Approved Minutes

BSC Panel 222

Meeting Name	BSC Panel		
Date of Meeting	20 March 2014		
Meeting Number	222		
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
	David Lane	DL	DSO Representative
	Ed Reed	ER	Consumer Panel Member
	Ian Pashley	IP	Transmission Company Panel Member
	Lisa Charlesworth	LC	Ofgem Representative
	Lisa Waters	LW	Alternate for Barbara Vest
	Peter Bolitho	PBo	Industry Panel Member
	Phil Baker	PB	Industry Panel Member
	Richard Brealey	RB	Independent Panel Member
	Stuart Cotten	SC	Industry Panel Member
	Adam Lattimore	AL	ELEXON (Part Meeting)
	Adam Richardson	AR	ELEXON
	Alex Burford	AB	ELEXON (Part Meeting)
	Claire Anthony	CA	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)
	Nicola Dempsey	ND	ELEXON
	Oliver Xing	OX	ELEXON (Part Meeting)
	Peter Haigh	PH	ELEXON
	Simon Fox	SF	ELEXON (Part Meeting)
	Talia Addy	TA	ELEXON (Part Meeting)
	Victoria Moxham	VM	ELEXON
Apologies	Barbara Vest	BV	Industry Panel Member
	Chris Alexander	CA	Consumer Panel Member

Administration

1. Apologies - Verbal

1.1 Apologies were received from Chris Alexander and Barbara Vest. Lisa Waters attended the meeting as alternate for Barbara Vest.

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Modification Business

2. Report on Progress of Modification Proposals – Verbal

2.1 The Modification Secretary gave an update on the progress of current modifications.

2.2 For further details, please see the Change Report.

3. Authority direction to consult on a revised proposed implementation date for P286– 222/04

3.1 On 7 March 2014, the Authority issued a direction to the Panel to consult on a revised proposed Implementation Date for P286. The Panel noted that the Authority remained of the view that P286 was contingent on Connection and Use of System Code (CUSC) Modification Proposal CM201 'Removal of BSUoS Charges from Generators' and that it does not expect to reach a decision on CMP201 on or before 31 March 2014.

3.2 The BSC Panel:

a) **AGREED** a proposed revised Implementation Date for P286 of;

- 1 April 2017 if the Authority's decision is received on or before 31 March 2015; and

b) **NOTED** that ELEXON will issue the Panel's proposed revised Implementation Date for P286 for a 20 Working Day consultation and will present the results to the Panel at its meeting on 8 May 2014.

4. Update of Changes relating to P272 – Verbal

4.1 The Panel noted that the DCP179 'Amending the CDCM tariff structure' workshop has met again and it is anticipated that work on this change will conclude between July and September 2014. AL noted that this would be co-ordinated with work on new Modification Proposal P300, subject to the Panel's determinations in respect of this new Modification, so that a package of changes was able to be provided to the Authority in late summer to early autumn.

4.2 A Panel member asked if ELEXON could ensure the DCP interactions slide presented during the update could be made available to Panel members

ACTION 222/01

4.3 The BSC Panel:

a) **NOTED** the update.

5. P300 'Introduction of new Measurement Classes to support a DCUSA change proposal DCP179' – 222/05

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5.1 The Panel noted that Modification Proposal P300 seeks to introduce new Measurement Classes for aggregated Half Hourly-settled customers (for current transformer and whole current metered domestic, and whole current non-domestic markets) and 10 new CCCs. Modification P300 builds on Rejected Modification P280 and aligns with DCUSA DCP 179, which seeks to implement Half Hourly DCUSA tariff changes. If implemented, Modification P300 would enable LDSOs to charge Suppliers on an aggregated basis as well as on a site specific basis.

5.2 A Panel member commented that this Modification may require assistance from Ofgem in co-ordinating the organisations that are working on it. They also noted the tight timetable and noted that there are only two months allotted for Ofgem to make a decision. They asked Ofgem to comment on the timetable. The Ofgem Representative replied that Ofgem were aware of the deadlines and content that it would meet them.

5.3 A Panel member asked if any consideration had been given to the possible impact of the Proposed Modification on small generators especially in export and asked if the Proposer or ELEXON could comment on that issue. ELEXON stated that it will ask the workgroup to consider this as part of its work and it will ask the potentially impacted Parties to participate in the Workgroup.

5.4 The BSC Panel:

a) **AGREED** that P300 progresses to the Assessment Procedure;

b) **AGREED** the proposed Assessment Procedure timetable;

c) **AGREED** the proposed membership for the P300 Workgroup; and

d) **AGREED** the Workgroup's Terms of Reference.

6. P297 'Receipt and Publication of New and Revised Dynamic Data items' – 222/06

6.1 ELEXON presented the Draft Modification Report for P297. The Panel noted that Modification Proposal P297 seeks to ensure that the Dynamic Data Set in the BSC and published on the Balancing Mechanism Reporting Service reflects the revised Dynamic Data Set that is sent by the Transmission Company.

6.2 A Panel member queried whether the file format for the additional artefact such as an appendix had been confirmed and questioned whether this would affect the implementation time. ELEXON confirmed that this file format will need to be created and added as part of the implementation approach to ensure it is in the most appropriate format and will have no effect on the implementation timetable.

6.3 The BSC Panel:

a) **AGREED** a recommendation that P297 should be **APPROVED**;

b) **APPROVED** an Implementation Date for P297 of:

- 5 November 2015 if an Authority decision is received on or before 16 February 2015;

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c) **APPROVED** the draft legal text and CSD redlining for P297; and

d) **APPROVED** the P297 Modification Report.

7. Issue 53 'Reforming the Change of Supplier meter read process for smart electricity meters' – 222/07

7.1 Issue 53 had been raised to aid the development of changes to the Change of Supplier process for sites with smart electricity Meters. The proposed new process developed will require a Modification to include the new process in the BSC and relevant Code Subsidiary Documents

7.2 A Panel member asked the Ofgem Representative to comment on work done by the Issue 53 Workgroup. The Representative replied that Ofgem was of the opinion that the Issue Group had covered the relevant issues and content with the outcome of Issue Group.

7.3 A Panel member commented on the work produced, which they felt was excellent, and encouraged ELEXON to work to find a sponsor for the proposed modification.

7.4 The BSC Panel:

a) **NOTED** the Issue Group's discussions and conclusions;

b) **NOTED** that a Modification is required to make the necessary changes to deliver the Issue 53 solution; and

c) **NOTED** that Issue 53 is now closed.

8. Revised Recommendations on GSP Group Correction Scaling - Verbal

8.1 The Panel Secretary updated the Panel on the work of the Issue 55 Workgroup. The group was formed to consider the approach to the calculation and application of Grid Supply Point (GSP) Group Correction Scaling Weights to Export Consumption Component Classes (CCCs), which are currently not being scaled during GSP Group Correction.

8.2 The Panel noted that the Issue 55 workgroup met on 12 March. Based on further modelling and investigation the workgroup's initial view was that a scaling weight for HH metering on 0.1 should be re-considered to better address the allocation of error. The issue group will confirm the values of scaling weights there are recommending and these will be put to the SVG for its consideration.

8.3 The Panel noted that, in light of the possible impending changes, ELEXON had investigated whether there was merit in stopping the Panel's previously approved changes to scaling weights being implemented on 1 April 2014. It was concluded that this would be technically difficult, would breach procedure and it was not clear that this approach would follow appropriate governance. Consequently, the amendments that had been previously approved by the BSC Panel would go live on 1 April 2014 as planned.

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8.4 It was anticipated that the SVG may consult on the recommendations for any further changes to scaling weights arising from Issue 55. Should the SVG recommend changes in light of this work, such a recommendation was likely to come before the Panel no earlier than May 2014 for implementation in summer 2014.

8.5 A Panel member observed that due process has been followed.

8.6 Another Panel member asked if the new scaling weights would require a dispute resolution process or retroactive application of values. ELEXON replied that its current thinking was that it would not require either The Panel member felt that this would be a problem for some BSC Parties.

8.7 Another Panel member commented that the values are estimates and it's recognised that they are calculated using the information we have, when that information changes, the values are adjusted accordingly.

8.8 Another Panel member agreed and stated that provided the open and accountable BSC processes were applied there would be no need to retrospectively apply values

8.9 A Panel member also agreed that the values are calculated using the best information available, they felt that it was unnecessary to retrospectively apply values, however, he requested that ELEXON investigate if there is the potential for a Trading Dispute to be raised in respect of the application of new, approved Scaling Weights on 1 April 2014 and report back to the Panel.

ACTION 222/02

8.10 The BSC Panel:

a) **NOTED** the update

Non-Modification Business: Open Session

9. Minutes of Meeting 221 & Actions Arising - Verbal

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

9.2 A Panel member asked that ELEXON pick up point 4.7 in the minutes as an action such that ELEXON would report back to the Panel on its work with other Code bodies and the extent to which processes, powers and responsibilities exist that might enable Code Administrators to influence the pace of change across Codes.

ACTION 222/03

10. Chairman's Report - Verbal

10.1 The Chairman had nothing to report.

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11. ELEXON Report – 221/01

11.1 Peter Haigh updated the Panel on ELEXON's recent developments and activities.

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

11.3 A Panel member asked for further information on Western Power Distribution's request for ELEXON to support in evaluating the impacts on the BSC of a series of business models using energy storage in the distribution network.

ACTION 222/04

11.4 For further details, please see the ELEXON Report.

12. Distribution Report - Verbal

12.1 The Distribution Representative had two updates for the Panel. First, that Katie Wilkinson from ELEXON has been invited to the next DCUSA commercial group and second that Walter Hood, has been appointed to ISG and the Distribution Representative.

13. National Grid Report – Verbal

13.1 The National Grid representative acknowledged the IS outage communication issues, mentioned in the ELEXON Report and stated that Grid will investigate the circumstances and conduct a lessons learned review.

14. Ofgem Report – Verbal

14.1 The Ofgem representative confirmed that the EU developments update had been circulated to the Panel and updated the Panel on Ofgem's other work

Change of Supplier – Ofgem is aiming to consult on the longer term reform proposals in April/May 2014.

Settlement Reform – a document will be published in the next few weeks. This will set out details of what is planned next, set out reasons and options for looking at using HH data in settlement for all customers, and Ofgem's proposed approach to this work.

Recent Publications & Consultations – Final proposals on Electricity Theft. Reponses are due on 2 April 2014 for Ofgem's statutory consultation on supply licence modifications and a consultation on establishing a Theft Risk Assessment Service.

15. Report from the ISG – 222/01a

15.1 The Panel noted the report from the ISG.

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16. Report from the SVG – 222/01b

16.1 The Panel noted the report from the SVG.

17. Report from the PAB – 222/01c

17.1 The Panel noted the report from the PAB.

18. Report from the TDC – 222/01d

18.1 The Panel noted the report from the TDC.

19. Report from the JESG – 222/01e

19.1 The Panel noted the report from the JESG.

20. Report from the ECCAF – Verbal

20.1 The Panel noted the report from the ECCAF.

21. Trading Operations: BSC Operations Headline Report – 222/02

21.1 The Panel noted the report from BSC Operations.

22. Change Report – 222/03

22.1 The Panel noted the Change Report.

23. BSC Audit Scope for the period 1 April 2014 to 31 March 2015 – 222/08

23.1 ELEXON provided the Panel with details of the proposed BSC Audit Scope for the audit period 1 April 2014 to 31 March 2015. This was endorsed by the Performance Assurance Board at its meeting on 27 February 2014. The Panel was invited to approve the proposed BSC Audit Scope and to delegate authority for any in-year changes in scope to the PAB.

23.2 A Panel member asked ELEXON to confirm that the retrieval and processing of metered data will be part of the Audit as it didn't appear to be mentioned in the paper. ELEXON confirmed that it would.

23.3 A Panel member commented on the focus of the Audit on SVA Suppliers and noted that there have been some high profile CVA issues and asked if a closer examination at CVA issues had been considered. ELEXON commented that it is something the PAB was taking into account and will discuss further as the Audit progresses.

23.4 The Panel noted that PAB has reshaped some of its processes to facililate a greater focus on big ticket Settlement Risks and strategic matters.

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23.5 It was confirmed that the forthcoming BSC Auditor's Opinion (for the period ending 31 March 2014) would be addressed to the Panel in June 2014.

23.6 The BSC Panel:

a) **NOTED** that PAB has endorsed the BSC Audit Scope;

b) **APPROVED** the BSC Audit Scope for 2014/2015; and

c) **AGREED** to delegate responsibility for any future amendments to the BSC Audit Scope 2014/2015 to the PAB.

24. Annual Credit Assessment Price (CAP) Process – 222/09

24.1 ELEXON presented to the Panel, the results of the annual review of the CAP process by the Credit Committee. The view of the Credit Committee was that the CAP review process had worked well during the 2013-2014 BSC Year and that Credit Committee recommended no changes be made to the current process.

24.2 A Panel member asked if next year's paper could include some further explanation of how the CAP review process works and what the objectives of the process are.

24.3 A Panel member commented that it would be useful for the paper to contain some history about how the band for triggering reviews is determined.

24.4 ELEXON agreed to document the objectives of the CAP Review Process.

ACTION 222/05

24.5 The BSC Panel:

a) **NOTED** that the Credit Committee recommends no change to the CAP review process; and

b) **NOTED** that the Credit Committee will recommend changes to the BSC Panel should it believe changes are appropriate in future.

25. Update on Electricity Market Reform – 222/10

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

25.2 Paper 22/10 contained a letter from the BSCCo Chairman to Panel members, responding on a number of questions raised at the previous Panel and ISG. A Panel member commented that the response has not adequately addressed the concern regarding restrictions on the use by the EMR subsidiary of BSC Assets. They remained concerned that the proposed amendments appeared to permit the use of BSC Assets by the

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EMR subsidiary, albeit subject to a commercial return. ELEXON explained that any such use could only be for EMR purposes as that was the only "Permitted Activity", that the existing general restrictions in the BSC prohibiting lending of monies were unaffected and new restriction was to be introduced prohibiting cross-subsidies between BSCCo and the EMR subsidiary. The Panel member was unsure if this point has been made in any response to DECC's consultation on the proposed Code and Licence changes. Nevertheless ELEXON agreed to look into this further although it reminded the meeting that consultation responses received by DECC had not been shared with ELEXON and if the concern had not been communicated in a response DECC may choose not to consider it further.

25.3 A Panel member asked how commercial terms are defined and who will define them. ELEXON replied that the ELEXON Board will be responsible for this and the terms will be subject to Audit.

25.4 A Panel member commented that the various terms used throughout the paper and Chairman's response to describe ELEXON and the EMR subsidiary were confusing (eg ELEXON, BSCCo, EMRCo, EMRs etc). ELEXON agreed to make this clearer in future papers.

25.5 A Panel member expressed the view that using a subsidiary was very similar to the subsidiary model proposed 2 years ago which the Issue 40 Workgroup had not recommended. ELEXON referred to the Chairman's response and sought and received confirmation from the Panel that the Panel understood and agreed with the rationale for providing EMR services via a separate subsidiary.

25.6 A Panel member commented on the concern of the ISG that the Board of the EMR subsidiary won't have a board member that is a champion of the Parties. Their concern was that this could result in the EMR process not being the one with which the BSC Parties were content. The Chair replied that the Board of the subsidiary would include himself, Peter Haigh (the CEO) and Nigel Smith (the CFO) plus one of the BSCCo NEDs (most likely David Rigney given that his finance and audit experience would be valuable to provide rigor to the issue of cost allocation and no cross subsidies). The Chair sought and received confirmation for the Panel that there were no further concerns with the proposed subsidiary Board membership.

25.7 A Panel member expressed concern that DECC does not seem to be consulting with Industry sufficiently and insisted that ELEXON do more engagement as it has relationships within the industry. ELEXON explained that ELEXON could not be the communicator of DECC policy, that DECC had established expert workgroups and the Collaborative Development process which had now become the Implementation Process, and DECC's position was that further policy updates would be provided by DECC as part of a format DECC response to the October consultation responses. However, ELEXON was engaging with industry on BSC system changes in the usual way through the usual channels and a further consultation on BSC subsidiary documents would be issued the following week.

25.8 Another Panel member commented that Industry was reassured when DECC chose ELEXON to do the EMR work because it meant that DECC could draw on ELEXON's expertise and knowledge. They were disappointed that DECC did not seem to be taking advantage of this.

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25.9 A Panel member commented that the ISG Chair had sent a letter to DECC to express the ISG's concerns about some of the proposed changes to the BSC systems. At the Panel's request, ELEXON agreed to circulation the letter to the Panel.

25.10 Another Panel member suggested any letter to DECC should actually come from the Panel rather than a committee of the Panel. As the letter had already been sent it was agreed that it would be circulated to the Panel and then if the Panel believed further points should be made to DECC, the Panel would send a letter itself to DECC.

ACTION 222/06

25.11 The Chair invited Panel members to provide comments on any additional messages that should be added to any subsequent Panel correspondence.

ACTION 222/07

25.12 The BSC Panel:

a) **NOTED** the EMR update.

26. Any Other Business

26.1 There was no other business in the Open Session.

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