



Approved Minutes

BSC Panel 223

Meeting Name	BSC Panel		
Date of Meeting	10 April 2014		
Meeting Number	223		
Venue	ELEXON Ltd, 350 Euston Road, London NW1 3AW		

Attendees	Michael Gibbons	MG	BSC Panel Chairman
	Andy Colley	AC	Industry Panel Member
	Bob Brown	BB	Industry Panel Member
	Chris Alexander	CA	Consumer Panel Member
	David Lane	DL	DSO Representative
	Ian Pashley	IP	Transmission Company Panel Member
	Lisa Charlesworth	LC	Ofgem Representative
	Mari Toda	MT	Alternate for Peter Bolitho
	Phil Baker	PB	Industry Panel Member
	Phil Hare	PH	Independent Panel Member
	Richard Brealey	RB	Independent Panel Member
	Jonathan Amos	JA	Ofgem
	Luke Godwin	LG	DECC
	William Humphreys	WH	DECC
	Adam Lattimore	AL	ELEXON (Part Meeting)
	Adam Richardson	AR	ELEXON
	Beth Connew	BC	ELEXON (Part Meeting)
	Darren Draper	DD	ELEXON (Part Meeting)
	David Barber	DB	ELEXON (Part Meeting)
	David Osborne	DO	ELEXON (Part Meeting)
	Laura Delargy	LD	ELEXON
	Mark Bygraves	MB	ELEXON (Part Meeting)
	Mark Couldrick	MC	ELEXON
	Simon Fox	SF	ELEXON (Part Meeting)
	Victoria Moxham	VM	ELEXON

Apologies	Barbara Vest	BV	Industry Panel Member
	Peter Bolitho	PBo	Industry Panel Member
	Peter Haigh	PH	ELEXON
	Stuart Cotten	SC	Industry Panel Member

Administration

1. Apologies - Verbal



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- 1.1 Apologies were received from Barbara Vest, Peter Bolitho, Stuart Cotton and Peter Haigh. Mari Toda attended the meeting as alternate for Peter Bolitho, Mark Couldrick was attending on behalf of Peter Haigh and Andy Colley was voting on behalf of Barbara Vest.
- 1.2 The Panel Chairman introduced and welcomed, newly appointed Panel member, Phil Hare.

Modification Business

2. Report on Progress of Modification Proposals – Verbal

- 2.1 The Modification Secretary updated the Panel on the progress of P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8' and reported that the DCP179 meeting had taken place and that Ofgem had requested for DCUSA to report back to the Panel in August and September 2014 with P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes '.
- 2.2 AL highlighted that a decision regarding P286 'Revised treatment of RCRC for generation BM Units' could be expected during the summer to coincide with other CUSC modifications.
- 2.3 AL confirmed that the Significant Code Review Pricing Modification was expected in June 2014.
- 2.4 AL reminded the Panel that Modifications are considered on their own merits and consist of changes to the existing BSC baseline text. In rare cases this can create minor inconsistencies where multiple Modifications have an impact on the same section of the BSC yet none have not been implemented or approved for implementation. This situation has arisen in the case P291 'REMIT Inside Information Reporting Platform for GB Electricity' and P295 'Submission and publication of Transparency regulation data via the BMRS'. Similar situations may arise in the future, particularly if parts of the BSC that are impacted by EMR are also considered for amendment under separate Modifications. AL outlined two options for dealing with this situation; one would be to raise minor housekeeping Modifications on a case by case basis, alternatively, the Panel may wish to consider raising a Modification to permit ELEXON to update sets of Legal Text where minor amendments are required to align such inconsistencies. AL confirmed that next step would be for a paper to be brought to Panel at its May meeting to consider the best way forward.
- 2.5 For further details, please see the [Change Report](#).

3. Ofgem Update - Verbal

- 3.1 Jonathan Amos from Ofgem's Smarter Markets Team gave the Panel an overview of Ofgem's work on electricity settlement as part of the Smarter Markets Programme. He set out that Ofgem considers it is in consumers' interests to be settled against their half-hourly consumption data. He then explained Ofgem's plans for examining how this can be achieved.

- 3.2 A Panel member requested for [Ofgem's slide presentation](#) to be circulated to Panel members following the meeting.

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- 3.3 A Panel member suggested ongoing collaborations between the expert group that Ofgem plans to establish to support its work and the PSRG. JA confirmed that it is Ofgem's intention to invite applications to the group and agreed it could be useful for PSRG members to be involved. JA emphasised that Ofgem was looking for a broad range of participants on its expert group including members from industry (e.g. LDSOs and Suppliers), consumer representatives as well as participants from the smaller parties.
- 3.4 A Panel member observed that pressure on Suppliers to address customer bills and simplify tariffs could be a constraint on a move to Half Hourly Settlement. JA acknowledged these concerns and noted that the measures introduced by the Retail Market Review helps to sets the foundations for Ofgem's longer-term vision for more efficient, dynamic and competitive markets.
- 3.5 The Chairman asked how Ofgem is working with DECC given their interest in this area. JA confirmed that Ofgem are mindful not to duplicate work already carried out. He observed that Ofgem is working closely (and meets regularly) with DECC to ensure that its work is co-ordinated and aligned with that of government. He confirmed that DECC sits on the Smarter Markets Co-ordination Group and anticipated that it will be part of the expert group going forward,
- 3.6 A Panel member asked if Ofgem could provide any guidance on how the Panel should take account of Ofgem's Smarter Markets Programme when it considered Modifications. JA confirmed that any Modification would need to be considered on a case-by-case basis. JA concluded by referencing Ofgem's previous letter to the industry requesting for all parties to work together to help deliver smart metering benefits. He suggested P300 as an example of a modification that could be an important step in this direction, subject to it satisfying relevant criteria.

- 3.7 The BSC Panel:

a) **NOTED** the Ofgem Update.

4. P299 'Allow National Grid access to Metering System Metered Consumption data to support the DSBR service' – 223/04

- 4.1 The BSC Panel considered Modification P299 which proposed changes to allow the Transmission Company to gain access to Suppliers' Metering System Metered Consumption data, which is provided by Half Hourly Data Collectors (HHDC) to Half Hourly Data Aggregators (HHDA).
- 4.2 A Panel Member raised the question around the case for Demand Side Balancing Reserve (DSBR) Service and the impacts it may have on Suppliers at Gate Closure (i.e. a Supplier could be 'long' at Gate Closure if sites they supply reduced demand in the event of the DSBR process being deployed). They added that the



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P299 Workgroup should have looked at a suitable means to resolve such situations particularly in light of future European requirements. ELEXON explained that P299 was proposing changes to clarify what data the Transmission Company could request to support the operation of the National Electricity Transmission System (NETS) thought the delivery of DSBR. The wider requirements and impacts of the DSBR are outside of what P299 was looking to do.

- 4.3 The Transmission Company representative agreed that wider European requirements will have an impact on DSBR however the resolution of Supplier position at Gate Closure is a matter outside of P299. This view was supported by another Panel Member, who re-iterated that P299 was enabling the Transmission Company to get access to data, and that there are a lot of matters arising from the European Balancing Code and the Smarter Markets work that P299 cannot resolve. The Panel Member finally added that position at Gate Closure and pricing would be looked at via the outcomes of the Electricity Balancing Significant Code Review.
- 4.4 The Distribution System Operator representative commented that the cost of providing the data was an issue but the benefits of DSBR were more significant as it would help 'keep the lights on'. They commented that one approach to resolve the costs of the Supplier having to provide the data is that the Supplier could charge the customer that has signed up to be a DSBR provider for the provision of the data. A Panel Member responded that the Supplier may not know that a customer has signed up to be a DSBR service provider, so may not be able to recoup the costs this way. DL suggested that the System Operator could provide this confirmation, subject to the permission of the customer (which could be included in the standard DSBR contract wording). He noted that this would get the issue of costs of data provision into the Supply market, and customers could then choose which Supplier to take on, and whether to also engage in DSBR. With full information about the total package they can make an informed decision and the charges for provision of DSBR information to the System Operator would become transparent.
- 4.5 A Panel Member highlighted the aim of P299, which was to enable the Transmission Company access to metered consumption data to support DSBR. P299 itself was not putting in place DSBR, and the approval of new balancing services were subject to a different governance approach outside of the BSC and in accordance with requirements in the Transmission Licence. They also clarified that they were of the view that the BSC already allowed for the Transmission Company to access to this data. They referred to BSC Section H paragraph 4.4.3 which allows access to information and data for the purpose of operating and planning the Transmission System, and Section H4.6.3, which allows Parties to use Party data. With these requirements in mind, P299 provides clarity over what data is needed and the process by which such data is provided.
- 4.6 ELEXON confirmed that it was felt that the wording needed extra clarity, hence the reason why P299 was raised, to provide clarity around the process that would be followed in this situation.
- 4.7 The same Panel Member questioned the Workgroup's views against Applicable BSC Objective (c) as they did not believe there was an impact on competition around the Transmission Company getting access to data to support the operation of the Transmission System. The costs for HHDCs to provide that data would be



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covered by Suppliers. They added that the Panel should not be discussing the wider merits of DSR but whether the data provision method proposed by P299 was appropriate.

- 4.8 The Transmission Company representative was invited to give views on P299. They explained P299 would help add clarity around existing provisions covering the provision of data to the Transmission Company in support of operating the Transmission System. They expressed a view that the solution would make it as easier as possible for the data to be provided by setting out a clear process to follow and to aid that National Grid is doing all that it can to help by doing much of the work internally. The Transmission Company representative felt that P299 may have a marginal benefit against Applicable BSC Objective (a) as it would help compliance with the Transmission Licence in the provision of balancing services. They also expressed a view that P299 would definitely better facilitate Applicable BSC Objective (b) as the P299 would aid the delivery of DSR as part of the operation of the NETS. They considered that P299 did not impact Applicable BSC Objective (c) as they felt the comments around Gate Closure were views about the DSR service rather than P299 which will provide access to data to support DSR. They expressed the view that there were no impacts against Applicable BSC Objective (d) as the solution is making use of an existing source of data and that there were no impacts against Applicable BSC Objective (e) as P299 does not relate to any European Regulation matters.
- 4.9 The Distribution System Operative representative was also invited to give their views on P299. They supported the views expressed by the Transmission Company representative with regards to Applicable BSC Objective (a) and (b) and expressed a view that there could be a considerable benefit against Applicable BSC Objective (c) in promoting competition as P299 will support DSR which is a tool to help balance supply and demand. They also added that DSR would help to promote reduction of the emission of greenhouse gasses.
- 4.10 A Panel Member referenced the timescales for providing the data being 5 WDs and raised concerns surrounding the impact arising from BSC Parties and Party Agents having to prioritise their workload to deliver in the timeframe. ELEXON confirmed that the Workgroup had discussed the 5 Working Day requirement and that (while the Workgroup had discussed the need to manage priorities) there were no concerns or comments raised against the timescale. The Panel Member also queried the cost impact on Suppliers and agents in providing the data. It was explained that the likely volume of data required would be influenced by the number of tenders submitted as part of the DSR tender process. The Panel Member then asked whether the time and effort to provide the data would distract the HHDC from other work. Another Panel Member commented that it would not be a case of work being prioritised but more effort and resource being needed to deal with all the requests, including DSR data requests. A suggestion was made that the Transmission Company could provide an indication of the likely number of tenders and volumes of data requests, which could then be shared with relevant HHDCs so they have an idea of how much data they may need to provide and when. The Transmission Company representative agreed that they could look into doing this and advise HHDCs accordingly and return with information on how this data would be circulated.

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- 4.11 A Panel Member enquired as to what the options would be if P299 is not progressed. The Transmission Company representative explain the further thinking would be need in the event P299 was rejected on the appropriate way forward. However they expressed a view that they would make use of the existing provisions in the Code to get the data, which P299 was aiming to add clarity to by setting out a clear and transparent process.
- 4.12 When the Panel was asked to give its views on the applicable BSC Objectives the Panel was of the view that P299 did better facilitate Applicable BSC Objective (b). A minority of Panel members (BB and PB) believed that there were benefits against Applicable BSC Objective (c) as P299 would aid the delivery of DSBR which will provide benefits to demand management and the contest to provide service. A minority of Panel members (MT) expressed a view that P299 would not better facilitate Applicable BSC Objective (d) due to concerns around ensuring Supplier and agent compliance. However a Panel Member commented that the compliance issue on Suppliers and Supplier Agents was countered by the requirements in BSC Section H4.4.3 whereby the Transmission Company can access that data to support balancing arrangements and by not getting that data it would cause National Grid to be in breach of the Code and Transmission Licence to deliver the NETS in an efficient and economical way.
- 4.13 The BSC Panel:
- b) **AGREED** that P299:
 - o **DOES** better facilitate Applicable BSC Objective (b); and
 - c) **AGREED** an initial recommendation that P299 should be **APPROVED**;
 - d) **AGREED** an initial Implementation Date of 10 Working Days following an Authority decision;
 - e) **AGREED** the draft legal text for P299;
 - f) **AGREED** that P299 is submitted to the Report Phase; and
 - g) **NOTED** that ELEXON will issue the P299 draft Modification Report (including the draft BSC legal text) for a 10 Working Day consultation and will present the results to the Panel at its meeting on 8 May 2014.

5. P298 'Consequential amendments to the BSC Modification process following the implementation of Third package and other miscellaneous changes' – 223/05

- 5.1 The BSC Panel considered Modification P298 which proposed changes to align the BSC with the Transmission Licence to reflect that the Authority can raise, or direct National Grid (as the Transmission Company and Licensee) to raise, Modifications it considers necessary to comply with, or implement, European Electricity Regulation and legally binding decisions.

- 5.2 A Panel member queried whether P298 would affect Modifications raised by Parties (other than the Transmission Company) if it related to a European matter. ELEXON confirmed that any Modification raised by a Party other than the Transmission Company would progress under the normal BSC Change Process. If a party raised a Modification that has a European element, ELEXON would advise the party as such through its 'critical friend' feedback.
- 5.3 The BSC Panel:
- a) **AGREED** that P298:
 - o **DOES** better facilitate Applicable BSC Objective (a);
 - o **DOES** better facilitate Applicable BSC Objective (d); and
 - o **DOES** better facilitate Applicable BSC Objective (e);
 - b) **AGREED** an initial recommendation that P298 Proposed Modification should be **APPROVED**;
 - c) **AGREED** an initial Implementation Date of 10 Working Days following the Authority's decision;
 - d) **AGREED** the draft legal text;
 - e) **AGREED** that P298 is submitted to the Report Phase; and
 - f) **NOTED** that ELEXON will issue the P298 draft Modification Report (including the draft BSC legal text) for a 17 Working Day consultation and will present the results to the Panel at its meeting on 12 June 2014.

Non-Modification Business: Open Session

6. Minutes of Meeting 222 & Actions Arising - Verbal

- 6.1 The minutes of the previous meeting were agreed and an update on the actions provided.
- 6.2 The Distribution Representative highlighted the recent work of the Commercial Operations Group regarding the energisation of Grid Supply Points within Distribution areas. It was noted that an update on this matter was due to be given at next month's Panel meeting.
- 6.3 The Distribution Representative noted previous outgoing information from sub committees and suggested that all information should go through the Panel first. The Chairman acknowledged the importance of good communication between the Panel and its Sub-Committees and the guiding principle that formal communication with government and regulators should in general be channelled via the Panel, rather than its sub committees. He suggested that a note should be drafted to establish guiding principles for all Panel committees regarding industry communications for discussion at the next Panel meeting.

ACTION 223/03

7. Chairman's Report - Verbal

7.1 The Chairman had nothing to report.

8. ELEXON Report – 223/01

8.1 Mark Couldrick updated the Panel on ELEXON's recent developments and activities.

8.2 Victoria Moxham updated the Panel on recent developments in smart metering and smarter markets.

8.3 Chris Rowell presented the Panel with an update on ELEXON's longer term vision surrounding its future Web Channels.

8.4 CR informed the Panel that ELEXON is particularly keen to capture feedback on the current channels that are available to its Users. Diagnostic tools such as Google analytics on the BMRS website have been introduced which helps ELEXON to get a view of how its Users access the information. CR confirmed that a recent User Group had also been established and its first meeting took place on the 9 April to discuss reaching further users and to meet the needs of the industry. CR encouraged the Panel to offer its input via the Panel Secretary, industry users or via input to the User Group.

ACTION 223/04

8.5 For further details, please see the [ELEXON Report](#).

9. Distribution Report - Verbal

9.1 The Distribution Representative updated the Panel regarding the alignment of DCP179 with Modification P300 and suggested that there would be more to report on at May's Panel meeting.

10. National Grid Report – Verbal

10.1 The National Grid representative acknowledged that National Grid was currently looking at outages and the firming up of communications and that National Grid planned to produce a written report to cover off any issues. MC confirmed that ELEXON was in close liaison with National Grid.

11. Ofgem Report – Verbal

11.1 The Ofgem representative confirmed that Ofgem had published the State of the Market report and has decided that a referral to the Competition and Markets Authority (CMA) is the right thing for consumers. Ofgem is obliged to consult on the referral and the consultation is out until 23 May.

11.2 Ofgem will continue with a range of projects to improve competition in the market alongside any CMA investigation, eg retail market reforms, consumer switching work, and preparing for smart meters. LC noted that Ofgem's Change of Supplier work is on-going and it had recently published a statutory consultation on supply licence changes to enforce 3 week switching and prevent erroneous transfers, and the next stage of the Change of Supplier work will be consulted on in May.

12. Report from the ISG – 223/01a

12.1 The Panel noted the report from the ISG.

13. Report from the SVG – 223/01b

13.1 The Panel noted the report from the SVG.

14. Report from the PAB – 223/01c

14.1 The Panel noted the report from the PAB.

15. Report from the TDC – 223/01d

15.1 The Panel noted the report from the TDC.

16. Report from the ECCAF – Verbal

16.1 The Panel noted the report from the ECCAF.

17. Trading Operations: BSC Operations Headline Report – 223/02

17.1 The Panel noted the report from BSC Operations.

18. Change Report – 223/03

18.1 The Panel noted the Change Report.

19. Presentation from DECC – 223/06

19.1 Luke Godwin and William Humphreys updated the Panel on the recent EMR Consultation on Industry Code and Licence Modifications which closed on the 15 January 2014 and received 13 responses. It was noted that the responses to the consultation would be published on 4 June 2014.

19.2 A Panel member was surprised at the apparent speed with which DECC was taking forward Modifications to the BSC given that one of the questions in the consultation concerned the fundamental question of whether the Offtaker of Last Resort (OLR) be introduced. The Panel member noted a concern that this would constitute a transfer risk to consumers and this should concern consumer groups. LG agreed to note the point and to feed this in to DECC's further considerations.



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19.3 The Chairman requested clarification whether the OLR was relevant to all Contracts for Differences (CfD) or for particular classification of CfD's. WH confirmed there would also be particular relevance for the smaller generators who would move between back stop Power Purchase Agreements (PPAs), however no threshold has been set for determining its application.

19.4 The slides for DECC's presentation can be found on the [BSC Panel 223](#) page of the ELEXON website.

19.5 The BSC Panel:

- a) **NOTED** the update from DECC;

20. Update on Electricity Market Reform – 223/07

20.1 ELEXON presented its monthly update on its appointment as the Settlement Agent for both Contracts for Difference (CfDs) and for the Capacity Market (CM).

20.2 David Osborne updated the Panel regarding ELEXON'S publication of the Code Subsidiary Documents that were sent out for the review of BSC Parties on 28 March. DO drew the Panel's attention to paragraph 3.2 of Panel Paper 223/07 to highlight the rollover of the DECC grant for another month until the settlement system build costs of the service provider are known, whereupon a fresh grant, including such costs, will be executed.

20.3 DO also highlighted paragraph 3.3 which referenced the List of Reserved Matters of the ELEXON EMR subsidiary (as set out in appendix 1), which were matters requiring the approval of the ELEXON (BSCCo) board.

20.4 The BSC Panel:

- a) **NOTED** the EMR update.

21. Any Other Business

21.1 There was no other business in the Open Session.

Non-Modification Business: Closed Session

22. Update on Electricity Market Reform – Attachment A 223/07

22.1 ELEXON presented its monthly update on its appointment as the Settlement Agent for both Contracts for Difference (CfDs) and for the Capacity Market (CM).

22.2 The BSC Panel:

- a) **NOTED** the EMR update confidential Attachment A.

23. Letter of Credit Approval – 223/08

23.1 The Panel was invited to consider a Trading Party's application to accept a Letter of Credit that did not meet the required criteria.

23.2 The BSC Panel:

23.3 **DETERMINED** that a Letter of Credit can be accepted to replace current cash credit cover for a Trading Party for a period of 12 months.

23.4 (Panel Member votes: **Agreed** – AC, BB, CA, IP, PB, PH, RB; **Abstentions** – MT)

24. Appointment of Panel Committee Chairman by the BSC Panel – 223/09

24.1 ELEXON invited the Panel to approve the appointment of a new Panel Committee Chairman.

24.2 The BSC Panel:

- a) **CONSIDERED** the application; and
b) **APPOINTED** a Panel Committee Chairman with immediate effect.

25. Legal Advice Paper - 223/10

25.1 The Panel discussed two sets of Legal Advice that it had received from CMS Cameron McKenna and how these pieces of advice should be disclosed.

25.2 The BSC Panel:

25.3 **NOTED** that both sets of written legal advice from CMS Cameron McKenna are currently protected by legal privilege and the risk that disclosure of this advice may result in waiver of privilege;

25.4 **AGREED** to disclose both sets of written legal advice from CMS Cameron McKenna to ELEXON and TDC members on a confidential basis; and

25.5 **CONFIRMED** that such disclosure should not be deferred until after 25 April 2014.

26. Minutes of Meeting 222 – Referral of Trading Dispute DA618

26.1 The minutes of the previous meeting were agreed and an update on the actions provided.

27. Any Other Business

27.1 There was no other business in the Closed Session