

DRAFT MINUTES

MEETING NAME	BSC Panel
Meeting number	226
Date of meeting	10 July 2014
Venue	ELEXON Ltd, 350 Euston Road, NW1 3AW
Classification	Confidential

ATTENDEES AND APOLOGIES

Attendees	Michael Gibbons	MG	BSC Panel Chairman
	Barbara Vest	BV	Industry Panel Member
	Bob Brown	BB	Industry Panel Member
	Chris Alexander	CA	Consumer Panel Member
	David Lane	DL	DSO Representative
	Garth Graham	GG	Industry Panel Alternate
	Ian Pashley	IP	Transmission Company Panel Member
	Lisa Charlesworth	LC	Ofgem Representative
	Peter Bolitho	PBo	Industry Panel Member
	Phil Baker	PB	Industry Panel Member
	Phil Hare	PH	Independent Panel Member
	Richard Brealey	RB	Independent Panel Member
	Stuart Cotten	SC	Industry Panel Member
	Alison Chappell	ACH	ELEXON Board Member
	Bill Reed	BR	RWE
	David Rigney	DR	ELEXON Board Member
	Gillian Wilmott	GW	ELEXON Board Member
	Adam Lattimore	AL	ELEXON (Part Meeting)
	Adam Richardson	AR	ELEXON
	Claire Anthony	CA	ELEXON (Part Meeting)
	Chris Braley	CB	ELEXON (Part Meeting)
	Justin Andrews	JA	ELEXON (Part Meeting)
	David Kemp	DK	ELEXON (Part Meeting)
	David Osborne	DO	ELEXON (Part Meeting)
	Douglas Alexander	DA	ELEXON (Part Meeting)
	Jon Spence	JS	ELEXON (Part Meeting)
	Laura Delargy	LD	ELEXON
	Mark Bygraves	MB	ELEXON (Part Meeting)
	Peter Haigh	PHh	ELEXON
	Simon Fox	SF	ELEXON (Part Meeting)
	Talia Addy	TA	ELEXON (Part Meeting)
	Victoria Moxham	VM	ELEXON (Part Meeting)
	Violeta Argyropoulou	VA	ELEXON (Part Meeting)

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Apologies

Andy Colley

AC

Industry Panel Member

MODIFICATION BUSINESS (OPEN SESSION)

1. Report on Progress of Modification Proposals

- 1.1 The Modification Secretary updated the Panel on the current status of Modifications. The Panel noted that Modification [P298](#) *'Consequential amendments to the BSC Modification process following the implementation of Third package and other miscellaneous changes'* had been approved with an Implementation Date of 18 July 2014.
- 1.2 For further details, please see the [Change Report](#).

2. Update on P272

- 2.1 AL confirmed that Modification [P272](#) *'Mandatory Half Hourly Settlement for Profile Classes 5-8'* is currently progressing on track, and noted that the consultation on a revised proposed Implementation Date should be issued shortly so that the Panel could make a decision at its September meeting. Discussions are currently being had with regards to the implementation approach, but it is looking like a final decision could be made in November for a potential Implementation Date of April 2016.
- 2.2 A Panel Member referred to the current Workgroups in progress and asked if ELEXON was receiving a sufficient range of candidates to fill its Workgroups. AL confirmed that most Workgroups are operating with a sufficient number of members but that the number of Workgroup members for governance Modifications is still low. AL requested all Panel Members to encourage any interested persons to attend.
- 2.3 A Panel Member queried the timetable proposed for [P300](#) *'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes (DCP179)'* being brought back to the Panel for its final decision. AL confirmed that the Workgroup's Assessment Report is on course to be presented to the Panel at its August meeting, with the Panel's final recommendation then being made at its September meeting. The Final Modification Report would then be sent to Ofgem at the same time as the revised proposed Implementation Date for P272. The DSO Representative asked whether Ofgem still plans to make its decisions on P300 and DCP179 in November. The Ofgem Representative commented that it was currently the aim to make decisions on these modifications in November, assuming they progress through the modification processes as currently planned.

3. Ofgem concerns regarding P272 and P300– 226/04

- 3.1 The Panel was asked for its input on how best to respond to the concerns that have been raised by Ofgem regarding the implementation approach for P272 and P300. Ofgem also cited concern over a perceived lack of cross Code coordination and speed when progressing these Modifications.
- 3.2 A Panel Member considered that ELEXON had carried out the appropriate actions when progressing these Modifications, and that nothing more could have been done at the time. They asked whether it would be beneficial to seek input from the Cross-Code Electricity Forum (CCEF). ELEXON acknowledged that input could be sought from the CCEF. Another Panel Member highlighted that the CCEF was only an educational group and did not hold any decision-making powers. Another Panel Member agreed that the CCEF was not the right route as it was an educational forum.

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- 3.3 A Panel Member noted that they agreed with the current arrangements for setting Implementation Dates and also agreed with the send-back procedure that the Authority could follow if it believed further work was needed.
- 3.4 A Panel Member believed that the current timetable for P300 is appropriate and encouraged ELEXON to take the time over the Modification to get it right.
- 3.5 Another Panel Member felt that cross-Code involvement is necessary for the changes that Ofgem has cited and believed that this area should have been progressed under a Significant Code Review (SCR) due to this.
- 3.6 It was another Panel Member's view that if Ofgem considered there to be benefits for Half Hourly Settlement, then it should have set these out clearly and at an early stage for the benefit of the Panel and Modification Workgroups.
- 3.7 A Panel Member observed that the Panel and ELEXON had fulfilled their duties and that, in view of the concerns that had been re-iterated by Ofgem, it may be appropriate for Ofgem to issue an open letter to the industry asking for more clarity and detail in responses to consultations to aid co-ordination of industry changes.
- 3.8 A Panel Member highlighted that the Code Administration Code of Practice (CACoP) requires Code Administrators to meet at least once a year and considered that further meetings and formal discussions would be needed in order to discuss areas like this. The Panel Member urged ELEXON to utilise its role and knowledge on the CACoP group and the other Code Administrator meetings that it attends.
- 3.9 A Panel Member commended the timing of Panel Paper 226/04 and agreed that ELEXON had acted appropriately. The Panel Member believed that both Modifications had been handled well and that all deadlines had been met, whilst keeping the BSC Panel fully updated. The Panel Member observed that the process had been handled diligently, with cross-code impacts identified in a timely fashion as work progressed. The Panel member noted that there were no objections from Ofgem at the time that the Assessment Procedures for P272 or P300 were being determined. Ofgem had been given ample time to consider the Modifications. In the view of the Panel Member, ELEXON and the Panel had acted properly within their scope and everything that could reasonably have been done had been done. The Panel Member expressed great surprise that Ofgem had not initiated a SCR to address the cross-code impacts associated with smart metering.
- 3.10 A Panel Member highlighted that the turning point had been when P280 had been rejected and suggested that initiating an SCR at that point would have helped. With regards to the P300 Modification, the Panel Member encouraged the Authority to deliver its decision on time and stressed that it was important for ELEXON to provide an update on the progress of the Modification at each Panel meeting to ensure the Final Modification Report would be with the Authority on time.
- 3.11 A Panel Member suggested that ample time and care should be taken in the early stages to prevent reports getting sent back and wasting time. It was highlighted that similar action had been reviewed at the CUSC Panel and offered that a lessons learned exercise would be appropriate to improve and tighten up existing processes.
- 3.12 A Panel Member highlighted that any decisions made by the Panel could only be with respect to the Applicable BSC Objectives, while Ofgem is able to consider its wider statutory duties. They considered whether the Panel and Workgroups should be able to investigate all aspects and impacts further, but noted that this would require a change to the Licence.
- 3.13 Another Panel Member observed that a Modification Workgroup's analysis is based on information provided by BSC Parties and other industry organisations. Such inputs and analysis may be limited by considerations

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regarding confidentiality and so not take account of information that such parties may prefer was shared directly with Ofgem.

- 3.14 The Panel noted that these factors amounted to an important delineation between Workgroup Analysis and Regulatory Impact Assessments.
- 3.15 The Ofgem Representative welcomed the Panel's views, and noted that the particular point of concern was surrounding the current analysis of the proposed Implementation Date for P300. She noted that Ofgem had also raised its concerns with the ENA and Energy UK. LC confirmed that Ofgem was seeking more analysis of the proposed implementation timetable for P300, and commented that Ofgem had written an [open letter](#) in February setting out that timely assessment and implementation of change was needed to ensure that consumer benefits from smart metering are not delayed. LC highlighted that Ofgem is keen to avoid sending Modifications back and furthered that SCRs would be considered as and when they are required. However, in the instances of P272 and P300, the changes are already raised and progressing. LC referenced a current action (Action 225/02), still in process, in which ELEXON will liaise with other Code Administrators through the CACoP review on how to manage cross-code change.
- 3.16 LC acknowledged that Ofgem has SCR powers, but that industry should consider what more can be done at the Code level to better co-ordinate change. The Chairman asked Ofgem to report back to the Panel on why no SCR was initiated in order to develop the changes required to realise benefits arising from the roll-out of smart metering, particularly regarding the matters contemplated by P272, DCP179 and P300.

ACTION 226/01

- 3.17 The BSC Panel:
- NOTED** Ofgem's concerns;
 - CONSIDERED** its responses to the questions highlighted in the document; and
 - IDENTIFIED** any actions required on the part of the Panel, ELEXON, industry or Ofgem.

4. Update on P304 - Verbal

- 4.1 Talia Addy updated the Panel on Modification P304, following the Initial Written Assessment Report from June's Panel meeting.
- 4.2 A Panel Member enquired about the proposed extension and asked if the Workgroup had uncovered different PAR values upon analysis. ELEXON confirmed that the Workgroup has been trying to find middle ground, in order to uncover the best values to put forward.
- 4.3 A Panel Member asked if there were different PAR values for different users. ELEXON responded that the Workgroup has been trying to break down analysis to understand the impacts for particular classes of Party (e.g. larger generators, independent generators, also wind generators etc.) A Panel Member asked that the Workgroup be clear on the objectives of its analysis. ELEXON confirmed that the Workgroup is working towards establishing the impacts in a way which is as consistent as possible with the approach taken by Ofgem in the SCR.
- 4.4 A Panel Member expressed concern regarding the July to August consultation timetable, due to the holiday season, and whether the Workgroup would get a well-rounded response. The Panel Member conveyed full support of the Modification and expressed support for the consultation period to be extended as far as possible while still meeting Ofgem's required timetable. To this end the Panel Member supported ad-hoc Panel meetings if required to maximise the time available for parties to respond to the consultation.

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- 4.5 Another Panel Member echoed this view and highlighted that P304 may uncover issues for smaller BSC Parties. ELEXON confirmed that it could be flexible to ensure that maximum opportunity possible is afforded to parties wishing to respond.
- 4.6 LC confirmed that Ofgem is satisfied with the proposed Timetable extension but noted that the timetable is now tight and so they are keen that the Workgroup complete their assessment in this timeframe.
- 5. P309 'Facility to enable BSC Parties to select either replacement contract notifications or additional contract notifications' – 226/05**
- 5.1 The Panel noted that P309 proposed to give BSC Parties the ability to specify that either replacement contract notifications or additional contract notifications are associated with an Energy Contract Volume Notification Agent (ECVNA) Authorisation in order to mitigate the risk that replacement notifications might be submitted instead of additional notifications, or vice versa.
- 5.2 Ofgem raised no objection to the proposed four month Assessment Procedure.
- 5.3 The BSC Panel:
- a) **AGREED** that P309 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P309 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference.

NON MODIFICATION BUSINESS (OPEN SESSION)

6. Minutes of Meeting 225 & Actions arising

- 6.1 The minutes of the previous meeting were agreed and an update on the actions provided.
- 6.2 The minutes of the previous meeting were agreed and an update on the actions provided. The Panel noted and agreed that the following actions should be closed:
218/01, 225/01, 225/03
The following actions remained open:
224/01, 225/02, 225/04, 225/05

7. Chairman's Report

- 7.1 The Chairman confirmed that ELEXON had issued notice seeking nominations for candidates to stand in the forthcoming BSC Panel Elections of Industry Panel Members. He noted that one valid nomination had been received so far. The Chairman reminded the Panel that all nominations must be received by the closing deadline of 23 July 2014.

8. ELEXON Report – 224/01

- 8.1 Peter Haigh updated the Panel on ELEXON's most recent activities and developments.
- 8.2 A Panel Member referenced the BSC Systems Performance Graph in the ELEXON Report and enquired if the recent downward trend was due to the BSC systems upgrade or whether there was some other underlying issue. PHh confirmed also only a minor reduction in performance there had been a few process issues

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recently which was disappointing. He confirmed that ELEXON was working closely with CGI to address the matter before it became significant.

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

9. Distribution Report - Verbal

9.1 David Lane noted the current status of the GSP Energisation work and confirmed that ELEXON's Katie Wilkinson was working with Distribution Businesses in order to produce a final report in August.

10. National Grid Report – Verbal

10.1 Ian Pashley highlighted the Energy Identification Coding Scheme and confirmed National Grid's registration as a local issuing office. IP confirmed that roles and procedures for Transmission Codes were being considered and that a Workshop has been planned for Monday 14 July.

11. Ofgem Report – Verbal

11.1 Lisa Charlesworth informed the Panel of Ofgem's Settlement Reform expert group which met on 16 June, and reported a good level of engagement around analytical framework and an initial discussion on the timetable for the settlement project, with its follow up meeting taking place on 10 July.

11.2 LC updated the Panel on the Change of Supplier (CoS) consultation in which Ofgem proposes next day switching on a new centralised registration service by end 2018. There are a range of other options considered in the consultation and Ofgem is asking for views on how best to deliver this programme of work, for example, if it should use its SCR powers. Responses are due by 11 August.

11.3 LC referenced a possible Transmission Licence change as mentioned in Ofgem's open letter response to the Knight Report in October 2013. Ofgem commented that it would engage with NGET and other stakeholders on a potential transmission licence change which would enable any potential changes to ELEXON's role to be considered in appropriate circumstances. Ofgem confirmed it was considering this and expected to meet with ELEXON and NGET next month to discuss what such a change might look like. LC confirmed that Ofgem will update the Panel in due course and if it is minded to proceed with such a change Ofgem would issue a consultation.

12. Report from the ISG – 226/01a

12.1 The Panel noted the report from the ISG.

13. Report from the SVG – 226/01b

13.1 The Panel noted the report from the SVG.

14. Report from the PAB – 226/01c

14.1 The PAB Panel Sponsor updated the Panel on an upcoming Audit Presentations Workshop taking place within the PAB Committee's next meeting scheduled to take place on 31 July 2014.

14.2 A Panel Member referenced Panel Paper *226/01c Report from the PAB*, item 11 regarding the update on the obligation for Parties to raise Trading Disputes and the Trading Party's duty to ensure that data and related information are accurate. The Panel Member asked if further information would be made available to all parties.

14.3 The PAB Panel Sponsor confirmed that a paper addressing the issue would be discussed by the PAB at a future meeting.

14.4 The Panel noted the report from the PAB.

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15. Report from the TDC – 226/01d

15.1 The Panel Sponsor for the TDC highlighted recent TDC discussions around the 2014 TAA Report. From the report, the TDC had noticed a trend in the number of disputes being raised in an untimely manner. It was reported that the Distribution Businesses had been, in some cases, been slow to provide information that was required in order to assess Trading Disputes. The TDC and PAB Chairmen are currently liaising on how to address the issue.

15.2 The Panel noted the report from the TDC.

16. Report from the JESG – 226/01e

16.1 The Panel noted the report from the JESG.

17. Report from the ECCAF – Verbal

17.1 ELEXON's ECCAF representative, Steve Wilkin, informed the Panel of recent matters arising from the ECCAF meeting, which was by teleconference and held on 26 June 2014.

17.2 SW informed the Panel that the main discussions surrounded one paper from National Grid highlighting a logjam of Network Codes within the comitology process. SW reported that the ECCAF was informed that there are currently no Network Codes through the formal committee stage of comitology, when 5 or 6 had been expected by now when ECCAF's original work plan had been drawn up. Therefore the ECCAF had discussed its current light workload and had agreed to postpone further ECCAF meetings until September 2014 with the ECCAF Chair and Technical Secretary maintain a watching brief on developments in comitology.

17.3 The Chairman asked if it was now inevitable that there would be a wave of Network Codes all coming to ECCAF at about the same time. This was thought to be possible, but ECCAF will continue to monitor the situation.

17.4 The Panel noted the report from the ECCAF.

18. Trading Operations: BSC Operations Headline Report – 226/02

18.1 The Panel noted the Trading Operations: BSC Headline Report.

19. Change Report – 226/03

19.1 The Panel noted the Change Report.

20. New Proposed Scaling Weights for 2014 – 226/07

20.1 The Panel was updated on the discussions on the calculation of Scaling Weights since December 2013 and invited to agree with the SVG's recommendation to revise the Scaling Weights from 20 August 2014.

20.2 A Panel Member sought to understand the impact of the issue in financial terms and another asked if it would be worth looking at materiality checks and thresholds before the next review in 2015. ELEXON noted that, while impacts in terms of energy volumes had been considered, financial impacts were harder to calculate in the context of Settlement.

20.3 The Chairman clarified that it would also be beneficial to seek clear financial understanding of impacts in the next review. The Panel confirmed that ELEXON should look to establish error thresholds to be used during future reviews to help determine if a change to Scaling Weights was required.

20.4 The BSC Panel:

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- a) **NOTED** the SVG's unanimous decision of using the proposed equation for calculating Scaling Weights in the future.
- b) **AGREED** with the SVG's majority recommendation that the revised Scaling Weights should be applied to Import and Export as follows:
 - 1.0 for NHH Import Metered Volumes
 - 1.2 for NHH Import line losses
 - 0.0 for HH Import line losses
 - 0.0 for HH Export Metered Volumes
 - 0.0 for NHH Export Metered Volumes
 - 0.0 for NHH Export line losses
 - 0.0 for HH Export line losses
 - 0.0 for HH Export Metered Volumes
- c) **AGREED** with the SVG's majority recommendation that these Scaling Weights should be prospective with an Effective From Settlement Date 20 August 2014.
- d) **AGREED** with the SVG's unanimous recommendation that a review should take place in 2015 for new Scaling Weights to go live from 1 April 2016 and that further reviews should be decided during 2015.

21. Ofgem Request – Data Quality Review – Verbal

- 21.1 Jon Spence updated the Panel on Ofgem's 'Industry data quality, ownership and governance' letter (24/06/14) to all industry Panels resulting from Ofgem's Change of Supplier Expert Group (CoSEG) which met in late 2013. The CoSEG identified that poor quality address and metering data led to delayed and inaccurate customer billing and erroneous transfers. Ofgem has requested two reports, for electricity and gas, to assess the current arrangements to ensure data quality and the existing issues, and to propose improvements that can be made to the switching process.
- 21.2 JS highlighted that ELEXON, Gemserv and xoserve would be meeting to discuss how to take forward Ofgem's request, including Terms of Reference, timescales and industry engagement. A Board Member asked about issues arising from matching building site plot numbers to postcodes. JS confirmed that address quality data as a contributory factor to erroneous transfers would be investigated, albeit probably by Gemserv, and would be included in the Report.
- 21.3 A Panel Member suggested that data quality issues arising from the smart metering rollout, including issues raised by the PAB and TDC regarding metering errors, should be considered and offered to discuss with JS outside the meeting.

ACTION 226/02

- 21.4 The BSC Panel:
 - a) **NOTED** the update.

22. Update on Electricity Market Reform – 226/06

- 22.1 The BSC Panel received its monthly update on ELEXON's appointment as the Settlement Services Provider (SSP) for both Contracts for Difference (CfD) and for the Capacity Market (CM).
- 22.2 Peter Haigh informed the Panel of the recent meeting held with Dr Martin Read CBE, the Chairman of the Electricity Settlements Company Ltd and the Low Carbon Contracts Company Ltd. PHh confirmed that a CEO

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has been selected and that a formal announcement of the CEO and further officers' appointments will be made shortly. The concluding message from the meeting was to closely monitor the appointed delivery agent which has already been reported back to Steria.

- 22.3 David Osborne updated the Panel that the recently published EMR Regulations, including Code and Licence changes, were currently being considered by Parliament and were due to come into effect on 1 August 2014.
- 22.4 DO reported that two ELEXON seminars took place on 2 and 8 July 2014. The events were both well attended by the Industry and the Panel was encouraged to review the material circulated at the events which was available on the website.
- 22.5 A Panel Member raised a concern that at the interfaces seminar on the 8 July ELEXON appeared to have moved away from files attached to emails (one of the interface options originally consulted on) towards a more portal-based solution. The Panel member noted that for those EMR stakeholders not wishing to receive their data via the DTS, data files attached to emails offered a cost effective solution as it minimised the requirement for significant investment in IT systems and infrastructure. Following further discussion DO agreed to clarify the matter and to report back to the next Panel.
- 22.6 A Panel Member asked if all EMR related information would be available from both the EMR Settlement and ELEXON websites going forward. DO confirmed it would (albeit visitors to the ELEXON EMR page including subscribers, were automatically re-directed to the EMR Settlement website). However ELEXON Newscast would continue to include references to EMR updates with links to EMR Settlement web pages.
- 22.7 DO concluded that the Financial Conduct Authority's (FCA) view had been received regarding the non-applicability of FCA regulations to EMR activities being undertaken by EMR Settlement as the Settlement Service Provider, confirming that the Agent and its sub-contractors are not carrying on regulated activities.
- 22.8 The BSC Panel:
- a) **NOTED** the EMR update.

23. Any other Business

- 23.1 There was no other business in the Open Session.

NON MODIFICATION BUSINESS (CLOSED SESSION)

24. Section H Default

A Company, through non-payment of BSCCo charges, has triggered a Section H Default event. The BSC Panel was provided with information on the outstanding charges and a recommendation to begin the expulsion process.

The BSC Panel:

- a) **NOTED** that the Company is in Default under Section H3.1.1 (b) of the BSC; and
- b) **DETERMINED** the resolutions to be set in accordance with Section H3.2 of the BSC.

25. Next meeting

- 25.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 14 August 2014.