



BSC Panel 242

9 July 2015

ELEXON

Health & Safety

In case of an emergency

An alarm will sound to alert you. The alarm is tested for fifteen seconds every Wednesday at 9.20am

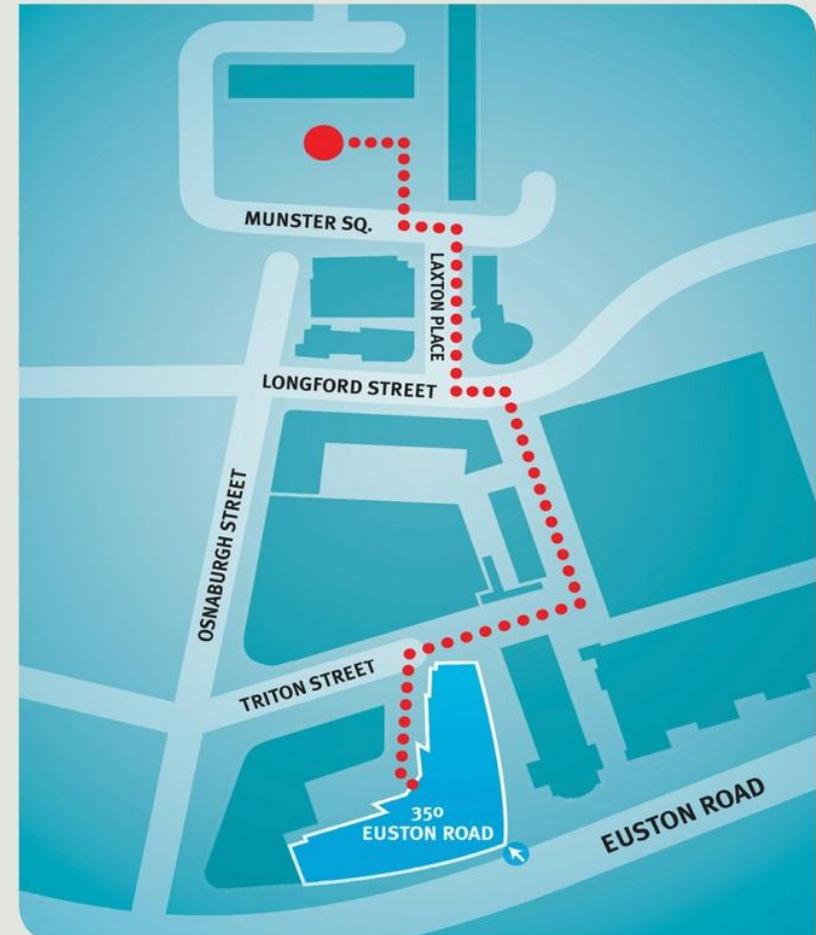
Evacuating 350 Euston Road

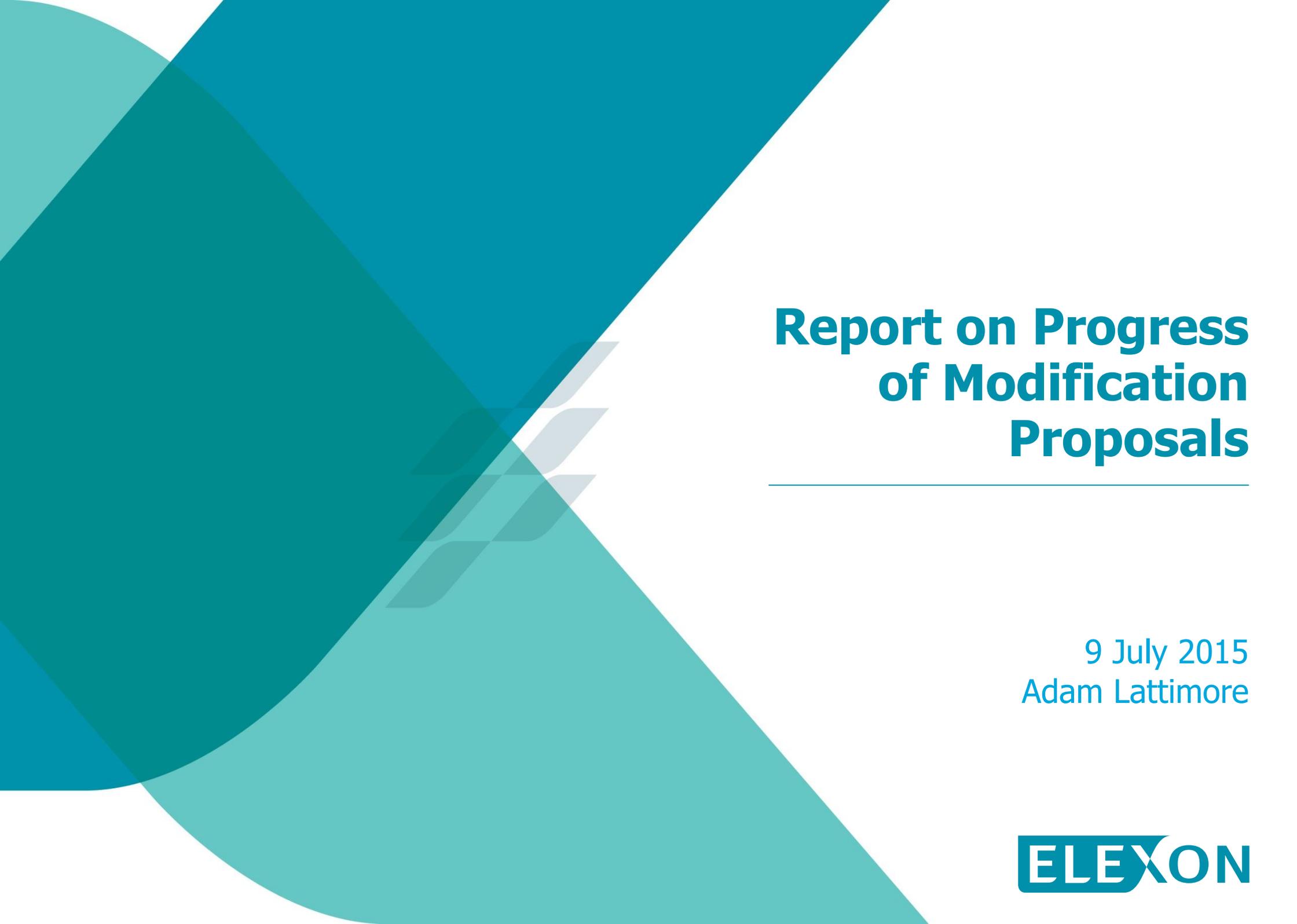
- If you discover a fire, operate one of the fire alarms next to the four emergency exits.
- Please do not tackle a fire yourself.
- If you hear the alarm, please leave the building immediately.
- Evacuate by the nearest signposted fire exit and walk to the assembly point.
- Please remain with a member of ELEXON staff and await further instructions from a Fire Warden.
- For visitors unable to use stairs, a Fire Warden will guide you to a refuge point and let the fire brigade know where you are.

When evacuating please remember

- Do not use the lifts.
- Do not re-enter the building until the all clear has been given by the Fire Warden or ground floor security.

Our team on reception is here to help you, if you have any questions, please do ask them.





Report on Progress of Modification Proposals

9 July 2015
Adam Lattimore

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BSC Modifications Overview

Initial Written Assessment	P323
Assessment Procedure	P308, P315, P318, P320, P321
Report Phase	-
With Authority	-
Authority Determined	P302, P322
Self-Gov. Determined	-
Fast Track Determined	-
Open Issues	Issue 60

BSC Modifications Timelines

	Jul 15	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	Mar 16	Apr 16	May 16	Jun 16	...
P308								AR		DMR			
P315		AR	DMR										
P318			AR	DMR									
P320	AR	DMR											
P321			AR	DMR									
P323	IWA		AR	DMR									
Issue 60					IR								



P323 'Enabling inclusion and treatment of SBR in the Imbalance Price'

242/04

9 July 2015
Simon Fox-Mella

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P323 - 'Enabling inclusion and treatment of SBR in the Imbalance Price'

BSC Panel – 9th July 2015

Alex Haffner

Background

- SBR and DSBR are new services approved by Ofgem for use this winter and last winter
 - *Last winter, as P305 was not yet implemented, the services did not feed into imbalance*
- Following engagement via Open Letters, BSC Issue 56 and an Industry Workshop, NGET proposes to include SBR and DSBR into cash-out in November 2015
- This will be done by amending the C16 methodologies (e.g. BSAD and SMAF)
- DSBR volumes and prices can be inserted into the imbalance calculation via an amended DISBSAD file (and therefore require no changes at the Elexon side)

What's the Issue?

- Whilst SBR volumes enter the imbalance calculation automatically via existing BM flows, any changes to the SBR price would also impact BM cash-flow (i.e. what SBR providers are paid)
- This means that, absent any changes to Elexon's imbalance calculation processes, it is not possible to reflect SBR dispatch at any price other than its utilisation / offer price

What's the Solution?

- P323 proposes that whenever SBR is run, NGET will send a notification to ELEXON including dispatch details
 - *This will unfortunately not be in time for the Indicative Price run but will be sent as soon as possible (no later than the following WD)*
- This will allow a different price to be applied for ramping / SEL running compared to the price for instructions above SEL
- Irrespective of what price goes into cash-out, the original offer price associated with the unit will be used in BM cash-flow
- No BSC System changes are proposed under this Modification
- This modification is conditional on the C16 changes being approved by the Authority

What's the Justification against the nationalgrid Applicable BSC Objectives?

- P323 better facilitates Applicable BSC Objective (a)...
 - ...*“The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence”*...
- as the proposed changes to C16 methodologies cannot be efficiently discharged in relation to SBR without P323
- Note that we are not considering whether SBR should be reflected into cash-out at all here as this is covered by the C16 process itself

P323: Proposed solution

- P323 proposes to enable the value of Supplemental Balancing Reserve (SBR) to be included in the imbalance price calculation without affecting Balancing Mechanism (BM) cashflows
- Proposed for implementation on 5 November 2015, in line with the implementation of P305
- Limited to a manual solution

P323: Areas to consider (1 of 2)

- Is the proposed solution the most appropriate way to implement the change
- Should ELEXON submit the adjustment value
 - directly to the Settlement Administration Agent (SAA) to amend the Buy Price Adjuster (BPA) it will have received from the TC or
 - to the TC so it can update the BPA and resubmit it to the SAA
- In light of the nature and timing of any recalculation for SBR, how should details of the event and subsequent calculations be provided to Parties

P323: Areas to consider (2 of 2)

- Are the risks associated with the proposed manual process acceptable for dealing with what is likely to be a rare event until an enduring solution to reserve scarcity is put in place
- Consider whether a separate Change Proposal be raised to implement BSC System changes for the 2016/17 winter period
- What impacts are associated with this change

P323: Proposed progression

- Two month Assessment Procedure
 - Two/three Workgroup meetings
 - 15 WD Assessment Procedure Consultation
 - Present Assessment Report to the Panel on 10 September 2015
- Due to the need to implement in November 2015, the timetable allows for an 11 WD Report Phase Consultation
- Workgroup membership to include
 - Issue 56 Group and P305 Workgroup members
 - Experts in imbalance prices and their calculation methodologies

P323: Recommendations

We invite the Panel to

- **AGREE** that P323 progresses to the Assessment Procedure
- **AGREE** the proposed Assessment Procedure timetable
- **AGREE** the proposed membership for the P323 Workgroup and
- **AGREE** the Workgroup's Terms of Reference

Public

P320 'Reporting on PC5-8 Metering Systems after the implementation of P272'

242/05

9 July 2015
Oliver Xing

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P320: Background

- P272 requires Profile Class 5-8 Metering Systems with Advance Meters be Half Hourly (HH) settled
- As part of its implementation, P272 requires changes to Performance Assurance Reporting and Monitoring System (PARMS) and Supplier Charges to report any non-compliance
- P320 proposes to remove these reporting requirement, because the same can be achieved in a more cost efficient way

P320: Solution

- P320 will back out the relevant paragraphs that require PARMS and Supplier Charge changes introduced by P272
- A Committee report should be created using Electricity Central Online Enquire Service (ECOES) data to report on P272 non-compliance to the Performance Assurance Board (PAB).
 - It does not require a Code change
 - ECOES data licence needs to be approved by the MEC

P320: Impacts and costs

- Central costs:
 - System cost £12,500
 - Ongoing cost £6,600 per annum to produce the monthly Committee report using ECOES data (for the duration of P272 monitoring)
- No cost to market participants to implement P320
- Cost saving
 - ELEXON and Suppliers will also achieve a combined cost saving of at least £250,000 from not changing PARMS as required by P272

P320: Implementation approach

- P320 should be implemented on the same Implementation Date of P272:
 - **1 April 2017**, if the Authority decision is received on or before 1 December 2016.

P320: Workgroup discussion

Why is PARMS not efficient?

- The Supplier Charge may penalise Suppliers unfairly, due to Meter communication limitations and human errors by Meter Operators
- The Supplier Charge does not create sufficient incentive for Suppliers to comply
 - Suppliers can deliberately choose to incur Supplier Charges if it is cheaper than it is to comply
 - A majority of Suppliers have already hit or are very close to their Supplier Charge caps, meaning that they will not need to pay extra if they don't comply with P272

P320: Workgroup discussion

Why is the Committee report better?

- Performance Assurance Framework creates a stronger incentive for Suppliers to comply
- Non-compliance under the PAF may face escalation to the Panel, and in a worst case scenario, a Supplier may have its licence removed
- Suppliers may take reputational damage more seriously than limited financial penalty
- Save industry £250,000
- The PAB has been supportive of the approach and may require the report to be produced earlier to monitor migration under P322

P320: Workgroup's views

- Applicable BSC Objective (c)
 - Three out of the six Workgroup members believed that P320 is beneficial
 - The other three members believed that P320 is neutral

- Applicable BSC Objective (d)
 - The Workgroup unanimously believed that P320 is beneficial

P320: Industry views

Does P320 better facilitate Applicable BSC Objectives?

Yes	No	Other
8	0	1

- A majority of respondents supported P320 for similar reasons expressed by the Workgroup
- One respondent suggested a different approach for reporting, but the Workgroup did not believe it was better than the proposed solution

P320: Workgroup's unanimous conclusion

- P320 Proposed Modification is better than the current baseline
- There is no Alternative Modification to P320
- Workgroup's recommendation: **Approve P320**

P320: Panel initial views

We invite each Panel Member to give their views on:

The P320 Proposed Modification against the baseline

- Is the P320 Proposed Modification:

- Beneficial;
- Detrimental; or
- Neutral

against each Applicable BSC Objective and why when compared to the current Baseline?

P320: Recommendations

The P320 Workgroup invites the Panel to:

- **AGREE** that P320 does better facilitate Applicable BSC Objective (d);
- **AGREE** an initial recommendation that P320 should be **approved**;
- **AGREE** an initial Implementation Date of 1 April 2017 if an Authority decision is received on or before 1 December 2016;
- **AGREE** the draft legal text;
- **ENDORSE** the PAB to monitor the P272 implementation using the Committee report;
- **AGREE** that P320 is submitted to the Report Phase; and
- **NOTE** that ELEXON will issue the P320 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 13 August 2015.

CACoP Principle 13 Work

242/06

9 July 2015
Oliver Xing

Background

- The Panel requested a new Principle 13 on cross Code coordination be introduced to the CACoP
- The Panel agreed the draft text of Principle 13 at its May 2015 meeting
- We issued a consultation to seek market participants' views on introducing Principle 13 to the CACoP and the draft text

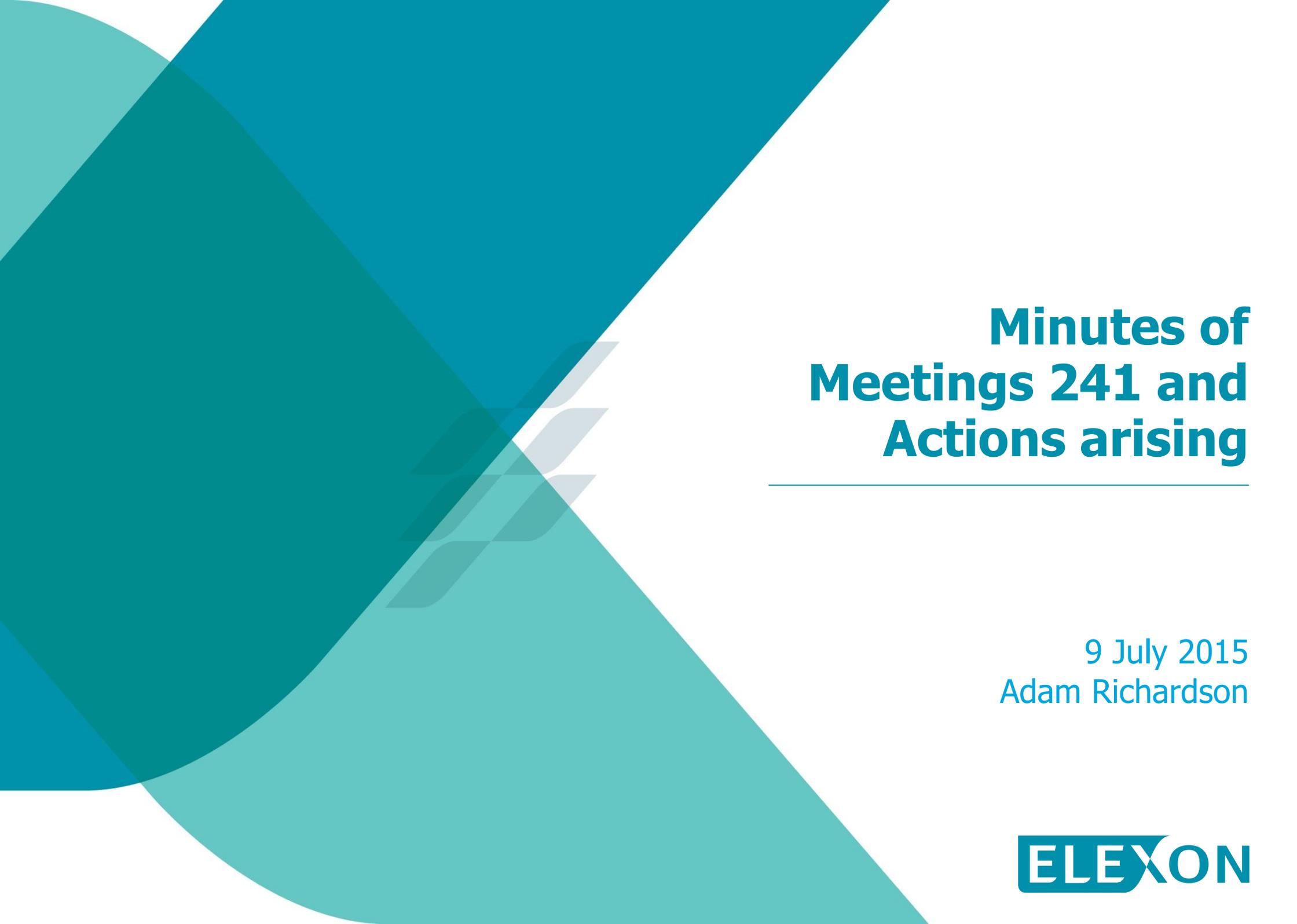
Consultation responses

- All the 15 respondents agreed that Principle 13 should be introduced to the CACoP
- 13 out of the 15 respondents believed that the draft text of Principle 13 is appropriate
- The Code Administrators considered the respondents' suggested changes to the draft Principle 13 and have subsequently made a minor change to the draft
- The Code Administrators believe that the revised draft delivers the intent of Principle 13

Recommendation

We invite the Panel to:

- **NOTE** the updated draft Principle 13; and
- **RECOMMEND** to the Authority that Principle 13 should be introduced to the CACoP.



Minutes of Meetings 241 and Actions arising

9 July 2015
Adam Richardson

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Chairman's Report

9 July 2015
Michael Gibbons

ELEXON



ELEXON Report

242/01

9 July 2015
Mark Bygraves

ELEXON



Distribution Report

9 July 2015
David Lane

ELEXON



National Grid Report

9 July 2015
Ian Pashley

ELEXON



Ofgem Report

9 July 2015
Rory Edwards

ELEXON



Reports from the ISG, SVG, PAB, TDC

242/01a-d

9 July 2015

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Trading Operations: BSC Operations Headline Report

242/02

9 July 2015

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Change Report

242/03

9 July 2015

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2014 Customer Survey: Panel Update

Verbal

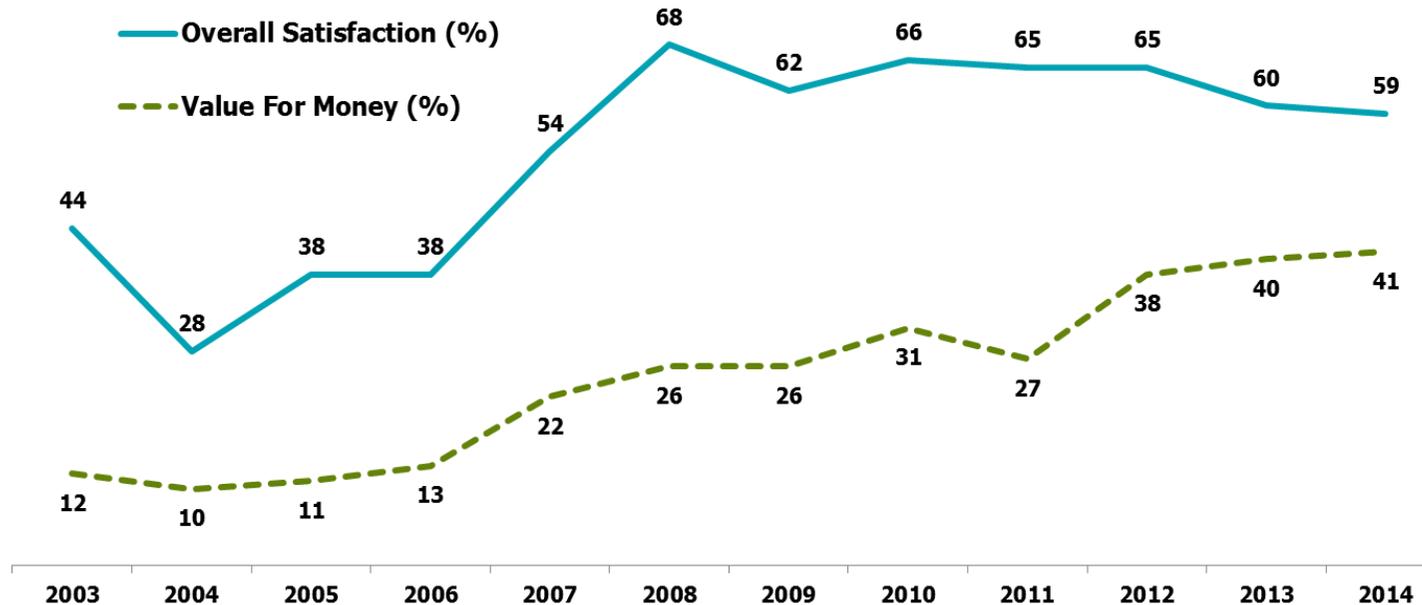
9 July 2015
Victoria Moxham

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Recap

- We presented the results of the 2014 customer survey in December
- Highlights:
 - We maintained our high overall customer satisfaction level
 - 59% of respondents scored ELEXON's service at 8 or more out of 10

SCORE 8+ (Out of 10)
1 = Not At All Satisfied/ 10 = Extremely Satisfied
1 = Poor/ 10 = Excellent Value For Money



Areas for improvement

- Participants were less positive about some key areas:
 - Performance Assurance
 - service from OSMs
- We also identified a number of areas to improve overall communication with stakeholders including:
 - update the website
 - exploit new media more
 - more-concise documentation
 - expand training opportunities

Actions we've taken in response to the 2014 survey (1)

- Performance Assurance Framework (PAF) changes
 - We have signed a three year contract with ElectraLink to provide us with data to help us gain greater insight into the accuracy of key settlement processes being performed by BSC Parties. The new data will help us to deliver the Performance Assurance Approach in a more targeted manner (and will also be used by the BSC Auditor to help identify problem areas). This change is not a direct result of feedback from the customer survey, but should help to address the comment in the survey that the PAF 'lacks teeth'.
 - We have implemented changes resulting from the lessons learnt exercise following DA681 which have helped to address the comment in the survey that the Disputes process should be speeded up.
 - There was a comment that Technical Assurance checks clashed with audit site visits. The team now checks that there are no clashes between TA and BSC Audit site visits before dates are agreed and finalised.

Actions we've taken in response to the 2014 survey (2)

- OSM service
 - Last year's survey was less favorable about the OSM service than in previous years. We believe that this was in part due to the high level of turnover within the team and moves within the business of some of our most senior OSMs. We've increased our focus on OSM training and also increased Executive level presence at OSM meetings.
- New search function on the ELEXON website
 - In response to customer feedback, especially from last year's customer survey, the ELEXON website is undergoing a comprehensive development project. From intuitive navigation to quality content to new search functionality the ELEXON website user experience is set to improve.

Actions we've taken in response to the 2014 survey (3)

- Written communications
 - We've provided training to all staff who regularly write committee papers on how to produce high quality papers.
- Training videos
 - As part of improving our customer service, we are currently producing new training videos to be published on our website soon. This will not replace our training function, but will simply provide another way of delivering information to our customers on some of our most requested topics and technical processes, such as Credit and Market Domain Data (MDD).
- Meeting management
 - We've introduced a 'Chairman's Charter' to increase the focus on chairing skills and to help ensure a consistent standard of chairing across all committee meetings.

Recommendations

We invite Panel Members to:

- **NOTE** the update.



**Next Meeting:
13 August 2015**

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