

# BSC PANEL STRATEGY

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**MEETING NAME** BSC Panel

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**Date of meeting** 9 October 2014

**Paper number** 229/15

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**Purpose of paper** For Decision

**Classification** Public

**Summary** This paper invites the BSC Panel to approve a BSC Panel Strategy, incorporating a Strategic Work Programme of activities designed to address a number of strategic concerns. If approved, this strategy will feed directly into the development of the Annual BSC Strategy. It will subsequently inform the work of the Panel, its Panel Committees and ELEXON going forward.

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## 1. Background

- 1.1 A joint workshop of BSCCo Board members and BSC Panel members was held at the end of July 2014 to discuss the governance of BSCCo. The workshop identified a number of proposals regarding the governance of BSCCo. Other ideas were put forward regarding the BSC Panel, including the development of a Panel Strategy which should feed directly into the development of the Annual BSC Strategy and further consideration of the governance arrangements for the BSC Panel itself.
- 1.2 The Panel endorsed the progression of a Panel Strategy and further work on Panel governance at its meeting in August 2014.
- 1.3 The Panel observed that it was a good idea to look at Panel governance given the changes that have happened in the industry and that the development of a Panel strategy to deal with enduring issues was something that the Panel could do now.
- 1.4 The Panel also acknowledged that the wider considerations highlighted (e.g. composition of the Panel, the processes used to appoint Panel Members, BSC Panel and Panel Member accountability and measuring performance) would need further development and, in any case, would probably require one or more BSC Modifications to be raised to take forward any recommendations. These matters are therefore being considered separately (see Panel Paper 229/16).
- 1.5 This paper sets out a BSC Panel Strategy for the consideration of the BSC Panel.

## 2. BSC Panel Strategy 2015/16

- 2.1 The BSC Panel has a general objective to give full and prompt effect to the BSC so as to achieve the Applicable BSC Objectives in a transparent, economic, efficient and non-discriminatory way.
- 2.2 It also has a general responsibility to keep itself informed of issues that fall outside the direct governance of the BSC and assess (and take steps to address) any impact on it in a co-ordinated way.
- 2.3 These considerations are reflected in the work that is being progressed by the BSC Panel, its Panel Committees and within ELEXON.
- 2.4 The Chairs of the BSC Panel Committees and Expert Groups (where these bodies are chaired by ELEXON) have met to review these current activities and the work that has been proposed to be taken forward in light of current issues and concerns arising. This review has taken account of matters set out in:

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- The Annual BSC Report 2013/14;
- The Annual Performance Assurance Report 2013/14;
- The BSCCo Business Plan 2014/15;
- The latest thinking emerging from the work of the Panel's Committees.

- 2.5 We have drawn these strands together to create a strategic work programme that is designed to address identified strategic concerns.
- 2.6 These strategic concerns and the resulting strategic work plan are set out for approval in the attached Panel Strategy.
- 2.7 Since this is the initial strategy document, we have also included activities and work-streams being progressed within the remainder of 2014/15.

## 3. Purpose

- 3.1 The Panel Strategy and the Strategic Work Programme will feed directly into the development of the annual BSCCo business plan.
- 3.2 It will enable the BSC Panel, Panel Committees and ELEXON to:
- take a more strategic view of how to develop the BSC, including its systems and processes, both to meet changing policy goals from Ofgem and DECC and to make improvements to its effectiveness and the ability to deliver on the Panel's objectives; and
  - recognise interactions between activities and work-streams and plan accordingly to align timings and join up initiatives that may overlap in terms of their impact on the BSC rules, processes, interfaces and systems.
- 3.3 It will also be used to support:
- Regular reviews of priorities by Panel Committee Chairs and Panel Sponsors;
  - Ongoing co-ordination of Committee work programmes and actions by Committee Chairs and Panel Sponsors; and
  - Communication of activities across ELEXON, the BSC Panel and Panel Committees.

## 4. Ownership, Review and Maintenance

- 4.1 The Panel Strategy will be prepared by ELEXON for approval by the BSC Panel in September/October each year in time to take account of the latest Annual Reports and so as to feed into the development of the Annual BSC Strategy.
- 4.2 It is proposed that the Strategic Work Programme is owned by the BSC Panel Chairman on behalf of the BSC Panel and that this element of the strategy is updated periodically (no more than quarterly) as required. This review would be undertaken by Panel Committee Chairs on a quarterly basis and by Panel Sponsors every six months. Ad hoc reviews may take place should significant events create a need for review of the Strategic Work Programme.

## 5. Considerations for the proposed Panel Strategy

- 5.1 In setting out the attached strategy we note the following observations:
- a) **Addressing a high volume of change and uncertainty:** The amount of change across the industry is high and the volume of work under the BSC is likely to reflect this. While ELEXON remains committed to delivering services in an efficient and economic manner, it seems unlikely that it will be possible to

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deliver further reductions in operational costs as has been seen across the previous four years. Any additional activities beyond those currently set out on the Strategic Work Plan or significant increases in the volume of business as usual services will require a re-adjustment of priorities or consideration of alternative options for delivery;

- b) **No review of the Supplier Hub Principle:** The Performance Assurance Board (PAB) has expressed a concern that the Supplier Hub Principle may not be operating effectively where customers can appoint Party Agents. The PAB considered a programme of work to review the Supplier Hub Principle, however, since this proposal was made, Issue 50 'Customer Appointed Agents' has considered the matter and concluded that the Performance Assurance Framework can already address Party Agent underperformance via the SVA Qualification provisions. Consequently, the BSC Panel Strategy does not include the more general review of the Supplier Hub Principle as proposed by the PAB.
- c) **Licence Lite:** While the strategic concerns identify the licence-lite regime as a potential driver for change. No BSC Modification has been forthcoming and no work is currently in progress under the BSC Panel or a Panel Committee to further investigate the potential changes that have been highlighted. Should additional work be undertaken under the BSC, the delivery of this work will need to be considered in the context of the overall strategy as outlined above.

### 6. Recommendations

6.1 We invite you to:

- a) **APPROVE** the proposed BSC Panel Strategy and Strategic Work Programme

### Attachments

Attachment A – BSC Panel Strategy

### For more information, please contact:

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