



BSC Panel 210 Minutes

Meeting Name	BSC Panel
Date of Meeting	14 February 2013
Meeting Number	210
Venue	ELEXON Ltd, 350 Euston Road, London NW1 3AW

Attendees	Andrew Pinder	AP	BSC Panel Chairman
	Andy Colley	AC	Industry Panel Member
	Barbara Vest	BV	Industry Panel Member (part-meeting)
	Bob Brown	BB	Industry Panel Member
	David Lane	DL	DSO Representative
	Ian Pashley	IP	Transmission Company Panel Member
	Leslie Nugent	LN	Ofgem Representative
	Lisa Charlesworth	LC	Ofgem Representative
	Peter Bolitho	PBo	Industry Panel Member (part-meeting)
	Phil Baker	PB	Industry Panel Member
	Stuart Cotten	SC	Industry Panel Member
	Adam Richardson	AR	ELEXON
	Laura Delargy	LD	ELEXON
	Nicola Dempsey	ND	ELEXON
	Peter Haigh	PH	ELEXON
	Victoria Moxham	VM	ELEXON
	Adam Lattimore	AL	ELEXON (part-meeting)
	Chris Rowell	CR	ELEXON (part-meeting)
	David Kemp	DK	ELEXON (part-meeting)
	David Osborne	DO	ELEXON (part-meeting)
	Mark Coulthred	MC	ELEXON (part meeting)
	Steve Wilkin	SW	ELEXON (part-meeting)

Apologies	Richard Brealey	RB	Independent Panel Member
	Richard Hall	RH	Consumer Panel Member

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Administration

1. Apologies - Verbal

1.1 Apologies were received from Richard Brealey and Richard Hall.

- 1.2 The Chairman welcomed Leslie Nugent and Lisa Charlesworth from Ofgem. Lisa will be the new Ofgem Representative for BSC Panel and will replace Dora Ianora.

2. Introduction

- 2.1 The Chair informed the Panel that the process of P289 'Enabling ELEXON to participate in tendering for the DCC Licensee role via a subsidiary' would be addressed within the Chairman's report section of the Agenda and also introduced an Agenda item to be dealt with in confidential section of the meeting.

Modification Business

3. Report of Progress on Modification Proposals

- 3.1 The Modification Secretary updated the Panel on the current status of CP1360 'Inclusion of Audit Records for Gross Volume Correction and Dummy Meter Exchanges'. It was confirmed that a Paper had been presented to the SVG, with a final CP Report due in June in time for a release date of November 2013.
- 3.2 Ofgem confirmed that they were pleased to see that progress had been made with regards to CP1360 and requested the Panel consider monitoring the use of GVC.
- 3.3 The Modification Secretary continued with an update on P283 'Reinforcing the Commissioning of Metering Equipment Processes'. Dates for the presentation of the Assessment Report had been set as October 2012, then revised to February 2013 and now pushed back to April 2013. The delays had been caused by a number of reasons including Elexon workload and resource availability and the complexity of the detailed Codes of Practice drafting. A P283 Modification Group meeting was scheduled for the end of February, following that meeting an update will be presented to the Panel in March confirming the new timetable P283 will follow. Since the Modification was raised by TAMEG and the PAB, they will also be informed of the progress of the change.
- 3.4 A Panel member agreed that PAB would need to be involved as PAB had expressed concern at the lack of progress of P283 and asked the PAB sponsor to raise the matter at the Panel. The PAB sponsor asked Elexon to ensure that adequate resource was made available for P283. He noted that the report from TDC highlighted several disputes caused by current transformer (CT) errors, an area where P283 might offer improvements by changes to meter commissioning processes.
- 3.5 The final updates were on P282 'Allow MVRNs from Production to Consumption or Vice Versa' which was rejected in line with Panel decision and P285 'Revised treatment of RCRC for Interconnector BM Units' which was approved, also in line with the Panel's decision.

4. P291 'REMIT Inside Information Reporting Platform for GB Electricity' 210/04

- 4.1 P291 proposes to use the Balancing Mechanism Reporting System (BMRS) as a platform to publish the necessary information to meet the requirements of REMIT inside information reporting for the GB electricity sector.
- 4.2 The National Grid Representative suggested capturing useful links to transparency with regards to the Grid Code, He confirmed that National Grid would be attending the P291 workgroup to ensure this is carried out.
- 4.3 A Panel Member raised a concern regarding the information that is being reported as a UK issue, and requested clarity on whether this Modification had been raised in line with current European Union Regulations. Another Panel Member highlighted that, at this stage, P291 is in line with the guidance for reporting inside information that has been published by ACER. They acknowledged that it could eventually become a European wide issue, with a single European platform, but at this time it should be ensured that all UK Parties are reporting the same data.
- 4.4 A Panel Member commented that the terms of reference should recognise Ofgems comments in its decision letter on P289, where it stated that BSC modifications should only be made for a purpose which is consistent with Licence Standard Condition C3, which concerns the proper execution of the balancing and settlement function. For example, it might be argued that the REMIT information was not, strictly speaking, a BSC data item. The Chairman agreed that P291 would require regular consultation between the Workgroup, National Grid and Ofgem. A Panel Member seconded that as long as the three aforementioned groups were involved, they were satisfied with the Modification.
- 4.5 Another Panel Member highlighted that the definition of the Modification is very broad, although the ACER guidance is more focussed. ELEXON confirmed that the Workgroup will address all issues in line with Ofgem guidance and the EU Regulation.
- 4.6 The Panel:
 - a) **DETERMINED** that Modification Proposal P291 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable such that an Assessment Report should be completed and submitted to the Panel at its meeting on 13 June 2013;
 - c) **DETERMINED** that the P291 Workgroup should be formed from members of the Settlement Standing Modification Group and any other interested parties; and
 - d) **AGREED** the Workgroup's Terms of Reference, subject to finalisation of amendments.

Non-Modification Business: Open Session

5. Minutes of Meeting 207, 209, 209 & Actions Arising - Verbal

5.1 The minutes of the previous meetings were agreed and an update on the actions provided.

6. Chairman's Report - Verbal

Appointment of BSCCo Board Members

6.1 The Chairman updated the Panel on the Interview process for the new BSCCo Board Members. The Board had received over 400 applications, various being of a very high quality. The Chairman and Barbara Vest both expressed their approval of the chosen candidates, Volker Beckers and Alison Chappell. Both will commence their roles immediate effect.

6.2 A Panel member observed that the two candidates had previously worked at the same company and asked if this had been considered by the board. The Chairman confirmed that this was the case however the background of the appointees was varied. Although both had worked for the same company periodically, they were no longer with the same company when appointed.

6.3 The Panel were informed that Barbara Vest would be standing down from her current role as Board Member and the Chairman expressed his thanks to all retiring members of the Board. The Chairman continued that until another industry member with the relevant experience has been appointed, Nigel Cornwall will continue in post. He furthered that the next step in this process would be to appoint the outstanding Independent Industry Member and the two Non-Industry Members.

6.4 The Chairman confirmed that he would be stepping down from Panel Chairman Duties at the end of his term and that the process for the selection of a new Chairman of the Panel and the ELEXON Board would be overseen by Richard Brealey.

Governance Review

6.5 PBo joined the meeting.

6.6 The Chairman addressed P289 'Enabling ELEXON to participate in tendering for the DCC Licensee role via a subsidiary' and how the Modification had been handled. He observed that it had been a difficult process for both ELEXON and the Panel and that in conducting a review of the P289 process he wished to use the opportunity to address a broad range of governance issues as he believed that there was an opportunity for the review to clearly outline the rights and responsibilities of all parties and to clarify the relationships between the Board, the Panel and ELEXON.

6.7 A Panel member welcomed the process and proposed that the review should additionally clarify, for future reference, what is considered confidential information and what should feature in the public domain. They felt that previously, much that had been discussed by the Board had been classified as confidential which prevented the Panel from remarking on things that had an impact on BSC Parties.

- 6.8 The Chairman confirmed that a Terms of Reference would be drawn up with an independent regulatory expert appointed to conduct the Review that would be supported by Richard Brealey for the Panel, and a Board member (potentially the senior independent member) and a further Panel member. It was intended that the review would seek views from all the Panel and Board members and probably industry participants, concluding in the summer. The Review would be an ample opportunity for all parties to examine their previous working practices and start afresh with a new chairman for the coming tenure.
- 6.9 A Panel member expressed that it was imperative that the review got to the heart of the unique structure that ELEXON has in its set up that he felt contributed to the issues surrounding transparency – e.g. ownership being different from who funds. Another Panel member commented that they would also like to see the full range of BSC Parties involved and for Ofgem to have input into the review.
- 6.10 A Panel member clarified that the Panel did not question ELEXON's right to propose Modifications, but he noted some could appear self-serving. He stated that it is in the BSC Parties interest for the Panel to ask questions and for ELEXON to act transparently in all circumstances. ELEXON agreed that transparency should be investigated in the review.
- 6.11 Another Panel member requested that the review look at the use of the expedited process and ensure that the approach used was considered in the context of the Code Administration Code of Practice as well as the BSC itself.
- 6.12 The Chairman confirmed that a draft Terms of Reference for the review would be circulated to the Panel for comment and that ELEXON would also seek input from Grid and Ofgem. The Panel noted that whoever is appointed to lead the review will also have a chance to comment on the Terms of Reference.

Action 210/01

Activities Following Rejection of P289

- 6.13 A Panel member expressed concern that ELEXON resources were being used on vires issues to the detriment of on-going BSC operational matters. Extended timescales for Modification P283 and agent software being allowed to fall out of support were suggested as examples. Whilst an explanation for P283 had been given earlier in the meeting, PH committed to review the software issue.
- 6.14 The Chairman confirmed that an application for the DCC Licence (Invitation to Apply) had been submitted by a separate company: The ELEXON Partnership Limited (TEPL). The Chairman was not aware of the current state of the DCC Award process.
- 6.15 Two Panel members queried whether the DCC application was using BSC resources. The Chairman stated he was unaware of any resources being used. ELEXON (PH) confirmed that a modest level of resources was supporting the application but that no external funds had been spent. The Panel noted that the direction of BSC resources was a matter for the Board / Executive. Some Panel members expressed concern that such a direction was ultra vires and asserted that ELEXON resources should not be used.

- 6.16 A Panel member noted that the Statement on the website regarding the DCC and vires and similar statements from Ernst and Young will need to be updated in line with P289 decision. The Chairman acknowledged that the wording of the statements was incorrect and that it was TEPL, not ELEXON, that was bidding to be the DCC. He apologised as he was unaware of the content. ELEXON agreed to review the text.
- 6.17 The Chairman reminded the Panel that the provisions to outsource BSC Services implemented via Approved Modification P284 was in place and explained that the Board had asked ELEXON to review the contract model again. A Panel member was concerned as the earlier contract proposal had only recently been rejected (November) and several were keen to understand what had changed. The Chairman reminded the Panel that the Board had previously supported adopting a contract model but had rejected the contract proposal as they had been unable to convince themselves that there would ultimately be a benefit for BSC parties (i.e. the first of Ofgem's 4 conditions).
- 6.18 LN reminded the Panel that any contract model would be subject to Ofgem approval. Ofgem would need to confirm that criteria had been met and may need to consult on this. LN continued that ELEXON needed to allow for this in its plans.

7. ELEXON Report – 210/01

- 7.1 Peter Haigh updated the Panel on recent events on Consultation responses, Technical Assurance, European Developments and Industry and Operational news.
- 7.2 European Transparency Regulation – Steve Wilkin to report back to Panel as more information becomes available.

ACTION 210/02

Smart Update:

- 7.3 Chris Rowell updated the Panel on SMART developments. Further details on this can be found in the [ELEXON Report](#). CR clarified that DECC had, on 13 February, qualified 3 applicants from the DCC Licence Award ITA stage and this included the TEPL bid which had qualified strongly.
- 7.4 The Chairman called a break to the open session of the meeting to enable the Panel to consider the confidential matter raised by DECC in closed session.
- 7.5 The Chairman re-convened the Panel in open session.
- 7.6 BV left the meeting.

8. Distribution Report - Verbal

- 8.1 DL confirmed that there he had no matters on which to update the Panel this month.

9. National Grid Quarterly Report - Verbal

9.1 IP noted that he had undertaken, at a previous Panel meeting, to update the Panel on revisions to the structure within National Grid and confirmed it remained his intention to provide this update to Panel members in due course.

10. Report from the ISG – 210/01a

10.1 The Panel noted the report from the ISG.

11. Report from the SVG – 210/01b

11.1 The Panel noted the report from the SVG.

12. Report from the PAB – 210/01c

12.1 The Panel noted the report from the PAB.

13. Report from the TDC – 210/01d

13.1 The Panel noted the report from the TDC.

14. Report from the PSRG – 210/01e

14.1 The Panel noted the report from the JESG.

15. Trading Operations Report – 210/02

15.1 The Panel noted the Trading Operations Report.

16. Change Report – 210/03

16.1 The Panel noted the Change Report.

17. European Update from Ofgem - Verbal

17.1 LC provided an update on the progress of the second phase of the Code Governance Review. The Panel noted that consultation responses have been published on the Ofgem website and its conclusions will be published in the coming months.

18. Responses to the Draft Business Plan – 210/05

18.1 The Panel was provided with a summary of industry feedback on the draft Business Plan. The update included some proposed amendments to the Business Plan to provide clarification in response to industry



feedback. The Panel was invited to consider the comments on the Business Plan, agree the revisions to the strategy and approve the BSCCo Business Strategy.

- 18.2 ELEXON confirmed to the Panel that interest in the Business Plan had been high – it had been downloaded 99 times by 88 individual users (excluding ELEXON downloads). The overall flavour of feedback received from BSC Parties on the draft Business Plan was that they were not feeling compelled to submit formal comments because the plan was largely a continuation of that followed for the past two years, and there was nothing in it that caused them concern.
- 18.3 ELEXON advised the BSC Panel that no actions were needed in response to the industry comments, but that there was value in making some minor amendments to add clarity and reassurance to BSC Parties in respect of Priority 1 (Delivery of Application Strategy and BPO Transformation Work); and Priority 4 (Smarter Markets).
- 18.4 The Chairman asked ELEXON to expand on the Application Strategy in view of comments received from Scottish and Southern Energy (SSE).
- 18.5 MC confirmed that ELEXON had provided SSE with a briefing note on the Programme, and agreed to circulate it to the rest of the Panel. The note provided more detail on the risks and issues that the BPO Transformation Programme will seek to address.

Action 210/03

- 18.6 The Panel agreed that it was important to ensure that platforms remain supported and noted ELEXON's view that there were significant benefits to be gained from re-organising existing systems to make them more efficient, reduce the risk of failure and the cost of change.
- 18.7 ELEXON confirmed that it will engage with BSC Parties and the Panel as it progresses with the strategy to ensure that the solution is co-ordinated with BSC Parties' systems and offered to return to the Panel in April with much more detail on the objectives, approach, costs and benefits of the BPO Transformation Programme.
- 18.8 A Panel member enquired if Consumer Representatives had put forward any comment. ELEXON confirmed that no comments had been received from Consumer Focus.
- 18.9 The BSC Panel:
- a) **NOTED** the comments received on the Business Plan;
 - b) **NOTED** the actions taken by ELEXON to address the comments received;
 - c) **NOTED** the revised Business Strategy and Budget;
 - d) **APPROVED** the Business Strategy; and

- e) **NOTED** that the Board will be asked to approve the budget to deliver this strategy.

19. Balancing Network Code Update – Verbal

19.1 Steve Wilkin and Ian Pashley updated the Panel on the development of the draft European Electricity Balancing Network Code and on possible impacts of this (as far is currently known) on the BSC.

19.2 The BSC Panel:

- a) **NOTED** the update

20. Update on Chairman Appointment Process – Verbal

20.1 The Panel Secretary updated the Panel on the Appointment Process for a new Panel Chairman. The Panel noted that the term of office of the current BSC Panel Chairman expires in October 2013. Previously, the Authority has appointed the BSC Panel Chairman following a selection process operated by Ofgem. However, in line with changes made to both the Transmission Licence and the BSC since the last appointment, the responsibility for running this process now falls to the BSC Panel.

20.2 The Panel noted that the person appointed as the BSC Panel Chairman is also, automatically appointed as the chairman of the BSCCo (ELEXON Ltd) board. Consequently, the appointment of a new BSC Panel Chairman will coincide with the appointment of a new chairman of ELEXON Ltd.

20.3 The BSC permits the Panel to define its own process for nominating a new Panel Chairman. However, in doing so, it must consult with the BSCCo Board and the Panel's recommendation is subject to the approval of the Authority.

20.4 The process will be led by the Deputy Panel Chairman and a paper will be brought to the March Panel Meeting seeking the Panel's approval of the process. It is anticipated that the approach will be similar to that used under the CUSC and for the selection of BSCCo Board members, being based on good governance and the principles of the UK Corporate Governance Code.

20.5 The Panel Secretary noted that it was likely that the approach will require Panel volunteers to participate the process.

20.6 The Panel Secretary invited any Panel Member that has any comments or suggestions to contact him in advance of the next Panel meeting.

20.7 The BSC Panel:

- a) **NOTED** the update



Minutes

21. Any Other Business

21.1 There was no other business in the Open Session.