

# MINUTES

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| <b>MEETING NAME</b>    | BSC Panel                            |
| <b>Meeting number</b>  | 247                                  |
| <b>Date of meeting</b> | 10 December 2015                     |
| <b>Venue</b>           | ELEXON Ltd, 350 Euston Road, NW1 3AW |
| <b>Classification</b>  | Public                               |

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## ATTENDEES AND APOLOGIES

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|----------------------------|-------------------|----------|-----------------------------------|
| <b>Attendees</b>           | 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                |
|                            | Derek Bunn        | DB       | Independent Panel Member          |
|                            | Ian Pashley       | IP       | Transmission Company Panel Member |
|                            | Peter Bolitho     | PBo      | Industry Panel Member             |
|                            | Phil Baker        | PB       | Industry Panel Member             |
|                            | Phil Hare         | PH       | Independent Panel Member          |
|                            | Rory Edwards      | RE       | Ofgem Representative              |
|                            | Stuart Cotten     | SC       | Industry Panel Member             |
| Diane Dowdell              | DD                | Observer |                                   |
| <b>External Presenters</b> | Angelita Bradney  | AB       | Ofgem                             |
|                            | Angela Love       | ALo      | Scottish Power                    |
|                            | Cathy McClay      | CMC      | National Grid                     |
|                            | Francesca Scucces | FS       | National Grid                     |
|                            | Raymond Elliot    | RE       | Ofgem                             |
| <b>Elexon</b>              | Adam Lattimore    | AL       | ELEXON (Part Meeting)             |
|                            | David Jones       | DJ       | ELEXON (Part Meeting)             |
|                            | David Osborne     | DO       | ELEXON (Part Meeting)             |
|                            | Douglas Alexander | DA       | ELEXON (Part Meeting)             |
|                            | Mark Bygraves     | MB       | ELEXON                            |
|                            | Nicola Dempsey    | ND       | ELEXON                            |
|                            | Nick Rubin        | NR       | ELEXON (Part Meeting)             |
|                            | Talia Addy        | TA       | ELEXON (Part Meeting)             |
|                            | Thomas Routier    | TR       | ELEXON (Part Meeting)             |
|                            | Simon Fox-Mella   | SFM      | ELEXON (Part Meeting)             |
| Victoria Moxham            | VM                | ELEXON   |                                   |
| <b>Apologies</b>           | Chris Alexander   | CA       | Consumer Panel Member             |
|                            | Andrew Warden     | AW       | Consumer Panel Member             |

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## 1. Apologies

- 1.1 The Chairman welcomed Diane Dowdell, who will replace Phil Baker as Industry Panel member in January 2016 and confirmed the apologies of Chris Alexander and Andrew Warden.

## MODIFICATION BUSINESS (OPEN SESSION)

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## 2. Ofgem Update: Faster Switching Project – Verbal

- 2.1 Angelita Bradney from Ofgem gave an update to the Panel on the progress of Ofgem's Faster Switching Project.
- 2.2 A Panel member noted that the Faster Switching Project (FSP) would require intensive project management and that there was no named project manager in Ofgem's SCR document. The Panel member asked whether a project manager had been appointed and what skills and expertise they possessed. Ofgem replied it was aware that programme management would require skills that Ofgem didn't necessarily have internally. To that end, it was in the process of externally recruiting a project manager and would be looking for candidates that had expertise and experience in delivering large scale, cross industry, IT based projects.
- 2.3 Ofgem confirmed that each of the project work streams would be headed by an Ofgem senior manager and there would be consultants supporting the work streams together with an external programme assurance consultant assisting Ofgem with governance and planning work. Ofgem is keen to ensure that it has the right expertise and is keen for industry involvement to ensure that it gets the fullest ranges of skills and experience for this work.
- 2.4 The Panel member also noted Ofgem's expectation that more people would be interested in participating in the work streams than it had capacity for. Therefore, the Panel member wanted to know if Ofgem had developed a strategy for openness and transparency, such as a website and a timetable for publication of papers to give industry members time to review the documentation and feedback to work stream members.
- 2.5 The Panel member commented that the Programme Governance had many layers and was concerned that four work streams would feed into the Ofgem Design and Impact Assessment Team but that there would be no opportunity for communication between workstreams. The Panel member noted that the structure Ofgem was using was similar to the one used in EMR and her experience with that had been that issues had been missed because each group had thought the other was working on them. The Panel member suggested that it would be useful for all of the work streams to have an opportunity to meet and discuss the work they were doing.
- 2.6 Ofgem responded that the Ofgem website had been re-organised to include a dedicated FSP section where the schedule of meetings and papers would be published as soon as it was finalised. Ofgem would also be setting up a Huddle site for members of the work streams to use but confirmed that non-work stream members would not be able to access the Huddle site.
- 2.7 The Panel member asked at which stage of the programme the Cost Benefit Analysis would be produced. Ofgem replied that at the end of the Blueprint phase (phase 1), a design baseline will be produced. This baseline will be the starting point for an updated Cost Benefit Analysis. Ofgem has already completed an Impact Assessment which will be updated using the design baseline and provide industry with a more detailed scope which will be used in a request for information towards the end of 2016, to get some detailed cost information from industry. All of this will feed into a Business Case that will include a detailed CBA.
- 2.8 A Panel member commented that in November the Chancellor of the Exchequer presented a paper to Parliament (A better deal: boosting competition to bring down bills for families and firms). In that report the government stated that it will 'make switching supplier easier and quicker'. He asked how the FSP will align

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with the government's intentions and plans for next day switching. Ofgem confirmed that the FSP has strong support from government and that it was referenced in the recent Budget statement and in the government response to the CMA. Amber Rudd, the Secretary of State for Energy and Climate Change is a senior stakeholder of the FSP, DECC are also working with Ofgem on some of the work streams and are discussing the possibility of legislation to speed up some of the reforms.

- 2.9 The Panel member asked for some further detail on plans for legislation. Ofgem was unable to provide any further detail at this stage as government is responsible for developing new legislation and specific proposals had not been finalised. In the absence of legislation, the current plan is that changes to codes would be developed by industry as part of dedicated switching workgroups led by Ofgem, and approved by the Authority, as per the current SCR process.
- 2.10 The Chairman thanked Ofgem for the presentation and noted that it was clear that the Panel would appreciate further updates about this matter as the picture became clearer.
- 2.11 A Panel member noted that ELEXON and Xoserve were referenced in the slide presentation and asked to what extent those organisations were embedded in the decision making process. He felt that they were key stakeholders with critical expertise and which should be central to the project, to ensure that the solutions proposed by the FSP would be fit for purpose. Ofgem confirmed that they also held this view and that both ELEXON and Xoserve had representatives in all the key groups and work streams.
- 2.12 A Panel member noted that this programme will run in parallel with the Smart metering programme and that this would represent a significant burden of work for small and medium Suppliers. The Panel member sought assurance from Ofgem that those smaller Suppliers were represented in the Senior Level Stakeholder group. Ofgem confirmed that it had invited the largest 10 or 11 Suppliers to the Senior Level Stakeholder group and asked Cornwall Energy to represent the other Suppliers, it noted that Cornwall Energy would have a significant role to play in ensuring that smaller Suppliers without the resources to attend the group would have their views heard. It is also working with Cornwall Energy to develop other strategies to ensure that smaller suppliers can be involved with the programme and with DECC is holding a workshop in February 2016 for independent suppliers which will cover the switching programme and give them a chance to feedback about the programme.
- 2.13 A Panel member commented on the point raised earlier concerning the need for the work streams to communicate with each other and noted that this had been a key learning point from the EMR programme.
- 2.14 The Panel member also noted that the direction of the solution seemed to be reliable next day switching and asked if the Cost Benefit Analysis would be looking at next day switching against 5 day switching and 10 day switching. He commented that it seemed to him that the concern of the consumer with regards to switching was for it to be easy and for the consumer to be aware of the progress of the switch not for it to be fast. He asked if the cost of next day switching would justify the benefit to the consumer. Ofgem noted that in its last impact assessment it looked at five day switching and considered that the cost benefit case was not made, it looked at one and two day switching and considers that reliability and a good customer experience is more important to consumers than speed. It will be assessing what a next day solution will look like within the parameters of what can be done, what the cost would be and what consumers actually want.
- 2.15 The Chairman noted that Ofgem has accepted that its core expertise is and should be regulatory policy and design not necessarily in large complex, programme management, therefore the FSP is a very strong message in the opposite direction because Ofgem are managing the FSP. Ofgem noted the tension and commented that aside from itself there is no obvious industry body to lead this project, Ofgem's remit is to benefit consumers and fast switching will do that, therefore it seemed to be the best placed organisation to move this forward. However, it does recognise that it will need to ensure it employs industry and project management experts, it also noted that much of the project, especially in its early phases, will require the regulatory expertise that Ofgem possesses.

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2.16 The BSC Panel:

a) **NOTED** the update.

## 3. Code Governance Review (Phase 3): Initial Proposals on Significant Code Reviews – Verbal

3.1 Raymond Elliot from Ofgem presented to the Panel on the initial proposals for changes to the Significant Code Review process.

3.2 A Panel member commented that changes to the Significant Code Review (SCR) process is already a controversial area as it could undermine the rights of affected parties to appeal the results of changes required by the SCR process. He felt that Ofgem currently had the powers it needed within the current SCR process and that further reducing the timeframe of the SCR process could lead to less robust outcomes. Ofgem noted the Panel member's concerns and suggested that he and all other Panel members reply to the consultation.

3.3 A Panel member noted that the Ofgem diagram stated that 'SCR related modifications were restricted and that alternate solutions could be considered as part of the Ofgem led process', he understood that the current process allowed anyone to raise an SCR related modification throughout the SCR process, which might then be subsumed within the SCR, if Ofgem chose to do that. The Panel member felt that the diagram suggested that there was a restriction and wondered what the process for proposing an alternative solution would be. Ofgem replied that it would lead SCR work groups and alternative solution proposals would come from them.

3.4 The Panel member commented that workgroup participation is costly in time and resources, especially for smaller suppliers. The current system allows smaller parties to propose alternate solutions for Ofgem to consider, without attendance at the work groups. He worried that the new process could lead to alternate solutions being missed or skewed to larger parties because the alternate proposals can only be raised within the work groups. Ofgem noted this point and agreed to take it back to the team for consideration.

3.5 Further to the previous point made about the appeals process, a Panel member noted that judicial appeals are prohibitively expensive and is not a constructive protection for Parties that have objections to an SCR. He therefore felt that this meant that the appeals mechanism was weakened by this issue.

3.6 The BSC Panel:

a) **NOTED** the update.

## 4. Post November 2015 Release: Issues Update

4.1 National Grid and ELEXON updated the Panel on its actions to resolve issues caused by the November 2015 Release and its plans to ensure that these issues don't recur again.

4.2 A Panel member queried National Grid's issue of data not being stored and asked it to clarify if they meant that the data wasn't stored in one easy to access area of the system or that the data wasn't stored at all. National Grid clarified that the component parts of the data are stored in various parts of their system but that the data set used for that calculation was not stored in one easily accessible space and it needed to be pulled together with bespoke queries.

4.3 The Chairman thanked National Grid for updating the Panel on its actions and plans.

4.4 A Panel member asked who first noticed the error and raised it with National Grid. ELEXON replied that a member of ELEXON staff had noticed the issue with the de-rated margin and raised it internally and then with National Grid.

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- 4.5 The Panel member asked if that had happened immediately after periods 37 and 38. ELEXON responded that it was monitoring the information coming through because of the new arrangements and noted from the forecast that it was heading towards a 'tight afternoon', it raised those concerns with National Grid who investigated and identified that there was a problem.
- 4.6 The Panel member asked how the erroneous data was published if ELEXON and National Grid were aware that there was an issue. ELEXON explained that its monitoring of the situation was good practice but that it could not know that there was an issue with the data until National Grid investigated. Once National Grid identified that they could not solve the problem rapidly and that system margins were not forecast to be tight, the data feed was stopped on 27 November 2015. This was considered to be the lowest risk approach until the issue was resolved.
- 4.7 A Panel member commented that although there was no impact on System Prices as a result of these issues, he was concerned that the signal was sent to the market and Parties acted on that signal and may be out of pocket as a result. Another Panel member commented that there was no provision under the BSC for those Parties to raise a Trading Dispute.
- 4.8 A Panel member commented that he was aware of an independent single site generator who saw the de-rated margin and loss of load figures and went to the market to make up that difference instead of relying on the cash out price and ended up paying twice as much as they would have if they had relied on cash out. He noted that there had been financial consequences for Market Participants and no form of redress.
- 4.9 A Panel member asked what action was being taken to compensate affected Market Participants. ELEXON noted that because the data provided is indicative data not Settlement data there is no redress under the BSC. The TDC sponsor confirmed that this issue had been discussed at the last TDC meeting and the committee had concurred.
- 4.10 National Grid stated that while it cannot promise anything it is willing to discuss the issue with affected parties and that they get in touch.
- 4.11 A Panel member noted that there were other issues arising because of the November Release, in particular the missing D30 files. He asked ELEXON to provide an update about these issues. ELEXON confirmed that these issues are a result of the P300 changes and two issues had been identified as affecting external parties:
- a) Three of the eight half hourly data aggregators formatted their files in a way that was incompatible with the DTN. ELEXON has instituted workarounds for two of the aggregators and the third is submitting the data in a different format.
  - b) There was a problem with the output files which couldn't be sent out over the DTN, this issue was resolved on the 12 November 2015. ELEXON is working with the two suppliers who have not received them to recreate them.
- 4.12 The Panel member commented that this issue had a significant impact on distributors, he raised the particular issue of a distributor who was concerned about the data between 5 to 12 November and was reliant on that data for DUoS billing, causing a cash flow issue. The distributor was directed by ELEXON to its CGI help desk and has received no follow up from CGI as to where the missing data is or when it will receive it. ELEXON confirmed that it would take those points back and update the Panel at a later date.
- ACTION 247/01**
- 4.13 A Panel member asked ELEXON to explain the impact of data scraping on the BMRS and asked what action is being taken to resolve the issue. ELEXON noted that the BMRS has been running slowly and it has identified the issue of users' data scraping the site. ELEXON has published a policy stating that IP addresses that are identified as practising data scraping will be removed and removed them. This has led to a significant

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improvement in the speed of BMRS and ELEXON will continue to monitor and remove those addresses. ELEXON also noted that the revised BMRS will resolve this issue entirely and is due to go-live in March 2016.

- 4.14 A Panel member noted that one of the lessons learned arising from the issues of the November Release may be a re-think about how significant and complex changes are handled and how to avoid the complications that can arise from so much change occurring in the same release.
- 4.15 A Panel member queried how the erroneous data will be corrected retrospectively and stressed the importance of the historic data file being recreated to allow industry to do risk analysis. Will the retrospective information take account of how the market would have behaved with the correct information rather than how they did behave when they had the wrong information. National Grid responded that it was unlikely that the behaviour of the market would have been that different over the entire timeframe, just over the periods 37 and 38, therefore, there is no real need to correct the data as suggested by the Panel member.
- 4.16 A Panel member noted that the market is currently very flat and commented that if there had been different market conditions the impact of these issues could have been much greater but that everyone had been lucky in this situation.
- 4.17 ELEXON noted that it doesn't have a specific plan for correcting the loss of load and the de-rated margin data but is exploring how best to do this. It noted that there is not a specific, clear method for correcting this data in the Code; it will publish the corrected data for visibility. A Panel member queried whether the corrections would be applied just to the four most impacted Settlement Periods. National Grid confirmed that the corrections would apply to all Settlement Periods since the Release but that most of the corrections would be miniscule.
- 4.18 A Panel member thanked National Grid for the presentation and noted that it had addressed his key concerns about the lessons learned and the how to restore industry confidence in the market. The Panel member was concerned about the lack of feedback from Ofgem, he noted that the timeline for these changes had been set by Ofgem and that there had been general concern about this from industry. He asked what it had learned from the process. Ofgem responded that it was unaware that National Grid was unable to process the changes, it will note that there was a lot in the November Release and work with Panel and industry and National Grid to ensure that a situation like this doesn't happen again. The Panel member commented that the work group had pointed out that LoLP hadn't been sufficiently tested and was further raised in some of the consultation responses.
- 4.19 The BSC Panel:
- a) **NOTED** the update.

## 5. Report on Progress of Modification Proposals - Verbal

- 5.1 The Modification Secretary, Adam Lattimore, updated the Panel on the recent changes to the Change Report to make it clearer and more usable for industry and Panel members. He informed the Panel that the report will also include more information about releases which will inform the Panel on issues that may arise with complex change. Adam asked the Panel for comments and suggestions. A Panel member commented that the changes to the Change Report were good and made the report more engaging and easier to read and understand.
- 5.2 ELEXON also noted that the Report contained an update on Modification P308 'Alternative security product for securing credit under the BSC' and a request for an extension. The Work Group is waiting for some external information which will require further analysis, the current thinking is that this analysis should be done by late summer. However, in order to ensure that the analysis is correct and the Work Group have

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sufficient time to consider it, ELEXON is requesting an extension to December 2016. If the work is done sooner than that, P308 will come to the Panel for discussion and decision earlier.

- 5.3 A Panel member asked if extending the deadline would impact the budget set for this work. ELEXON confirmed that there is no impact on the set budget. The Panel approved the extension of P308.
- 5.4 A Panel member noted that the Panel agreed in May 2015 to raise an issue regarding the location of EMR requirements in BSCP's, he was concerned that the Group hadn't met yet and wanted an update. ELEXON noted that the Panel had also asked it to conduct some work examining the architecture of the BSCP's and it intends to roll the EMR issue into that. The Group is targeted to meet in the New Year and ELEXON will provide the Panel with updates on the work through the Change Report.

## **6. P330 'Allowing ELEXON to tender for the Uniform Network Code Gas Performance Assurance Framework Administration (PAFA) role' – 247/04**

- 6.1 Uniform Network Code (UNC) Modification 506 seeks to introduce performance assurance arrangements into the gas market for the first time and will require a competitive tender exercise to appoint an independent Gas PAFA. The proposer of Modification P330 (Scottish Power) believes that ELEXON has significant experience and understanding of performance assurance techniques in the energy industry and has transferable skills and knowledge that potentially meet the criteria for appointment of the PAFA. P330, therefore, seeks to amend the BSC arrangements to allow ELEXON to bid for the Gas PAFA contract.
- 6.2 The Chairman noted that although this P330 was not a modification that ELEXON had instigated, it did concern the role of ELEXON and therefore could constitute a conflict of interest. If the Panel felt it appropriate he offered to step down and ask the Panel's Vice Chairman, Phil Hare, to chair this section of the meeting. The Panel was content for the Chairman to remain.
- 6.3 A Panel member sought clarification of which modification to its Code that the Uniform Network Code (UNC) Panel voted for. Scottish Power stated that the UNC favoured MOD506A by 9 to 1.
- 6.4 A Panel member commented that non-core BSC work that ELEXON delivers (Warm Homes and EMR) was designated by the Secretary of State and noted that this is not likely to happen for the PAFA work which is very different (and lower profile).
- 6.5 A Panel member was concerned that he could not identify a defect in the BSC that this modification would correct. Scottish Power noted that although the main issue was under the UNC, this was industry taking the initiative to have the gas and electricity market work together and to use the expertise that ELEXON has in assurance.
- 6.6 The Panel member accepted that wider point but noted that the Panel was required to make a decision referring to the BSC, which did not reference the unification of gas and electricity codes as one of its priorities. The Panel member also noted that ELEXON's skills were in electricity assurance and although some of those skills were transferrable, it did not have any gas expertise. Although this skill could be bought in, the benefit of doing this was confined to a limited number of BSC Parties and would not necessarily benefit BSC Parties overall.
- 6.7 A Panel member asked Scottish Power what it felt ELEXON's skills in this area were and what it believed were the key attributes of that expertise. He felt that this should be part of the Terms of Reference for P330 because without defining that, it would be difficult to make a case for ELEXON against other companies with gas or in depth assurance knowledge. The Panel member commented that the tools that ELEXON deploy in electricity assurance are bespoke to the data and the electricity market and he doubted that they were transferrable. In fact, the only aspect of the ELEXON service that he viewed as unique to it was that of the Operational Support Managers (OSM) and he would be very concerned about stretching that service and potentially diluting its effectiveness.

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- 6.8 The Chairman asked ELEXON to comment on the issue of whether there was a defect in the BSC. ELEXON noted that the proposer of P330 believes BSCCo should be able to have the option to partake in the tender process for PAFA. The BSC does not currently allow BSCCo the option of partaking in the tender process for the PAFA. In order to allow BSCCo to partake in the tender process the BSC must be amended. A Modification is therefore required. The defect that the Modification would seek to address is that the BSC doesn't allow BSCCo to partake in the PAFA tender process, and the proposer believes BSCCo should have this option.
- 6.9 Regardless of whether or not the Panel Member supported the proposers view, or if he believed that there would be any benefit to BSC Parties, the current BSC rules do not allow for the proposers desired outcome. Therefore, the issue/defect under the BSC is that it does not allow BSCCo the option of partaking in the tender process for PAFA.
- 6.10 ELEXON noted that it understood the view point that lack of assurance under the UNC is the UNC's concern and not the BSC's; and indeed by that logic the fundamental cause of the issue lies outside the BSC. However, the issue that had been raised under the BSC is the restriction on BSCCo to partake in any bidding exercise. ELEXON also noted that the terminology of defect has probably clouded the issue. Just because it is considered an 'issue/defect' in the Modification form does not mean that the Modification Secretary is agreeing that a change should be made, merely that a change is required to the BSC in order to address the concern raised by the proposer.
- 6.11 The proposer commented that it believes that ELEXON should have the opportunity to bid, not that it should win the bid and noted that there is the risk that ELEXON will bid and not win the tender.
- 6.12 A Panel member reiterated his point that this is not a defect in the BSC because the Proposer would like ELEXON to do something the BSC doesn't allow it to do. ELEXON recognised the point but reiterated that a defect existed in the BSC because BSCCo could not partake in the bid. It did not mean that the BSC was defective, merely that it would have to be amended in order to address the issue identified.
- 6.13 A Panel member commented that the Panel should not refuse to send P330 to Assessment. Another Panel member noted that P330 is dependent on Ofgem approving or rejecting UNC's modification and was concerned about the waste of resources involved in working on a modification which may never be needed. ELEXON assured the Panel that no work would be undertaken until there was an Ofgem decision on the UNC's modifications. Ofgem stated that it is aiming to have a decision on these modifications published before Christmas.
- 6.14 A Panel member stressed his concern that P330 was addressing a defect in the UNC's code not the BSC; he would like to see the Modification Proposal brought back with a defect under the BSC included. ELEXON reiterated that a defect had been identified, but that an identified defect did not mean the BSC was defective, merely that it would have to be amended in order to address the issue identified and a Modification was required to assess such a change.
- 6.15 The Chairman asked Scottish Power what the justification for not putting the PAFA to tender was. A Panel member noted that the justification for not tendering the work was to keep the PAFA role with a market operator who understood the arrangements in order to maintain stability in the gas market as NEXUS was introduced. After three years the PAFA role would go out to tender in the usual way.
- 6.16 Mark Bygraves noted that ELEXON view P330 as an opportunity to see what the industry want it to do. There is no guarantee that it will bid or win the tender, but it is clear that it will not seek to bid if industry is not supportive.
- 6.17 A Panel member noted that it would be useful to know the Board's view about whether ELEXON should bid, as it's a lot of work to undertake and push through if ELEXON decide not to bid on the PAFA contract. The Chairman noted that the Board will meet next in February and will need to assess the strength of industry

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feeling on the matter. He noted that the debate at Panel and Ofgem's decision on the UNC modifications would inform its thinking.

- 6.18 Another Panel member commented that whether ELEXON decides to bid on the PAFA contract is irrelevant to the principle being decided by P330, which is an enabling modification not an instruction to ELEXON. He is worried that the implication is that a decision on the modification equates to approval of the decision to bid.
- 6.19 A Panel member felt that ELEXON should have worked to find a defect under the BSC not the UNC and noted that it felt that ELEXON had failed in its role as a 'critical friend'.
- 6.20 A Panel member requested that no work be conducted on P330 by ELEXON until after Ofgem has made a decision on UNC MOD506 and MOD506A, ELEXON agreed that this will be the case.
- 6.21 Barbara Vest noted that she did not feel that P330 was a valid modification and that there was no defect in the BSC. Further, she felt that ELEXON had no expertise in gas and noted that the UNC did not believe that ELEXON had the knowledge and experience for the PAFA role, given this she was concerned that a bid by ELEXON would waste industry money and would distract ELEXON from its core work of Settlement.
- 6.22 A Panel member noted that while he did not think that there was a defect under the BSC, the Proposer did and therefore felt that in the interest of openness P330 should go to assessment under the conditions noted above.
- 6.23 Another Panel member stated that he felt that the Proposer did not believe that there was a defect under the BSC and if next time they came back to Panel with a rationale for a defect under the BSC then he would support P330 going to Assessment.
- 6.24 A Panel member requested that the proposed membership of the P330 should be broader than BSC Parties that have gas exposure.
- 6.25 A Panel member asked that the Work Group should cover how ELEXON would maintain resourcing with no prejudice to core business. ELEXON noted that this was already covered in the Terms of Reference.
- 6.26 A Panel member reiterated his request that an assessment of key attributes of ELEXON's expertise and transferable skills be part of the Terms of Reference.
- 6.27 The BSC Panel:
- a) **AGREED** that P330 progresses to the Assessment Procedure;  
(AGREED AC, BB, DB, PBo, PB, PH)  
(AGAINST: BV, SC)
  - b) **AGREED** the proposed Assessment Procedure timetable;  
(AGREED AC, BB, DB, PBo, PB, PH, SC)  
(ABSTAINED: BV)
  - c) **AGREED** the proposed membership for the P330 Workgroup; and  
(AGREED AC, BB, DB, PBo, PB, PH, SC)  
(ABSTAINED: BV)
  - d) **AGREED** the Workgroup's Terms of Reference.  
(AGREED AC, BB, DB, PBo, PB, PH, SC)  
(ABSTAINED: BV)

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## 7. P329 'Changes to REMIT inside information reporting' – 247/05

- 7.1 P329 proposes to align the BSC and Balancing Mechanism Reporting Service (BMRS) with the Regulation on Wholesale Energy Markets Integrity and Transparency (REMIT) common schemas for inside information web feeds, required by the Agency for the Cooperation of Energy Regulators (ACER).
- 7.2 Noting the likely constraints on implementation, a Panel member was concerned about the ability of the BMRS to react to ACER requirements. He observed that if the BMRS solution can't be implemented in the timeframe that ACER specifies, this would mean that parties have to create an interim solution. ELEXON noted that it hasn't completed a full impact assessment yet, which may indicate if it would be possible to comply with the ACER timeframe. However, for the reasons set out in its Initial Written Assessment, ELEXON expects that there is likely to be significant costs and risks for doing so. The impact assessment will provide the Workgroup with the necessary information for it to consider and make a recommendation on the implementation approach. The Panel member asked if there was an interim solution that could be implemented in the timeframe. ELEXON confirmed that the Workgroup will look at this and the costs and benefits. It also noted that it has not had a response from ACER on its proposed dates and that Ofgem had agreed to contact ACER about these issues and whether the dates may change.
- 7.3 Finally the Panel member also commented that he felt it was important that there was some guidance for industry from Ofgem as to whether Parties should develop their own interim solutions if ELEXON are unable to devise a solution that meets ACER's requirements and timeline.
- 7.4 The BSC Panel:
- a) **AGREED** that P329 progresses to the Assessment Procedure;
  - b) **AGREED** the proposed Assessment Procedure timetable;
  - c) **AGREED** the proposed membership for the P329 Workgroup; and
  - d) **AGREED** the Workgroup's Terms of Reference.

## NON-MODIFICATION BUSINESS (OPEN SESSION)

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### 8. Minutes of Meeting 246 Actions arising

- 8.1 The minutes of the previous meeting were agreed and an update on the actions provided.
- 8.2 Actions 246/03, 246/04 and 246/05 were closed. Actions 246/01, 246/02, 246/03, 245/01, 245/08, 234/03 and 228/02 remain open.
- 8.3 Mark Bygraves noted on the action 246/03, that ELEXON has done the required reviews but needs to ensure that it marks them BSC reviews and will do the Section F review as requested.

### 9. Chairman's Report

- 9.1 The Chairman noted that he has requested that Ofgem come and talk to the Panel about its plans on Industry Code and regulations following comments in Utility Week about the code being unable to facilitate major change.
- 9.2 Ofgem noted this request and will pass the request on.
- 9.3 The Chairman also spoke to the Panel about the new system 'Board Pack' that the Board have recently adopted for trial. He suggested that the Panel should consider this system and the Panel agreed that the company should come in and present to the Panel.

## **10. ELEXON Report – 247/01**

- 10.1 Mark Bygraves provided an overview of ELEXON's consultation responses.
- 10.2 He also noted that ELEXON, along with National Grid, hosted an industry information day on 16 November 2015 to discuss the Europe-wide Cost-Benefit Analysis (CBA) on harmonising Imbalance Settlement Period.
- 10.3 For further details on ELEXON's work over the past month, please see the [ELEXON](#) Report.

## **11. Distribution Report - Verbal**

- 11.1 There was no Distribution Report.

## **12. National Grid Report – Verbal**

- 12.1 There was no report from National Grid.

## **13. Ofgem Report – Verbal**

- 13.1 The Ofgem Representative, Rory Edwards, asked the Panel to note that the deadline for responses to Ofgem's CGR3 IP is the 18 December 2015.
- 13.2 Rory also confirmed that Ofgem's publishing moratorium for Christmas begins on 14:30 on Thursday 17 December 2015 and will continue until Monday 4 January 2016.
- 13.3 Further to Ofgem's letter on the P305 data use, Rory confirmed that he had spoken with the team requesting the information and they were fully aware of the Panel and industry concern and will inform the Panel if they intend to use the information supplied for anything other than the reasons stated in the letter.

## **14. Report from the SVG – 247/01a**

- 14.1 The Panel noted the report from the SVG.

## **15. Report from the PAB – 247/01b**

- 15.1 The Panel noted the report from the PAB.

## **16. Report from the TDC – 247/01c**

- 16.1 The Panel noted the report from the TDC.

## **17. Report from the SRAG – 247/01d**

- 17.1 The Panel noted the report from the SRAG.

## **18. Trading Operations: BSC Operations Headline Report – 247/02**

- 18.1 The Panel noted the BSC Operations Headline Report.

## **19. Change Report – 247/03**

- 19.1 The Panel noted the Change Report.

## **20. Approval of BSC Panel Representative for Grid Code Review Panel (GCRP) – 247/06**

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20.1 The Grid Code Review Panel (GCRP) consists of various members, including a person representing the BSC Panel. All members of the GCRP are automatically retired at the beginning of each year. ELEXON invited the Panel to appoint its GCRP representative for 2016.

20.2 The BSC Panel:

- a) **APPOINTED** Nicholas Rubin to be the BSC Panel's representative on the Grid Code Review Panel; and
- b) **NOTED** that John Lucas will be reappointed as Nicholas' alternate.

## 21. BSCCo Business Strategy 2016/17 – 247/07

21.1 ELEXON invited the BSC Panel to approve the draft BSCCo Business Strategy for publication and comment.

21.2 A Panel member commented that the delivery of some core services is critical and well delivered and he'd like ELEXON to emphasise that an aim is to continue to do that well in addition to detail of the improvements to the service.

**ACTION 247/03**

21.3 The BSC Panel:

- a) **APPROVED** the draft BSCCo Business Strategy for publication and comment.

## 22. Delivering Strategic Activities – 247/10

22.1 ELEXON presented the BSC Panel with details of the various activities it has identified that it needs to support and deliver, with an indicative timeline for when it will undertake those activities. ELEXON noted that this may require revisions to the timelines set out in the Panel Plan.

22.2 A Panel member noted that it seemed that ELEXON doesn't have any natural quiet periods and will always be busy; he asked if that was a correct interpretation. ELEXON responded that it was.

22.3 The Chairman noted that this presentation should work as a guide to the Panel to show how the Panel, industry and regulatory priorities and requirements fit together and affect ELEXON's workload.

22.4 The BSC Panel:

- a) **NOTED** ELEXON's approach to delivering its numerous strategic activities.

## 23. Trading Dispute DA771 – Erroneous Data submitted by a HHDA – 247/08

23.1 ELEXON updated the Panel on the sequence of events relating to Trading Dispute DA771.

23.2 Several Panel members observed that the issue had been well handled by ELEXON and that it had done the right thing to assist market participants.

23.3 A Panel member also noted that BSC can't cover all eventualities and ELEXON's actions were consistent with the intention of the BSC.

23.4 The Chairman noted that the BSC suggested a different mechanism to the action that ELEXON undertook, therefore there will be some consideration in the lessons learned exercise as to whether the BSC will require modification.

23.5 A Panel member noted that in situations like the ability to apply discretion may well be required.

23.6 The BSC Panel:

- a) **COMMENTED** on the paper;
- b) **NOTED** that a lessons learned exercise will commence and the findings shared with the Panel;

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- c) **NOTED** that a lessons learned exercise will be conducted to determine whether changes to the BSC and BSC Systems are necessary.

## 24. Credit Committee 24 Update – 247/09

- 24.1 ELEXON updated the Panel about the November Credit Committee meeting's decision. At the meeting the Credit Committee decided to decrease the Credit Assessment Price (CAP) from £47/MWh to £42/MWh effective from Thursday 24 December 2015. The Committee also asked ELEXON to consider the process to change the parameters used in the CAP review process.
- 24.2 An observer expressed concern that only two parties responded to the consultation. ELEXON observed that this was a better than average response. A Panel member noted that as setting of the CAP has become more mechanistic Parties don't have a major issue with the level of CAP. However, he also noted that this may change as a result of P305 changes and responses to consultations may increase.
- 24.3 The Chairman noted that the old system has worked well and the Credit Committee will be paying even more attention in the coming months.
- 24.4 The BSC Panel:
  - a) **NOTED** the decisions taken by the Credit Committee at its last meeting on Thursday 26 November 2015; and
  - b) **NOTED** the process for changed the CAP reference price setting elements and the notice period for implementing a new CAP value.

## 25. Any other Business

- 25.1 There was no other business.

## 26. Next meeting

- 26.1 The next meeting of the BSC Panel will be held at the offices of ELEXON Ltd, 350 Euston Road, London NW1 3AW on Thursday 14 January 2016.