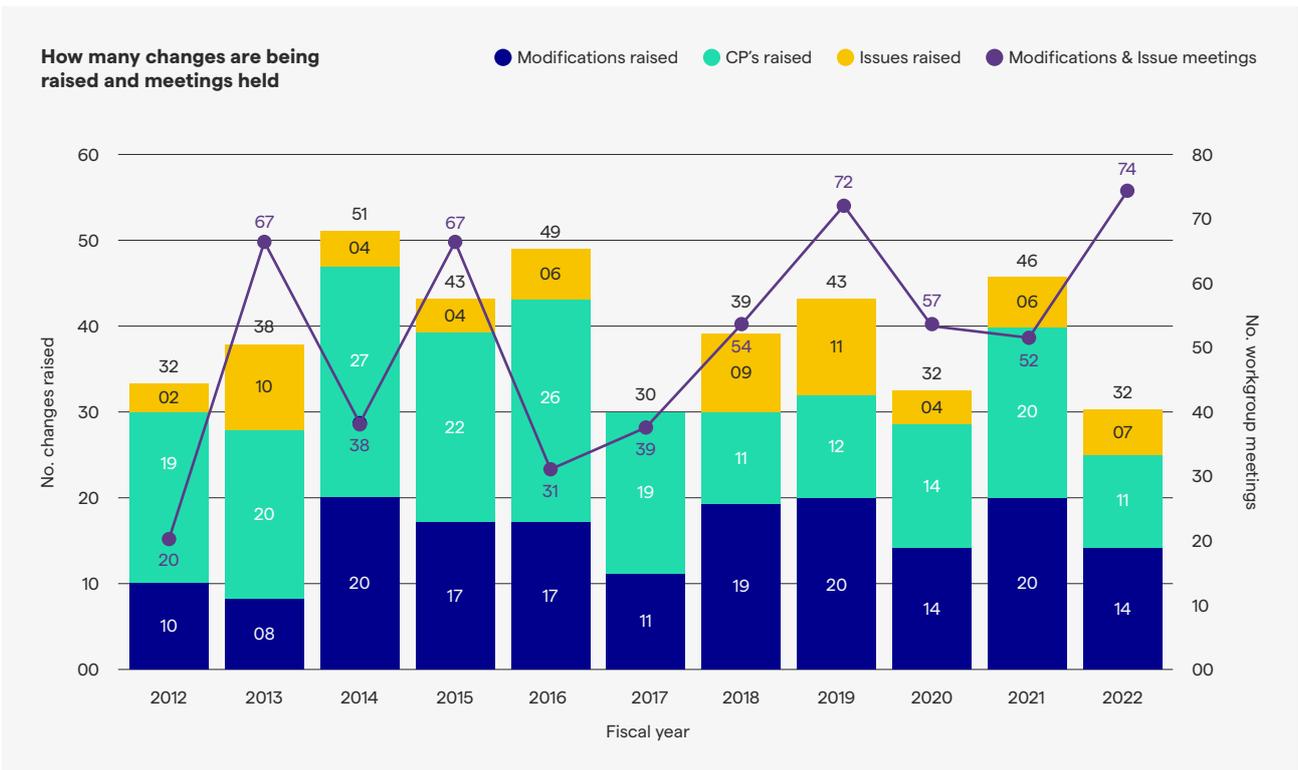
Workgroups and Issue Groups play an important role in change development. Workgroups bring together experts from Elexon and the industry to develop Modification proposals. BSC Issues are raised when changes may be needed to the BSC, but it is less clear what the problem is, or how it could be solved. In this case, Elexon and industry expertise is combined to determine whether rule changes are needed.

During 2022/23 we held 74 meetings altogether (44 Modification Workgroup meetings and 30 Issue Group meetings), the highest number that we have held in the last ten years, as shown in the second graph below. This continues a trend of significant and important issues being progressed. However, fewer BSC changes were raised in 2022/23 (32) compared with 2021/22 (46). The number of Modifications raised in 2022/23 (14) was also lower than in 2021 (20). NGESO raised six of the 14 Modifications over the past year. Elexon raised almost all of the CPs in 2022/23 (10 out of a total of 11).

Significant Issues raised

Seven Issues were raised over the last year covering some important matters. The most significant of these are:

Issue 101 'Ongoing Governance, Funding and Operation of the MHHS DIP by BSCCo' was raised by Elexon in July 2022. As mentioned in the Chair's report, once developed the DIP will be operated by Elexon. The Issue 101 group is defining the requirements and principles for DIP operation. This will result in a Modification so that the industry has certainty on the operational governance and funding processes. The arrangements need to provide a route for proposing changes to how the DIP is operated. The Modification will also need to establish that data obtained by the DIP can be made available to anyone, under open data principles. The plan is for the final Issue 101 Report to be published in March 2024 (after industry consultation in January - February 2024).



Case Study:

The Issue 102 ‘BSC Change Process Review’ workgroup assessed how to speed up the change process, and reduce the complexity of it.

This is to make the change process easier for Parties to engage in. The group also considered what should be done to encourage greater participation by smaller organisations.

We have implemented five quick wins that did not require a BSC change.

01

Publicise existing pipeline of BSC changes periodically via [Newscast](#), Elexon’s weekly e-bulletin

02

Update email templates to make clear options for interested parties to engage in the change process

03

Trial a standing session to invite industry feedback on upcoming Change Proposals

04

Including a tick box on the question sheet for Modification Report Phase Consultations “I answered the Assessment Consultation and my views haven’t changed”

05

Review and change Housekeeping Change Proposals and Modification report templates to slim down documents

Issue 103 ‘Meter Registrants and Settlement Risk A New Way’

was raised to review existing controls for Settlement error prevention. When MHHS is introduced, the shorter Settlement timetable (reducing from 14 to four months) will mean that better preventative and detective assurance of Settlement data will be required at all stages from Metering and Registration onwards, to maintain accuracy. Issue 103 set out to explore 12 topics and eight of those have been concluded. Three BSC Changes and two other recommendations have been made so far. There are currently 17 open actions that are being worked through, with seven potentially leading to further recommendations. The group is due to report outcomes this summer.

Issue 104 ‘Extending Radio Teleswitch Service (RTS) Cost Recovery Arrangements Under the BSC’

Since April 2020, RTS operational costs borne by the Energy Networks Association (ENA) have been recovered through the BSC. The contract between the ENA and Elexon to allow the cost pass-through expires in March 2024. We raised Issue 104 to re-establish industry support for passing RTS costs through the BSC from April 2023 onwards, and to confirm how the costs should be apportioned (for example between Suppliers and Generators). This issue has now been closed as the group has agreed in principle the intention that the pass-through costs should continue for one further year (2023/24) and that no change to the funding arrangements should be progressed. There is an expectation that Suppliers will work with the Department for Energy Security and Net Zero (DESNZ) and Ofgem to migrate to new arrangements, such as smart meters, so that the outdated and ageing RTS can be retired along with the long wave radio transmissions operated by the BBC.

Issue 106: ‘Review of BSC Credit Cover Arrangements’

Responding to the Credit Committee’s request, we are reviewing the Credit Cover arrangements with industry experts through this group. There are concerns about whether credit posted according to the arrangements is sufficient to protect the market from Supplier failure. However, the arrangements must also not be unduly burdensome for market participants. This Issue Group has attracted our largest ever interest in a BSC Issue (more than 50 requests to be added to the mailing list, or to attend the meetings). We expect to raise two Modifications in response to the Issue Group’s findings, in the second half of 2022/23.

Quick support for measures to help security of supply and the cost of living crisis

A key aspect of our work on BSC change over the past year has been our ability to work at pace on the development and implementation of urgent Modifications, which support policies by the Government and Ofgem to manage security of supply and tackle the cost of living issues for consumers.

Of the 14 Modifications raised in 2022/23, six requested urgency and Ofgem approved five of these. As many urgent Modifications were raised last year, as were raised in total during the last four years.

The Urgent Modifications were:

- P446 ‘Domestic Energy Price Guarantee (EPG) Scheme’ and P449 ‘Energy Bill Relief Scheme for non-domestic customers’ implemented in September 2022 and November 2022 respectively to allow Elexon to administer the payment schemes for Suppliers for the EPG and the EBRs. A subsequent change, P452 ‘Replacement of the Energy Bill Relief Scheme for non-domestic customers with the Energy Bill Discount Scheme’ was implemented in April 2023 to reflect the Government’s desire to continue support for businesses, but under a different scheme.
- P447 ‘Avoiding impact of Winter Contingency actions on cash-out prices’ was implemented in October 2022. It ensured that the services provided by coal plant, that NGESO contracted to provide additional back up supplies during winter 2022/23, were dispatched at £0/MW, to minimise the impact on Settlement.
- P448 ‘Mitigating Gas Supply Emergency Risks’ implemented in December 2022. The change made sure that in the case of a winter gas supply emergency, where gas-fired generators were unable to meet electricity production contracts, they would be protected from high imbalance charges. P448 is an enduring change.

In addition, Urgency status was also requested, but not granted by Ofgem, for Modification P443. P443 proposes to cap the price that enters the Imbalance Price calculation for NGESO Interconnector Trades at the Value of Lost Load (VoLL). VoLL is currently set at £6,000/MWh in the BSC. The capping would limit the exposure of consumers and all GB parties to extreme ‘cash-out’ prices if electricity margins were tight across Europe. At the June 2023 Panel meeting, the Panel recommended to Ofgem that P443 is rejected.

This is because although the Panel had sympathy with the intent of P443 there were concerns over applying a price cap to trades for one type of market participant only and the unintended consequences which may arise.

Supporting Net Zero

We maintain our commitment to developing changes that support Net Zero. We have been working on successive changes to encourage greater competition in the provision of balancing services and increased market participation by demand-side response (DSR) providers, since the implementation of [P344](#) ‘Wider Access & Project TERRE’ in December 2019. P344 allowed independent aggregators to access the Balancing Mechanism for the first time, as Virtual Lead Parties (VLPs).

P375 was implemented in June 2022, which allowed individual Asset Meters located ‘behind the boundary point’ to be used for Settlement purposes. This gives greater visibility of the performance of storage, smaller scale renewable generation and DSR capability, making it easier for VLPs to coordinate their activity.

We implemented Modification P376 in February 2023, so that a VLP operating a secondary Balancing Mechanism (BM) Unit or a Supplier that controls an Additional BM Unit, can use a baselining methodology to determine the expected energy flows for a Metering System Identifier Pair in the calculation of Non-Delivery Charges and Delivered Volumes. It therefore means that DSR providers can be fully recompensed for their actual change from normal usage, and the positive impact this change has on the system.

Further changes to support VLPs and DSR providers came in Modifications [P415](#) ‘Facilitating access to wholesale markets for flexibility dispatched by VLPs’ and [P444](#) ‘Compensation for Suppliers and VLPs for VLP actions in the Balancing Mechanism (BM)’. P415 would allow VLPs to offer services in the wholesale market as well as the BM. The accompanying P444 change would introduce compensation for Suppliers and VLPs for volumes adjusted by VLPs in the Balancing Mechanism. The compensation is approximate to the Supplier’s expected sourcing costs. If approved, these changes would be implemented in late 2024.

We are also developing [P441](#) ‘Creation of Complex Site Classes’ to define particular ‘classes’ of Complex Site based on clearly defined criteria. This aims to address perceived industry ambiguities around when a Metering System or Metering Systems can legitimately be classed as Complex.

Supporting implementation of MHHS

Our Rules Management team has supported the MHHS implementation programme in development and implementation of the Ofgem-raised Modification [P439](#) 'Enabling EDA-based Data Integration Platform Development'. It allows Elexon as the MHHS Programme implementation manager to design, build, test, and implement the DIP. Elexon will be the initial operator of the DIP and a future decision by Ofgem will be made to confirm the enduring operator. Ofgem raised P439 under its Significant Code Review powers (where it can direct changes that need to be made to energy codes to support wider reforms or policy development). P439 was implemented in June 2022.

We have also completed development of changes which help the transition to MHHS:

- [P434](#) 'Mandate to Half Hourly Settle the Non-Half Hourly Unmetered Supplies Metering Systems' was implemented in December 2022, requiring all non-Half Hourly Unmetered Metering Systems to settle half hourly in advance of the MHHS migration, along with a mandatory data cleanse activity

- [P432](#) 'Half Hourly Settlement for Current Transformer (CT) Advanced Metering Systems', which will require all CT Advanced Meters to settle HH in advance of the MHHS migration. P432 has been recommended for approval and is awaiting a decision from Ofgem
- [CP1558](#) 'New Registration data items and processes to support the MHHS transition', which will introduce new data items and supporting BSC processes into existing Supplier Meter Registration Service systems. CP1558 will be implemented on 29 June 2023.

[CP1568](#) 'Inclusion of new LDSO-mastered SMRS data items in the Supplier Volume Allocation (SVA) Data Catalogue, the REC EMAR Data Specification and BSCP604' (implemented in June 2023). CP1568 makes an amendment to the solution for CP1558 which will introduce changes to Balancing and Settlement Code Procedure (BSCP) 501 and 515. This will specify six additional data items that each local distribution system operator will be required to send to the relevant Supplier Meter Registration Agent (SMRA) CP1568 introduces a subset of Registration Service data items required for MHHS. These are needed before migration begins. These items are critical to the MHHS rules and processes, as going live with poor quality data would lead to avoidable time and effort being spent fixing issues.

Elexon Board Members April 2023



Delivering excellent Settlement services

Elxon continues to manage Settlement to high standards. In 2023/24 we carried out more than 2,638 Settlement Runs and managed more than £1.5bn of credit cover, compared with 2,561 Settlement Runs and £539m of credit cover managed in 2021/22. We also processed 3.35m Energy Contract Volume Notifications (ECVNs) in 2022/23 compared with 3.24m in 2021/22. Below are performance indicator statistics for BSC Systems in 2022/23.

Balancing Mechanism Reporting Service (BMRS)

The BMRS is the go-to source for operational information on system balancing, Settlement and the wholesale electricity market.

Average daily requests to the BMRS Application Programming Interface (API) service have increased from 5.5 million in 2021/22 to 6.9 million in 2022/23. The number of individual users has risen from approximately 62,000 to 90,000.

BMRS operates 24/7 and was available 99.84% of the time in 2022/23 compared with 99.9% of the time in 2021/22. The reason for lower BMRS availability in 2022/23 compared with 2021/22 was more frequent unplanned outages. It is an ageing platform which is being replaced by the Kinnect Insights Solution.

BSC Central Systems Availability Performance in 2022/23

- Elxon delivered over 99.88% availability on its 24/7 core services
- Energy Contract Volume Allocation Agent — 99.91%
- BSC Service Desk — 100%
- Balancing Mechanism Reporting Agent — 99.84%

Electricity Market Reform Settlement Services (EMRS)

As well as managing the BSC, Elxon is the Settlement Services Provider to the Low Carbon Contracts Company (LCCC) and the Electricity Settlements

Company (ESC). These activities are ring-fenced from BSC activities and are conducted via EMRS, a separate subsidiary of Elxon. EMRS delivers Settlement services for both the Capacity Market and the Contracts for Difference schemes.

The costs of running EMRS are borne by LCCC and ESC and not by BSC Parties. However, because EMRS occupies the same premises as Elxon, EMRS makes a fair contribution to these costs based on headcount. This resulted in LCCC making a contribution of £865.4k to the shared fixed costs in 2022/23, which would otherwise have been borne by BSC Parties.

Following the implementation of [P435](#) 'Enabling EMRS to undertake preparatory work for potential future settlement services to LCCC' in April 2022, EMRS has completed development of systems to allow for the collection of monies from Suppliers to fund the nuclear Regulated Asset Base (RAB) scheme. Elxon is working with DESNZ and LCCC to draft further changes to the BSC to support RAB moving to an operational status.



BSC Audit 2022/23

An external audit of BSC processes is carried out annually to protect the interests of all BSC Parties and consumers, the Audit is split between two distinct areas of work:

- Process Assessment covering Suppliers, SVA Agents and Central Volume Allocation (CVA) Registrants
- International Standard on Assurance Engagements (ISAE) (UK) 3000 Opinion, covering Central Systems and CVA Meter Operator Agents (MOAs).

Summary of the Process Assessment Report Findings

The Process Assessment Report was conducted against the backdrop of incredibly challenging market conditions which have led to financial pressures on many organisations operating in the UK energy markets. Therefore, it was perhaps unsurprising that a substantial increase in material findings across the Performance Assurance Parties (PAPs) was seen: 197 compared to 74 last year.

For ease of comparison, SVA MOA findings have been excluded throughout the report as these obligations have now moved to the Retail Energy Code. 70 material findings of the 144 identified in the prior year (2021/22) were associated with the SVA MOA role and have been formally closed. This year, the scope now also includes the Central Volume Allocation (CVA) Registrant role – which has been included in total findings.

The additional increase in material findings can, in many respects, be linked to the unintended consequences of some PAPs' attempts to cut costs to survive in the current market. As these PAPs have restructured, outsourced and automated, this has (in some instances) been to the detriment of governance, resilience and compliance activities. Ultimately this is impacting on some organisations' ability to remain compliant with the BSC in all respects.

The broader and longer-term implications of the decrease in BSC compliance will take time to be fully felt and understood. The market is still not operating freely (a consequence of the current market conditions) and PAPs are still operating in an uncertain environment, so it is also not clear whether this is a short-term compliance issue or the beginning of an undesirable trend. However, we do believe that there is the opportunity for the industry to learn lessons from this challenging episode, as procedures and governance are developed for MHHS. With additional resilience built in by design, the market could ultimately benefit

going forwards. Elexon is reviewing the Audit results and compiling a response report to detail follow up actions to the issues and themes identified within the findings. This will be presented to the Performance Assurance Board in the coming months.

A public version of the [Process Assessment Report](#) will be made available on our website.

Summary of the ISAE (UK) 3000 Opinion Findings

We are pleased to confirm that the assurance opinion was unqualified. The scope of work within the ISAE (UK) 3000 Opinion Audit Report for the BSC Audit year 2022/23 is consistent with previous years. It covers the Settlement calculations and allocations performed by BSC Central Services (referred to in the report as Central Systems) and CVA MOAs in relation to Settlement Runs (as defined in Section U2.3.1a of the BSC), processed in the year ended 31 March 2023.

Overall, the auditor has seen an increase in the number of findings which may impact Settlement across both Central Systems and CVA MOAs. Based on the assurance work, we noted 14 potentially Settlement impacting findings across Central Systems and CVA MOAs compared to seven in the prior year. Findings are defined as a process that is not in compliance with the BSC and can be either potentially Settlement impacting (Low, Medium or High) or non-compliant but not Settlement impacting – referred to as Management Letter point (MLP).

Overall, the worst-case scenario impact of the auditor's findings is less than 0.3 TeraWatt Hours (TWh), which is below the 1.2 TWh materiality tolerance for the ISAE (UK) 3000 Assurance Conclusion, as agreed with Elexon and the auditor. Although not in scope for the BSC Audit work, the BSC Audit reports should be read in conjunction with the Technical Assurance Agent (TAA) report which outlines other errors caused by issues with physical metering.

A public version of the [ISAE \(UK\) 3000 Opinion](#) will be made available on our website.

Technical Assurance of Metering

On behalf of Elexon, in its role as the TAA, the energy services company C&C Group provides the Technical Assurance of Metering (TAM) Service.

Following several instances of high-volume metering errors in the Central Volume Allocation (CVA) market during the 2020/21 and 2021/22 Audit Years, the Performance Assurance Board (PAB) agreed to Elexon's recommendation to focus the TAA's activities on this area in 2022/23. The most significant errors were found in Grid Supply Points GSP Group _J and _C, which the TAA investigated quickly after Elexon became aware of the errors. GSPs are where the transmission network connects to the regional electricity distribution networks. The meters at these two sites had been connected in reverse, and we took [action](#) to correct the resulting Settlement errors, totalling around £117m in May 2022.

Elexon reminded Registrants of the requirement to ensure that their meters record accurate and complete data. The BSC rules make it clear that Registrants must also notify Elexon and other market participants if they notice potential errors. However, we have also taken steps to reduce the possibility of such errors becoming a major issue in future. We have set up a

[machine learning based model](#) to alert us to unusual consumption patterns or step changes (referred to as 'change-points') at individual GSP Metering Systems. This is the type of innovative automation solutions that we are looking to apply, where possible, to improve our process and services.

During the year, inspection visits were scheduled for metering at GSPs which Elexon had identified as the highest risk to Settlement based on an analysis of historic audit data. The TAA completed an unprecedented 303 audits of Metering System Identifiers (MSIDs) across 258 GSPs, compared to 103 MSIDs across 70 GSPs for both the 2020/21 and 2021/22 Audit Years. A small number that could not be completed due to access issues on site will be rolled over and prioritised in the 2023/24 BSC Audit.

To date, the inspection visits have led to the rectification of three metering errors with an estimated material impact of £22m (in addition to the £117m corrected in May). They have also provided invaluable information on the operation of risk controls that will inform Elexon's ongoing work to strengthen Assurance in the Central Volume Allocation sector.



Review against the annual budget

Our [2022/23 business plan](#) comprehensively set out our work commitments and budget for a three-year period to March 2025. The approved budget for 2022/23 was £98.2m. Our final outturn for the year was 93.3m, £4.9m (5.0%) as summarised in the table below.



	Year to March 2022/23 Budget £m	Year to March 2022/23 Actuals £m	Variance to March 2022/23 Budget £m	Variance to March 2021/22 Budget %
Elexon BAU Operational incl EMR Income	21.4	19.7	1.6	8%
Contracted	18.9	18.4	0.5	3%
Total BSC Regular Activity excl. project resource	40.3	38.1	2.1	5%
Teleswitch (pass through from DNOs)	1.5	1.2	0.4	24%
Demand Led and Digitalisation Contracted	20.7	18.6	2.1	10%
EPG	-	0.3	(0.3)	-
TOTAL EXCL. MHHS & HELIX	62.2	58.2	4.3	7%
Helix	16.2	17.5	(1.3)	-8%
MHHS	19.5	17.6	1.9	10%
TOTAL ELEXON	98.2	93.3	4.9	5%

Review against the annual budget

(Continued)

A significant portion of our cost structure consists of fixed costs, or costs driven by industry changes. As the Chair mentioned in her report, we fully recognise the financial challenges faced by BSC Parties.

Considering the inflation rates exceeding 10% in 2022/23, we carefully factored this into our operational and investment decisions. Overall, we have made diligent efforts to minimise costs. The graph below illustrates the factors contributing to variances against our 2022/23 budget.

Through restructuring, rigorous cost controls, and increased efficiency, we have managed to reduce the cost of our regular controllable activities. Accounting for inflation and efficiency savings, our controllable costs for 2022/23 have decreased by £3.0m as shown in the graph above.

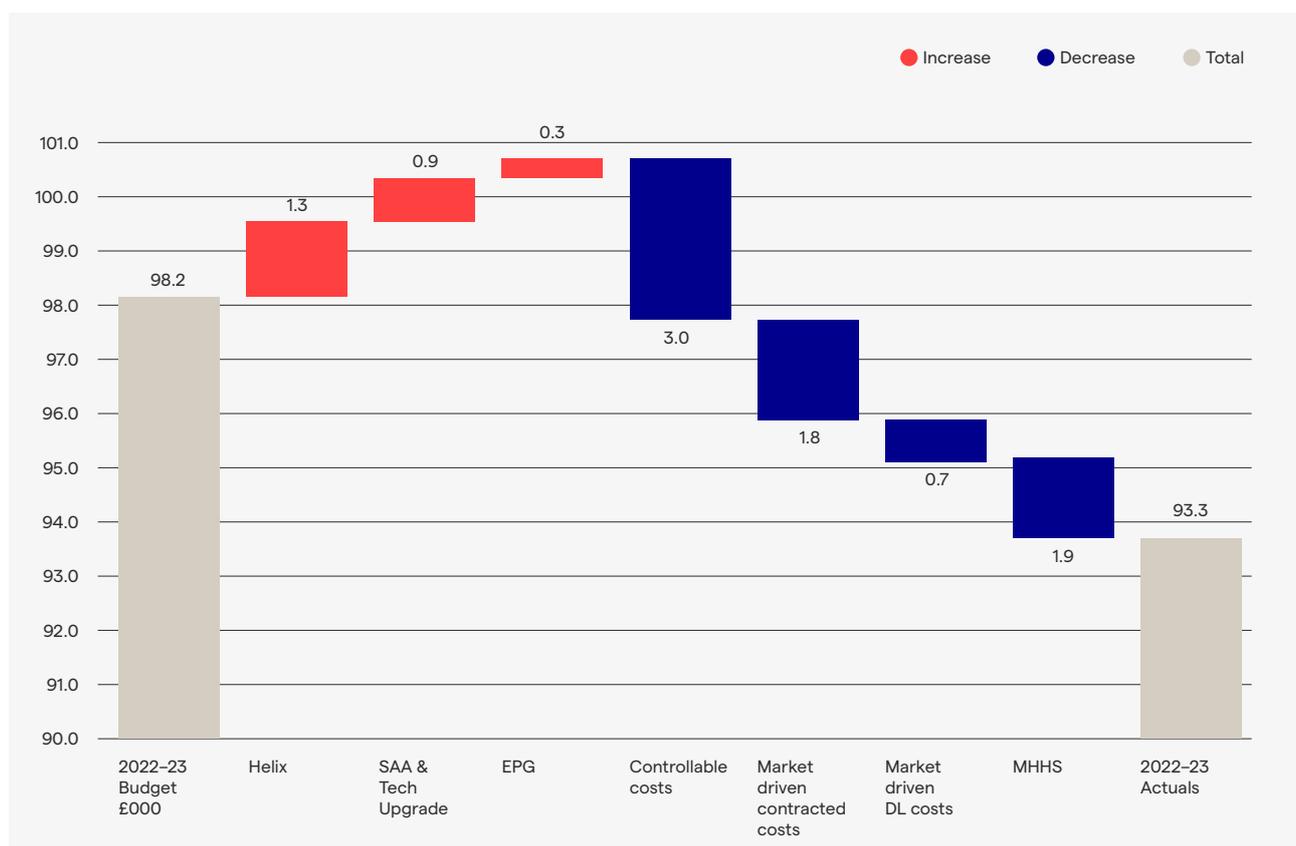
These are savings on BAU operational costs. These relate to people, occupancy, facilities, staff related expenses, administrative expenses, consultancy and legal support.

Additionally, we achieved further savings of £1.8m in market-driven contracted costs. The £1.8m includes costs to support market entry, and savings in the costs for the Radio Teleswitch Service (RTS). Following industry agreement, Elexon has passed on the costs of the RTS to BSC Parties since April 2020. The RTS savings were made because planned upgrades to the service did not materialise.

We made savings of £0.7m in market-driven Demand Led costs. Demand Led costs are for implementing industry-requested changes through BSC Modifications, or changes resulting from regulation and Government policy.

We absorbed:

- Additional costs for the Helix Programme of £1.3m
- A portion of Kinect platform go-live costs (£0.9m for creating the new SAA service on Kinect)
- Unbudgeted costs of £0.3m for delivering the EPG
- We also delivered the Energy Bill Discount Scheme and completed development of systems to support the nuclear Regulated Asset Base (RAB) scheme (mentioned in the EMRS section of the report) with no additional costs.



Review against the annual budget

(Continued)

Investment in Systems & Transformation

Our Digitalisation Programme includes the roll out of Kinnect and the transformation of BSC code management and related processes.

Since 2018/19, a total of £35.8m has been invested in Kinnect initiatives, of which £11.0m was allocated in 22/23. The £11.0m is part of the overall £20.7m in the table above. The Programme remains aligned with its initial budget estimates. As of April 2023, we currently have ongoing investments worth £50.1m reflecting the lifecycle of the digitalisation programme. For more information see our [2023/24 business plan](#).

Helix Programme

The Helix Programme aims to re-engineer the BSC Central Systems to support MHHS. The Helix Programme has faced challenges as the approach of the MHHS Programme has been to incrementally release design requirements. Therefore, the Helix team needed to re-work certain elements of the new services in response to evolving MHHS solution designs. This resulted in a £1.3m overspend stated above.

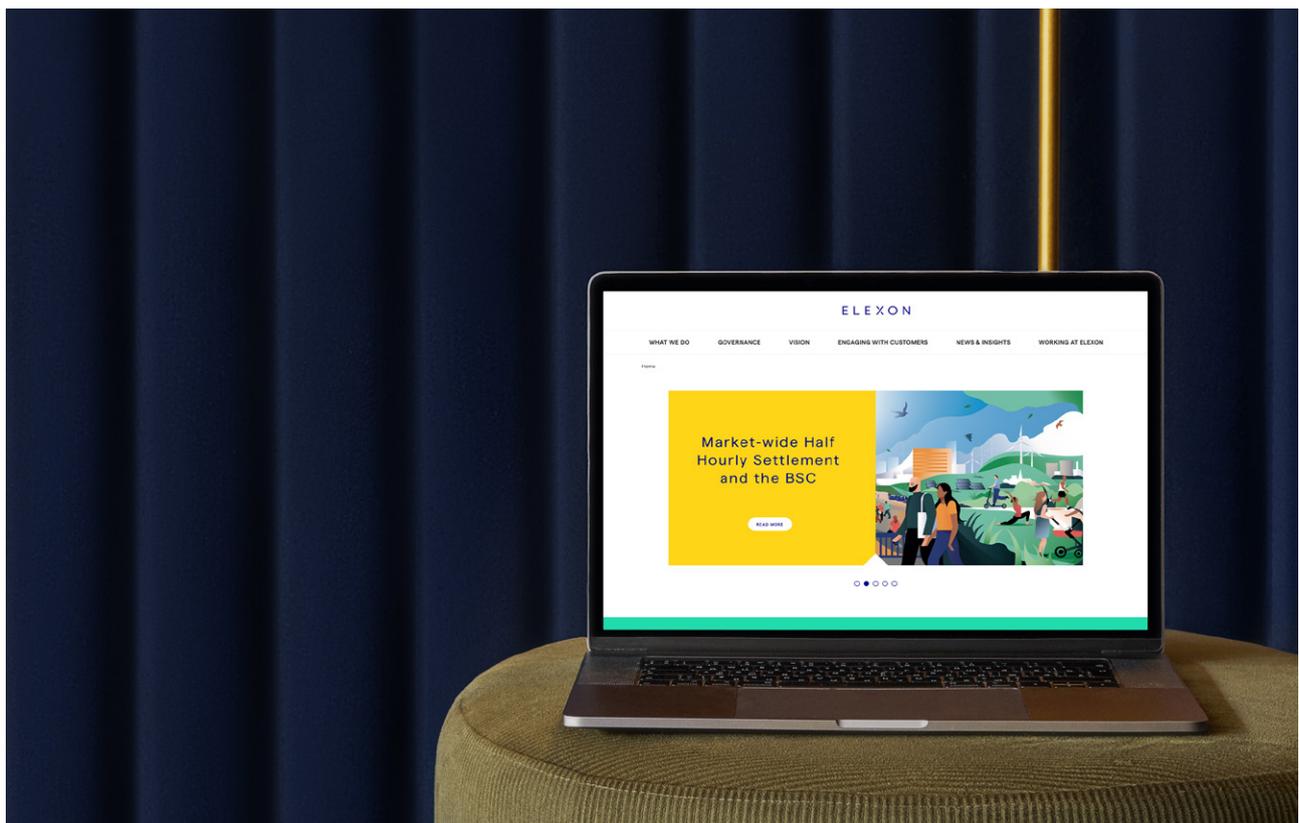
MHHS Programme

The overall MHHS Programme remains within the approved budget, with £17.5m spent in 2022/23, leaving £1.9m of the budgeted contingency unused. Following a competitive procurement process for the DIP, Avanade Limited was appointed as the implementation partner to work alongside the Programme starting in January 2023.

Return of Unused BSC Budget to Parties

As a not-for-profit organisation, our costs are matched exactly with turnover for the year. Throughout the year, we adjust our charges based on forecasts to align revenue with costs, rather than continuing to charge the equivalent of the budgeted amount.

We conducted reconciliation of BSC costs charged to Trading Parties based on final audited costs for the 2022/23 financial year. We have already returned £1.0m of our underspend against the approved budget to BSC Parties through our monthly billing process. Consequently, a credit based on the final audited costs for the remaining £4.9m will be returned to BSC Trading Parties in August 2023 during the final reconciliation.



Committee Summaries

Credit Committee

Parties need to lodge credit cover to trade under the BSC rules. Credit cover is collateral lodged by Parties to cover payments required to settle imbalances. It acts as a security deposit, which reduces the risk that other Parties face if a company cannot pay its imbalance charges.

The Credit Committee is responsible for all matters under the BSC that relate to the Credit Assessment Price (CAP). The CAP is a parameter used to convert actual energy indebtedness and the credit cover lodged by a BSC Party into an equivalent megawatt hour (MWh) amount.

Prior to November 2021, adjusting the CAP took around a month at a time. However, since then the Credit Committee has operated a quicker process so that that CAP can be adjusted with two weeks' notice.

Between 1 April 2022 and 31 March 2023 the CAP has been adjusted 18 times, reaching a peak of £415 /MWh in September, and a lowest level for the year of £140 /MWh. The dynamic adjustment process is a great example of how Panel members and industry experts collaborate to ensure that the CAP is no higher than it needs to be at any one time, to cover Parties' energy indebtedness. indebtedness.



Performance Assurance Board (PAB)

The PAB conducts and administers activities to ensure the efficient, equitable and accurate allocation of energy between Suppliers. To achieve this the PAB uses the [Performance Assurance Framework \(PAF\)](#) which allows deployment of 17 Performance Assurance Techniques, depending on the issue.

One of the PAF techniques is Qualification, which provides assurance that all BSC Parties are suitably qualified, and that relevant standards of performance are maintained.

The PAB approved 21 Qualification applications (to become a BSC Party) in 2022/23. This was a notable increase on the 14 applications in 2021/22. The largest driver for this was VLPs and Asset Metering VLPs (AMVLPs), which together totalled two-thirds of the applications in 2022/23. The AMVLP role was created as part of the P375 reforms.

The number of Re-qualification applications decreased to zero in 2022/23 (compared to nine in 2021/22). There was a similar level of Surrender of Qualification submissions; five in 2022/23 versus six in 2021/22.

The five comprised:

- Three Non-Half Hourly Data Collectors
- Two Non-Half Hourly Data Aggregators.

There were three Removals of Qualification initiated in 2022/23. This is due to market participants no longer being able to meet their BSC Obligations after decommissioning their IT systems.

“One of the PAF techniques is Qualification, which provides assurance that all BSC Parties are suitably qualified, and that relevant standards of performance are maintained.”

The types of Qualification are illustrated in the table below

	2022/23	2021/22
Qualification	21	14
Re-Qualification	-	9
Removal of Qualification	3	-
Surrender of Qualification	5	6
Novation	3	2
Change of Ownership	1	3
TOTAL APPLICATIONS	33	34

Performance Assurance Board (PAB)

(Continued)

Imbalance Settlement Group

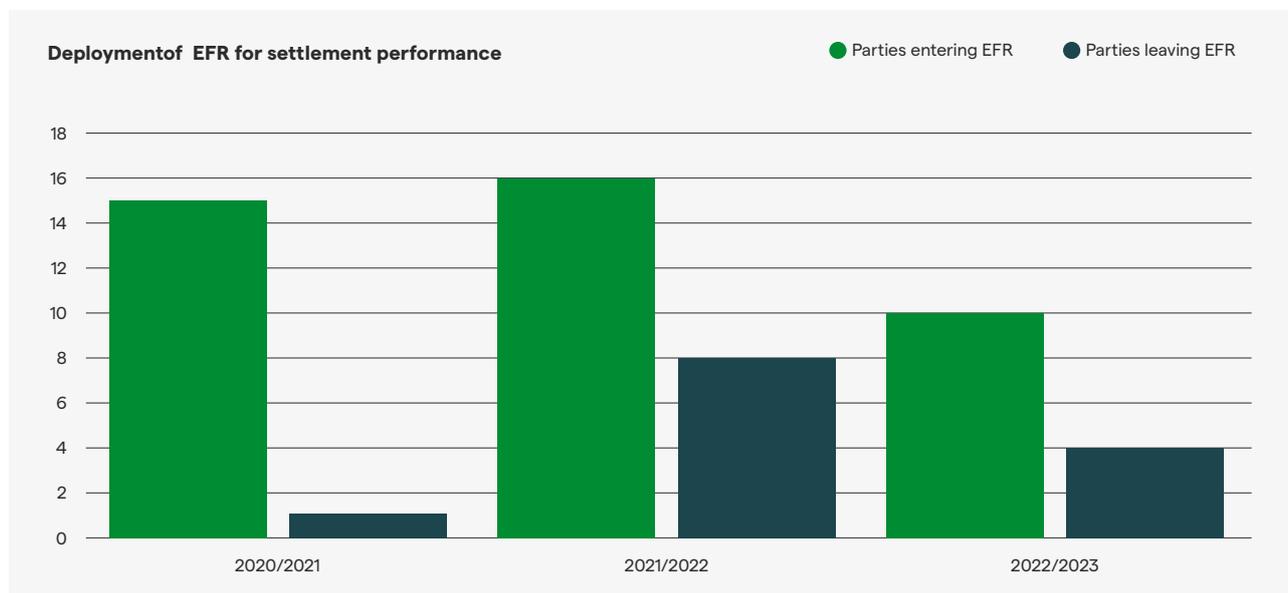
Parties entering and existing Error and Failure Resolution (EFR)

EFR is a key remedial technique in the PAF. It is used to assure Elexon, the PAB and the industry that, if Parties are not meeting performance standards, they have robust plans in place to address these.

The graph below shows the number of Parties entering and exiting EFR for Settlement Performance over the last three Performance Assurance Operating Periods. Deployment of the EFR Technique for BSC Audit Issues has not been included as this would, in effect, simply restate the number of High and Medium material Issues recorded in the latest audit report referred to earlier in this report. It is important to note that deployment of EFR for Settlement Performance was paused from April 2020 to February 2021 in response to the COVID-19 pandemic.

The Imbalance Settlement Group oversees and helps to develop the CVA Arrangements. Highlights over the year include the following:

- 21 Metering Dispensations. Some of these enabled Parties to develop multi-purpose sites traded separately as part of Net Zero and security of supply initiatives to combine intermittent renewables with battery storage
- Eight BSC CPs. This included the introduction of the CVA commissioning end-to-end check. This introduced an assurance technique to mitigate the risk of undetected Metering Equipment commissioning errors on CVA Metering Systems
- 14 Credit Assessment Load Factor (CALF) appeals to assist Parties where the relevant season in the previous BSC Year does not reflect demand or generation in the upcoming season
- New methodologies for the CVA Line Loss Factors (LLFs) annual audit and following that audit, the new CVA LLF values
- Approving the Delivering and Off-taking Estimated Transmission Losses Adjustment (ETLMO), the associated methodology, actual Load Periods and Sample Settlement Periods to be used in the derivation of Transmission Loss Factors for use in the BSC Year 2023/24.



Supplier Volume Allocation Group (SVG)

Trading Disputes Committee

The SVG oversees and helps to develop the SVA arrangements. To assist it, the group also has some advisory subgroups in specific areas:

- Metering Dispensation Review Group (MDRG, a joint subgroup with the Imbalance Settlement Group (ISG))
- Software Technical Advisory Group (STAG)
- Unmetered Supplies User Group – UMSUG – (During the year the SVG approved updates to the UMSUG’s Terms of Reference).

Dissolution of the Profiling Expert Group (PEG)

The SVG agreed to dissolve the PEG during 2022/23 and agreed that Elexon would act as a Review Group for future Profiling related tasks, including recalculation of the Average Fraction of Yearly Consumption (AFYC).

Approval of BSC changes

Over the year, the SVG appointed a new member of the Metering Dispensation Review Group and approved 11 CPs. The SVG also approved amendments to BSC Configurable items for the June 2022 and February 2023 BSC Release.

Market Domain Data

During 2022/23 the SVG approved 68 general BAU Market Domain Data (MDD) Change Requests and noted 172 Fast Track MDD Change Requests.

Line Loss Factors (LLFs)

The SVG approved the SVA LLFs for use in Settlement from 1 April 2023 to 31 March 2024, following Elexon’s annual audit of LLF values. The SVG also approved the LLF methodology statements.

The SVG also achieved the following deliverables during the year:

- Approval of the Technical Product Deliverables (TPDs) for the remainder of the BSC Year
- Approval the allocation of three new GSPs to a GSP Group, and the removal of one GSP from a GSP Group
- Agreement of 17 applications for an SVA Metering System to be treated as Exempt Supply or for existing exempt supplies to be amended
- Approval of Elexon’s application of a temporary Metering Dispensation and an update to an existing Metering Dispensation
- Approval of the Profiling Deliverables to be used in Spring/Summer 2023.

The Trading Disputes process allows BSC Parties to amend Settlement to take account of issues that have come to light, and which affect Trading Charges. During 2022/23, 74 Trading Disputes were raised (compared with 48 in 2021/22). All Trading Disputes were resolved by Elexon or the Trading Disputes Committee without escalation to the BSC Panel. There is not a specific trend detectable in the increased number of disputes, however, non-compliances raised by the TAA account for 10 of 74 Disputes raised. Elexon has also been engaging more with the industry on Disputes during 2022/23 and talking directly to Suppliers about using the Disputes technique, which has also contributed to the increase.

During 2022/23, the Trading Disputes Committee upheld 44 of the Trading Disputes compared with 29 in 2020/21. The total error corrected through the Trading Dispute process was approximately £29.75m, compared with £4.8m in 2021/22. The increase was driven by a single GSP level error during 2022/23 amounting to more than £12m and an SVA incorrect Meter Technical Details error of more than £10m. There was also an increase in number of closed Disputes in 2022/23. All Trading Disputes were resolved by the Trading Disputes Committee. None were escalated to the BSC Panel.

“Elexon has also been engaging more with the industry on Disputes during 2022/23 and talking directly to Suppliers about using the Disputes technique, which has also contributed to the increase.”

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E L E X O N