

BSC PANEL APPROVED MINUTES

MEETING NAME	BSC Panel
Meeting number	230
Date of meeting	13 November 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
	Barbara Vest	BV	Industry Panel Member (Part Meeting)
	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
	Peter Bolitho	PBo	Industry Panel Member
	Phil Baker	PB	Industry Panel Member (Part Meeting)
	Phil Hare	PH	Independent Panel Member
	Richard Brealey	RB	Independent Panel Member
	Stuart Cotten	SC	Industry Panel Member (Part Meeting)
	Mark Copley	MC	Ofgem (Part Meeting)
	Bill Reed	BR	RWE (Part Meeting)
	George Richards	GR	KPMG (Part Meeting)
	Nathan Cain	NC	KPMG (Part Meeting)
	Adam Richardson	AR	ELEXON
	Claire Anthony	CA	ELEXON (Part Meeting)
	Chris Braley	CB	ELEXON (Part Meeting)
	Chris Rowell	CR	ELEXON (Part Meeting)
	David Osborne	DO	ELEXON (Part Meeting)
	Dean Riddell	DR	ELEXON (Part Meeting)
	Laura Delargy	LD	ELEXON
	Mark Bygraves	MB	ELEXON (Part Meeting)
	Peter Haigh	PHh	ELEXON
	Talia Addy	TA	ELEXON (Part Meeting)
	Thomas Routier	TR	ELEXON (Part Meeting)
Apologies	Adam Lattimore	AL	ELEXON
	Victoria Moxham	VM	ELEXON

1. Apologies

BSC PANEL APPROVED MINUTES

- 1.1 The Chairman confirmed that apologies had been received from Adam Lattimore and Victoria Moxham. Dean Riddell was attending on behalf of Adam Lattimore. The Panel also noted that Stuart Cotten had been delayed and would be arriving shortly.

MODIFICATION BUSINESS (OPEN SESSION)

2. Report on Progress of Modification Proposals

- 2.1 The Modification Secretary, Dean Riddell, updated the Panel on the current status of Modifications.
2.2 For further details, please see the [Change Report](#).

3. Request for time-table extension for P309 – Verbal

- 3.1 The P309 Workgroup recently considered analysis confirming how the ECVAAs system would process notifications prospectively under both Proposed and Alternative solutions. The Panel noted that the Workgroup felt this analysis indicated the changes may not deliver the solution envisaged by the Workgroup. The BSC Panel was invited to agree to grant a two-month extension to the Assessment Procedure timetable for P309.
3.2 The BSC Panel:
a) **AGREED** to extend the P309 Assessment Procedure timetable by two months, with the Assessment Report being presented on 15 January 2015.

(Stuart Cotten joined the meeting)

4. Request for timetable extension for P305 – 230/04

- 4.1 The P305 Workgroup requested a two month extension to the Assessment Procedure timetable for P305. The BSC Panel was provided with the P305 Workgroup's rationale for the request and invited to agree to grant the extension.
4.2 The Panel noted that the main driver for the requested extension was the difficulty in developing a model to calculate the Loss of Load Probability (LoLP). A Panel Member asked if this was due to an issue with the model developed by National Grid and the Workgroup, or the data available. ELEXON explained that this was not yet clear, but that National Grid had identified a potential cause of the issue and needed more time to amend and reassess the model to establish whether the issue can be resolved.
4.3 A Panel Member reiterated the Workgroup's concern regarding the unpredictable spikes around Gate Closure in the data produced by the proposed function. They felt this could result in misleading signals being received by the industry ahead of Gate Closure. ELEXON confirmed that the Workgroup had discussed an alternative function for further consideration. However, the Workgroup considers that until a function is agreed, the P305 solution is incomplete and not in a position to be consulted upon. ELEXON highlighted that the Workgroup would require the extension to ensure enough time for an Assessment Report to be completed for the Panel's consideration in February.
4.4 A Panel Member observed that the spikes around Gate Closure seemed to be a regular occurrence in the model's results and asked if National Grid could do more to ensure that accurate information could be gathered. It was observed that National Grid was carrying out further analysis and development of the LoLP model to establish whether the issues with this approach could be resolved, though Ian Pashley also noted to the Panel that there would always remain a real risk close to real time that generation may become unavailable, and that there will always be an opportunity for the risk of loss of load to increase (i.e. separate

BSC PANEL APPROVED MINUTES

to the systemic spike produced by the model, which the Workgroup and National Grid were trying to address).

- 4.5 A Panel Member agreed that the Workgroup should review other potential models for reflecting scarcity, and it was noted that a more static and predictable model for the calculation of LoLP (i.e. compared with the dynamic approach indicated by the P305 Proposal, which suggests that the input variables to the LoLP be dynamically calculated based on the latest available system information) had already been proposed by one Workgroup member. It was acknowledged that the models may have to be amended in the future to account for behavioural changes due to imbalance charges.
- 4.6 A Panel Member observed that the LoLP values increased rapidly towards Gate Closure. Another Panel Member agreed and stated that the issue meant that Parties would not be able to react to the signal.
- 4.7 ELEXON noted the Panel Members' concerns and confirmed that the Workgroup had considered the same issues and would be reviewing all the concerns raised in further detail at its meetings.
- 4.8 Mark Copley, Ofgem, requested that if the extension was granted that the Workgroup sets a clear view of the timetable and for it to draw on the analysis that Ofgem had already presented under the Significant Code Review (SCR). He felt that the Workgroup should not strive to perform the most detailed analysis possible where reasonable analysis would be sufficient. He highlighted that Ofgem is seeking for the P305 proposals to be implemented in time for winter 2015/16.
- 4.9 A Panel Member noted Ofgem's concerns around the analysis, but highlighted that the Workgroup needs to put forward a convincing case for change otherwise the Modification should be rejected. They agreed that perfect analysis was not necessary, but felt that sufficient analysis needs to be done to provide evidence to support the case for change. MC did not disagree with the approval of an extension but asked that the Workgroup be pragmatic and complete the work sooner if possible.
- 4.10 A Panel Member noted a previous experience of LoLP calculations, where readings were highly sensitive, and encouraged the need for sufficient resources to address the complex situation. MC confirmed that Ofgem had spoken to Workgroup members and National Grid to seek assurance that the right resources are being used to investigate the matter and produce appropriate analysis in a timely fashion.
- 4.11 IP confirmed that National Grid was fully up to speed and was making extensive efforts to run the analysis that was required. He cautioned that while increasing the resource allocated to this work would appear to be a means of accelerating the work, in practice diverting resource away from the work to train additional resource would result in delay in the short term. He also felt that it was important for any calculation put forward to remain transparent. The Panel agreed that pragmatism was needed and highlighted that the LoLP was an important part of the imbalance price calculations.
- 4.12 A Panel Member referenced the Panel's previous split decision regarding the original timetable where the Panel had favoured the six month timetable over a longer 12 month timetable. It was the Panel Member's view that the extension was therefore not unexpected.
- 4.13 The BSC Panel:
- a) **AGREED** to extend the P305 Assessment Procedure timetable by two months, with the Assessment Report presented no later than 12 February 2015; and
 - b) **NOTED** the P305 Workgroup will use reasonable endeavours to present its Assessment Report on 15 January 2015.

BSC PANEL APPROVED MINUTES

5. P316 'Introduction of a single marginal cash out price' Initial Written Assessment – 230/15

- 5.1 The Panel was introduced to Modification P316 which seeks to introduce a single marginal imbalance price (cash-out price), which will be applied in place of the dual imbalance prices currently in use. The Proposer believes that P316 will increase the certainty of a single marginal price being implemented in a timely manner and ahead of winter 2015/16.
- 5.2 Bill Reed, RWE, the Proposer of P316, informed the Panel that following the rejection of P304 and P314, RWE had raised P316 to address the introduction of a single marginal imbalance price for implementation by September 2015.
- 5.3 A Panel Member enquired if the P316 Workgroup's Terms of Reference would align with the relevant elements of P305 and whether a further Modification may be required for the areas proposed under P305 not covered under P316. ELEXON confirmed that the Workgroup would look to progress both P305 and P316 together initially to cover all elements but if there were to be any delays to P305's progression then the Workgroup would look at progressing P316 ahead of P305. ELEXON continued that subject to the proposed PAR values, the two Modifications should align.
- 5.4 A Panel Member asked if P316 was an enduring solution or just a step up in the current process. The Proposer confirmed that the main outcome of P316 is to allocate a single marginal price and a move to a PAR value of 1MWh as soon as possible.
- 5.5 Another Panel Member asked if the workload of the Workgroup would have an impact on ELEXON and National Grid's resources. ELEXON confirmed that P316 should not affect National Grid and that ELEXON would require minimal additional resources as a substantial amount of analysis is being carried out by the P305 Workgroup that will encompass the P316 solution.
- 5.6 In terms of analysis, a Panel Member asked if the P305 Workgroup had referenced the SCR analysis model to analyse behaviour and if the further analysis would challenge the timescales of P316. ELEXON confirmed that the Workgroup plans to take account of the four policy package provided by Ofgem, and that analysis being carried out by the P305 Workgroup could also be applied to P316.
- 5.7 MC thanked the Panel for its input and clarified that in terms of evidence, it was Ofgem's view, that no further analysis was required as the Workgroup of P305 had should use the full results already available from the original SCR. MC also stated the need for pragmatism if both Modifications were to move forward together in time for next winter's deadline.
- 5.8 A Panel Member requested further Panel updates to monitor the progress on P316. Another Panel Member seconded that a verbal update in January 2015 would be beneficial to keep the Panel informed.

ACTION 230/01

- 5.9 The BSC Panel:
- a) **AGREED** that P316 progresses to the Assessment Procedure;
 - b) **AGREED** the proposed Assessment Procedure timetable;
 - c) **AGREED** the proposed membership for the P316 Workgroup; and
 - d) **AGREED** the Workgroup's Terms of Reference.

BSC PANEL APPROVED MINUTES

6. P307 'Amendments to Credit Default arrangements' Assessment Report – 230/05

- 6.1 The Panel noted that P307 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.
- 6.2 A Panel Member commended the support provided by ELEXON regarding the P307 process so far and encouraged an early decision from Ofgem.
- 6.3 Another Panel Member viewed the extension of the Query Period to be a sensible and pragmatic approach and a tentative step until further information becomes available. The Panel Member queried how ELEXON intends to monitor the impacts on BSC Parties. ELEXON confirmed that a review of the effects of P307 would be carried out as part of ELEXON's credit monitoring processes.
- 6.4 The BSC Panel:
- a) **AGREED** that P307:
 - o **DID** better facilitate Applicable BSC Objective (c); and
 - o **DID** better facilitate Applicable BSC Objective (d);
 - b) **AGREED** an initial recommendation that P307 should be **approved**;
 - c) **AGREED** an initial Implementation Date of:
 - o **25 June 2015** if the Authority's decision is received on or before 12 February 2015; or
 - o **5 November 2015** if the Authority's decision is received after 12 February 2015 but on or before 25 June 2015;
 - d) **AGREED** the draft legal text;
 - e) **AGREED** that P307 is submitted to the Report Phase; and
 - f) **NOTED** that ELEXON will issue the P307 draft Modification Report (including the draft BSC legal text) for a 12 Working Day consultation and will present the results to the Panel at its meeting on 11 December 2014.

(Mark Copley left the meeting)

NON MODIFICATION BUSINESS (OPEN SESSION)

7. Minutes of Meeting 229 & Actions arising

- 7.1 The minutes of the previous meeting were agreed and an update on the actions provided.
- 7.2 The Panel noted and agreed that the following actions should be closed:
229/02, 229/01, 228/07, 228/04
- The following actions remained open:
228/02, 228/01, 227/03, 227/01, 226/02, 225/02
- 7.3 A Panel Member requested that the materials from last month's Panel meeting relating to Panel Governance and Strategy be circulated to the ISG and noted that other Panel Committees may be interested in this work.

ACTION 230/02

BSC PANEL APPROVED MINUTES

8. Chairman's Report

- 8.1 The Chairman updated the Panel on Richard Brealey's decision to step down as an Independent Panel Member and Deputy Panel Chairman effective as of March 2015. The Chairman noted that ELEXON may shortly advertise for the position.
- 8.2 Following December's BSC Panel meeting, the Chairman invited the Panel to join him and the BSCCo Board Members for a joint Christmas lunch to be held at the Soho Hotel. Panel Members were asked to confirm their attendance to paenlsecretary@elexon.co.uk by Monday 25 November 2014.

ACTION 230/03

- 8.3 The Chairman updated the Panel of the recent CMA hearing that he had attended on behalf of ELEXON and the BSC Panel on 30 October 2014. Richard Brealey provided the Panel with an insight into the CMA's interest around the independence of the BSC Panel. The Chairman confirmed that he and RB had been able to confirm that, while drawing on the expertise around the table, the Panel made determinations objectively, having regard to the defined Applicable BSC Objectives and that it was often, but not always, unanimous in its view. RB also noted that the meeting was an information gathering exercise for the CMA.
- 8.4 The Chairman noted that the CMA had confirmed that the approved transcript of the hearing could be circulated to Panel Members on a confidential basis. Panel Members were invited to contact panelsecretary@elexon.co.uk if they wished to view a copy of the transcript.

ACTION 230/04

- 8.5 The Panel Secretary confirmed the CMA's additional requests for information on Energy Consumption and the breakdown on profile class of Non Half Hourly (NHH) and Half Hourly (HH) Settlements from the period of April 2007 – 2010. The Chairman confirmed that the CMA had requested further information and that ELEXON was happy to assist with the request.
- 8.6 The Chairman noted that Chris Rowell was moving on from his role at ELEXON and wished to thank him on behalf of ELEXON and the BSC Panel for his many years of service to the industry.

9. ELEXON Report – 230/01

- 9.1 Peter Haigh provided an overview of activities as set out in the ELEXON Report.
- 9.2 The Panel noted ELEXON's concern over National Grid's readiness for end to end testing in respect of the changes being implemented as part of P291 and P295. The Panel noted that ELEXON had fed its concerns to National Grid. A Panel Member seconded the concern and noted that Energy UK members were very worried about National Grid's readiness and asked if there is anything the Industry can to assist. The Transmission Company Panel Member acknowledged the concern and assured the Panel that he would reflect these concerns back to be business. He noted that National Grid was working hard to address the situation and that the issue was being investigated thoroughly. A Panel Member requested clearer communications from National Grid going forward and to let the Industry know how it can help to control the data issues.
- 9.3 BV updated the Panel on the ECCAF's work regarding network codes. The remainder of 2014 ECCAF meetings had been cancelled due to the current lack of progress but that future provisional dates were being discussed for 2015.
- 9.4 PHh noted the organisational changes within the ELEXON Executive Team and that all parties had been duly notified.
- 9.5 For further details on ELEXON's work over the past month, please see the [ELEXON Report](#).

BSC PANEL APPROVED MINUTES

10. Distribution Report - Verbal

10.1 There was no Distribution Report.

11. National Grid Report – Verbal

- 11.1 Ian Pashley informed the Panel of National Grid's Winter Outlook 2014/15 Report that was published on 28 October 2014, noting that the key message was that the gas supply position is strong, with the market prepared for a range of scenarios; and that electricity margins are tighter but manageable, helped by new tools to balance system.
- 11.2 IP also noted NGET's publication on 10th November of an update on its SBR tender - which has delivered additional capacity from Littlebrook, Rye House and Peterhead. This combines with already-procured MW from the recent DSBR tender to give a total of around 1.1 GW of additional 'de-rated' capacity for this winter.
- 11.3 A Panel Member asked if National Grid would consider a future Modification to address the adjustment to cash-out in light of this work and current Modifications P305 or 316 if approved. IP confirmed that in National Grid's view, the two Modifications have key interactions and it was therefore important to think about how best to co-ordinate any other changes to cash-out.

12. Ofgem Report – Verbal

12.1 Lisa Charlesworth informed the Panel of Ofgem's future settlement reform project under the Smarter Markets Programme. The intention is for Ofgem to issue a letter before end of December setting out the conclusions it has drawn from discussions with the expert group, and its plans for 2015. The Panel welcomed LC's offer for the Ofgem team to present a fuller update to the Panel in the next couple of months.

ACTION 230/05

- 12.2 LC updated the Panel on the current status of Ofgem's 'Licence Light' consultation and workshop which was also attended by ELEXON. The Panel noted the closing date for the consultation was 5 December 2014
- 12.3 The Panel was asked to note that Ofgem's publishing moratorium starts on 18 December 2014 and runs through to 5 January 2015.

13. Report from the ISG – 230/01a

13.1 The Panel noted the report from the ISG.

14. Report from the SVG – 230/01b

14.1 The Panel noted the report from the SVG.

15. Report from the PAB – 230/01c

15.1 The Panel noted the report from the PAB.

16. Report from the TDC – 230/01d

16.1 The Panel noted the report from the TDC.

17. Report from the ECCAF – Verbal

17.1 There was no verbal report from the ECCAF.

18. Trading Operations: BSC Operations Headline Report – 230/02

18.1 The Panel noted the BSC Operations Headline Report.

BSC PANEL APPROVED MINUTES

19. Change Report – 230/03

19.1 The Panel noted the Change Report.

20. KPMG - Audit approach – 230/11

20.1 Nathan Cain and George Richards from KPMG presented the 2014/15 Audit Approach to the BSC Panel for its information.

20.2 A Panel member reminded the BSC Panel that the BSC Auditor's Annual Report (published in June 2014) had indicated that more effort was required in order to resolve long-term outstanding issues. They encouraged the PAB and the Panel to take forward plans to address these.

20.3 It was acknowledged that the industry will be focused on the implementation of smart metering. Consequently, there is a need to prioritise resolution of these identified issues now. Another Panel Member noted that the Panel and the PAB had captured this as a priority in the Panel's draft strategy which was due to be considered in a later in the meeting. They suggested that it would be essential to get BSC Party and Party Agents buy-in to resolving issues at senior levels. The profile of these issues (which, in many cases, come down to legacy data quality problems) needs to be raised.

20.4 The Panel agreed that it could support the PAB in this regard and suggested that there may be a need for the PAB to escalate non-compliant parties more quickly. Panel Members encouraged ELEXON to ensure that the PAB and its Chairman received the required resource and expertise to continue driving improvements in issue resolution.

20.5 NC observed that it was important to align resolution activities with the business strategies of companies. He observed that reducing data quality issues was likely to lead to a reduction in the cost of resolving problems that may arise as the industry migrates to smart meters.

20.6 The Panel agreed that it would be beneficial to have an interim update from the Performance Assurance Board on progress.

ACTION 230/06

20.7 The BSC Panel:

a) **NOTED** the KPMG Audit Approach.

21. Review of BSC Panel Governance - 230/07

21.1 The BSC Panel was invited to consider the Terms of Reference for a review of Panel Governance.

21.2 The Chairman invited those Panel Members that had helped develop the proposed Terms of Reference to share their thoughts.

21.3 PH confirmed that he was mindful that industry was very busy addressing change across many areas, not least smart metering, settlement reform and the evolution of the European market. However, he also reflected that it was unlikely there would be a perfect time for the Panel to consider its own governance so it was right to press on now. He endorsed the paper and the proposed scope as a good reflection of the group's discussions.

21.4 PBo emphasised the wide ranging discussions that the group had had. He noted that, while he was not averse to reviewing the practicalities of the operation of the Panel, he did question the overall appetite for radical re-design.

21.5 CA endorsed the views of PH and PBo and confirmed that, in his view, the proposed scope was pragmatic.

BSC PANEL APPROVED MINUTES

- 21.6 A Panel Member asked if ELEXON was being lobbied by anyone in the industry seeking a review of Panel governance. They indicated that, in their view, energy companies were dealing with significant levels of change and the Panel would therefore struggle for industry engagement when considering the matter of its own governance.
- 21.7 The Chairman confirmed that ELEXON was not being lobbied on this matter and reminded the Panel that the initiative had arisen within the joint BSC Panel/ELEXON Board workshop held in the summer.
- 21.8 Another Panel Member explored the question of a more directive Panel (an area highlighted for consideration in the proposed Terms of Reference). The Panel Member felt that it should not be expected (and it would not be appropriate) for the Panel to act as company directors. In their view, Panel Members may have different skills to those of board directors and so it was important to clarify that the intent of the review was to explore the Panel's leadership role, particularly with respect to delegation and the work of its committees. The same Panel Member concluded that, regardless of the conclusions in respect of the leadership point, in their view, it was not clear there was a case for the Panel to raise Modifications.
- 21.9 Another Panel Member echoed concerns that, despite the powers being afforded to the Panel by the BSC, in their view, it was not for the Panel to raise Modifications to the BSC.
- 21.10 ELEXON noted the views expressed regarding Modifications and reflected that this was clearly a key point for the review to consider given that the Panel had raised the question of how pro-active it should be in leading work and in raising changes at its meeting following the joint BSC Panel / ELEXON Board workshop in summer. A Panel Member sought further information on the process for engaging industry in the review.
- 21.11 ELEXON confirmed that the intention was to run a transparent review and that the proposed findings reports would not be confidential (unless the Panel determined otherwise). The proposed approach was designed to enable the Panel to focus on exploring and developing options before coming to a view on its favoured way to progress, then engaging using normal processes. This approach had been proposed in recognition that the industry is very busy and on the basis that the first stage of this review would focus on changes which would impact the day-to-day operation of the Panel and so were in its gift to change. Stage 2 of the review may result in proposed changes to the BSC and so, at this point, having considered the findings report it would be important for the Panel to engage with industry on any recommendations that it felt should be progressed.
- 21.12 The Panel requested that the Terms of Reference be amended to make it clear that there would be a break between stage 1 and stage 2 of the review such that the Panel could take a decision on which matters arising under stage 1 should be taken forward for further consideration in stage 2. The Panel noted that this would extend the overall timescale for the review and agreed that this was appropriate.
- 21.13 A Panel Member noted that the the review of BSCCo governance being progressed by the ELEXON board in dialogue with the Panel may lead to changes to the ELEXON Ltd Memorandum and Articles of Association and it was important to ensure that both reviews aligned.
- 21.14 Another Panel Member expressed support for the review of Panel governance and the areas identified for consideration. In their view the timing was right and it was important to co-ordinate with the review of BSCCo governance. They noted that they had raised the matter of the review at the SVG and encouraged ELEXON to seek the views of committees (via committee chairs) and to explore working practices under other industry codes. Another Panel Member suggested that the review should take account of Ofgem's Code Governance Review and the desire to homogenise approaches under different industry codes. ELEXON confirmed it would do this.
- 21.15 A Panel Member cautioned that it was not for the BSC Panel to determine the future shape of other industry codes.

BSC PANEL APPROVED MINUTES

- 21.16 The Chairman reflected on this point, noting a general need to simplify how the industry works and clarified that he saw no harm in the BSC Panel showing the way where it identified ways it could improve its own governance.
- 21.17 A Panel Member supported the review and emphasised it was important to start with those basic matters outlined in the Terms of Reference (e.g. the operation of Panel meetings, considerations relating to delegation).
- 21.18 The Panel expressed unanimous support for the review on the basis that the Terms of Reference be amended to clarify the engagement approach noted above, including the clear break and decision point between stage 1 and stage 2 of the review.

ACTION 230/07

21.19 The BSC Panel:

- a) **APPROVED** the Terms of Reference for the Review of Panel Governance as provided for in this paper; and
- b) **APPOINTED** three Panel members to form the Panel Governance Review Group.

22. BSC Panel Strategy – 230/08

- 22.1 The BSC Panel was invited to approve a BSC Panel Strategy, incorporating a Strategic Work Programme of activities. The strategy will feed directly into the development of the Annual BSC Strategy. It will subsequently inform the work of the Panel, its Panel Committees and ELEXON going forward.
- 22.2 The Panel noted that the proposed strategy incorporated comments arising from a workshop of Panel Sponsors and Panel Committee chairs.
- 22.3 The BSC Panel:
- a) **APPROVED** the proposed BSC Panel Strategy and Strategic Work Programme; and
 - b) **NOTED** that the approved BSC Panel Strategy will be published as version 2.0.

23. BSCCo Business Strategy and Budget 2015/16: Strategic Priorities and Timetable – 230/09

- 23.1 The BSC Panel was updated on the strategic priorities that will be the basis for the 2015/16 BSCCo Business Plan. The Panel noted the timetable and process that will be used for producing the business plan, and was invited to agree to vary the timetable for production and approval of the BSCCo Business Strategy.
- 23.2 Mark Bygraves noted that the strategic priorities remained unchanged from the previous year and reminded the Panel that any activities and costs associated with EMR Settlement Ltd (EMRS), the EMR subsidiary of ELEXON, are ring fenced and would not be included in ELEXON's Business Strategy and Budget.
- 23.3 MB highlighted that the same process and variation to timeline had be agreed by the Panel and followed in the previous year.
- 23.4 The BSC Panel:
- a) **NOTED** the mission, vision and strategic priorities described in this paper as the basis of the 2015/16 BSCCo Annual Business Strategy;
 - b) **NOTED** the proposed timetable; and
 - c) **CONSENTED** to varying the timetable for approving the Business Strategy.

BSC PANEL APPROVED MINUTES

24. Introducing the IS Strategy – Verbal

- 24.1 The BSC Panel was presented with an overview of ELEXON's Information Systems (IS) Strategy.
- 24.2 Chris Braley walked the Panel through the development of the strategy and its key features, highlighting the benefits for customers and the next steps for action.
- 24.3 A Panel Member requested that ELEXON be mindful of imposing costs on customers who may need to upgrade their systems in order to continue to be able to interface with new BSC Systems and processes.
- 24.4 CR acknowledged that it was important to take this into account and also commented that there would always be a need to upgrade over time as IT systems evolve and others fall out of support, but it was incumbent on any party (including ELEXON) to ensure that sufficient time and notice was provided ahead of any change.
- 24.5 CB confirmed that ELEXON saw the engagement of Panel Members as an important element of this work and that feedback on the proposed IS strategy would be very welcome. CB invited Panel Members to contact him with any questions and highlighted the one-to-one sessions that ELEXON was arranging as a key part of this engagement.
- 24.6 The BSC Panel:
- a) **NOTED** the update.
- (Phil Baker left the meeting)*

25. Appointment of Industry Non-Executive Directors to the ELEXON Board

- 25.1 BV, the Panel's appointed advisor¹ regarding Board appointments highlighted that MG, in his capacity as Chairman of the ELEXON Board, had contacted her to discuss the situation regarding two industry non-executive director positions.
- 25.2 MG confirmed that the terms of office for two of the three industry director positions came to an end in February 2015 and that he had discussed the proposed way forward with BV in her capacity as the Panel's appointed advisor. He noted that these two appointments were for the standard term of two years as prescribed by the BSC and which was, in general terms, a short term of office for a board director. He confirmed that neither he, nor other board members had raised concerns regarding the performance of the two directors whose terms were coming to an end. Accordingly, the proposed way forward, considered by the nominations committee, was to re-appoint the two directors for a further two year term.
- 25.3 BV noted that recent Modification P303 'Amendments to the Provisions for BSCCo Directors' had proposed remuneration for these roles and this element of the proposed solution had been rejected². In this light, BV suggested that it may be more appropriate for the Board to advertise for the positions and conduct an open recruitment process.
- 25.4 Another Panel Member observed that, under the existing provisions, these board members receive no remuneration. They will receive no remuneration going forwards and this is clear (particularly in light of

¹ appointed by the BSC Panel under the provisions of section 3 of the approved ELEXON Ltd Nomination Committee Terms of Reference

² The P303 Alternative Modification (which did not seek to amend the current remuneration provisions but does remove the requirement of a five year gap in the definition of a non-industry Director) was approved by the Authority on 13 November 2014, for implementation on 28 November 2014.

BSC PANEL APPROVED MINUTES

P303). Consequently, if they are content to continue on this basis then the situation regarding P303 is not an issue.

- 25.5 The Distribution Representative suggested that good governance would be to advertise the position. This was echoed by another Panel Member who expressed concern over a closed process.
- 25.6 Another Panel Member expressed a desire that the positions terms of office be staggered if possible to avoid board members changing at the same time, therefore retaining corporate memory as the membership of the board is refreshed incrementally over time.
- 25.7 The Chairman concluded that consultation with the Panel had taken place and confirmed that he, and the nomination committee, would reflect on these comments.
- 25.8 The Panel asked that ELEXON circulate a copy of the appointment provisions set out in the BSC and the approved ELEXON Ltd Nomination Committee Terms of Reference.

ACTION 230/08

(Barbara Vest left the meeting)

26. Change of Supplier: Data Quality Report – Verbal

- 26.1 On the 24 June, Ofgem requested that all relevant industry panels provide reports on data quality, ownership and governance to the extent that it impacts the Change of Supplier process. Jon Spence updated the Panel on the background and progress of ELEXON and Gemserv's collaboration to produce the reports, which are to be presented to the BSC Panel on 11 December 2014.
- 26.2 A Panel Member noted a concern about the low evidence base of the report, which is due to a lack of response to the Data Quality Working Group's (DQWG) questionnaire that it issued to Suppliers, LDSOs and Supplier Agents. The Panel member asked whether ELEXON thought this would prejudice the recommendations in the report. JS felt that the low response was partly due to resource constraints. As the root causes of data quality issues are many and varied, recipients of the questionnaire noted that metrics were not readily available at the level of detail required by the questionnaire. JS confirmed that the issues had already been clearly identified by the work group, notwithstanding the lack of detailed quantification. Further work may be required to quantify issues, if and when the report's recommendations are progressed via industry change processes.
- 26.3 Another Panel Member requested that the report should be able to clearly identify who is to take action on the issues. JS assured that the report would show the current initiatives that are in process and identify who should take forward any proposed initiatives. As the key recommendations about address format standards, Unique Property Reference Numbers and labelling cut-outs are common to gas and electricity, any changes will require a joint working group from the gas and electricity sectors.
- 26.4 The Panel asked that smart issues should be considered to prevent further work being requested later in the process. JS confirmed that the report will include commentary on the extent to which existing data quality issues will be ameliorated by the roll-out of smart meters, but will not include data quality issues caused by the roll-out of smart meters, as these are not known. In response to further suggestions by the Panel Member, JS agreed to include a consideration of the extent to which poor data quality could have an adverse impact on the smart roll-out.
- 26.5 The BSC Panel:
 - a) **NOTED** the Update.

BSC PANEL APPROVED MINUTES

27. Update on Electricity Market Reform - 230/10

- 27.1 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).
- 27.2 David Osborne updated the Panel on ELEXON's continued engagement with National Grid's (CM) and LCCC (CFD) stakeholder events. The Panel noted that ELEXON will be presenting an EMR Supplier and CfD generator settlement presentation at the next LCCC CfD Supplier Implementation event at the end of November.
- 27.3 DO highlighted the consequential amendments to the BSC arising from the Energy Intensive Industry (EII) Policy and confirmed that any changes would be shared with BSC Parties on the ELEXON website when available.
- 27.4 DO recorded that, despite a three week delay to the build phase of the EMR Systems Implementation, the project was progressing towards completion in April 2015.
- 27.5 DO confirmed that the EMR grant payments continued to be received as agreed.
- 27.6 The BSC Panel:
- a) **NOTED** the EMR update.

28. Any other Business

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

NON MODIFICATION BUSINESS (CLOSED SESSION)

29. Section H Default – 230/12

- 29.1 The Panel noted that a Company through non-payment of BSCCo Charges had triggered a Section H Default event. The Panel was provided with information on the outstanding charges and a recommendation to begin the expulsion process.
- 29.2 The BSC Panel:
- a) **NOTED** that the Company is in Default under Section H3.1.1(b) of the BSC;
 - b) **DETERMINED** the resolutions to be set in accordance with Section H3.2 of the BSC; and
 - c) **CONSIDERED** if any further actions should be taken to recover the outstanding invoices.

30. SVG membership changes – 230/13

- 30.1 In October, the Panel noted the resignations of two Supplier Volume Allocation Group (SVG) Industry Members and two applications from candidates to replace them. It also noted an application from a candidate to become an SVG Industry Alternate.
- 30.2 The BSC Panel:
- a) **APPOINTED** the SVG Industry Members with immediate effect, subject to the completion of the necessary paperwork where applicable: and
 - b) **APPOINTED** the SVG Industry Alternates with immediate effect, subject to the completion of the necessary paperwork.

BSC PANEL APPROVED MINUTES

31. Approval of a PAB Alternate – 230/14

31.1 The Panel was invited to consider Ben Fuller as an Alternate Member to the Performance Assurance Board (PAB) for Mitch Donnelly.

31.2 The BSC Panel:

- a) **APPOINTED** Ben Fuller as the PAB Industry Alternate for Mitch Donnelly.

32. Any other Business

32.1 There was no other business in the Closed Session.

33. 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 11 December 2014.