



Newscast



Issue 593, 14 March 2016



Coming up this week

16 March[Settlement Workshops](#) at 10:00**17 March**[P324 Workgroup meeting](#) at 10:00

Hot off the press: CMA's provisional decision on remedies

On Thursday 10 March the Competition and Markets Authority (CMA) published a wide-ranging package of remedies following its investigation into the energy market in Great Britain, ongoing since summer 2014.

The CMA's proposals include a range of measures aimed directly at customers, to help encourage a greater number to benefit from switching to more competitively priced deals. Though these have a significant impact on consumers, they do not affect the work of ELEXON and we are not covering them in this article.

The recently published provisional decision on remedies signals a continued focus on customer engagement, Half-Hourly Settlement and time of use tariffs. Moreover, the package of remedies also signals an increase in top-down powers to drive industry change; giving greater responsibilities to Ofgem (in policy assessment, setting a strategic direction, oversight of code bodies and directing changes to codes); and the licensing of code administrators, giving them more powers to deliver Ofgem's strategic direction.

Remedies affecting ELEXON and the BSC

Locational Transmission Losses

The CMA proposes that variable transmission losses are priced on the basis of location, and that 100% of these losses are assigned to generators, rather than 45% as under current arrangements. Locational transmission losses have been explored on many occasions under the BSC (most recently, [Modification Proposal P229 'Introduction of a seasonal Zonal Transmission Losses scheme'](#) in 2008/09).

The CMA recommends changes to National Grid's license to implement locational adjustments for transmission losses, including an obligation to direct ELEXON to:

- 1) update a networking mapping statement; and
- 2) carry out other tasks necessary to the calculation by third party agents.

Ofgem is encouraged to support National Grid by facilitating the implementation of the required changes. From

ELEXON, we will manage and support these changes in the usual way and progress the change as required.

Half-Hourly Settlement

The CMA recommends that DECC takes steps to remove the restrictions in the Smart Energy Code that prohibit Suppliers from collecting consumption data with greater granularity than daily unless a customer has given explicit consent to do so.

In addition to this, a recommendation has been made to Ofgem to conduct a full cost benefit analysis of the move to Half-Hourly Settlement and consider other options (e.g. centralised data collection and aggregation).

Finally, the CMA recommends that DECC and Ofgem jointly publish and consult on a plan outlining:

- 1) the aim of the reform for Half-Hourly Settlement;
- 2) the proposed regulatory interventions (including code changes); and
- 3) an estimated timetable for such interventions.

ELEXON has been advocating for HH Settlement since 2010 including more recently via the work of the Settlement Reform Advisory Group (SRAG). ELEXON is currently supporting Ofgem's HH Settlement project, established in December 2015, in anticipation of the CMA findings.

Industry Codes

The CMA recommends changes to the policy and regulatory framework to provide a clear division of responsibilities and transparency in relation to policy creation and implementation and changes to industry codes. This includes widening Ofgem's powers to initiate and drive forward strategic code changes as well as the creation of a consultative board (operated by Ofgem) to bring stakeholders together to discuss and address cross-cutting issues and develop a cross-industry plan of activities.

At ELEXON, we look forward to working with Ofgem to understand the detail of any of the proposals for policy creation, implementation and changes to industry codes. ELEXON and the BSC Panel have had a forward looking plan of activities for the BSC for some time and we will share our approach with Ofgem and other code administrators to assist in implementing these findings.

The full provisional decision on remedies will be published by the end of this week and the final report will be issued in **June 2016**.

Please visit the [CMA's website](#) for further details on the provisional decision on remedies and the energy market investigation.

BSCCo Business Plan 2016/17 published

The [BSCCo Business Plan for 2016/17](#) has been approved and we've published the final version. The plan is in two parts; a Business Strategy (approved by the BSC Panel) describing our key activities for the coming year, and an Annual Budget (approved by the ELEXON Board) setting out the associated costs.

We'd like to thank those BSC Parties who provided feedback on the draft business plan. If you have any questions about the Business Plan, please email Communications at communications@elexon.co.uk.

Approved changes to the Credit Assessment Price (CAP) value and review process

Decrease of the CAP value

Following consultation with Trading Parties, the Credit Committee met on Monday 7 March and determined that the CAP will decrease to **£33/MWh**, effective from **Tuesday 5 April 2016**. The Credit Committee also agreed to maintain the CAP Review Trigger Level at its current level of +/- £4/MWh.

The CAP is used to calculate Trading Parties' Credit Cover Percentage. Parties may notice a change in their Credit Cover Percentage as a result of the CAP decrease from the current value of £38/MWh.

Review of the Credit Assessment Price review process

The Credit Committee also assessed responses to the consultation on changing the CAP review process. It recommended amending the review period for calculating the CAP reference price and shortening the notice period for implementing a new CAP value. At its meeting on Thursday 10 March, the BSC Panel approved the changes to the reference period, effective from **1 April 2016**.

For more information, please visit the [Credit Committee](#) page of our website or email the [Credit Committee](#).

BSC Audit scope 2016/17 now published

At its meeting on Thursday 10 March, the BSC Panel heard and approved the BSC Audit scope for the year 2016/2017. The Performance Assurance Board will review and confirm the scope following the completion of the BSC Audit for 2015/2016.

You can find the [2016/17 BSC Audit scope](#) on [BSC Audit](#) page of our website.

For further information, please email BSCAudit@exelon.co.uk.

PAB request for information on smart meter rollout impact on Settlement performance

The Performance Assurance Board (PAB) is currently reviewing the potential impacts that the smart meter rollout could have on the industry Settlement performance. To facilitate that, ELEXON has issued a Request for Information (RFI), available on the [PAB section](#) of our website, to collect data on industry participants' opinions on the smart meter rollout implementation. This RFI is primarily aimed at Suppliers and Supplier Agents but we welcome feedback from any market participant. Please send your response by **17:00 on Friday 18 March** to PABsecretary@exelon.co.uk.

Read the latest Operations Reports

The February [Trading Operations Report](#) and the [BSC Operations Headline Report](#) have been published on the [Operations Reports](#) page of our website.

The Trading Operations report provides a market-level overview of key events, issues or incidents over the last month, a wide range of statistics on the energy industry and a suite of market graphs.

In the BSC Operations Headline Report you will find commentary on BSC market operation, identification of key events and reporting of key data.

For further information please visit the the [Operations Reports](#) page of our website.

Project TERRE consultation and BSFG meeting on 17 March 2016

Public consultation for the design of the TERRE (Trans European Replacement Reserves Exchange)

To support the implementation of the Balancing Network Code a number of pilot projects have been established, Project TERRE is one of these. Validated by ENTSO-E, Project TERRE covers the cross-border Replacement Reserve (RR) exchanges, setting up and operating a multi-TSO platform capable of gathering all the offers for Replacement Reserves (RR) and to optimise the allocation of RR across the systems of the different TSOs involved. It is moving towards cross-national exchange of RR.

On Monday 7 March, the Project TERRE partners launched a public consultation seeking market participants' views on the detailed design options and proposed choices to be implemented in the next phase of the project. The consultation will run until **1 April 2016**.

Further details and information on how to participate in the consultation are available on [ENTSO-E's website](#).

Balancing Stakeholder Focus Group (BSFG) meeting

A meeting of the Balancing Stakeholder Focus Group (BSFG) has been arranged to discuss the Project TERRE consultation on **Thursday 17 March 2016 from 13:00 to 16:00** at [our premises](#): ELEXON Limited, 4th Floor, 350 Euston Road, London, NW1 3AW

If you would like to attend this meeting please [register](#) by **Wednesday 16 March**.

Modifications, Change and Implementation

BSC Modification P331 approved under Self-Governance

At its meeting on 10 March 2016, the BSC Panel approved [P331 'Extended Dispute Deadline at the Post-Final Settlement Run under exceptional circumstances'](#) under Self-Governance.

The deadline for BSC Parties to appeal the BSC Panel's approval of P331 is **5 April 2016**. If no appeal is received, P331 will be implemented, in accordance with the BSC Panel's determination, on 30 June 2016 as part of the June 2016 BSC Release.

For more information on [P331](#), please contact Simon Fox-Mella on 020 7380 4299 or email bsc.change@elexon.co.uk.

BSC Modification P337 Report Phase Consultation

At its meeting on Thursday 10 March, the BSC Panel raised [P337 'Extension to the payment timescales for Quarter Date Advice Notes below the Advice Note Threshold Limit'](#) following a request from ELEXON. The BSC Panel unanimously agreed that P337 should be progressed directly into the Report phase and should be treated as a Self-Governance Modification Proposal.

[P337](#) seeks to extend the payment timescales for Quarter Date Advice Notes below the Advice Note Threshold Limit (ANTL) of £500 from three Business Days to 15 Business Days. This will allow ELEXON to defer action, giving BSC Parties 15 Business Days to pay the Advice Note and avoid unnecessary actions, such as the Party defaulting. There are no anticipated impacts to BSC Parties or Party Agents due to the implementation of this Modification. However, BSC Parties will benefit from this Modification, as it will extend the payment timescales for Quarter Date Advice Notes below the ANTL.

The BSC Panel's initial unanimous recommendation is that P337 should be approved. As such, P337 has been issued for its Report Phase Consultation, with responses invited by **17:00 on Monday 4 April 2016**.

Please send your response entitled 'P337 Report Phase Consultation' to bsc.change@exelon.co.uk by **17:00 on Monday 4 April 2016**. Please note that late responses may not be considered by the BSC Panel.

For more information on [P337](#), please call Talia Addy on 020 7380 4043 or email bsc.change@exelon.co.uk.

BSC Modification P326 Report Phase Consultation

We have issued [P326 'Introduction of a non-Working Day adjustment to the Credit Cover Percentage calculation'](#) for Report Phase Consultation, which you are invited to respond to by **Tuesday 5 April 2016**.

[P326](#) is expected to affect Suppliers and proposes to introduce a method to account for reductions in Supplier demand on non-Working Days within the Credit Cover calculations. This would allow the calculation to better reflect actual demand and increase the accuracy of the level of Credit Cover that Parties are required to lodge. The Proposed Modification seeks to do this by applying a Demand Capacity Factor (DCF) to the calculation of Supplier BM Units' BM Unit Credit Assessment Import Capacity (BMCAIC). The Alternative Modification seeks to do this by calculating two Credit Assessment Load Factor (CALF) values for Supplier BM Units, with one applying to Working Days and the other to non-Working Days.

The BSC Panel initially recommends that the P326 Alternative Modification should be approved.

Please send your response to bsc.change@exelon.co.uk using the form available on the [P326](#) page of our website by **17:00 on Tuesday 5 April 2016**.

BSC Modification P336 Report Phase Consultation

We have issued [P336 'Fuel types on the BMRS'](#) for Report Phase Consultation, which you are invited to respond to by **Tuesday 5 April 2016**.

[P336](#) proposes to add 'biomass' as a specific fuel type category reported on the Balancing Mechanism Reporting Service (BMRS). It also seeks to allow the BSC Panel to approve further fuel types without needing to raise a Modification. P336 is not expected to impact any participants.

The BSC Panel initially recommends that P336 should be approved.

Please send your response to bsc.change@exelon.co.uk using the form available on the [P336](#) page of our website by **17:00 on Tuesday 5 April 2016**.

If you have any questions on Modifications P326 or P336, or would like to discuss these further, please contact David Kemp on 020 7380 4303 or at bsc.change@exelon.co.uk.

Electricity Market Reform (EMR) update

CM Settlement Costs Levy Revision for 2015/16

We issued [EMR Circular 76](#) to inform Suppliers of the forthcoming Capacity Market Settlement Costs Levy Revision for the financial year 2015/16. EMRS, on behalf of the Electricity Settlements Company, will shortly be sending out an invoice or a credit note to Suppliers, detailing the Settlement Costs Levy Revision amount. In this Circular, you can find further details on the following:

- What is the Settlement Costs Levy Revision?
- What data is used to calculate my Settlement Costs Levy Revision?
- When will I receive an invoice or a credit note for the Settlement Costs Levy Revision?

Who will be impacted?

This impacts those **Suppliers** who supplied electricity to premises in Great Britain in **periods of high demand** (16:00 to 19:00 on any working day in November, December, January or February) in the financial year 2014/15 or financial year 2015/16. They must make a payment to Electricity Settlements Company for the

financial year as detailed in Section 9 of the [Electricity Capacity Regulations 2014](#).

Test Backing Data Files made available to support Settlement Costs Levy Revision

Suppliers will soon be receiving backing data for the 2015/16 financial year Capacity Market Settlement Costs Levy Revision and Settlement Costs Levy Refund for the first time. To support any preparation activities, we have published Settlement Costs Levy test backing data on the [Circulars](#) page of our website. On Friday 11 March we issued [EMR Circular 77](#) to provide further information on this matter.

Keep in touch with what's happening with EMR

Visit the [EMRS website](#) to view the latest news on EMR. Our EMR Circulars keep you informed of the latest changes, consultations and events. To register for EMR Circulars please subscribe to our mailing list on the homepage of the EMRS website. The [EMR Settlement Calendar](#) is also a useful way to check what is happening as it highlights key dates such as implementation events, deadlines for consultations and workshops. If you have any questions, please email contact@emrsettlement.co.uk.

New Market Participants

Lily Energy Supply Limited (Party ID: LILY) **Thistle Energy Supply Limited** (Party ID: THISTLE) have successfully acceded to the BSC, effective from 9 March 2016, and intend to register in the role of Suppliers.

If you have any questions about the market entry process, please email market.entry@elexon.co.uk.

MDD Circular 574 published

MDD Circular 574 has been published on the [Market Domain Data Circulars](#) page of our website. This Circular details the proposed changes to be included in the release of MDD Version 241, and invites market participants to perform an impact assessment on these. The deadline for any market participant comments is **17:00 on 16 March 2016**. A zip file containing the proposed changes has been attached to the Circular and can be found on the [Market Domain Data Circulars](#) page of our website

ELEXON Circulars published last week

Since Monday 7 March, we have published six ELEXON Circulars. These Circulars were for information and related to:

[EL02398](#): Commencement of Disaggregated BSAD information for non-BM STOR actions

[EL02397](#): Resolutions from BSC Panel Meeting regarding Defaulting Party Emexconsult Ltd

[EL02396](#): Correction: Decrease in the Credit Assessment Price (CAP) to £33/MWh from Tuesday 5 April 2016

[EL02395](#): Planned National Grid BM Outage delayed until Thursday 17 March 2016

[EL02394](#): Decrease in the Credit Assessment Price (CAP) to £33/MWh from Monday 4 April 2016

[EL02393](#): Planned BSC Agent downtime impacting REMIT and Transparency pages on BMRS on 9-10 March 2016

Circulars are published in the [News](#) section of the ELEXON website.

Upcoming meetings and events

22 March - [Imbalance Settlement Group](#)

22 March - [Software Technical Advisory Group](#)

31 March - [Performance Assurance Board](#)

5 April - [Supplier Volume Allocation Group](#)

7 April - [Trading Disputes Committee](#)



If you have any feedback on Newscast or any of our other publications, please email communications@elexon.co.uk

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