

MINUTES

MEETING NAME	BSC Panel
Meeting number	241
Date of meeting	11 June 2015
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
	Derek Bunn	DB	Independent Panel Member
	Lesley Nugent	LN	Ofgem Representative
	Peter Bolitho	PBo	Industry Panel Member
	Phil Baker	PB	Industry Panel Member
	Phil Hare	PH	Independent Panel Member
	Rob Wilson	RW	Alternate Transmission Company Panel Member
	Stuart Cotten	SC	Industry Panel Member
Observers	Gillian Wilmot	GW	ELEXON Board
	Colin Prestwich	CP	Smartest Energy
External Presenters	Angelita Bradney	AB	Ofgem
	Mo Sukumaran	MS	SSE
	Paul Gregory	PG	C & C Group
	Bill Meredith	BM	KPMG
	George Richards	GR	KPMG
ELEXON	Adam Lattimore	AL	ELEXON (Part Meeting)
	Adam Richardson	AR	ELEXON
	David Kemp	DK	ELEXON (Part Meeting)
	Douglas Alexander	DA	ELEXON (Part Meeting)
	Justin Andrews	LD	ELEXON (Part Meeting)
	Katharine Higby	KH	ELEXON (Part Meeting)
	Mark Bygraves	MB	ELEXON
	Nick Groves	NG	ELEXON (Part Meeting)
	Nicola Dempsey	ND	ELEXON
	Simon Fox-Mella	SFM	ELEXON (Part Meeting)
Victoria Moxham	VM	ELEXON	

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Apologies	Andy Warden	AW	Consumer Panel Member
	Ian Pashley	IP	Transmission Company Panel Member
	Rory Edwards	RE	Ofgem Representative

1. Apologies

- 1.1 The Chairman confirmed the apologies of Ian Pashley and Rory Edwards. Rob Wilson was attending as Ian's alternate and Lesley Nugent was attending on behalf of Rory. He also noted that Andy Warden had been appointed as a Consumer Panel Member by Citizen's Advice Scotland but had sent apologies.
- 1.2 The Chair noted that the meeting was being observed by Gillian Wilmot, a member of the ELEXON Board and Colin Prestwich from Smartest Energy.

2. Delivering reliable next-day switching – Verbal

- 2.1 Angelita Bradney from Ofgem presented on Ofgem's plans for the introduction of next-day switching.
- 2.2 AB acknowledged that the next day switching programme would require industry input and support and thanked ELEXON for its input and support to date. She brought the Panel's attention to the letter that had been circulated ahead of the meeting concerning a request for ELEXON to provide support to the next-day switching programme as it progressed.
- 2.3 A Panel Member asked who would lead the proposed Workgroups and how they would get input from industry and feed into the Significant Code Review (SCR). Ofgem replied that the Workgroups will be Ofgem led and chaired however they will be open to the industry. AB said that there would be an External Design Advisory Group that would feed into its Design and Impact Assessment Team which would determine the work undertaken by the Workgroups. She explained that the SCR would follow on from the Workgroup's deliberations.
- 2.4 The Chair was concerned about the impact of next-day switching on customers with smart meters. His understanding was that some smart meter customers might not be able to easily switch Suppliers because the Smart Meters' functionality might not work with their new Supplier's systems and processes.
- 2.5 AB said that the next-day switching programme was not dependent on the roll-out of smart meters. She agreed that the introduction of smart meters would lead to customers becoming more aware of their energy usage and so potentially lead to more interest in switching. This would be a spur to complete the next-day switching work. AB did note that the interoperability issue highlighted by the Chairman was a legacy issue that did exist and that this was being looked at under the Smart Metering work. She confirmed that this should be resolved by the introduction of new, SMETS2 smart meters and the enrolment of the SMETS 1 meters into the DCC.
- 2.6 A Panel Member noted the intention to initiate an SCR towards the end of programme. They were concerned that, based on the recent Electricity Balancing SCR, the process would require the Panel to deal with multiple issues under the Modification process and that there must be a better way to engage with the Panel on what change is needed.
- 2.7 Another Panel Member echoed this concern and felt that perhaps there was a better way of implementing the required change. However, they also cautioned against starting an SCR too early as this may lead to Modifications raised by Parties as 'quick wins' being subsumed into the SCR process, delaying the realisation of any associated benefits.
- 2.8 A Panel Member felt that it would be helpful to look at the P305 process to see how SCR's could be more efficient by breaking change down into discrete packages rather than one large modification, which had caused difficulties in assessing P305 and considering potential Alternative solutions.

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- 2.9 Another Panel Member commented that while they were generally not keen on the SCR process, in this case, since next day switching was clearly a cross-code issue and leadership was essential, they felt that an SCR was appropriate and should be started sooner rather later. In this way, Ofgem could provide a clear way forward. They noted that the option to subsume Modifications into the SCR was important in ensuring that change was progressed in coordinated fashion but, significantly, if it was felt appropriate to progress changes separately, they did not have to be subsumed into the SCR.
- 2.10 Another Panel member agreed and requested that the work focus on the impact of changes on the wholesale market as well as consumers.
- 2.11 A Panel Member commented that Ofgem is currently consulting on potential changes to the industry code governance arrangements, including the SCR process. They queried whether it might be sensible to wait until any changes to the SCR process had been implemented before commencing an SCR. However, they did not want this work to be delayed. Another Panel Member made the point that the industry is always changing and that it was important to start the SCR so that Ofgem can better guide the process.
- 2.12 A Panel Member noted ELEXON's involvement so far and welcomed the letter requesting further support from ELEXON. They felt it was essential that ELEXON was not left on the periphery and emphasised the importance of using its expertise to shape the solutions.
- 2.13 ELEXON noted that it had been supporting Ofgem on this work and will continue to do so but not to the detriment of its core BSC work.
- 2.14 A Panel Member commented that working with Ofgem on this was strategically significant and vital to the work of the Panel and the operation of the BSC. They felt it was core to competition in settlement and encouraged ELEXON to provide its expertise.
- 2.15 Ofgem thanked ELEXON and the Panel for their support on this and noted that Ofgem was clear about the importance of it leading the work and very aware of how important industry would be to the success of the programme.
- 2.16 LN confirmed that Ofgem was taking account of the lessons it had learned in running past SCRs as part of its current code governance consultation, and welcomed the Panel's views in response to that consultation. She did not see for Ofgem's code governance consultation to delay the start of a customer switching SCR and agreed that this work was an important opportunity for Ofgem to provide leadership, which it was committed to doing.
- 2.17 A Panel Member expressed their appreciation for Ofgem taking a clear lead on this and emphasised the importance of sufficiently experienced and empowered Ofgem representatives attending Code Modification meetings and advising the workgroups accordingly.
- 2.18 A Panel Member asked Ofgem how it envisaged dealing with switching that involves third parties. Ofgem stated that this is something it would need to work on but that next-day switching is not mandatory and customers will be able to switch on a chosen date which is probably what would happen with third party cases.
- 2.19 The BSC Panel:
- a) **NOTED** the update.

MODIFICATION BUSINESS (OPEN SESSION)

3. Report on Progress of Modification Proposals - Verbal

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- 3.1 The Modification Secretary, Adam Lattimore, updated the Panel on the current status of Modifications.
- 3.2 Following difficulties in establishing a quorum for the P318 'Change of Party ID/Company Number Through Enabling Assignment' Workgroup, the Modification Secretary requested a two month extension to the Assessment timetable. No issues were raised by the Panel.
- 4. P322 'Revised Implementation Arrangements for Mandatory Half Hourly Settlements for Profile Classes 5-8' – 241/05**
- 4.1 Urgent Modification P322 proposed new arrangements to manage the migration of sites classed as Profile Class (PC) 5-8 with Advanced Meters to Half Hourly (HH) Settlement, as required by approved Modification P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'. The BSC Panel considered Urgent Modification P322 and, in light of its deliberations on P322, the BSC Panel also considered the implementation date of Approved Modification Proposal P272.
- 4.2 One Panel Member queried the logic the Workgroup had followed when creating the Alternative solution. They questioned whether providing flexibility to the Authority when choosing an implementation approach for P272 enabled it to meet the criteria for an Alternative that it be superior to the Proposed Modification. ELEXON replied that the Workgroup was aware of Ofgem's requirement that the case for extending the P272 Implementation Date beyond April 2017 had to be strong and felt that the case for the April 2017 date provided a minimum date and that there wasn't a sufficiently compelling reason to recommend a date later than 1 April 2017. In addition, the Workgroup did not support the additional clause introduced to the Proposed Modification, which it felt would add unnecessary complexity.
- 4.3 A Panel Member noted that the Workgroup was supportive of the Alternative Modification, which references the P272 Implementation Date in the legal text, along with a recommendation that this should be no earlier than 1 April 2017, and asked if the Panel would need to submit another request to Ofgem to change the Implementation Date of P272. Elexon replied that should the Panel recommend either P322 solution for approval, then consequently, it would be necessary for the Panel to request that Ofgem re-considers the Implementation Date for P272.
- 4.4 The Panel noted that the agreed Urgent Modification Proposal timetable doesn't include provision for a Report Phase Consultation, so the Panel couldn't consult with industry on the two solutions. A Panel Member asked if Ofgem would consider consulting on P322. The Ofgem Representative noted that, while Ofgem was not bound by the decision date Panel had recommended, the timetable envisaged a decision on P322 by 20 July 2015. The Ofgem representative noted that Ofgem had not come to a view on whether it would consult on P322 or not, but this timetable was tight. They noted that they are comfortable with this, and that the Alternative Modification addresses the concerns raised and the recommendation on the P272 Implementation Date is in line with the Panel's previous recommendation.
- 4.5 Chris Alexander noted that P272 was raised in 2011 and expressed disappointment that the issues associated with a move to Half Hourly metering under P272 are taking so long to resolve. They observed that the Proposed end date of November 2017 may offer increased time for customer engagement but questioned if this presented a compelling case for further delay given the time that the industry has already had to prepare for this change.
- 4.6 A Panel Member felt that the benefits noted under Applicable BSC Objective (c) may be better associated with efficiency, rather than competition. Another Panel Member agreed, noting that Modification P322 was concerned with mitigating risks associated with bottlenecks in the migration process and ensuring that appropriate controls were in place. The Panel noted that P322 had been discussed at the Performance Assurance Board (PAB).

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- 4.7 Other Panel Members felt that P322 would help avoid any adverse impacts on the delivery of Smart Services to consumers resulting from a chaotic migration exercise. As such, in their view, it was clear that this would be beneficial for competition.
- 4.8 The Distribution Representative observed that it would be helpful if information relating to Migration plans (at an appropriately aggregated level) that were submitted under P322 could be given to Distribution Systems Operators (DSOs) to help them manage their work. The Panel noted that ELEXON wasn't certain that information it received in confidence from Suppliers could be shared with DSOs and the Transmission Company, but that ELEXON would investigate what, if anything, could be provided to DSOs and the Transmission Company.

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- 4.9 A Panel Member observed the noted issues relating to Maximum Import Capacity illustrated the dilemma facing the Panel since this matter fell out with the BSC. They suggested that the Panel could be seen as having responsibilities similar to those of a project board and that, as such; the Panel should be liaising with, and seeking feedback from, DSOs to ensure that issues such as those relating to Maximum Import Capacity are addressed in a timely fashion.
- 4.10 ELEXON noted that it does work with the other codes to ensure that everyone is aware of the issue and work surrounding the implementation of P272. The Panel requested that ELEXON monitor progress in this area and act to facilitate, as much as possible, the timely and effective resolution of the issues.

ACTION 241/02

- 4.11 Ofgem welcomed the positive steps that industry has undertaken as a result of its letter. It reiterated its need for a strong rationale to justify moving beyond the Panel requested extension date of 1 April 2017. LN indicated that having both the Proposed and Alternative solutions on the table provided helpful flexibility.
- 4.12 The BSC Panel:
- a) **NOTED** that the Workgroup believes that the P272 Implementation Date should be extended from 1 April 2016 to 1 April 2017;
 - b) **AGREED** that the P322 Proposed Modification:
 - a. **DID** better facilitate Applicable BSC Objective (c); and
 - b. **DID** better facilitate Applicable BSC Objective (d);
 - b) **AGREED** that the P322 Alternative Modification;
 - a. **DID** better facilitate Applicable BSC Objective (c); and
 - b. **DID** better facilitate Applicable BSC Objective (d);
 - c) **AGREED** (by a majority) that, when compared with the P322 Proposed Modification, the P322 Alternative Modification better facilitated the Applicable BSC Objectives;
(Better facilitates the Applicable BSC Objectives: AC, BB, BV, DB, PB, PH, SC)
(Does not better facilitate the Applicable BSC Objectives: PBo)
 - d) **AGREED** a recommendation that the P322 Alternative Modification should be **APPROVED** and the P322 Proposed Modification should be **REJECTED**;
 - e) **APPROVED** an Implementation Date for the Proposed Modification of 3 August 2015 if an Authority decision is received on or before 20 July 2015;

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- f) **APPROVED** an Implementation Date for the Alternative Modification of 3 August 2015 if an Authority decision is received on or before 20 July 2015;
- g) **APPROVED** the draft legal text for the Proposed Modification;
- h) **APPROVED** the draft legal text for the Alternative Modification;
- i) **APPROVED** the P322 Modification Report;
- j) **PROVIDED** their views on an extension to the P272 Implementation Date; and
- k) **AGREED** to recommend to the Authority that P272 Implementation Date be amended to 1 April 2017.

5. CP1434 'Amend the three digit numeric Line Loss Factor Class (LLFC) ID to an Alphanumeric ID – 241/05

- 5.1 ELEXON presented the Change Proposal (CP) Assessment Report for CP1434 to the Panel. The Panel noted that the Supplier Volume Allocation Group (SVG) was unable to form a unanimous decision at its meeting on 2 June 2015. The Panel was asked to consider the proposed solution, the responses received to ELEXON's further Request for Information (RFI) and the SVG's recommendations and to decide whether the CP should be approved or rejected.
- 5.2 Mo Sukumaran from SSE, the Proposer of CP1434, presented a brief overview of the CP.
- 5.3 A Panel Member declared an interest and abstained from voting. The Panel noted the declared interest and that the Panel Member would not be voting but agreed that the Panel Member should be able to take part in debate.
- 5.4 The Distribution Representative noted that not changing the system would potentially put the Distribution System Operators (DSOs) in breach of the BSC and therefore their licenses. Accordingly, if a Party says they are running out of LLFCs, then this was a matter that needed to be addressed. They noted that Modification P62 'Changes to Facilitate Competitive Supply On The Networks of New Licensed Distributors' had introduced changes to facilitate competition. In their view, if DSOs were not unable to register new LLFCs this would be a return to the situation that existed prior to the introduction of P62. As such, they strongly believed that the Applicable BSC Objectives (c) and (d) would be detrimentally impacted if a solution to the limited number of available LLFCs was not progressed.
- 5.5 A Panel Member queried why the CP was implementing an alphanumeric ID instead of extending the current numeric system. They felt that extending the current system would be more cost effective and therefore be easier for industry to adopt.
- 5.6 Another Panel Member queried whether it might be more efficient to consolidate the proposed changes into the potentially wider package of DCC changes and asked for further information. ELEXON explained that the potential changes to the DCC referenced in the Assessment Report were unlikely to be progressed for at least two or three years. While it may be more efficient to effect the changes at this time, industry responses on CP1434 had suggested it was likely that a small number of DSOs (including Independent DSOs) would be impacted by this issue before then. Another Panel Member commented that they felt this was not an adequate solution as the DCC work was unplanned with no defined start date, while the issues with LLFC ID's were live now.
- 5.7 A Panel Member noted that the main concerns of respondents who were opposed to the CP were in relation to the implementation costs.
- 5.8 A Panel Member commented that they found the industry views expressed in the report frustrating because they were so contradictory and therefore unclear. They observed a divergence in views expressed between Parties who need the change as soon as possible and those who will see no benefit but have to commit to

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large expenditure. On balance they felt that the CP needed to be implemented to prevent a negative impact on the market.

- 5.9 Other Panel Members agreed, noting that policy changes driving the evolution of the market and the increasing prevalence of distributed generation would only increase the need for LLFCs in the future.
- 5.10 A Panel Member noted that the current arrangements relating to LLFCs were designed 15 years ago for a market that looked radically different from the one currently operating. They further expressed their view that the CP needed to be implemented.
- 5.11 A Panel Member commented that much of the opposition to the CP focused on how much it would cost to implement. They accepted that the cost of implementation was high but felt that no consideration had been given to the loss of opportunity cost associated with the proposed change and the adverse impacts on the market that may arise if the CP wasn't implemented.
- 5.12 The Chairman noted that many of the consultation responses were in favour of implementing the CP and asked why the SVG had recommended the CP be rejected.
- 5.13 A Panel Member noted that a number of SVG Members didn't believe this was an imminent issue and given the cost would prefer to defer taking action.
- 5.14 A Panel Member stated that action needed to be taken to address the issue but it was not clear what the best solution might be. However, they noted that it seemed odd to disregard the industry responses.
- 5.15 A Panel Member asked if there was time to investigate the feasibility of other solutions. Another Panel Member noted that other Parties have had the opportunity to raise a CP with alternative solutions but haven't. They also noted that time was a significant issue and work needed to be started soon in order to resolve the issue before it poses a significant risk.
- 5.16 A Panel Member commented that this issue has been around for a significant amount of time and action needs to be taken as soon as possible. They further noted that the CP has been thoroughly reviewed by ELEXON.
- 5.17 The BSC Panel (with one abstention):
- a) **NOTED** the Request for Information responses and the views and recommendations of the SVG;
 - b) **APPROVED** (by majority decision) CP1434 for implementation on 30 June 2016 as part of the June 2016 Release; and
 - c) **APPROVED** the proposed changes to BSCP509 Appendix 1 and BSCP509 Appendix 2 for CP1434.

NON-MODIFICATION BUSINESS (OPEN SESSION)

6. Minutes of Meeting 240, 241 and Actions arising

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

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

227/03.

The following actions remained open:

234/02, 243/03 and 228/03.

7. Chairman's Report

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7.1 The Chairman noted the following:

[Appointment of CEO](#)

7.2 Mark Bygraves has been appointed as CEO of ELEXON Ltd on a permanent basis.

[Annual BSC Meeting](#)

7.3 This will go ahead on 9 July, the Chairman noted that there had been fewer registrations than last year but that the majority of the guests that had registered to come along were BSC Parties. He asked Panel Members to encourage BSC Parties to attend.

[BSCCo governance review](#)

7.4 The Chairman noted that the Governance Straw Man had been sent out to the Panel for review and comment. He explained that National Grid had indicated that it was minded to raise a Modification based on this work so any comments from the Panel on the Straw Man would be welcome.

[DECC](#)

7.5 The Chairman noted that he and Mark Bygraves had met with Jeremy Pocklington who is responsible for markets and infrastructure at DECC, to discuss ELEXON and its role.

[New Industry ELEXON Director](#)

7.6 The Chairman noted that the term of office for one of the current industry board directors of ELEXON is coming to an end and the Nomination Committee is considering how a replacement is appointed. Its initial view is that candidates should be high calibre individuals who are a director of a BSC Party and have small party expertise to ensure that Board representation is balanced.

7.7 The Board plans to adopt its usual approach and use an executive search agency, this would cost somewhere between £25 and £50k.

7.8 Gillian Wilmot, a member of the Board's nomination committee noted that generally there has been a poor response to advertisements for Non-Executive Industry directors. Consequently, the nomination committee believes use of an executive search agency to be important in identifying candidates.

7.9 A Panel Member asked if the Nomination Committee would only accept applications from directors. They felt that many candidates in BSC Parties may not be directors but may have the right skill and expertise, gained at senior executive level. GW and MG agreed that the nomination committee will consider candidates with suitable qualifications and that this would include those with senior executive experience.

7.10 A Panel Member asked what the duration of the appointment would be. The Chairman confirmed that, as required by the BSC, the appointment is for two years with an option to renew.

8. ELEXON Report – 241/01

8.1 Mark Bygraves provided an overview of ELEXON's consultation responses.

[European Developments](#)

It was noted that the revised European Electricity Balancing Network Code has not yet been published. There is an expectation that the European Commission may delay progression of this Network Code to have it come into force in the second half of 2016.

8.2 The Chairman questioned the process of introduction of the European Network Codes, and questioned whether it allowed for satisfactory engagement with stakeholders. He contrasted this with the openness of the processes that had been established in Great Britain (referencing the extensive engagement afforded by the Joint European Stakeholder Group). In particular, the Chairman expressed a concern that the British

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voice was not being heard in Europe and that he was minded to write a letter setting out his concerns in this regard.

8.3 Several Panel Members agreed with this view, noting that many stakeholders did not have a place at the table when the Network Codes are being developed and determined. The Transmission Company Panel Member noted that National Grid did have a voice in Europe but acknowledged that GB stakeholders were not involved early enough.

8.4 A Panel Member observed that it was important to consider how change in this area was managed going forward.

[Electricity Market Reform](#)

8.5 MB noted that although there have been some ongoing issues with the enduring settlement system, the service has still been provided without any impact to users.

[Customer Survey](#)

8.6 The Customer Survey was sent out this week. Unfortunately, there was an issue with the form and customers were unable to complete the survey. This issue was resolved and MB encouraged the Panel to complete the survey and encourage others to do so.

[Committees](#)

8.7 The Executive Team is keen to strengthen its relationship with the Panel Committees and has assigned an 'Exec' sponsor for each of the Panel Committees. They will be attending meetings in the coming months.

8.8 A Panel Member requested an update on the actions raised by last year's Customer Survey. They asked if ELEXON could update the Panel.

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8.9 For further details on ELEXON's work over the past month, please see the [ELEXON](#) Report.

9. Distribution Report - Verbal

9.1 There was no Distribution Report.

10. National Grid Report – Verbal

10.1 Rob Wilson drew to the Panel's attention that an Open Letter was imminently to be sent to industry inviting input to proposals on inclusion of DSBR and SBR in imbalance pricing/cash out. Dependent on the comments received, it is likely that this will be followed by a consultation to amend licence condition C16.

10.2 A Panel Member sought clarification that the proposals are looking at incorporating DSBR/SBR into imbalance pricing.

11. Ofgem Report – Verbal

11.1 The Ofgem representative noted that Ofgem had published an open letter consultation, initiating a further review of code governance. The consultation sets out the areas where Ofgem considers there is merit in considering further potential reform, building on the reforms introduced by Ofgem's Code Governance Review (CGR) and CGR phase 2.

11.2 The Ofgem representative urged Panel members to engage in this process and to respond to Ofgem's consultation (which closes on 26 June).

12. Report from the ISG – 241/01a

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12.1 The Panel noted the report from the ISG.

13. Report from the SVG – 241/01b

13.1 The Panel noted the report from the SVG.

14. Report from the PAB – 241/01c

14.1 The Panel noted the report from the PAB.

15. Report from the TDC – 241/01d

15.1 The Panel noted the report from the TDC.

16. Trading Operations: BSC Operations Headline Report – 241/02

16.1 The Panel noted the BSC Operations Headline Report.

17. Change Report – 241/03

17.1 The Panel noted the Change Report.

17.2 Barbara Vest left the meeting

NON MODIFICATION BUSINESS (OPEN SESSION)

18. Agreement for A New BSC Panel Advisory Committee – 241/06

18.1 ELEXON proposed that the BSC Panel establish a new Panel advisory committee in order to assist in developing solutions to address small scale Settlement issues related to the balancing arrangements. The Panel was invited to agree the Terms of Reference (ToR) for a new committee to be called the Settlement Reform Advisory Group (SRAG).

18.2 JA provided an updated list setting out the proposed membership of the SRAG.

18.3 The Chairman confirmed that the SRAG will be set up for 12 months and that at the end of 12 months if the SRAG felt that there was more work to do it would ask for continued Panel approval.

18.4 A Panel Member asked how the SRAG would get views from interested parties involved in the work of the group. ELEXON responded that it would issue consultations as well as co-opting experts as needed.

18.5 The BSC Panel:

- a) **AGREED** the proposal to create the SRAG as a BSC Panel Committee;
- b) **AGREED** the proposed Terms of Reference for the SRAG;
- c) **APPROVED** Robert Brown, Eric Graham, Seth Chapman, Tim Newton, Chris Welby, Angelita Bradney, Chris Alexander, Simon Bevis, Jonathan Bennett, John Lawton and Francesca Scuccess as SRAG Members;
- d) **APPROVED** Andy Colley as the Panel Sponsor;
- e) **APPROVED** Justin Andrews as chairman of the SRAG; and
- f) **DELEGATED** approval of any further changes in SRAG membership to Andy Colley as the appointed Panel sponsor.

19. DA686 Lessons Learned – 241/10

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- 19.1 ELEXON provided the Panel with a summary of the lessons learned activity undertaken following a Trading Dispute that impacted the Post-Final Settlement Run.
- 19.2 A Panel Member noted the three changes that ELEXON wished to make and asked why there had been no cost benefit analysis of automating elements of the Post-Final Settlement Run but that there had been a cost benefit analysis of automating validation of volume outputs during Settlement Runs. ELEXON replied that the first item was a preventative measure required to address a current failure in the process and was therefore seen as essential. The second element represented a detective control, designed to address the risk of manual error by identifying an issue after it had arisen so that subsequent resolution actions could be taken. As such, the case for introducing such a control was felt to be less clear.
- 19.3 Another Panel Member observed there was a moral hazard associated with further extending the deadline for raising Trading Disputes. ELEXON agreed and noted that the TDC was mindful of this and had therefore concluded that only the provisions relating to exceptional circumstances be extended, rather than any broad extension to the overall deadline.
- 19.4 The Panel Sponsor for the TDC noted that the TDC had worked hard to apply exceptional circumstances only where applicable and continued to encourage BSC Parties to spot errors as soon as possible. This was one of the benefits associated with the proposal to improve the detective checks associated with the manual processes referenced in the DA686 lessons learned.
- 19.5 The Panel noted that, subject to its endorsement, the TDC would develop a draft Modification Proposal for the consideration of the BSC Panel. ELEXON confirmed that, in the event that the BSC Panel determined to raise any Modification Proposal put to it by the TDC, such a Modification Proposal would follow the usual processes set out in BSC Section F.
- 19.6 The BSC Panel:
- a) **NOTED** the lessons learned from Trading Dispute DA686;
 - b) **NOTED** the TDC's view on proposed changes; and
 - c) **ENDORSED** progression of proposals (a), (b) and (c) as detailed in the paper.

20. TAA Annual Report – 241/07

- 20.1 The Technical Assurance Agent (C&C Group) presented its annual Technical Assurance of Metering Systems Report for the BSC Year 2014-2015.
- 20.2 A Panel Member asked if there would be benefit in 'naming and shaming' those Performance Assurance Parties that were non-compliant. Although this has been discussed, another Panel Member pointed out that often the issues are inherited when a Supplier or Meter Operator Agent takes over from another and they may be unaware that there are issues.
- 20.3 The TAA representative noted that Suppliers and Meter Operator Agents are informed of all issues associated with a given Metering System when they take responsibility for a Metering System.
- 20.4 The BSC Panel:
- a) **NOTED** the TAA Report.

21. BM Audit Report – 241/08

- 21.1 National Grid presented the annual BM Audit opinion for the period 1 April 2014 to 31 March 2015.
- 21.2 The Chairman noted that the actual opinion is a paragraph of a 2 page letter. He did not feel that the Panel could, on the basis of this, be assured that the compilation and submission of data to BMRA and SAA by the

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Transmission Company had been carried out 'very satisfactorily' and asked the Panel for its view. MG felt that Trading Parties were entitled to get much more detail regarding the BM Audit.

- 21.3 The Panel agreed to remove the words 'very satisfactorily' and asked the Transmission Company Panel Member to convey its view to the BM Auditor (Pricewaterhouse Coopers LLP).
- 21.4 The Panel also requested that it be provided with a full copy of the BM Audit report and that this report be made available to Trading Parties for publication in the same way as the BSC Audit Report.

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- 21.5 The BSC Panel:
- a) **NOTED** the clean opinion given by the BM Auditor (PwC LLP) for the Audit period 1 April 2014 to 31 March 2015, based on the approach in the associated Review Approach document;
 - b) **NOTED** that the compilation and submission of data to BMRA and SAA by the Transmission Company had been carried out in line with appropriate BSC requirements.

22. BSC Audit Report – 241/09

- 22.1 The BSC Auditor (KPMG) presented the Panel with the BSC Audit Report on the Settlement calculations and allocations with respect to the Balancing and Settlement Code and Code subsidiary documents.
- 22.2 Gillian Wilmot asked KPMG how they determine future risks. KPMG explained that it worked with ELEXON, Parties and PAB when developing its audit approach and planning its audit work each year. BM highlighted that, this year, the audit had identified that the risks associated with the Change of Measurement class process were likely to rise as a result of the move towards Half Hourly Metering that would be seen with the introduction of Modification P272.
- 22.3 The Auditor reported that a Party had indicated that it would not sign the letter of representation. The Chair noted that this was in the public part of the meeting and any further discussion of this would need to be dealt with in the confidential section of the Panel meeting.
- 22.4 A Panel Member observed that the Audit Report had highlighted the need for robust governance and effective controls in this area and asked if the Auditor felt these could be improved. BM felt these controls could be improved and explained that KPMG had previously suggested the introduction of an improved controls framework to be adopted by the industry under the BSC. He also highlighted that KPMG felt it could provide additional assurance in this area.
- 22.5 The Panel Sponsor for the PAB noted that the PAB had considered proposals raised by KPMG in this area. They noted that the PAB had decided at its Jan 2015 meeting not to progress this work and that it felt that the case for change had not been made.
- 22.6 The Panel noted that it was for KPMG to set out proposals in respect of a control framework that added demonstrable value and to work with ELEXON on a proposal for the consideration of the PAB. Should this proposal offer demonstrable value, then it was for the PAB to make the appropriate recommendations in order to progress the matter.

ACTION 241/05

- 22.7 Panel Members also agreed that it was sensible to leverage the skills and experience of the BSC Auditor in providing assurance in respect of the Change of Measurement Class process and Modification P272. The Chairman noted that there may be cost implications in providing such additional assurance. The Panel noted this and requested that KPMG work with ELEXON to develop and present proposals to the PAB that, subject to a satisfactory business case, could, as part of the overall Performance Assurance Framework, provide

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appropriate assurance in respect of the Change of Measurement Class process and the submission of migration plans in relation to Modification P272 going forward.

ACTION 241/06

- 22.8 The Chairman clarified that the BSC Audit report is for the BSC Panel and is addressed to the Panel for, and on behalf of, Trading Parties and the Transmission Company.
- 22.9 The BSC Panel:
- a) **NOTED** the BSC Audit Report.

NON MODIFICATION BUSINESS (CLOSED SESSION)

23. Approval of PAB Alternate Committee Member – 241/11

The Panel was invited to appoint David Lane as an Alternate Member of the Performance Assurance Board (PAB).

The BSC Panel:

- a) **APPOINTED** David Lane as an Alternate Member of the PAB with immediate effect.