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MEETING NAME	BSC Panel
Meeting number	234
Date of meeting	12 February 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	
	Bob Brown	BB	Industry 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 Hare	PH	Independent Panel Member	
	Stuart Cotten	SC	Industry Panel Member (Part Meeting)	
	Colin Prestwich	CP	Smartest Energy (Part Meeting)	
	Dominic Scott	DS	Ofgem (Part Meeting)	
	John Stewart	JS	npower (Part Meeting)	
	Mark Copley	MC	Ofgem (Part Meeting)	
	Martin Pearce	MP	EDF Energy (Part Meeting)	
	Richard Vernon	RV	npower (Part Meeting)	
	Adam Richardson	AR	ELEXON	
	Claire Anthony	CA	ELEXON (Part Meeting)	
	David Kemp	DK	ELEXON (Part Meeting)	
	Dean Riddell	DR	ELEXON (Part Meeting)	
	Isobel Squire	IS	ELEXON (Part Meeting)	
	Kevin Spencer	KS	ELEXON (Part Meeting)	
	Laura Delargy	LD	ELEXON	
	Nicholas Brown	NB	ELEXON (Part Meeting)	
	Nicola Dempsey	ND	ELEXON	
	Mark Bygraves	MB	ELEXON	
	Richard Clarke	RC	ELEXON (Part Meeting)	
	Victoria Moxham	VM	ELEXON	
	Talia Addy	TA	ELEXON (Part Meeting)	
	Apologies	Chris Alexander	CA	Consumer Panel Member
		Phil Baker	PB	Industry Panel Member
		Richard Brealey	RB	Independent Panel Member
		Adam Lattimore	AL	ELEXON

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1. Apologies

- 1.1 The Panel noted the apologies of Phil Baker, Richard Brealey and Chris Alexander. The Panel also noted that Dean Riddell was attending on behalf of Adam Lattimore who had also sent his apologies.

NON MODIFICATION BUSINESS (OPEN SESSION)

2. Update from the Florence Forum - Verbal

- 2.1 Mark Copley, Ofgem updated the Panel on work being undertaken in Europe in relation to the European energy market.
- 2.2 MC noted, in particular, that the Electricity Balancing Network Code was likely to have the most impact on the BSC as it set out provisions relating to the balancing of electricity in Europe.
- 2.3 He confirmed that Ofgem was mindful of this and noted that it was certainly of interest to ELEXON because it determined the future role of ELEXON. He said that he wished to reassure ELEXON that he understood this and that he would continue to send drafts to ELEXON and to make sure that they managed that potential risk. MC also expressed his appreciation for the comments and discussions already had with ELEXON.
- 2.4 MC went on to explain that this Network Code prescribes a series of steps towards a regional and/or European-wide energy market. He outlined the challenges inherent in delivering such legislation and provided an overview of discussions to date.
- 2.5 A Panel Member commented on the possible change to a 15 minute Settlement Period, expressing concern that the cost benefit analysis wouldn't take individual regional differences into account, so while a change could be slightly beneficial for a majority of EU Members, the cost benefit analysis needs to consider if a change would be hugely detrimental to other Members. The Transmission Company Panel Member confirmed that work was being taken forward in relation to the Electricity Balancing Network Code to determine the most appropriate methodology to use for cost benefit analysis. IP anticipated that a consultation would be issued on this topic in the near future.
- 2.6 The BSC Panel:
- a) **NOTED** the update.

3. Proposal for a Single GB Stakeholder Group for European Issues – 234/04

- 3.1 The BSC Panel was informed of a proposal for the creation of a single GB stakeholder group for European issues formed by the merger of the existing Joint European Standing Group (JESG), DECC-Ofgem EU Electricity Stakeholder Group and European Code Coordination Application Forum (ECCAF). The new group would be known as the Joint European Stakeholder Group (JESG).
- 3.2 A Panel Member commented that the proposal was a good one but was keen to see the relationship that JESG had built with the industry and Panel continue. They also noted that JESG Membership was open and growing and felt that this was an important part of the work of the JESG and hoped that the new committee would maintain and build upon that.
- 3.3 A Panel Member asked if the new committee would continue to issue Headline Reports to the BSC Panel and the Transmission Company representative confirmed that the administration of the committee would be the same as it is currently for the JESG, there should be no difference in how the new committee runs or reports to the BSC Panel.
- 3.4 Another Panel Member requested that a monthly update from the new JESG remain as a standard agenda item.

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- 3.4.1 The BSC Panel also confirmed that it would support and engage with the various, proposed, new JESG implementation subgroups as per the existing ECCAF.
- 3.5 The Chairman noted that he had already responded to a request from Mark Copley to share his initial views about the Terms of Reference and structure of the new committee. He confirmed that his views echoed the support expressed by Panel Members and also included some detailed observations on the terms of reference and some more general comments on the roles and relationship between the new JESG, the Code Panels and the DECC-Ofgem Steering Group (and its Implementation Working Groups). The Panel Secretary provided an overview of these wider observations.
- 3.6 The Panel noted that if further evolutions of the proposal were needed to improve stakeholder engagement, then these could and should be taken forward in due course and agreed that the Chairman should write to Ofgem, reflecting the Panel's comments and confirming its broad support for the proposal.
- ACTION 234/01**
- 3.7 Mark Copley from Ofgem confirmed that the Chairman's feedback and the comments of Panel Members at the meeting, had been very useful and would inform Ofgem's thinking about the new committee.
- 3.8 The BSC Panel:
- a) **NOTED** that under the proposal, the function of the existing Joint European Standing Group, constituted as a joint standing group of three code panels, would be replaced by the new Joint European Stakeholder Group (JESG);
 - b) **NOTED** that under the proposal, the function of the existing European Code Coordination Application Forum (ECCAF) constituted as a joint standing group of the seven code panels, would be replaced by the new Joint European Stakeholder Group (JESG);
 - c) **COMMENTED** on the proposal; and
 - d) **AGREED** that the Chairman should write to Ofgem, reflecting the Panel's comments and confirming its broad support for the proposal.

MODIFICATION BUSINESS (OPEN SESSION)

4. Report on Progress of Modification Proposals - Verbal

- 4.1 The Modification Secretary, Dean Riddell, updated the Panel on the current status of Modifications.
- 4.2 A Panel Member asked whether it would be possible for ELEXON to conduct a regular review on the effects of the recent Modifications concerning credit¹. Panel Members felt that a 6 monthly review on how the modifications have been used by BSC Parties and a review of the beneficial and negative effects of the changes would be useful.
- 4.3 A Panel Member suggested that these reviews should be reported to the ISG Committee and that Committee's Panel Sponsor would be able to report back to Panel.

ACTION 234/02 (six-month post implementation review of Modification P306)

¹ Modification P306 'Expanding the definition of a 'Letter of Credit' to include regulated insurance companies' was implemented in November 2014, Modifications P307 'Amendments to Credit Default arrangements' and P310 'Revised Credit Cover for Exporting Supplier BM Units' have been approved for implementation in June 2015.

ACTION 234/03 (six-month post implementation review of Modifications P307 and P310)

4.4 For further details, please see the [Change Report](#).

5. P305 'Electricity Balancing Significant Code Review Developments' – 234/08

- 5.1 Modification P305 proposed to progress and implement the conclusions to the Electricity Balancing Significant Code Review, which seek to put in place a single, marginal imbalance price, introduce Reserve Scarcity Pricing and introduce pricing for Demand Control actions.
- 5.2 The DSO Representative reported to the Panel the concerns of the Distributors he had consulted on this issue. DL noted that DSOs would be required to undertake a lot of work to implement P305, including necessary Master Registration Agreement (MRA) changes, and noted that the further details within the BSCPs still need to be prepared. He also noted that the Supplier Meter Registration Services (SMRSs) do not hold time of day information that P305 may need, although another Panel Member felt this wasn't needed as DSOs would just be providing a list of affected MPANs and would use the times issued by the Transmission Company. DL confirmed that, in his view there were significant concerns that the proposed Implementation Date (5 November 2015) could not be met.
- 5.3 A Panel Member stated that they believed that the Distributors were overstating the problems with implementation and that they were only aware of one Distributor with serious concerns about this. ELEXON confirmed that these concerns had been raised by one Distributor during the Consultation Phase.
- 5.4 Panel Members encouraged participants, and in particular DSOs, to provide as much further information as possible on the impacts of P305 and their ability to meet this date as part of the Report Phase Consultation, to allow the Panel to thoroughly consider this matter when it discusses responses to the Report Phase Consultation.
- 5.5 A Panel Member reflected on the proposed provisions relating to Value of Lost Load (VoLL), noting that the Workgroup had stated that the Panel should be able to instigate a review of VoLL and raise a Modification if necessary. They asked if the Workgroup had a view on the frequency of the reviews. Another Panel Member, who had attended the Workgroup meetings, stated that the general consensus had been that it was unlikely that VoLL would need to be amended on an annual basis and that reviews should be conducted from time to time as required.
- 5.6 A Panel Member considered that VoLL means different things to different participants, for example providing an investment signal to participants or representing the value of lost load to customers. As such, the VoLL value could rise over time, so sufficient flexibility is needed to allow this to be reflected under the BSC. The Panel also considered that it was important that there was consistency throughout all policies that use VoLL in some way, to provide a consistent signal to the industry.
- 5.7 A Panel Member highlighted the expected rise in flexible capacity, with up to 20GW of wind generation being available in the future, coupled with the fluctuations in demand. They sought assurance that the Loss of Load Probability (LoLP) functions fully accounted for the variations in the output of these types of generation, for example wind generation being dependent on the weather. It was noted that a lot of work had been done on the 'dynamic' LoLP function, and that the Transmission Company was content that factors such as these had been fully accounted for in the model.
- 5.8 The Panel acknowledged that the 'dynamic' function took account of all available forecasts, including demand and wind forecasts, as well as historic performance of particular fuel types.
- 5.9 DR provided an overview of the Modification Workgroup's deliberations, noting the main concern had been around the potential for the Final LoLP value to 'spike' at Gate Closure compared to the indicative value one hour earlier. This had the potential to give misleading signals, as the Indicative LoLP values decreased in the

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run-up to Gate Closure before spiking at Gate Closure when participants would not be able to react. The Workgroup had questioned if this was an appropriate signal to provide to the industry. The Workgroup had therefore agreed that the 'dynamic' LoLP function was a good model, but that it would be better to use the output from that model to create a 'look-up' function, as proposed by the 'static' LoLP function.

- 5.10 A Panel Member commented that the calculations for the static LoLP value methodology will be reviewed and the curve updated each year.
- 5.11 It was observed that the processes for calculating each function would also be contained in the LoLP Calculation Statement, which could also be reviewed from time to time as necessary, allowing amendments to either function to be proposed at a later date.
- 5.12 Another Panel Member noted that the responses to the Assessment Procedure consultation were very detailed and that additional analysis had been made available following the final meeting of the Modification Workgroup. They believed that the Workgroup should have been given a further opportunity to comment or revise their decisions in light of this analysis. They requested that ELEXON, look at a way to provide this to the Workgroup. DR confirmed that, as the Assessment Procedure was now complete, there were no further Workgroup meetings, but the industry, including Workgroup members, will have the opportunity to assess this analysis as part of the Report Phase Consultation. He confirmed that ELEXON would highlight this additional analysis in the Report Phase consultation and encourage Workgroup Members to contribute their views.
- 5.13 Some Panel Members noted that a PAR value of 50MWh might be the most suitable but were uncomfortable with the subsequent move to 1MWh in 2018 under the Proposed Modification, feeling this value to be too small. Equally, they felt that the value of 100MWh under the Alternative Modification was right on the cusp of being too high to deliver benefit. These Members would have liked to have seen a solution proposing 50MWh with no further reductions.
- 5.14 A Panel Member reflected that it was not possible, under the BSC to put forward more than one Alternative solution and suggested that, were it possible to do so, the Workgroup could have proposed a range of Alternatives to P305 (e.g. with different PAR values). The Panel Member asked ELEXON to look into how the process could be changed to allow this. ELEXON replied that this fell within the scope of the review of the Modification Processes which was already a part of the Panel's agreed Strategic Work Programme for 2015/16.
- 5.15 Another Member was uncomfortable with the proposal to include hardwired changes in 2018 as part of P305. They acknowledged Ofgem's intent to provide a clearer long-term signal and that this change would provide a four-to-five year signal to the industry. However, they noted that the baseline in three years' time may be different to the baseline today, and queried whether known changes due to take effect in that time, such as the expected increase in wind generation, may have an impact on the suitability of agreeing the 2018 changes now.
- 5.16 Several Panel Members commented on the challenge of assessing solutions using data and analysis based on current market conditions when the market was undergoing significant change and would look very different in future. In particular, they flagged the impacts of Ofgem's Secure & Promote policy and the impact that the forthcoming European Network Codes may have. This would make it very difficult to forecast the full impacts of P305.
- 5.17 A Panel Member asked what the relative impacts are between the four solution areas, and whether there was more benefit in implementing some areas sooner as a 'quick win'. ELEXON explained that the solution had been developed as a single solution. MC confirmed that Ofgem intended for the EBSCR reforms to be delivered as a single package. However, a Panel Member noted that P316 could be progressed sooner to achieve a staggered implementation approach, facilitating the implementation of elements that would deliver

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benefit but had a lower implementation effort compared with the remaining elements, and had been raised partly to allow for this option.

- 5.18 Another Member felt that there had been insufficient work done to understand the impacts P305 may have on Credit Cover. They had concerns over the impacts that a rise in Credit Cover could have at this time. MC noted that work had been done on this area under the EBSCR.
- 5.19 A Panel Member questioned if an Implementation Date of 5 November 2015 is feasible when taking the various IT renewal project both ELEXON and National Grid are undertaking this year. The Transmission Representative and ELEXON confirmed that the Implementation Date was achievable.
- 5.20 The Panel noted that should P305 be implemented as part of the November 2015 Release then ELEXON would need to postpone some parts of its upgrade of the BMRS. In particular, it would need to implement P305 on the existing BMRS platform before then migrating it to the new platform around May 2016. This would incur a separate £250k cost to the project in addition to the P305 implementation costs outlined in the Assessment Report. If P305 was to be implemented later than November 2015 this additional expenditure may not be incurred.
- 5.21 Mark Copley thanked ELEXON and National Grid for their work on this Modification and confirmed Ofgem's view that the EBSCR changes were best viewed in the round, as a package of changes. MC reflected on the EBSCR as a four-year piece project that had been underpinned by a comprehensive amount of analysis (under the SCR in addition to the Modification process). He also acknowledged that Ofgem would need to monitor the outcomes of this work to ensure that any implemented changes are working.
- 5.22 Panel Members were unanimous that that both the Proposed Modification and Alternative Modification would improve efficiency for the Transmission Company. They considered that the changes would mean that the imbalance prices would better value flexibility and would provide signals that may influence what type of generation participants invest in.
- 5.23 A majority of Panel Members felt that both the Proposed Modification and the Alternative Modification would not better facilitate competition (Applicable BSC Objective (c)), and that this detrimental impact outweighed the improvements in efficiency for the Transmission Company (Applicable BSC Objective (b)).
- 5.24 Concern was raised over the potential distributional impacts that P305 may have, notably on intermittent generation due to the relative difficulty in managing risk and the impact P305 may have on related contracts. One Panel Member disagreed, believing that all participants would benefit from the removal of the price spread arising from the dual prices currently in use.
- 5.25 Panel Members were also not convinced that participants would be able to respond to the signals under the proposed arrangements, especially at lower values of PAR, and that this situation could be worse at times of scarcity should liquidity dry up. One Panel Member felt this concern was mitigated slightly under the Alternative Modification due to the higher PAR value proposed. The complexity of the proposed solutions could also impact the ability of smaller participants to be able to respond. One Member was concerned that the complexity may not send out the right investment signals, and could result in a reduction in investment.
- 5.26 One Member noted that a more marginal price under P305 may have the potential to allow market power to the detriment of competition, should one or two participants have the ability to influence prices. They highlighted discussions on this area held by the Competition and Markets Authority (CMA), which had raised concerns over lower PAR values.
- 5.27 One Panel Member felt that both the Proposed and Alternative Modifications would be beneficial to competition, and especially for generators, and noted that the point of P305 was to encourage investment. Another Member felt that the Alternative Modification could be slightly better for competition than the current Baseline.

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- 5.28 A majority of Panel Members felt that the Proposed Modification would not better facilitate efficiency in the implementation of the balancing and settlement arrangements (Applicable BSC Objective (d)) but that the Alternative Modification was neutral in this regard.
- 5.29 Some Panel Members observed that the proposed changes were too complex and that not enough time had been allowed to implement the changes, with one Member believing that there would be issues with implementing P305 that could impact the efficiency of the arrangements.
- 5.30 Another Panel Member felt that P305 had too many parts to it to be able to take an accurate view on its impacts, believing it could have been better progressed if split up into separate Modifications.
- 5.31 Concern was also expressed regarding the move to the 'dynamic' LoLP function under the Proposed Modification, with one Member uncertain what the 'dynamic' model actually looked like. This concern was removed under the Alternative Modification.
- 5.32 Panel Members confirmed that, on balance neither the Proposed Modification nor the Alternative Modification would better facilitate the Applicable BSC Objectives compared to the current Baseline.
- 5.33 When considering the relative merits of the Proposed Modification and Alternative Modification, one Panel Member felt unable to make a judgment on this matter at this time. Panel Members that gave views on this matter unanimously considered that the Alternative Modification would be less detrimental than the Proposed Modification but that neither would be better than the current baseline.
- 5.34 The Panel noted that some amendments were required to the P305 draft legal text, following its issue as part of the Assessment Report and these changes would be included in the Report Phase consultation. The Panel decided therefore to only note the draft legal text at this time.
- 5.35 The BSC Panel:
- a) **AGREED** that the P305 Proposed Modification:
 - o **DID** better facilitate Applicable BSC Objective (b);
(Better facilitates (b): AC, BB, BV, PBo, PH, SC)
(Neutral in respect of (b): None)
(Detrimental to (b): None)
 - o **DID NOT** better facilitate Applicable BSC Objective (c); and
(Better facilitates (c): AC)
(Neutral in respect of (c): None)
(Detrimental to (c): BB, BV, PBo, PH, SC)
 - o **DID NOT** better facilitate Applicable BSC Objective (d);
(Better facilitates (d): None)
(Neutral in respect of (d): AC, BB)
(Detrimental to (d): BV, PBo, PH, SC)
 - b) **AGREED** that the P305 Alternative Modification:
 - o **DID** better facilitate Applicable BSC Objective (b);
(Better facilitates (b): AC, BB, BV, PBo, PH, SC)

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- (Neutral in respect of (b): None)
 - (Detrimental to (b): None)
 - **DID NOT** better facilitate Applicable BSC Objective (c); and
 - (Better facilitates (c): AC, PH)
 - (Neutral in respect of (c): None)
 - (Detrimental to (c): BB, BV, PBo, SC)
 - **WAS NEUTRAL** with respect to Applicable BSC Objective (d);
 - (Better facilitates (d): None)
 - (Neutral in respect of (d): AC, BB, PH, SC)
 - (Detrimental to (d): BV, PBo)
- c) **AGREED** that the P305 Alternative Modification was better than the P305 Proposed Modification;
 - (BV Abstained)
- d) **AGREED** an initial recommendation that the P305 Proposed Modification should be **rejected** and that the P305 Alternative Modification should be **rejected**;
- e) **AGREED** an initial Implementation Date for the P305 Proposed Modification of 5 November 2015;
- f) **AGREED** an initial Implementation Date for the P305 Alternative Modification of 5 November 2015;
- g) **NOTED** the draft legal text for the P305 Proposed Modification;
- h) **NOTED** the draft legal text for the P305 Alternative Modification;
- i) **AGREED** that P305 be submitted to the Report Phase; and
- j) **NOTED** that ELEXON would issue the P305 draft Modification Report (including the draft BSC legal text) for a 12 Working Day consultation and would present the results to the Panel at its meeting on 12 March 2015.

6. P316 'Introduction of a single marginal cash-out price' – 234/09

- 6.1 The Panel noted that Modification P316 sought to introduce a single marginal imbalance price, 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.
- 6.2 The Panel noted that Modification P316 shared elements that were common to parts of Modification P305 and that, consequently, Panel Members had already expressed their views with respect to these concepts.
- 6.3 The majority of Panel Members felt that the P316 Proposed Modification would better facilitate Applicable BSC Objective (b). Panel Members considered that the proposed changes would mean that the imbalance prices would better value flexibility and would provide signals for investment. One Panel Member noted that anything that would help encourage investment would be beneficial, considering the current outlook on this area.

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- 6.4 One Panel Member believed that the P316 Proposed Modification would be neutral with respect to Objective (b).
- 6.5 Panel Members were split regarding whether the Proposed Modification would better facilitate Applicable BSC Objective (c).
- 6.6 Some Panel Members raised concerns over the potential distributional impacts that P316 may have on industry participants, particularly under the Proposed Modification. One Panel Member disagreed, believing that all participants would benefit from the removal of the price spread arising from the dual prices currently in use.
- 6.7 Some Panel Members were not convinced that participants would be able to respond to the signals under the proposed arrangements, especially at lower values of PAR (i.e. under the Proposed Modification). It was also noted that P316 may have a detrimental impact on liquidity, which tends to dry up when system margins are tight. Panel Members felt this concern was mitigated under the Alternative Modification due to the higher value of PAR.
- 6.8 Some Panel Members felt that a PAR value of 50MWh was appropriate but were concerned about the subsequent move to 1MWh in 2018 under the Proposed Modification. Conversely, other Panel Members felt that the value of 100MWh under the Alternative Modification may be too large to be beneficial. One Panel Member noted that a more marginal price may have the potential to allow market power to the detriment of competition, should one or two participants have the ability to influence the prices. They highlighted discussions on this area held by the Competition and Markets Authority, which had raised concerns over lower PAR values.
- 6.9 One Panel Member felt that both P316 Proposed and Alternative Modifications would be beneficial to competition, especially for generators, and noted that the intention of P316 is to encourage investment. Another Member felt that the Alternative Modification could be slightly better for competition than the current Baseline.
- 6.10 The Chairman considered the deliberations of the Panel and the evidence presented in the Assessment Report and used his casting vote such that the majority view of the Panel was that the Proposed Modification would not better facilitate Applicable BSC Objective (c).
- 6.11 Panel Members were split regarding whether, on balance, the Proposed Modification would better facilitate the Applicable BSC Objectives. The Chairman considered the deliberations of the Panel and the evidence presented in the Assessment Report. MG concluded that he had heard nothing to indicate he should vote in a manner that did not reflect the recommendation of the Modification Workgroup (which was to reject the Proposed Modification). Consequently, MG confirmed that he was exercising his casting vote such that, in the Panel's view, the Proposed Modification did not, on balance better facilitate the Applicable BSC Objectives.
- 6.12 The Panel was unanimous that the P316 Alternative Modification would better facilitate Applicable BSC Objectives (b) and (c).
- 6.13 When considering the relative merits of the Proposed Modification and Alternative Modification, two Panel Members felt unable to make a judgment on this matter at this time. The majority of Panel Members that gave views on this matter considered that the Alternative Modification would be better than the Proposed Modification.
- 6.14 The BSC Panel:
- a) **AGREED** that the P316 Proposed Modification:
 - o **DID** better facilitate Applicable BSC Objective (b); and
(Better facilitates (b): AC, BB, BV, PBo, SC)

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- (Neutral in respect of (b): PH)
 - (Detrimental to (b): None)
- o **DID NOT** better facilitate Applicable BSC Objective (c);
 - (Better facilitates (c): AC, PH, SC)
 - (Neutral in respect of (c): None)
 - (Detrimental to (c): BB, BV, PBo, MG)
- b) **AGREED** that the P316 Alternative Modification:
 - o **DID** better facilitate Applicable BSC Objective (b); and
 - (Better facilitates (b): AC, BB, BV, PBo, PH, SC)
 - (Neutral in respect of (b): None)
 - (Detrimental to (b): None)
 - o **DID** better facilitate Applicable BSC Objective (c);
 - (Better facilitates (c): AC, BB, BV, PBo, PH, SC)
 - (Neutral in respect of (c): None)
 - (Detrimental to (c): None)
- c) **AGREED** that the P316 Alternative Modification was better than the P316 Proposed Modification;
 - (Preference for the Proposed Modification: AC)
 - (Preference for the Alternative Modification: BB, PBo, SC)
 - (BV and PH Abstained)
- d) **AGREED** an initial recommendation that the P316 Alternative Modification should be approved and that the P316 Proposed Modification should be rejected;
- e) **AGREED** an initial Implementation Date for the Proposed Modification of 5 November 2015;
- f) **AGREED** an initial Implementation Date for the Alternative Modification of 5 November 2015;
- g) **AGREED** the draft legal text for the Proposed Modification;
- h) **AGREED** the draft legal text for the Alternative Modification;
- i) **AGREED** that P316 be submitted to the Report Phase; and
- j) **NOTED** that ELEXON would issue the P316 draft Modification Report (including the draft BSC legal text) for a 12 Working Day consultation and would present the results to the Panel at its meeting on 12 March 2015.

7. P272 Implementation Date – 234/05

- 7.1 The Panel considered concerns raised by npower regarding the Implementation Date for Approved Modification P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8'. It was noted that npower believed an extension (from the current date of 1 April 2016) should be sought from the Authority.
- 7.2 JS and RV of npower provided an overview of npower's concerns as set out in its letter of 30 January 2015 and requested that consideration be given to delaying the Implementation Date of P272 to enable the

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- identified concerns to be addressed. npower suggested a delay of 12 to 18 months, i.e. to 1 April 2017 or 1 October 2017 respectively.
- 7.3 The Chairman also noted the letter of 10 February 2015 which he had received from Haven Power. This letter, which had been circulated to Panel Members, also expressed concern over factors that may impact the implementation of Approved Modification P272.
- 7.4 The Chairman asked the representatives of those BSC Parties attending the meeting to observe if they wished to say anything regarding the implementation of Approved Modification P272.
- 7.5 Martin Pearce confirmed that EDF Energy echoed npower's sentiments and that it was particularly concerned about any potentially adverse effects on customers arising from the agreed Implementation Date.
- 7.6 Colin Prestwich of Smartest Energy expressed sympathy with the issues that had been highlighted. As the proposer of Modification P272 he observed that Smartest Energy had not been involved in the Non Half Hourly Market when P272 had been raised in May 2011. Since then, Smartest Energy has expanded into the Non Half Hourly Market and has had first-hand experience of the challenges involved in the Change of Measurement Class process. However, in CP's view, industry participants should have considered the identified issues when P272 was being assessed. He noted that there were other pieces of work in the pipeline that would address the noted concerns and he saw no issue with discussing problems on implementation and/or migration in order to address issues arising but he was wary of kicking the can down the road to, potentially, leave consideration of such matters until a later time. CP was of the firm view that it was important to get the migration to Half Hourly settlement started. However, he was also mindful that it was equally important to think about how non-compliant parties were treated. He noted that Issue 59 'Consideration of the PARMS and Supplier Charge changes introduced by P272 and P300' was considering the removal of the liquidated damages associated with underperformance in respect of these new introduced requirements.
- 7.7 A Panel Member queried whether the issues raised by npower were unknowable when Modification P272 was being assessed. JS said that npower had been unaware of the need for such extensive consequential changes. He observed that, while these changes may be implemented ahead of P272 go-live, they would not all be in place in advance of the migration work that would need to commence ahead of April 2016. He also indicated that additional impacts had been felt by industry parties as a result of slippage in other industry programmes such as the roll-out of Half Hourly Metering and the go-live date for the Data Communications Company (DCC). While npower remained supportive of P272, it felt that more time was needed to effectively implement it.
- 7.8 A Panel Member noted that they had been contacted by a Supplier who would prefer a delay in Implementation Date.
- 7.9 A Panel Member asked ELEXON if it had received similar feedback from other Suppliers and whether any migration plans had been received yet. ELEXON noted that there have been some general concerns raised at the Small, non-domestic, Supplier Forum and ELEXON had met with another Supplier in addition to npower to discuss its concerns.
- 7.10 It was observed that the consequential changes referenced by npower were designed to help, not hinder implementation and that many of these changes were limited to documentation.
- 7.11 It was also noted that Performance Assurance Board (PAB) would be monitoring migration plans provided by BSC Parties but that submissions were not due until the end of February 2015.
- 7.12 The DSO Representative commented that Distributors were taking implementation seriously and looking closely at how to address issues arising so as to meet the agreed Implementation Date.

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- 7.13 A Panel Member felt that ELEXON should conduct some work to see which BSC Parties may have issues with the current Implementation Dates.
- 7.14 Several Panel Members noted that a number of issues associated with the implementation of Modification P272 sat outside the BSC and the remit of the Panel. They commented on the need to have someone overseeing and co-ordinating the progress of this interrelated work. A Panel Member noted that the Implementation Date of P272 was designed to align with other initiatives within industry, which have now been delayed and looked to Ofgem for a view on this.
- 7.15 A Panel Member expressed concern that it was important to limit the risk of adverse customer experiences that might ultimately undermine the development of demand side response products and sought clarification on timeframes. npower stated that it would need at least another 12 months.
- 7.16 Another Panel Member agreed that it would be worse for all if the roll-out created extensive issues for customers.
- 7.17 Another Panel Member reflected on the slippage in the Smart Metering roll-out and the recent letter from Ofgem regarding Demand Side Flexibility. They queried whether the imperative to implement P272 in April 2016 remained.
- 7.18 LC confirmed that Ofgem had not made an assessment of npower's concerns about implementation but that it stood by the letter that it sent to the BSC Panel last year on this matter, namely that Ofgem considers that timely implementation of change is needed to enable consumers to realise the benefits of advanced meters and therefore a strong case for a delay to the implementation of P272 would need to be demonstrated.
- 7.19 LC advised that more detailed information was required on the issues with implementation if a case for delay was going to be made. Ofgem would be keen to see what the materiality of these issues is (including the impact on customers as well as industry parties), whether they are resolvable in the existing timeframe, and how widespread such issues are (i.e. are these industry-wide problems or are they limited to a small number of parties).
- 7.20 A Panel Member noted that the impact of changing the Implementation Date would be wider than BSC Parties alone and wondered how the BSC Panel could consider that. Another Panel Member suggested that this was something that Ofgem should be involved with. LC commented that Ofgem would engage with discussions on this but it was not Ofgem's role to manage the implementation of Code changes.
- 7.21 MB queried how likely it was that the Authority might approve a change to the Implementation Date in light of its previous communications regarding the Implementation Date for P272.
- 7.22 LC said that any amendment to the Implementation Date was contingent on sufficient evidence being provided to justify a change and that Ofgem had not yet formed a view on this. LC also reflected the Panel had previously consulted on the implementation date and Ofgem had approved the date provided.
- 7.23 A Panel Member agreed and observed that the Panel had set this date after taking account of industry feedback on P272 and in light of the clear message that Ofgem had provided in its [letter of 6 February 2014](#) and in deliberations at the Panel meeting in July 2014.
- 7.24 The Panel agreed that it needed further information to determine whether there may be a need to amend the Implementation Date for Modification P272 and asked ELEXON to issue a 10 Working Day Consultation which incorporated the points that Ofgem had raised. The Panel requested that ELEXON also issue this to other Code Administrators to capture all concerned parties. ELEXON noted that it would invite responses from other Codes and publicise the consultation in Newscast and on its website.
- 7.25 The BSC Panel:

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- a) **AGREED** that the concerns raised by npower may require an extension to the approved P272 Implementation Date; and
- b) **AGREED** to consult the industry, seeking views and evidence regarding circumstances which might otherwise prevent or delay the full and timely implementation of Approved Modification P272.

8. P297 Change to Implementation Date – 234/06

8.1 The BSC Panel was invited to approve a revised Implementation Date for P297 for 3 November 2016 as part of the November 2016 BSC Release.

8.2 The BSC Panel:

- a) **AGREED** a revised proposed Implementation Date for P297 Proposed Modification of **3 November 2016** as part of the November 2016 BSC Systems Release.
- b) **NOTED** that ELEXON would issue the Panel's revised date to the Authority for approval and that, subject to this approval being granted, this revised date would replace that originally submitted in the P297 Final Modification Report.

(Stuart Cotten left the meeting)

9. P317 'Changes to the Unmetered Supplies obligations in the BSC' – 234/07

9.1 The Panel noted that Section S of the BSC provides details of the Unmetered Supply (UMS) arrangements and obligations. Recent changes to the responsibilities of Licence Distribution System Operators (LDSOs) and the Party Agent role of Meter Administrator (MA) means that some of the wording in BSC Section S relating to UMS is outdated. Modification P317 sought to remove the outdated wording and better align the BSC with current working practice.

9.2 The BSC Panel:

- a) **AGREED** that P317 be progressed directly to the Report Phase;
- b) **AGREED** that P317:
 - o **DID** better facilitate Applicable BSC Objective (d);
- c) **AGREED** an initial recommendation that P317 should be **approved**;
- d) **AGREED** an initial Implementation Date of 25 June 2015
- e) **AGREED** the draft legal text;
- f) **AGREED** an initial view that P317 should be treated as a Self-Governance Modification; and
- g) **NOTED** that ELEXON would issue the P317 draft Modification Report (including the draft BSC legal text) for a 15 Working Day consultation and would present the results to the Panel at its meeting on 9 April 2015.

10. P309 'Facility to enable BSC Parties to select either replacement contract notifications or additional contract notifications' – 234/10

10.1 Modification P309 proposed to give BSC Parties the ability to specify that either replacement contract notifications or additional contract notifications are associated with an Energy Contract Volume Notification Agent Authorisation. The Panel noted that the aim was to mitigate the risk that replacement notifications might be submitted instead of additional notifications, or vice versa. The Proposed Modification included a limited ability to apply this choice retrospectively; the Workgroup's Alternative removed this retrospective element but was otherwise identical.

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10.2 The BSC Panel:

- a) **AGREED** that the P309 Proposed Modification:
 - o **DID NOT** better facilitate Applicable BSC Objective (c); and
 - o **DID NOT** better facilitate Applicable BSC Objective (d);
- b) **AGREED** that the P309 Alternative Modification:
 - o **DID** better facilitate Applicable BSC Objective (c); and
 - o **DID** better facilitate Applicable BSC Objective (d);
- c) **AGREED** that the P309 Alternative Modification was better than the P309 Proposed Modification;
- d) **AGREED** a recommendation that the P309 Alternative Modification should be **approved** and that the P309 Proposed Modification should be **rejected**;
- e) **APPROVED** an Implementation Date for the Proposed Modification of:
 - o **5 November 2015** as part of the November 2015 BSC Systems Release if an Authority decision is received on or before 3 July 2015; or
 - o **25 February 2016** as part of the February 2016 BSC Systems Release if an Authority decision is received after 3 July 2015 but on or before 22 October 2015;
- f) **APPROVED** an Implementation Date for the Alternative Modification of:
 - o **5 November 2015** as part of the November 2015 BSC Systems Release if an Authority decision is received on or before 3 July 2015; or
 - o **25 February 2016** as part of the February 2016 BSC Systems Release if an Authority decision is received after 3 July 2015 but on or before 22 October 2015;
- g) **APPROVED** the draft legal text for the Proposed Modification;
- h) **APPROVED** the draft legal text for the Alternative Modification; and
- i) **APPROVED** the P309 Modification Report.

11. P310 'Revised Credit Cover for Exporting Supplier BM Units' – 234/11

11.1 Under the current BSC arrangements the credit requirements for SVA BM Units are calculated on the basis of energy import (Balancing Mechanism Credit Assessment Import Capability). Modification P310 contended that this approach distorts the credit requirements of SVA BM Units with embedded generation and no consumption. It proposed to address this by changing the BSC arrangements so the credit requirements for such BM Units are calculated on the basis of energy export (Balancing Mechanism Credit Assessment Export Capability).

11.2 The BSC Panel:

- a) **AGREED** that P310:
 - o **DID** better facilitate Applicable BSC Objective (c);
- b) **DETERMINED** (in the absence of any Authority direction) that P310 was a Self-Governance Modification Proposal;
- c) **APPROVED** P310;
- d) **APPROVED** an Implementation Date of:

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- 25 June 2015 as part of the June 2015 BSC Systems Release;
- e) **APPROVED** the draft legal text; and
- f) **APPROVED** the P310 Modification Report.

NON-MODIFICATION BUSINESS (OPEN SESSION)

12. Minutes of Meeting 232 & 233 Actions arising

- 12.1 The minutes of the previous meeting were agreed and an update on the actions provided.
- 12.2 The Panel noted and agreed that the following actions should be closed:
232/02, 227/01
The following actions remained open:
232/01, 231/02, 228/02, 227/03

13. Chairman's Report

- 13.1 The Chairman informed the Panel of the progress on the recruitment of the Chief Executive role. Interviews are scheduled for the end of February 2015.
- 13.2 The Chairman noted that initial term of appointment for David Rigney, who is a non-industry Non-Executive Director of ELEXON Ltd. and Chairman of the Audit Committee, would come to an end on 30 April 2015. Accordingly, the ELEXON Board Nomination Committee has met to consider whether to recommend David's re-appointment. MG reported that the Nomination Committee was recommending the re-appointment of David Rigney as non-industry director and chairman of the Audit Committee for a further term of 2 years to expire on 30 April 2017.
- 13.3 The Chairman confirmed that he had discussed the recommendation of the Nomination Committee with BV, the Panel's appointed Advisor, and that BV had recommended that the matter be notified to the BSC Panel before the recommendation is put to the ELEXON Board.
- 13.4 The Panel noted that David holds no relevant electricity industry interests (other than his appointment to ELEXON) and therefore remains independent from industry, that David continues to perform well and makes a good contribution to the Audit Committee, the Board and the company's management. It was also noted that two years is a particularly short term of office and the company would leverage the most benefit from its directors' knowledge, skills and experience by appointing for a longer term of office.
- 13.5 The Panel also noted that it is normal practice, in industry and the public sector, for terms of appointment to be 3 years and for total appointment durations to be between 6 to 9 years.
- 13.6 A Panel Member suggested that it might be beneficial to re-consider appointment periods when the next term of a Board Member comes to an end. The Panel noted that this would next occur in October. MG reflected that the Nomination Committee recognised the benefits of refreshing board membership but that changing Board personnel too often is not beneficial as consistency in leadership and decision making is lost.

14. ELEXON Report – 234/01

- 14.1 Mark Bygraves noted that ELEXON's Director of Operations, Mark Couldrick had decided not to return from his leave of absence and that ELEXON will therefore begin the recruitment process. MB indicated that he believed the position could be filled with an internal appointment.

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- 14.2 A Panel Member expressed their disappointment that Mark was not returning, they felt it was a great loss to ELEXON and asked ELEXON to pass on the BSC Panel's thanks for his work.
- 14.3 A Panel Member noted item 4.13 in the ELEXON report on the growth of the 'off-the-shelf Supplier' solutions, they were concerned that this could present problems and lead to an increased risk to settlement.
- 14.4 The Panel reflected on the role of Ofgem in ensuring that Suppliers continued to meet their licence obligations (which include compliance with the BSC) and discussed previous work undertaken by the PAB in relation to this matter. It was noted that the PAB had previously recommended that the Panel raise a Modification to address this potential risk but the Panel had felt that such a change was not the right way forward at that time. The PAB sponsor agreed to raise this matter at the next PAB meeting.

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

15. Distribution Report - Verbal

- 15.1 There was no Distribution Report.

16. National Grid Report – Verbal

- 16.1 Ian Pashley provided the Panel with an update on the work being taken forward to address concerns regarding Transmission Network Use of System (TNUoS) charges arising from the implementation of Modification P272. He noted that without addressing the concerns, Suppliers moving Metering Systems from NHH to HH settlement would be charged twice for the year up to April 2016.
- 16.2 The Panel noted that it had been proposed that, for 2015/16 reconciliation, NGET would reduce the chargeable peak demand in HH BMUs by the triad demand of HH classes E, F and G; and would increase the chargeable energy in NHH BMUs by the volume of HH classes E,F and G over the year scaled to the appropriate volume using the relevant profile data for classes 5 to 8. This would reverse the effect of the transfers under P272 for charging purposes. A potential downside is it would also transfer existing elective HH demand in class E to NHH. This was felt to be a pragmatic solution to removing the TNUoS implications of P272 as the volume of existing class E is small and the difference in charges would be minimal if it has a profile similar to Class 5 to 8.
- 16.3 IP confirmed that NGET would be communicating with code Panels to outline the proposed solution and next steps, seeking views. This would be supported with an open letter consultation and, after taking account of feedback, the necessary CUSC changes would be progressed via the appropriate channels.
- 16.4 The Panel noted that, separately, a workshop was held at ELEXON on Tuesday 10th February 2015 to consider the inclusion of DSBR/SBR in cash-out but no broad consensus on treatment was reached. For SBR - there was a majority who were ok with VoLL pricing; for DSBR, there was an even split of views between 'priced at VoLL' and 'Priced at utilisation, capped at VoLL'. Overall, there was a keenness to implement something by November 2015.
- 16.5 Some details remain to be worked out (e.g. how to treat/whether to 'system flag' SBR ramping energy). IP reported that NGET was not yet clear what system developments would be possible for winter 2015 but parties should anticipate a letter on this matter in March or April 2015.

17. Ofgem Report – Verbal

- 17.1 The Ofgem Representative, Lisa Charlesworth, gave an update to the Panel.
- 17.2 She noted the recently published Ofgem letter launching a new project on developing a strategy for the efficient provision and use of flexibility sources across the supply chain in the GB electricity system, including

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Demand Side Response, energy storage, and Distributed Generation. The aim was to take a holistic view to system flexibility rather than focusing on only one aspect with the risk of missing the bigger picture and relevant interactions. Ofgem was keen to hear views from stakeholders and LC confirmed that Ofgem would engage via bilateral meetings and through existing groups. The Panel noted that Ofgem was also considering whether to have a workshop during Spring and that the strategy would be published in Summer.

- 17.3 LC noted that, alongside the above work, Ofgem had also published a letter setting out its conclusions so far on its settlement reform project and that next steps will be set out in the context of the flexibility strategy in the summer, to ensure a coordinated approach across these projects.
- 17.4 The Panel also noted that Ofgem has published its decision to implement next day switching on the centralised registration service. LC confirmed that Ofgem would also be looking at 2 day switching to see if that achieves better outcomes for consumer and is aiming for implementation by the end of 2019, with a Significant Code Review expected to be launched to consider the matter in September 2015 and workgroups to start at the end of 2015. Alongside this, a target operating model was being consulted on, which sets out high level requirements for next day switching. The Panel noted that responses to this were due by 10 April 2015.
- 17.5 Finally, LC noted that, since the January Panel meeting, Ofgem had met with Michael Gibbons and Mark Bygraves and among matters discussed was BSCCo governance. LC confirmed that Ofgem would provide some feedback in the next week or so on the straw-man proposals developed under the BSCCo governance review.

18. Report from the ISG – 234/01a

- 18.1 The Panel noted the report from the ISG.

19. Report from the SVG – 234/01b

- 19.1 The Panel noted the report from the SVG.

20. Report from the PAB – 234/01c

- 20.1 The Panel noted the report from the PAB.

21. Report from the TDC – 234/01d

- 21.1 The Panel noted the report from the TDC.
- 21.2 A Panel Member noted Trading Dispute DA702 and asked ELEXON to ensure that it continued to update PAB on significant settlement incidents and any lessons to be learnt.

22. Report from the JESG – 234/01e

- 22.1 There was no report from the JESG.

23. Report from the ECCAF – Verbal

- 23.1 There was no report from the ECCAF.

24. Trading Operations: BSC Operations Headline Report – 234/02

- 24.1 The Panel noted the BSC Operations Headline Report.

25. Change Report – 234/03

- 25.1 The Panel noted the Change Report.

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26. BSCCo Board Nomination Committee Terms of Reference – 234/12

- 26.1 Modification P303 amended Section C4.1.3(c) of the Code to allow more discretion to the Board's Nomination Committee in determining whether non-industry directors are independent from industry. This modification requires a consequential change to the Nomination Committee's Terms of Reference, which is subject to the approval of the Panel.
- 26.2 The Ofgem representative noted the change from 5 years to guidance of 2 years outside the industry prior to appointment and was keen to understand the rationale for setting this at 2 years, as it had not been discussed in detail by the P303 workgroup. ELEXON commented that the Workgroup had discussed 2 years as an example and the equivalent period specified in the BSC for an Independent Panel Member was 2 years it seemed like a sensible period of time. The Panel noted that this requirement related to the period used to determine whether a potential Board Member was independent from industry. This was distinct from the 3-5 year period referenced in the UK Corporate Governance Code in relation to assessing a Board Members' independence from the company. ELEXON confirmed that it followed the UK Corporate Governance Code in this respect.
- 26.3 A Panel Member queried why it was proposed to remove the requirement to keep the Panel Advisor informed of Nomination Committee business by circulating the agendas of forthcoming meetings to them.
- 26.4 MG explained that this reflected custom and practice and that not all Nomination Committee business was relevant to the role of the Panel Advisor whose remit extended to the appointment of Board Directors. The key requirement was to ensure that the Panel Advisor was informed of and consulted on Board Director Appointments in good time.
- 26.5 The Panel agreed that this was paramount and noted that the Panel Advisor had, in the past, recorded concerns that they had not been afforded a reasonable amount of time to consider the proposals of the Nomination Committee. The Panel agreed that an amendment be made to the proposed Terms of Reference to make provision in paragraph 3.1 for adequate notice to be given to the Panel Advisor within the consultative process on recommendations regarding the appointment of Board Directors.
- 26.6 The BSC Panel:
- a) **APPROVED** the revised Nomination Committee Terms of Reference, subject to the incorporation of the further change identified above.

27. BSC Panel Strategic Work Programme Update – 234/13

- 27.1 The BSC Panel was invited to note amendments to the Strategic Work Programme that have been agreed as part of the first quarterly review undertaken by Panel Committee Chairs and Panel Sponsors.
- 27.2 A Panel Member observed that the Work Programme was a useful tool, improving transparency and had proved extremely valuable in developing the BSCCo Business Plan.
- 27.3 The BSC Panel:
- a) **NOTED** the amendments to the Strategic Work Programme; and
 - b) **NOTED** that the revised Strategic Work Programme will be published on the ELEXON website following the February Panel meeting.

NON MODIFICATION BUSINESS (CLOSED SESSION)

28. ELEXON Change Programme – 234/14

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- 28.1 ELEXON provided an update on the progress of its BSC systems and processes change programme.
- 28.2 A Panel Member enquired whether the Change Programme would lead to Modifications in the BSC and how they would be handled by ELEXON. ELEXON stated its commitment to ensuring that business need would lead the IT programme and acknowledged that there may be a need to amend the BSC in due course and that it would work with industry and BSC Parties to ensure that any such Modifications were taken forward appropriately under the normal processes overseen by the Panel.
- 28.3 The BSC Panel:
- a) **NOTED** the update.

NON MODIFICATION BUSINESS (OPEN SESSION)

29. Approval of the BSCCo Business Plan 2015/16 – 234/15

- 29.1 The Panel was provided with a summary of industry feedback on the draft BSCCo Business Plan and a slightly amended version of the BSCCo Business Strategy. The Panel was invited to consider the comments on the Business Plan and approve the latest version of the Business Strategy. It was noted that the ELEXON Board would subsequently be asked to approve the associated budget.
- 29.2 A Panel Member commented that the Business Plan seemed to downplay the business risk associated with not addressing the aging IT systems. They reflected on elements of the limited industry feedback that had been received which suggested that changes to IT systems should only be taken forward where they resulted in reduced costs. The Panel Member felt that this feedback must be balanced against the highlighted business risk. In the Panel Member's view, change was acceptable so long as there was a business case and this feedback should not dissuade the Panel from continuing with the proposed strategy..
- 29.3 Another Panel Member noted that, while the budget may appear high, it was important to be clear about the potential cost of delivering the BSC to help Parties manage their own budgets. The budget was not a permit to spend and ELEXON had a duty to flag potential expenditure to the industry.
- 29.4 The BSC Panel:
- a) **NOTED** the comments received on the draft BSCCo Business Plan;
 - b) **APPROVED** the Business Strategy; and
 - c) **NOTED** that the Board would be asked to approve the budget to deliver this strategy.

30. PSRG Report on Reducing Settlement Timescales – 234/16

- 30.1 The Profiling and Settlement Review Group (PSRG) has completed its project on reducing Settlement timescales. The BSC Panel considered the PSRG's report and the Supplier Volume Allocation Group's (SVG's) comments on the recommendations from the project.
- 30.2 The BSC Panel:
- a) **NOTED** that the PSRG has completed its work in accordance with the PID, and that the project was now closed;
 - b) **NOTED** the PSRG's findings and recommendations as detailed in its report;
 - c) **NOTED** that, to progress these recommendations (or any alternative solution to reduce Settlement timescales), a BSC Party would need to raise a Modification;
 - d) **NOTED** SVG Members' comments on the project recommendations; and

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- e) **PROVIDED** comments as Panel Members.

31. Update on Electricity Market Reform - 234/17

- 31.1 The Panel received its monthly update on ELEXON's subsidiary, EMR Settlement Ltd's appointment as the Settlement Services Provider for both Contracts for Difference (CfD) and for the Capacity Market (CM).
- 31.2 The BSC Panel:
 - a) **NOTED** the EMR update.

32. Any other Business

Electricity Arbitration Association.

- 32.1 Barbara Vest noted that, at a recent meeting of the Standing Committee of the Electricity Arbitration Association (EAA), Members had discussed the extent to which industry parties were aware of the service and if they incorporate relevant provisions in contracts that make use of its services. BV noted that BSC Parties pay for the service via BSCCo charges in accordance with the BSC.
- 32.2 BV confirmed that she had discussed this with ELEXON who had confirmed that the ELEXON website contains links to the Electricity Arbitration Association website and that Affected Parties and the Referring Party are informed of the option to refer a Panel decision to the EAA following any resolution of the BSC Panel in relation to a Referred Trading Dispute.
- 32.3 BV asked Panel Members to do what they can to raise awareness of the EAA.
- 32.4 There was no other business in the Open Session.

NON MODIFICATION BUSINESS (CLOSED SESSION)

33. SVG Membership Changes – 234/18

The Panel noted the resignation of an SVG Industry Member and considered the application of an existing SVG Industry Alternate to become an SVG Industry Member.

The BSC Panel:

- a) **NOTED** that an SVG Industry Member has resigned with effect from 12 February 2015; and
- b) **APPOINTED** an SVG Industry Member with immediate effect.

34. Next meeting

- 34.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 12 March 2015.