

BSC PANEL APPROVED MINUTES

MEETING NAME	BSC Panel
Meeting number	231
Date of meeting	11 December 2014
Venue	ELEXON Ltd, 350 Euston Road, NW1 3AW
Classification	Public

ATTENDEES AND APOLOGIES

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
	Garth Graham	GG	Industry Panel Alternate for BV
	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
	Jonathan Amos	JA	Ofgem (Part Meeting)
	Malcolm Rowley	MR	Gemserv (Part Meeting)
	Adam Lattimore	AL	ELEXON (Part Meeting)
	Adam Richardson	AR	ELEXON
	Claire Anthony	CA	ELEXON (Part Meeting)
	David Osborne	DO	ELEXON (Part Meeting)
	Jessica Porter	JP	ELEXON
	Laura Delargy	LD	ELEXON
	Mark Bygraves	MB	ELEXON
	Talia Addy	TA	ELEXON (Part Meeting)
	Thomas Routier	TR	ELEXON (Part Meeting)
Apologies	Barbara Vest	BV	Industry Panel Member

1. Apologies

- 1.1 The Chairman confirmed that apologies had been received from Barbara Vest. Garth Graham was attending as Barbara's alternate.

BSC PANEL APPROVED MINUTES

MODIFICATION BUSINESS (OPEN SESSION)

2. Report on Progress of Modification Proposals

2.1 Modification Proposal P302 – 'Improve the Change of Supplier Meter read and Settlement process for smart Meters'

2.2 The Modification Secretary, Adam Lattimore, noted that the Workgroup considering Modification P302 was seeking an extension to the Assessment period. AL noted that the timetable set by the BSC Panel currently anticipated presentation of the draft Modification Report at the Panel's Meeting in January 2015. He informed the Panel that the Modification Workgroup felt that an extension was required due to the development of two further options and the detailed documentation, combined with the impending holiday period. AL confirmed that the Ofgem representative, who had been present at the P302 Workgroup meeting, had indicated that this extension seemed appropriate.

2.3 The BSC Panel:

- a) **AGREED** to extend the P302 timetable by two months, with the Assessment Report being presented to the BSC Panel on 12 March 2015.

2.4 Modification Proposal P303 – 'Amendments to the Provisions for BSCCo Directors'

2.5 AL updated the Panel on Modification P303 which was approved last month, looking at current Board arrangements. AL confirmed that Ofgem had approved the Alternative solution which meant that the existing remuneration rules would remain in place but that the application arrangements for future candidates to the board had now changed.

2.6 Modification Proposal P305 – 'Electricity Balancing Significant Code Review Developments'

2.7 AL informed the Panel that the Workgroup considering Modification P305 'Electricity Balancing Significant Code Review Developments' was currently looking at potential new alternatives generally based upon different Price Average Reference (PAR) values and/or dynamic and static Loss of Load Probability (LoLP) model. Since the Group can only progress a single Alternative Modification this could potentially lead to more Modifications being raised in this area (i.e. alternative PAR values and LoLP provisions). The Panel noted that the Workgroup plans to encompass these potential variants when it consults on these changes so should new Modifications be raised they can be progressed as a suite of changes and presented to the Authority at the same time.

2.8 AL also noted that in order to deliver any of the options that P305, or its Alternatives, might produce in time for November 2015 ELEXON would have to begin development of the systems by the end of the year. A Panel Member asked how work could commence before the alternatives had been put forward. AL confirmed that the developments for P305 would not implement a single solution but would be the early stages of system development that would allow any solution to be implemented. However without the fundamental system changes starting now, no solution could be implemented in time for November 2015. The Ofgem Representative confirmed the authority's support to delivering P305 on time and that the industry was taking appropriate steps towards doing so.

2.9 AL confirmed that the work to be carried out by the Workgroup is a generic piece of work that would require a cost of circa £80,000. AL assured the Panel that if the Authority were to reject the Modifications that the work could still be used for future changes regarding a move towards a single marginal price at some point and so would not be lost. MG reminded the Panel that Ofgem had encouraged ELEXON to engage in an efficient process and take all reasonable steps to ensure that its desired implementation date of November 2015 could be met.

BSC PANEL APPROVED MINUTES

- 2.10 The Panel Member acknowledged the process stating that SCR Modifications should not have a higher status than others when there is no certainty of success. The Panel Member expressed concern at the expenditure before a decision has been made to progress. The Panel Member considered that it was not appropriate to authorise expenditure on system changes for SCR Modifications in anticipation of particular approval decisions being made by Ofgem. The Chairman acknowledged the concern and offered that the circumstances were exceptional.
- 2.11 A Panel Member referenced the previous work of National Grids 'Transmission Access Review' where IT work had been undertaken and was not implemented. A Panel Member requested getting a good balance and communication between ELEXON and the Authority. The Ofgem Representative agreed and asked the Panel to consider this as an exception rather than the rule.
- 2.12 The Panel agreed that these were exceptional circumstances and commencing system development work ahead of an Authority determination in respect of a Modification Proposal should not set precedent.
- 2.13 A Panel Member highlighted the responsibility on Ofgem to liaise closely with ELEXON regarding the progression of P305 (and any other Modifications related to the Electricity Balancing Significant Code Review) so as to mitigate the risk of nugatory costs being incurred in relation to systems development activities.
- 2.14 The Chairman concluded that the work should proceed and for a record of the costs incurred to be logged and reviewed.
- 2.15 *Modification Proposal P308 – 'Alternative security product for securing credit under the BSC'*
- 2.16 AL concluded with an update on P308 'Alternative security product for securing credit under the BSC' confirming that information received so far has suggested that a more substantial procurement approach will be required for the procurement of an external support provider to the P308 Workgroup than was originally anticipated. At this stage, AL wished to highlight the update with the Panel and confirmed that a further update would be provided to the Panel in the New Year.

3. Update on the Terms of Reference for Modification Groups – Verbal

- 3.1 Adam Lattimore updated the Panel on recent work carried out on the Terms of Reference for Modification Groups. AL noted that whilst the Terms have Reference have primarily remained the same, they now included clear instructions on how to manage quoracy at Workgroup meetings. AL acknowledged that certain issues, such as the Workgroup's current restriction of only raising one alternative at a time, would be reviewed as part of the review of the Modification Procedures that the Panel had endorsed for 2015.
- 3.2 AL confirmed that ELEXON would issue the Terms of Reference for the Panel's review and invited the Panel to provide feedback on the draft changes which would be taken into account when presenting the changes for approval early in the New Year.

ACTION 231/01

4. Update on Settlement Reform Work – Verbal

- 4.1 Jonathan Amos, Ofgem updated the Panel on Ofgem's recent Settlement Reform work.
- 4.2 A Panel Member noted that it was important to consider the burden of costs on the end consumer and that the requirements arising from the EU Network Codes relating to the provision of Demand Side Response would appear to place additional process and reporting burdens on significant users (which, given the low usage limits, could include consumers). The Panel Member emphasised the importance of these matters being added to the list of things to consider that had been identified by Ofgem. Another Panel Member agreed that the complexities, costs and concerns for customers needed to be addressed and highlighted a

BSC PANEL APPROVED MINUTES

concern that there may be distributional impacts that would adversely affect consumers that could not switch to Half Hourly.

- 4.3 A Panel Member welcomed the update and appreciated that its intention was to give the Panel a flavour of the discussions. The Panel Member noted that there were always bound to be pros and cons for the consumer and was satisfied that the analysis was being done and that Ofgem was on the right track.
- 4.4 The Chairman highlighted the Panel's appreciation of Ofgem's progress to date and asked that Ofgem take on the feedback. JA confirmed that all of the Panels concerns would be reported back and that exploring how the Half-Hourly process could be made more efficient was an important driver of the project.

The Panel:

- a) **NOTED** the update from Ofgem.

5. P307 'Amendments to Credit Default Arrangements' – 231/04

- 5.1 The Panel considered Modification P307 which proposed to extend the duration of the Query Period that is given to a participant prior to entering Credit Default from the present 24 hours to a period of at least 24 hours which must include a minimum of five consecutive Business Hours in a single Working Day. The Panel was invited to consider the consultation responses that had been received, and to agree a final recommendation to the Authority on whether the change should be made.

5.2 The BSC Panel:

- a) **AGREED** that P307:
- o **DID** better facilitate Applicable BSC Objective (c); and
 - o **DID** better facilitate Applicable BSC Objective (d);
- a) **AGREED** a recommendation that P307 should be **approved**;
- b) **APPROVED** an Implementation Date of:
- o 25 June 2015 if an Authority decision is received on or before 12 February 2015; or
 - o 5 November 2015 if an Authority decision is received after 12 February 2015 but on or before 25 June 2015;
- c) **APPROVED** the draft legal text; and
- d) **APPROVED** the P307 Modification Report.

6. P310 'Revised Credit Cover for Exporting Supplier BM Units'– 231/05

- 6.1 Under the current BSC arrangements the credit requirements for SVA BM Units are calculated on the basis of energy import (Balancing Mechanism Credit Assessment Import Capability). Modification P310 contended that the current approach distorts the credit requirements of SVA BM Units with embedded generation and no consumption. The Panel considered Modification P310 which proposed to address this by changing the BSC arrangements so the credit requirements for such BM Units are calculated on the basis of energy export (Balancing Mechanism Credit Assessment Export Capability).
- 6.2 A Panel Member requested further clarity on the potential Alternative solution (as detailed in Attachment B to the paper) and the Workgroup's decision not to progress this solution any further. ELEXON advised that the potential Alternative solution was identical to the Proposed solution in respect of using the Export Capability instead of the Import Capability but would instead apply for all Supplier Base and Additional BM Units where the Relevant Capacity is greater than zero. ELEXON confirmed that the Workgroup had carried out detailed analysis on the Proposed and potential Alternative solution and had agreed that the Proposed solution

BSC PANEL APPROVED MINUTES

addresses the defect identified and is better in terms of accuracy. The Workgroup had therefore agreed not to progress the potential Alternative solution any further.

- 6.3 A Panel Member requested further consideration of the 15 Working Day Report Phase Consultation due to the Christmas and New Year period. AL was mindful of the ruling within the BSC which states that the Report Phase Consultation should not exceed 15WDs¹ but advised that there were other options to allow the extension to 20WD. The Panel agreed that 15WD was an adequate timescale and noted that ELEXON would present the P310 Draft Modification report at its February 2015 rather than January 2015 meeting.
- 6.4 The BSC Panel:
- a) **AGREED** that P310 Proposed Modification:
 - o **DID** better facilitate Applicable BSC Objective (c);
 - b) **AGREED** an initial recommendation that the P310 Proposed Modification should be approved;
 - c) **AGREED** an initial Implementation Date for the Proposed Modification of:
 - o 25 June 2015 as part of the June 2015 BSC Systems Release (if progressed under Self-Governance); or
 - o 5 November 2015 as part of the November 2015 BSC Systems Release if an Authority decision is received on or before 4 June 2015 (if not progressed under Self-Governance).
 - d) **AGREED** the draft legal text for the Proposed Modification;
 - e) **AGREED** an initial view that P310 should be treated as a Self-Governance Modification;
 - f) **AGREED** that P310 is submitted to the Report Phase; and
 - g) **NOTED** that ELEXON will issue the P310 draft Modification Report (including the draft BSC legal text) for a 15 Working Day consultation and will present the results to the Panel at its meeting on 12 February 2015.

7. Issue 56 'Treatment of the new SBR and DSBR services in the imbalance price' – 231/06

- 7.1 The existing arrangements under the Balancing and Settlement Code (BSC) and the Standard Condition C16 Statements of the Transmission Licence prevent both Supplementary Balancing Reserve (SBR) and Demand Side Balancing Reserve (DSBR) from feeding into the calculation of imbalance prices. The Proposer believed that, if DSBR is used over winter 2014/15, there is potential for its use to dilute imbalance prices leading to inefficiencies in price signals.
- 7.2 The BSC Panel:
- a) **NOTED** that Issue 56 is now closed.

NON MODIFICATION BUSINESS (OPEN SESSION)

8. Minutes of Meeting 230 & Actions arising

¹ BSC Section F2.7.4(d)

BSC PANEL APPROVED MINUTES

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

8.2 The Panel noted and agreed that the following actions should be closed:

230/08, 230/07, 230/06, 230/05, 230/04, 230/03, 230/02, 226/02, 225/02

The following actions remained open:

230/01, 228/02, 228/01, 227/03, 227/01

9. Chairman's Report

9.1 The Chairman noted that ELEXON had circulated confidential transcripts of the CMA hearing to those Panel Members that had requested them and noted that any discussion on the matters noted in the transcripts should be reserved for the closed session. Panel Members confirmed that there were no matters they wished to raise in closed session.

9.2 The Chairman reminded the Panel that an appointment will need to be made for a new Independent Panel Member as Dick Brealey would be stepping down at the end of March 2015. The Chairman indicated that Dick had kindly suggested a candidate to fill the role. MG reminded the Panel of his recent letter to Panel Members regarding this proposed appointment which had included the candidate's background and CV. The Chairman indicated that several responses had already been received from Panel Members, all of which were supportive, and that he was therefore minded to make the proposed appointment in the New Year, subject to any further representations being received from Panel Members ahead of the January 2015 Panel Meeting.

9.3 The Panel was invited to note the re-appointment of the two Industry Directors to the ELEXON Board. The Chairman confirmed that, after taking account of the discussions at the November Panel Meeting and also further considerations raised by Panel Members via subsequent e-mail exchanges the Nomination Committee submitted its recommendations to the ELEXON Board. After considering these matters, the Board had approved the re-appointment of the existing members, Alison Chappell and Volker Beckers, from 1 March 2015 for a tenure of two years.

9.4 The Chairman highlighted the additional Panel Meeting to be held on the 22 January 2015 at 10:00 to consider Trading Dispute DA686. MG confirmed that the Referring Party had initially opted not to attend the meeting but had recently indicated that it may wish to present to the Panel. Panel Members agreed that it would be appropriate for the Referring Party to attend the meeting if it requested a non-oral hearing and that the Panel Chairman should vary the process to enable this in line with the provisions of the Panel's agreed process. The Panel Secretary confirmed that the complete dispute pack would be distributed to the Panel on the 22 December 2014.

10. ELEXON Report – 231/01

10.1 Mark Bygraves provided an overview of activities as set out in the ELEXON Report.

10.2 MB Noted the recent changes within the Executive team and the communications with the Panel, Panel Committees and Industry. MB confirmed that he had attended meetings of the ISG, SVG, PAB and TDC to introduce himself and to explain the changes. MB furthered that an announcement had been communicated in Newscast and committed to continue engaging with ELEXON's stakeholders. MB invited the Panel to feedback further outside of the Meeting if it wished to do so.

10.3 MB referenced ELEXON's consultation response regarding Ofgem's initial consultation on changes to the Transmission licence regarding the potential to expand ELEXON's role and ENTSO-E's latest draft of its Emergency and Restoration Network Code.

10.4 MB confirmed that ELEXON was currently reviewing the services available to its customers through open forums around system changes. MB highlighted the forums' value in providing industry views on the systems.

BSC PANEL APPROVED MINUTES

- 10.5 A Panel Member highlighted the Joint European Standing Group's (JESG) recent discussions around a harmonised Imbalance Settlement Period duration of 15 minutes (as being considered by ACER). They noted that ACER's consultation closes very early in the New Year (9 January 2015) and that other market aspects related to the Imbalance Settlement Period may also reduce to 15 minutes and urged industry to consider these matters carefully.
- 10.6 Another Panel Member agreed, noting the costs and issues arising in the arrangements relating to gas when there were changes to the definition of Settlement Day.
- 10.7 IP highlighted the workshop scheduled for 5 January to discuss the potential impacts.
- 10.8 MB confirmed that ELEXON is currently investigating if the monthly ELEXON report is still useful and relevant or requires any changes. The Panel agreed that it was right to review the content and format of the report and noted that ELEXON would be in contact over the next few weeks to discuss the way forward and gather feedback on the current reporting.
- 10.9 For further details on ELEXON's work over the past month, please see the [ELEXON Report](#).

11. Distribution Report - Verbal

- 11.1 There was no Distribution Report.

12. National Grid Report – Verbal

- 12.1 Ian Pashley updated the Panel on a recent letter it had received from Energy UK regarding National Grid's readiness on the changes regarding P291 and P295.
- 12.2 IP confirmed that National Grid had responded to the letter confirming its high level of confidence in delivering as of 5 January 2015. IP confirmed that an alternative contingency plan was in place and that every aspect had been communicated. IP concluded that the National Grid continued to work closely with ELEXON and remained on track and ready for implementing the required changes.
- 12.3 IP updated the Panel on its Electricity Balancing System (EBS) project for balancing the real-time electricity supply and demand. IP confirmed that communications informing the industry of the expected go live dates of July 2016 had been issued. The delay is due to the complex modelling of the systems which had been difficult to pin down and had taken longer than expected.

13. Ofgem Report – Verbal

- 13.1 LC confirmed that the initial consultation on changes to the Transmission licence regarding the potential to expand ELEXON's role had closed and non-confidential responses had been published. LC advised that Ofgem would look at a statutory consultation on this matter in the New Year.

14. Report from the ISG – 231/01a

- 14.1 The Panel noted the report from the ISG.

15. Report from the SVG – 231/01b

- 15.1 The Panel noted the report from the SVG.

16. Report from the PAB – 231/01c

- 16.1 Douglas Alexander, the Chairman of the Performance Assurance Board (PAB), updated the Panel on the long standing BSC Audit Issues arising from KPMG's recent Audit Report which focused on 12 areas of concern.

BSC PANEL APPROVED MINUTES

16.2 A Panel Member expressed appreciation for the update, and asked if the auditor's call for renewed action would be reflected in its 2015 report. The Panel Member asked whether the PAB could be confident that the concerns will be addressed. DA confirmed that the PAB could expect to see the same issues next year but that the impact on the market should be considerably reduced.

16.3 A Panel Member asked if the industry was aware of its duty to respond and engage and if the PAB had enough resources to action. DA noted that the analysts had been very diligent and that the relevant parties had been engaged in addressing their individual audit issues.

16.4 The Panel noted the report from the PAB.

17. Report from the TDC – 231/01d

17.1 The Panel noted the report from the TDC.

18. Report from the PSRG – 231/01e

18.1 The Panel noted the report from the PSRG.

19. Report from the JESG – 231/01f

19.1 The Panel noted the report from the JESG.

20. Report from the ECCAF – Verbal

20.1 A Panel Member, who sits on the ECCAF as the BSC Panel representative, updated the Panel on a meeting to be held at ELEXON on 20 January 2015 to provide a forum for GB stakeholders to discuss the Trans-European Replacement Reserves Exchanges project (Project TERRE) and seek input from ENTSOE.

21. Trading Operations: BSC Operations Headline Report – 231/02

21.1 The Panel noted the BSC Operations Headline Report.

22. Change Report – 231/03

22.1 The Panel noted the Change Report.

23. Electricity Data Quality Report - 231/07

The BSC Panel considered the joint BSC-MRA report on electricity data quality and its impact on the Change of Supplier process, as requested by Ofgem in June 2014.

23.1 A Panel Member reflected on switching site access to ECOES, and queried if this was open to all or only those that signed up to the voluntary code of practice. ELEXON's Jon Spence, confirmed that the thinking was in the conceptual stages and that the detail would need to be developed as part of the joint gas and electricity workshop proposed in the report.

23.2 The Panel Member encouraged that these links be made, noting that the Panel should be encouraging companies to sign up to this code of good practice. Malcolm Rowley, Gemserv, indicated that the suppliers felt that this was a good idea conceptually, but noted some concerns were raised, particularly regarding the release of data and ensuring appropriate safeguards were in place. He indicated that the Data Quality Working group had been unable to deal with all the concerns and so the group felt it was unable to put forward a unilateral recommendation in isolation from the gas industry. The group felt it was important such a recommendation was agreed jointly and so it was appropriate to defer these issues for consideration in the joint gas and electricity workshop.

BSC PANEL APPROVED MINUTES

- 23.3 A Panel Member noted that addressing under-performance via the application of Performance Assurance Techniques did not require a Modification to the BSC and asked if the various recommendations within the report that did not require Modifications to put into effect would be taken forward now. JS confirmed that ELEXON would progress recommendations where it was able to do so in a timely fashion. He also noted that a number of the recommendations related to metering could be addressed via Change Proposals without the need for Modifications and these would be progressed via the relevant Committee.
- 23.4 The BSC Panel:
- a) **NOTED** the recommendations of the Electricity Data Quality Report; and
 - b) **APPROVED** the report for release to Ofgem.

24. CACoP 2014 Review Report – 231/08

- 24.1 The BSC Panel considered the recommendations arising from the 2014 Code Administrator Code of Practice (CACoP) review meeting. The Panel noted that the recommendations took account of customer feedback gathered via the CACoP survey conducted earlier this year.
- 24.2 A Panel Member noted the annual changes of host Code Administrators and suggested appointing a central surveyor to ensure consistency in both format and questions asked. A Panel Member noted that Ofgem could coordinate the annual survey to ensure such consistency. LC noted that Ofgem did not believe it needed to get involved in the annual survey process and that the Code Administrators could work together to agree a standard template going forward.
- 24.3 A Panel Member asked if the CACoP should look at Panel practice to ensure consistency between how the different Code Panels worked, noting that there were differences between the CUSC and the BSC.
- 24.4 AL responded that the CACoP is designed to promote consistent working practices in the application of the variously defined Industry Code change processes and define a standard for administration so that Parties raising a Modification under any of the Codes should know what to expect. That doesn't go as far as to cover the Code requirements or working practice of the different Panels. However, this may be addressed under the work the Panel is undertaking on reviewing its governance and working practices.
- 24.5 A Panel Member suggested that a process to provide for post decision reviews could be considered in the future to assess whether implemented Modifications were delivering the expected outcomes. The Panel Member referenced the CUSC Modification which proposes to include the regulated insurance companies as qualified providers of Letters of Credit, noting that a post decision review could look at how many Parties have actually used these insurance companies as a result of the Modification.
- 24.6 The Chairman acknowledged the Panel's interest in identifying the key practises that differ between the codes and suggested that the Post implementation review was a useful technique that should be developed.
- 24.7 A Panel Member had hoped that the recommendations would have suggested how cross-Code coordination could be better achieved. The Panel Member referenced the draft BSCCo Strategy which stated that the CACoP may include coordination of cross Code changes but that the point had not been included in the proposed changes to the CACoP.
- 24.8 AL noted that the Code Administrators do talk and coordinate regularly behind the scenes and reflected that there may be benefits in highlighting these activities to Code Panels going forward.
- 24.9 The Panel requested that ELEXON work with other Code Administrators to develop a new CACoP principle or amend an existing CACoP principle regarding the co-ordination of cross-code change for the consideration of the BSC Panel as soon as possible.

ACTION 231/02

BSC PANEL APPROVED MINUTES

- 24.10 A Panel member questioned how the changes introduced in the CACoP would be implemented under the BSC, particularly in relation to ensuring Workgroups have suitable representation and equal opportunity to attend. They felt that this was an area of concern.
- 24.11 AL responded that there was no need to change the BSC or working practice to reflect the recent CACoP changes. He noted that with regards concerns about Modification group membership that ELEXON had never excluded members due to lack of experience or Party type and that ELEXON does everything possible to get industry members on work groups. The Chair noted that ELEXON often goes well beyond the guidance in the CACoP in ensuring that Workgroups have the right membership and often seeks Party types out so that they may be provide expert input on the Groups.
- 24.12 The BSC Panel:
- a) **AGREED** that a consultation on the proposed changes to the CACoP is not required;
 - b) **RECOMMENDED** to the Authority that the proposed changes to the CACoP should be approved; and
 - c) **AGREED** that ELEXON should work with other Code Administrators to develop a new CACoP principle (or amend an existing CACoP principle) regarding the coordination of cross Code changes.

25. Approval of BSC Panel Representative for Grid Code Review Panel (GCRP) Timetable – 231/09

- 25.1 The Grid Code Review Panel (GCRP) consists of various members, including a person representing the BSC Panel. All members of the GCRP are automatically retired at the beginning of each year. The BSC Panel was invited to appoint its GCRP representative for 2015.
- 25.2 The BSC Panel:
- a) **APPOINTED** Nicholas Rubin to be the BSC Panel's representative on the Grid Code Review Panel; and
 - b) **NOTED** John Lucas as Nicholas' alternate.

26. Approval of Performance Assurance Techniques –231/11

- 26.1 The BSC Panel was invited to approve the list of Performance Assurance Technique's (PATs) which form the Performance Assurance Framework (PAF), and in particular, agree an amended definition of the technique "Education".
- 26.2 The BSC Panel:
- a) **APPROVED** the list of Performance Assurance Techniques as set out in the paper; and
 - b) **APPROVED** the amended definitions of the Performance Assurance Techniques, "Education", "Trading Disputes" and "BSC Audit".

27. Approval of the Draft Business Strategy 2015/16 for publication and comment – 231/10

- 27.1 The Panel was invited to approve the draft BSCCo Business Strategy for publication and comment.
- 27.2 Victoria Moxham informed the Panel that the Budget did not directly reference Electricity Market Reform aspects as all EMR activity is carried out by a subsidiary company of ELEXON, with all costs and liabilities ring-fenced and kept separate from ELEXON's activities and budget.
- 27.3 Nigel Smith, ELEXON's Chief Financial Officer confirmed that the Panel would receive further indication on the impact of costs relating to the BSC transformation work. He confirmed that ELEXON is finalising a business case on the transformation work to present to the ELEXON Board in early 2015. Depending on the

BSC PANEL APPROVED MINUTES

conclusions of this business case, ELEXON may need to seek further funding, or may be in a position to reduce budgeted costs. MB reiterated that the business case would be shared with the Panel and the ELEXON Board in early 2015 and that the Panel could expect a revised number ahead of the Board's budget approval in March 2015.

- 27.4 A Panel Member noted that Industry Parties would need to include ELEXON's budgeted costs in their own budgeting and requested that any primary indications on costs at the earliest opportunity would be useful. The Chairman endorsed this view and noted to the Panel that nothing within the budget should be of surprise to the industry as ELEXON had been transparent throughout the year and in particular around the background and introduction of the IS Strategy.
- 27.5 The Chairman referenced table two on pg. 3 of the budget paper (231/10b) where the costs had been set out to clearly show that ELEXON continues to invoice for and be reimbursed for its EMR contributions. MB assured the Panel that ELEXON continued to invoice for all hours contributed by ELEXON staff, on a full cost basis.
- 27.6 A Panel Member commended ELEXON's transparency in detailing its additional man power and costs incurred and noted that the headcount of staff is going up, due to delivery of the transformation programme and EMR services. MB clarified that the EMR project currently consists of fewer than 12 staff (drawn from both 'ELEXON' people and additional recruits brought into the business). Of the new recruits, MB stated that some were permanent and some were on fixed term contracts and confirmed that the same approach towards recruiting applied for the Transformation Project. A Panel Member asked to ensure that there would still be enough resource to deliver on the Performance Assurance areas requiring attention.
- 27.7 A Panel Member sought clarification of the three phases as set out in the draft report on Pg. 6 regarding transformation of data, particularly the third phases. MB confirmed that the three phases would be: improvements to the internal reporting in phase 1; a suite of data and reporting tools for BSC Parties to access directly in Phase 2; and new functionality to enable BSC Parties to carry out 'what if' analysis on the trading arrangements in Phase 3, to be able to create their own reports.
- 27.8 The BSC Panel:
- a) **APPROVED** the draft Business Strategy for publication and invitation to comment.

28. ELEXON Customer Survey Results – Verbal

- 28.1 Victoria Moxham updated the Panel on the 2014 Customer Survey results and thanked Panel Members who had participated in the process. VM noted that 116 responses had been received from the industry, similar to the previous year, with a further 12 follow-up interviews being held to capture further qualitative responses.
- 28.2 The Chairman highlighted that overall satisfaction remained in line with last year's score. However, a breakdown of the results showed that whilst the satisfaction of the "Big 6" suppliers had been raised by 11% compared to last year, this was offset by a reduction in satisfaction levels of "other companies" by 8%. VM observed that ELEXON had made a concerted effort to increase its engagement with the vertically integrated energy companies in response to last year's feedback, and that in the year ahead, similar efforts would be made to increase engagement with smaller companies. ELEXON reassured the Panel that this would not come at the cost of a reduction in engagement levels with any other customer group. A Panel Member suggested a possible change in the sample could have led to the skew in the results.
- 28.3 A Panel Member noted the feedback regarding ELEXON's written communications and the cross referencing of documents and that ELEXON should allow its users to access the full original documents, as well as the updated versions, as each version is considered important in understanding background and decision making processes. The Panel Member asked that if ELEXON did not already have such provisions in place, if an

BSC PANEL APPROVED MINUTES

archive could be set up. VM confirmed that ELEXON did not currently have such a facility on its website but that the suggestion had been noted and would be taken into account.

- 28.4 A Panel Member appreciated the survey's level of action points to take away and that no surprises had been uncovered. Another Panel Member agreed that the feedback had been positive with just a few areas for improvement identified, especially to the Performance Assurance area of the business.
- 28.5 The BSC Panel:
- a) **NOTED** the update.

29. Update on Electricity Market Reform - 231/12

- 29.1 The Panel received its monthly update on ELEXON's subsidiary EMR Settlement's appointment as the Settlement Services Provider for both Contracts for Difference (CfD) and for the Capacity Market (CM).
- 29.2 David Osborne noted ELEXON's continued engagement with stakeholder and Supplier events, in particular at the Low Carbon Contracts Company and National Grid's event on 19 November 2014 and the Supplier event held on the 25 November 2014. DO informed the Panel that both presentations, along with the LCCC's presentations, were available for review on the [website](#).
- 29.3 DO reminded the Panel that ELEXON had set up an External Project Board before the summer, in accordance with the grant. DO confirmed that that the board included external representatives from SSE, EON, Dong, National Grid, Good Energy and Steria as well as the LCCC and ESC. DO highlighted that Minutes and Headlines from each meeting, for those who wished to access them, could be found on the [EMRS](#) website.
- 29.4 The BSC Panel:
- a) **NOTED** the EMR update.

30. Any other Business

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

NON MODIFICATION BUSINESS (CLOSED SESSION)

31. Update on Section H Default – 231/13

- 31.1 The BSC Panel noted that a BSC Party through non-payment of BSCCo charges had triggered a Section H Default event. At its 13 November 2014 meeting, the BSC Panel recommended that the Company be expelled from the BSC. The recommendation was published for consultation. The Panel was provided with information on the outstanding charges and a recommendation to serve an Expulsion Notice.
- 31.2 The BSC Panel:
- a) **NOTED** that the BSC Party was in Default under Section H3.1.1 (b) of the BSC; and
 - b) **AGREED** to serve an Expulsion Notice to the BSC Party with an expulsion date of 10 January 2014.

Post Meeting Note:

No representations were received in relation to this Section H Default and the determinations of the BSC Panel therefore stand.

BSC PANEL APPROVED MINUTES

32. Approval of TDC Members and an Alternate – 231/14

- 32.1 The Panel was invited to consider two new members and one alternate member to the Trading Disputes Committee.
- 32.2 The BSC Panel:
- a) **APPOINTED** a TDC Member with immediate effect;
 - b) **APPOINTED** a TDC Member with immediate effect; and
 - c) **APPOINTED** a TDC alternate Member with immediate effect.

33. Appointment of ELEXON Chief Executive – Process and Criteria – 231/15

Mark Bygraves left the meeting

- 33.1 ELEXON set out the process that the Board's Nomination Committee intended to follow when recruiting a new Chief Executive for ELEXON Ltd. This included an outline of the proposed criteria for shortlisting candidates.
- 33.2 The BSC Panel:
- a) **NOTED** the process for appointing a new ELEXON Chief Executive; and
 - b) **COMMENTED** on the appointment process and the shortlisting criteria.

34. Any other Business

- 34.1 There was no other business in the Closed Session.

35. Next meeting

- o The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 15 January 2015.