



Highlights: Q3_{15/16} (Oct-Dec)

Annual Strategic Review Activities

Annual Performance Assurance Report: The PAB approved the Annual Performance Assurance Report in August 2015. No update for this quarter on this topic.

Risk Review: The Risk Operating Plan (ROP) 2016/17 was approved by the PAB to be issued for industry consultation

P1: Delivery of Core BSC Services

Mod process review and review of BSC Document architecture: These pieces of work have been combined under a single review.

Improvements relating to Trading Disputes and MVRN processes: Changes to BSCP11 'Trading Disputes' and BSCP71 'Submission of ECVNs and MVRNs' arising from the DA618 lessons learned exercise were implemented in the November 2015 Release.

DA686 review: A Modification 'Extending the Dispute Deadline for Settlement Errors at the Post-Final Settlement Run' has been drafted for submission to the January Panel.

The remaining changes require two CPs ('Automating elements of the Post-Final Settlement Run process' and 'Automating validation of volume outputs during Settlement Runs'). Work is being done internally to assess possible solutions to these (the validation automation solution requires further investigation), and the CPs have been batched to be raised together.

BSC Website Review and Improvements: Bid evaluation for the new web service provider, including hosting and maintenance for our four websites (ELEXON, intranet, EMRS and Careers) has been completed.

Support to Ofgem Review of Code Governance: Ofgem set out its initial proposals for revising code governance in an open letter on 23 November 2015. ELEXON attended a workshop of code administrators hosted by Ofgem on 2 December to explore potential quick wins and improvements to working practices. ELEXON also responded to Ofgem's open letter providing detailed comments on Ofgem's proposals.

P269 review: A lessons learnt exercise has been completed. A temporary workaround has been put in place and other areas for improvement identified and actioned.

P2: Addressing Known Settlement Issues

Credit rules amendments: P306 was implemented in the November 2015 release. The Panel agreed a 10-month extension to the P308 Assessment Procedure in December 2015.

PAF Focus – Commissioning / CT Ratios and Proving Tests: A second Technical Assurance (TAPAP) check on the implementation of Modification P283 was completed and findings presented to the PAB. The check showed that 52% of LDSO Metering Equipment checked had not been Commissioned and 49% of MOA Metering Equipment checked had not been Commissioned on the date of the check. All parties were checked, MOA/LDSO/Supplier had non-compliances and 16 EFR plans have been requested.

Review LLF processes: Two system upgrades have been progressed: development is complete on an upgrade to allow a simple Excel file format to be used by IDNOs; systems will be amended in June 2016 to allow incremental changes without a full D0265 submission.

P3: Efficiency & Committee Communications

BSC Panel Governance (stage 1): The BSC Panel agreed the approach to implementing the recommendations arising from stage one of the review.

Review DTN data as a source for PARMS: We presented a progress report to the December PAB focussing on the accuracy of Site Technical Details (D0215).

Analysis was conducted on proving test success/failure rates on behalf of an industry workgroup.

Reporting was produced on missing HH MTDs. This relates to the PARMS Serial HM12 that is used to monitor top Settlement Risk SR0025.

Streamline risk processes: P319 'Removal of annual RMP review from PAF' was implemented in the November 2015 Release.

BSC Agent Services Re-procurement (AS-IS+): An update was provided to the Panel in November notifying them of contract award to CGI for the provision of Application Management, Development and Business Process Operate and Hosting services for the periods commencing 1 August 2016 and 1 April 2017 respectively, until 31 March 2020.

The update also informed the Panel of the improved infrastructure via transition to a new data centre, annual cost savings that have been achieved and further potential cost reductions.

P4: Addressing Evolving Settlement Risks

PAF Focus – Change of Measurement Class: The PAB approved 28 out of 29 Supplier Migration Plans with one Supplier being put into the Error & Failure Resolution process.

P5: Drivers for Change - Future Settlement Design & Development

EBSCR – P305: P305 was implemented in the November 2015 Release. At the time of implementation there was defect in the SVAA software affecting the P300 solution. The defect was corrected ahead of the Initial Information run and there was no impact on Settlement or Trading Parties.

P323 'Enabling inclusion and treatment of SBR in the Imbalance Price': P328 was raised as an Urgent Modification in November 2015. It proposed to amend the definitions of Supplemental Balancing Reserve (SBR) and SBR Action in the BSC as modified by P323 'Enabling inclusion and treatment of SBR in the Imbalance Price' in order to align the definitions with those in C16 Licence Statements: Balancing Services Adjustment Data (BSAD) and System Management Action Flagging (SMAF) Methodology Statements.

P323 and P328 were implemented in the November 2015 Release.

CMA support: ELEXON has provided information to the CMA on:

- the costs for settling all customers HH without smart metering being in place
- Industry code governance and code administration
- the implications of adapting the current settlement profiles to facilitate innovative tariff offerings to non-smart metered customers

ELEXON also responded to the CMA's consultation on the methodology and scenarios to be used in assessment of one of its proposed remedies and a new cost-benefit analysis for the introduction of zonal pricing for transmission losses.

Co-ordination with Smart Metering roll out: Regular ongoing meetings with SEC Panel chairman. DECC published decision on moving back DCC Go –live dates: DCC Go Live is in two phases: Release 1.2 - July 2016 and Release 1.3 – September 2016. ELEXON highlighted interactions with the SRAG work on improving half hourly settlement.

P300 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes': P300 was implemented in the November 2015 Release. Three significant post-implementation issues were identified:

- Missing Half Hourly data in the Midlands (_E) GSP Group for 5 November 2015 Settlement Final (SF) Run
- Missing Aggregated DUoS Report (D0030) flows
- Delayed DUoS Report (D0030) flows

Fixes have been identified and implemented for each of the issues.

HH Settlement for PC 5-8 P272 (Implementation): All supplier migration plans (SMPs) have been approved by the PAB and suppliers are now submitting updates to the PAB on a monthly basis to report their progress against SMPs.

Reporting on Profile Classes 5-8 Metering Systems after the implementation of P272 – P320: To facilitate P320 and support P322, the PAB approved the creation of a new report, driven by ECOES data. This report will help ELEXON to understand the migration pattern of the Profile Class 5-8 sites to Half Hourly, to compare to the information submitted by each Supplier during the migration window. Reporting will be in place for January 2016.

P272/P300 consequential changes: P272-related CPs were implemented in the November 2015 Release.

Dynamic Switching of Smart Meters: CP1440: Exempting Metering Systems in Measurement Class F from proving tests was implemented in the November 2015 Release.

SRAG: The SRAG met for the third and fourth times in November 2015 and January 2016. ELEXON presented its HH elective settlement models to the third SRAG meeting in November 2015. The SRAG provided positive feedback on the models and agreed with the approach to simplifying the existing HH settlement processes for smart meters. The SRAG also agreed with ELEXON's updated analysis on the impact of spill on settlement and that, to improve accuracy, mandating the registration and settlement of export would be required.

Smarter Markets/Settlement Reform: Both DECC and Ofgem representatives attended the SRAG and are very interested in the improvement work we are proposing to HH settlement. We have been in constant dialogue with Ofgem and DECC on HH settlement, explaining how it can be implemented, aspects of a possible design and answering questions on SRAG's work.

Demand side flexibility: There has been no further work or output from Ofgem on Demand Side Flexibility since its strategy paper on Demand Side Flexibility, published in late September 2015. ELEXON met with Ofgem to discuss its thinking and offer support.

Change of Supplier, next day switching and data quality: The cross-code working group (the Address Data Working Group – ADWG) has delivered a report to Ofgem on remedies to address data quality issues. The report considers potential solutions in the context of the 'Centralised Registration System' which Ofgem is

proposing as part of its Next Day Switching programme. The report's recommendations will feed into the reliable next day switching project. This work is complete and good feedback received from Ofgem.

Ofgem published the draft terms of reference for the Reliable Next Day Switching working groups and steering group in November 2015.

Smart grids: The Smart Grid Forum met in October 2015 to consider the recommendations in the WS6 final report. The report recommended prioritisation of the actions identified by WS6, focusing particularly on the promotion of HH settlement and improving markets for increased flexibility (storage, embedded generation and DSR). ELEXON has reviewed the recommendations in detail to assess their interaction with the work of the SRAG.

EU Developments: EU Member States approved two more European Network Codes: on Demand Connection (more usually known as the Demand Connection Code - DCC) and on Forward Capacity Allocation (FCA).

The planned ENTSO-E led Europe-wide Cost Benefit Analysis (CBA) on shortening the Imbalance Settlement Period (ISP) started in November 2015 with data gathering, which lasted until January 2016. A number of scenarios were assessed; those relevant to Great Britain (GB) were reducing from the current 30 minute ISP to 15 or 5 minutes. Because of the potential for significant impacts in GB: ELEXON, National Grid, Energy UK and Ofgem held a highly-successful joint industry workshop for GB stakeholders immediately after the data collection exercise started. There were over 75 registrants and the feedback was very positive on the value of this event (94% of those who rated, rating it as 7/10 or higher).

ACER published its requirements for web feeds from REMIT (Regulation for Energy Market Integrity and Transparency) inside information platforms in early October. As ELEXON provides the GB electricity REMIT inside information platform, this requires a BSC Modification to accommodate the new ACER requirements. This BSC Modification Proposal was raised by National Grid in November as P329.

Other Considerations

n/a

Key Matters in Next Quarter: Q4_{15/16} (Jan-Mar)

Annual Strategic Review Activities

BSC Audit, TAA and Performance Assurance Annual Reports: The Panel will be invited to set the scope and Terms of Reference for the 2016/17 BSC Audit in line with the approved Risk Operating Plan. Amended ROP (2016/17) being presented to the PAB for approval in January 2016.

BSC Strategy: The Panel will consider the BSCo Business Strategy for 2016/17 for approval in light of comments received from industry.

P1: Delivery of Core BSC Services

Code Administration Code of Practice Review: The 2016/17 CACoP review is on hold pending Ofgem's Code Governance Review.

BSC Website Review and Improvements: Transition of web services from the incumbent to the new supplier will take place from late January until 31 March 2016.

DA269 review: The permanent fix to address the defect is scheduled to be implemented in April 2016. As part of this, a CP will be progressed in early 2016 to update the SAA User Requirement Specification (URS) and revisions will be made to ELEXON's working practices to ensure that no non-Base Trading Units will have names beginning with 'DEFAULT_'.

Review of Market entry and Qualification: The review is scheduled to begin in January 2016. As an initial step, the scope of the review will be brought to the Panel for its approval.

P2: Addressing Known Settlement Issues

Post implementation review of credit mods: Findings of the post-implementation review of P306/P307/P310 are due to be presented to the Panel in February 2016.

PAF focus: commissioning /CT ratios and Proving Tests: We will continue to monitor EFR resolution plans. The PAB will confirm whether checks should be performed on a further 6 MOAs not captured in the Q3 checks.

We will determine process timescales for P283 with the P283 workgroup (MOA/LDSO/Supplier) and TAMEG and raise a CP to progress any changes required.

An Education workshop on the Commissioning process is scheduled for Feb 2016.

We will investigate establishing a Peer Comparison process for MOA/LDSO/Supplier.

Dual ratio site information will be requested from LDSOs prior to conducting TA checks.

Review of dispensations and CoP requirements: The review is scheduled to begin in January 2016. As an initial step, the scope of the review will be brought to the Panel for its approval.

Review LLF processes: Changes to working procedures have been made and resulted in a more efficient audit. An audit report will be presented to the ISG at its February meeting, and to the SVG in March.

P3: Efficiency & Committee Communications

Review DTN Data as a Source for PARMS: A further report is scheduled for March PAB. Technical Assurance checks are being considered on poor performing LDSO regards quality and completeness of D0215. Due to the complexity of DTN analysis and higher priority business operational issues in Q3 (DA771- Npower Trading Dispute) we propose pushing back start date 'Changes to PARMS' to at least Q1 2016/17.

Transformation of data and reporting (BPR) improvement programme: ELEXON has accepted the system from the service provider and will commence parallel running in February 2016 for a 3 month period.

P4: Addressing Evolving Settlement Risks

PAF focus – change of measurement class: Monitoring is in place to review monthly Supplier Migration Updates (SMU) from Jan 2016. All 28 SMUs received by due date in January.

P5: Drivers for Change - Future Settlement Design & Development

Support to Ofgem's Future Wholesale Market work: Preliminary findings are due in March 2016, to be followed by a short consultation on the findings.

Coordination with smart metering roll out: Regular ongoing meetings with SEC Panel chairman. Established regular meetings with DCC Head of Strategy and Development (Jonathan Bennett) to identify any interaction implications for BSC. We will continue to monitor developments.

Reporting on PC 5-8 Metering Systems after P272/P320 implementation: Reporting to the PAB began on a monthly basis from January 2016 using data from the ECOES database (sourced from Gemserv) to enable us to have an independent data set (alongside the Supplier Migration Plan monthly updates) to monitor the migration to HH.

SRAG: At its January meeting, it was agreed that since the SRAG had completed its work in work areas 1 (Small Scale HH Settlement barriers, data estimation and other issues), 2 (Small scale HH Settlement: Communication and guidance requirements) and 3 (Impact on Settlement of unmetered export from distributed generation), the SRAG should stand down as a Panel committee.

The SRAG's final report will be presented to the Panel in February 2016. The report will seek Panel support for ELEXON to raise the CPs that the SRAG has developed and for a BSC Party to be encouraged to raise the required BSC Modification.

Smarter Markets/Settlement Reform: SRAG's report on improvements to HH elective settlement models and the impact of spill on settlement will be presented to the February Panel. These recommendations form the basis of the first piece of work identified in Ofgem's way forward on HH settlement (see Ofgem open letter). ELEXON will continue to support this work (which is already agreed and planned for) and will provide expert support to the work on elective and mandatory HH Settlement areas. A more detailed request for ELEXON's resources is expected in February. The Ofgem open letter invites responses by 29 January 2016 and we will be drafting a response. Awaiting further publication by Ofgem on the way forward on DSF.

Change of Supplier, next day switching and data quality: ELEXON will continue to support the Business process design team, Regulatory Change and Delivery Strategy workgroups and will also attend the steering group (the External Design Advisory Group). Work will begin to ramp on all these areas with meeting in January and February 2016.

EU Developments: In relation to the CBA on shortening the Imbalance Settlement Period (ISP), our final response to the data gathering exercise was submitted in January. ELEXON is expecting to get first indications of the ENTSO-E conclusions at a public workshop in March and the draft report will be submitted to the European Commission by the end of this Quarter.

The Market European Stakeholder Committee continues to meet on a quarterly basis. This Committee is primarily concerned with sharing information on the implementation of the Market Network Codes between ACER, ENTSO-E and industry. Amongst other things, the Committee is likely to discuss Gate Closure and the interface between intraday and balancing markets at its next meeting in early February.

Other Considerations

BSCo Governance: In January the Panel approved a 5 month extension to the Assessment phase of both modifications.

Overview of Strategic Work Streams and Deliverables

P1: Delivery of Core BSC Services

RISK MITIGATION

- BSC Modification process review and review of BSC Document Architecture**
 (ELEXON Lead – Kathryn Coffin)
 Review of the BSC Modification Procedures and Modification Working Group terms of reference to ensure that the BSC defines, and ELEXON continues to deliver, good working practice. The review will also include a review of the BSC document architecture principles and Baseline Statement.
- Code Administration Code of Practice Review**
 (ELEXON Lead – Adam Lattimore)
 The Code of Practice is reviewed annually by Code Administrators. The 2015/16 review is complete and resulted in the development of a new principle regarding the co-ordination of cross-code change.
- Improvements relating to Trading Disputes and MVRN Processes**
 (ELEXON Lead – Adam Lattimore)
 Implementation of recommendations arising from the lessons learned exercise conducted following TDC and Panel consideration of DA618.
- DA686 Review**
 (Sponsor – Stuart Cotten; ELEXON Lead – Douglas Alexander)
 Lessons Learned exercise looking at issues arising in light of Trading Dispute DA686.
- BSC Website Review and Improvements**
 (ELEXON Lead – Sonia Sharma-Mishra):
 Improving the search facility and review the home page content and structure to make navigation more intuitive.
- Support to Ofgem Review of Code Governance**
 (ELEXON Lead: Adam Richardson)
 Ofgem is implementing a third review of industry code governance. ELEXON will provide information and support to Ofgem as requested in relation to this review.
- Review of P269**
 (ELEXON Lead: Chris Price)
 Modification P269 ('the flipping Mod') was implemented in February 2012. On 1 June 2015, and for the first time since implementation, a Base Trading Unit had sufficient Generation Capacity to 'flip'. Although P269 was implemented to prevent this, the Settlement Administration Agent systems had not been amended to deliver the change. A temporary solution was put in place prior to any billing runs being performed so only the Initial Information Run was impacted – ie there was no material impact on Settlement.

 ELEXON has conducted a lessons learnt exercise, led by our Design Authority team with support from across the business.
- Review of Market Entry and qualification arrangements**
 (ELEXON Lead – Nick Rubin)

The Panel has identified a need to review the current market entry and exit arrangements. The review should consider whether the current arrangements are fit for purpose, reflective of working practices and whether they encourage and enable competition within the market, particularly within the context of non-traditional business models.

P2: Addressing Known Settlement Issues

- Post Implementation Reviews of Credit Modifications**
 (Sponsor – Barbara Vest; ELEXON Lead – Roger Harris)
 ISG to undertake a six-month post implementation review of related credit Modifications to determine if they are being used and report on any positive or negative impacts.
- Credit Rules Amendments**
 (Sponsor – n/a; ELEXON Lead – Adam Lattimore)
 - P306 proposes to expand the definition of a Letter of Credit to include other financial institutions, increasing the range of providers capable of meeting the BSC requirements (Implemented Nov'14).
 - P308 proposes to introduce an alternative method for securing credit under the BSC. This product would be provided centrally, and Parties would be able to use it in place of the existing requirements to provide Credit Cover individually. (Report to Authority in early 2016, implementation likely to be early 2017).
- PAF Focus – Commissioning / CT Ratios and Proving Tests**
 (Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)
 The 2013/14 BSC Audit and TAA reports suggested that the PAB should focus its assurance activities on Commissioning (P283 was implemented in November 2014, introducing changes intended to reinforce Metering Equipment commissioning) and on CT programming and the Proving Test process. Other work in this area might encompass:
 - Establishing Peer Comparison processes;
 - A programme Technical Assurance of Performance Assurance Parties audits;
 - Education on commissioning requirements;
 - Investigating the potential for a central repository to receive, store and hold electronic version of commissioning records;
 - Review of incentives within and outside of the BSC; and
 - Carry out a specific sample of around 100 sites with dual ratio CTs.
- Review of Dispensations and CoPs**
 (Sponsor – Barbara Vest; ELEXON Lead – Nick Rubin)
 The Imbalance Settlement Group continues to be concerned by the high volume of metering

dispensations. This encompasses both new applications and requests to extend long-standing dispensations where corrective action has not been progressed. The Panel has suggested that it may be appropriate to address this issue via a review of the relevant Code of Practices to ensure that they are fit for purpose.

- Review LLF Processes**
 (Sponsor – Barbara Vest/Bob Brown; ELEXON Lead – Roger Harris)
 A review of the processes associated with Line Loss Factor Submission, Audit and Approval to ensure these operate effectively. ELEXON will develop a set of process improvement actions in conjunction with LDSOs. It is anticipated that changes may seek to reduce timescales for LLF processing in the event of sites transferring to/from CMRS and SMRS.

 ELEXON has reviewed the timescales for LLF transfers between CMRS and SMRS. A CP will be raised to include the process in BSCP128.

P3: Efficiency & Committee Communications

- BSC Panel Governance (stage 1)**
 (ELEXON Lead – Victoria Moxham)
 BSC Panel has considered improvements to BSC Panel governance. Improvements have been identified and will be progressed in consultation with industry.
- BSC Panel Governance (stage 2)**
 (ELEXON Lead – Victoria Moxham)
 Stage 2 of the Panel Governance Review will consider the appointment rules for Panel Members, Panel Committee Members and Alternate Members. The review should consider the provisions that relate to the timing of appointments and/or elections and the maximum terms of office.

 Subsequently, if appropriate, further work could also be conducted to consider the mechanics of the processes used for appointment (including the rules relating to elections and voting) and the rules underpinning the removal of members.

 There should be a breakpoint ahead of implementation of any changes to consider any impacts from P324/352 and whether any outcomes of the review are influenced by the CMA's findings.
- Review DTN Data as a Source for PARMS**
 (Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)
- Using DTN data as a source of information may lead to a reduced reporting burden on Parties and result in more consistent information if proven to be effective. Reporting will encompass areas associated with Meter Technical Details, Change of Meters, Change of Agent and Change of Supply including provision of Meter Technical Details (NHH/HH); Agent Appointments, Meter Installation flows and Meter Readings.
- Quantifying Error by Party Agent**
 (Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)

This work is linked to the analysis of DTN data as a source for PARMS in identifying poor agent performance. The work will review the Top Settlement Risks with a view to quantifying the impact of agent's actions following concerns that agents may be operating in the market without robust commercial links with the relevant Supplier.

- **Streamline Risk Processes**
(Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)
- Removing the requirement to produce Risk Management Plans for communicating the deployment of PAF techniques. (Self-governance approval received May 2015 for implementation in Nov 2015). **Transformation of data and reporting (Business Process and Reporting (BPR) Project) Improvement Programme:** (ELEXON Lead – David Jones)
Employing Data Warehouse/Business Intelligence tools we will deliver a coherent and secure reporting suite that will transform the way that ELEXON provides data and reports to industry and how we support the Performance Assurance Framework and operational reporting. It comprises multiple Phases:
 - The initial phase will only be accessed directly by ELEXON operations staff and will put in place the new platform and will be focused on a set of the key business processes (EAC/AA reporting and OSM performance reports).
 - Further phases will be determined after a period of bedding in for the solution alongside the current reporting suite. The intention will be to bring in remaining data items from across ELEXON's internal systems into the data warehouse and consider ways to extend this information securely to BSC Parties.
- **BSC Agent Services Re-procurement (AS-IS+)**
(ELEXON Lead – David Jones):
In the 2015/16 budget several million pounds was allocated for a potential system transformation project. Following engagement with the industry, we concluded that an overhaul of BSC systems is not currently required. Instead, during 2016/17 we will consolidate our central services under a single service provider.

P4: Addressing Evolving Settlement Risks

- **Review of assurance framework for Smart – PARMS/Assurance reporting/SCs**
(Sponsor – Andy Colley; ELEXON Lead – Max O'Connor)
A review of the Performance Assurance Framework to address any changes required to reflect that the introduction of Smart Metering is likely to change the impacts of underperformance in the collection of Meter Readings and the rationale underpinning the collection of Liquidated Damages via Supplier Charges. The review is scheduled to begin in July 2016.
- **PAF Focus – Change of Measurement Class**
(Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)

The 2013/14 BSC Audit and TAA reports suggested that the PAB should focus its assurance activities Change of Measurement Class; however, this focus should be phased in for 15/16 to allow for the existing processes to be reviewed (see above) in support of smart. Issue 49 'Change of Measurement Class (CoMC) process for Advanced Meters' proposed a number of changes to address the problems with the CoMC process. PAB will monitor these changes to determine if any further amendments to the Code are required. The impact of P300/P272 (and P323) will also be considered as part of this review. This will be followed by an assessment of how existing processes would need to change in the context of Smart meters.

- **Potential Issue - EMR Requirements**
(Sponsor – Bob Brown/Andy Colley; ELEXON Lead – Kathryn Coffin)
A Party Agent has raised concerns with ELEXON about the location of EMR requirements (in particular concerning whether they should be subsumed into existing BSCPs or whether a new BSCP should be developed). An issue has not yet been raised, and the solution would be dependent on the outcome of the document architecture review. It has been suggested at the PAB and the SVG that there may be issues arising with how EMR requirements are captured in BSC documentation and how such requirements might impact the BSC when they are amended. These concerns will be explored via an Issue Group and changes may arise as a result. The approach taken will take into account the output of the review of the BSC document architecture (see core services).

P5: Drivers for Change

CASHOUT AND BALANCING

- **EBSCR - P305**
(ELEXON Lead – Adam Lattimore)
Implement the conclusions to the Electricity Balancing Significant Code Review, which will put in place a single, marginal imbalance price, introduce Reserve Scarcity Pricing and introduce pricing for Demand Control actions.
- **Monitoring P305 Impacts and Review of Benefits or Issues Arising**
(Sponsor – Barbara Vest; ELEXON Lead – Nicholas Rubin)
ISG to monitor the impacts of P305 post implementation. ELEXON to provide insight into its effects using the Trading Operations Report and report on any issues arising. Also, ELEXON to work with Ofgem and National Grid to establish ongoing BAU monitoring and then support a wider review of the benefits and issues arising from the implementation of P305. Reviews should be completed annually, each spring, ahead of the November 2018 reduction in PAR value.
- **Support to Ofgem's Future Wholesale Market Work (replacing support to Ofgem's Future Trading Arrangements work)**
(ELEXON Lead – Justin Andrews)
ELEXON to provide support to Ofgem's Future Wholesale Market Work, contributing to industry-wide discussions, providing support during the

development of solutions and implementing subsequent changes.

- **P323 'Enabling inclusion and treatment of SBR in the Imbalance Price**
(ELEXON Lead – Adam Lattimore)
P323 proposes to enable the value of Supplemental Balancing Reserve (SBR) to be included in the imbalance price calculation without affecting Balancing Mechanism (BM) cash flows.
- **CMA Support**
(ELEXON Lead – Adam Richardson)
Provision of data and information to CMA as requested in support of its ongoing investigation.

Following the publication of the CMA's final findings, ELEXON will assess the final remedies before prioritising actions and determining an appropriate set of work streams to progress the CMA's findings.

SMART

- **Coordination with Smart Metering Roll-Out**
(Sponsor – Andy Colley; ELEXON Lead – David Jones)
Liaison with DECC and Ofgem to ensure ELEXON remains appropriately co-ordinated with the Smart Metering roll-out and the work being progressed by the Data Communications Company and the Smart Energy Code Administration Service.
- **New Measurement Classes – P300**
(ELEXON Lead – Adam Lattimore)
New Measurement Classes for aggregated Half Hourly-settled customers (current transformer and whole current metered domestic; and whole current non-domestic markets).
- **Mandating HH Settlement – P272**
(ELEXON Lead – Adam Lattimore)
Introduction of mandatory Half Hourly Settlement for Meters in Profile Classes 5-8. An Urgent Modification (P322) was raised in light of the Authority decision to reject the proposed deferral of the P272 implementation date to April 2017.
- **Reporting on Profile Classes 5 – 8 Metering Systems after the implementation of P272 – P2320**
(ELEXON Lead – Adam Lattimore)
The implementation of P272 would require changes to the existing PARMS Serials to report any non-compliance. P272 proposes to remove the PARMS Serial reporting requirements introduced by P272 and report via a Committee report instead. Implementation timescales match those of P272.
- **P272/P300 Consequential Changes**
(ELEXON Lead – Adam Lattimore)
Development and implementation of additional changes to facilitate the smooth implementation of P272 and P300. Most (but not all) of these changes will fall under the scope of the SVG.
- **Dynamic switching for smart meters**
(ELEXON Lead – Justin Andrews)
This work is a legacy of the Profiling and Settlement Review Group (PSRG). Starting in February 2014, this eight month project identified options for process and system

changes to ensure accurate Settlement of any loads (and/or time of use registers) that are dynamically switched by means of smart or advanced Meters. In May 2015, CPs (CP1440: Exempting Metering Systems in Measurement Class F from proving tests and CP1443: Standard Settlement Configurations for smart and advanced Meters) were raised to progress the recommendations of the PSRG in relation to dynamic switching for smart meters.

- **SRAG – addressing small scale Settlement issues relating to the balancing arrangements**

(Sponsor - Andy Colley; ELEXON Lead – Justin Andrews)

The BSC Panel has established a new Panel advisory committee (the Settlement Reform Advisory Group – SRAG) to review how profiling and Settlement Processes could be modified to account for developments in the use of advanced and smart meters in the NHH market in the short (0-5 years) and medium (5-10 years) terms.

The SRAG will consider the following work areas:

- Small Scale HH Settlement barriers, data estimation and other issues
- Small scale HH Settlement: Communication and guidance requirements
- Impact on Settlement of unmetered export from distributed generation
- Supporting innovation and technology change

The SRAG will conclude its work in June 2016. Deliverables will include high level solutions which could then be progressed as BSC Modifications, Change Proposals or thought pieces to feed into the DECC Smart Implementation Programme (SMIP) or Ofgem Smarter Markets and Smart Grid Forum Work Stream 6 as appropriate.

- **Smarter Markets/Settlement Reform**
(Sponsor – Andy Colley; ELEXON Lead – Justin Andrews)

Electricity Settlement Reform is focused mainly on activities associated with the retail arrangements and Supplier energy volume allocation. The review is unconstrained by the existing systems, processes and applicable BSC Objectives and aims to deliver a vision for Settlement in 2020 that utilises the introduction of smart metering and the data and infrastructure that supports it. The work of the SRAG feeds into this workstream.

Demand Side Flexibility aims to minimise stress on Distribution Networks in peak periods by moving or reducing demand. Demand Side Flexibility has many different interested parties from Suppliers to the Grid Operator and looks to encourage customers to use energy during off-peak period rather than high demand period of time. The goal is to avoid very high demand peaks forcing increased transmission costs and requiring new power plants to be built. The work of the SRAG on how settlement could develop to support new technology and innovation interacts with this workstream.

- **Change of Supplier, next day switching and data quality**

(ELEXON Lead – Jon Spence)

The *Change of Supplier* expert group looked at the benefits that Smart will bring for a swift change of Supplier process. Change is already underway with Modification P302 (a new CoS process for smart meters – approved in June 2015 for implementation in June 2016).

In conjunction, Ofgem requested that Code Panels and Code Administrators work together to review the data quality arrangements that support the consumer switching process and report findings to Ofgem by the end of 2014. In February 2015, Ofgem consulted on a Target Operating Model to support moving to reliable next-day switching. Expert groups are being held, to which ELEXON is contributing its expertise. A dual fuel address data workgroup has been set up by Ofgem, which ELEXON is chairing.

- **Smart Grids**

(Sponsor – David Lane; ELEXON Lead – Justin Andrews)

Smart Grids are looking at measures to tackle the near future physical constraints of the capacity and production of electricity in GB encompassing different ways to distribute electricity more effectively to customers throughout the Distribution Network. It also looks at the future low carbon technologies, changes in loads and generation on the networks. ELEXON is supporting this work through Ofgem's Work stream 6 (Smart Grid Forum).

EUROPE

- **EU Developments**

(Sponsor – Barbara Vest/Peter Bolitho; ELEXON Lead – Steve Wilkin)

The Capacity Allocation and Congestion Management (CACM) Network Code became law on 14 August 2015. It includes provisions for reviewing and amending the geographical boundaries of Bidding Zones. If such a review led to Great Britain being split into multiple Bidding Zones ('market splitting') there would be a significant impact on the BSC and BSC Systems.

Other European Network Codes (especially the Electricity Balancing Network Code) will be further developed and the GB market will need to assess what their implementation will mean for our arrangements, as these European Codes take precedence over our national codes and arrangements. The Balancing Network Code may be live as early as 2016 with implementation phased over six years (or less).

The potential for balancing resources to be effectively shared between European countries can enhance security of supply and reduce cost; hence there is a strong rationale for developing cross border balancing markets. The European Balancing Network Code will ensure that the correct framework will be put in place for this to happen. This Code will probably have a significant impact on the BSC.

Project TERRE is a pilot project between (currently) 8 TSOs of Western Europe, including National Grid for GB, to develop a regional balancing mechanism, as will be required under

the forthcoming European Electricity Balancing Network Code. The milestone shown is the scheduled go-live in spring 2017. Any balancing mechanism involving GB will need to interface with, at least, the BSC calculation of imbalance prices. It is therefore likely that a BSC Modification will be needed to enable the BSC to support this implementation date.

- **NEW: SRAG – ELEXON's assignment/delegation**

(ELEXON Lead – Adam Richardson)

The European Network Code makes TSOs responsible for imbalance settlement. Some of the tasks and obligations can be assigned to ELEXON (by Ofgem) or delegated by the TSO to ELEXON. This assignment and/or delegation must be in place in time for when the network code comes into force. ELEXON will work with Ofgem and National Grid to facilitate this process.

Other Considerations

- **BSCCo Governance**

(ELEXON Lead – Victoria Moxham)

The BSC Panel and BSCCo Board have considered improvements to BSCCo governance in light of the Knight Report with the aim of agreeing a joint view and for any improvements to be then progressed in consultation with industry.

Modification Proposals P324 and P325 which propose changes to ELEXON's governance arrangements are being progressed in parallel.

Annual Strategic Review Activities

- **BSC Audit, TAA and Performance Assurance Annual Reports**

(Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)

Annual Reports setting out the findings of the Performance Assurance Framework and pointing towards matters for future consideration.

- **Review Risks**

(Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)

Annual review of Settlement Risks undertaken by PAB using agreed Risk Evaluation Methodology in light of Audit, TAA and Assurance Report s. Output is a revised Risk Evaluation Register.

- **Review Actions**

(Sponsor – Andy Colley; ELEXON Lead – Douglas Alexander)

Annual review of planned activities and application of Performance Assurance Techniques to mitigate key risk areas in light of most recent Settlement Risk evaluation. Review delegated to PAB by Panel. Output is the Risk Operating Plan.

- **Review BSC Strategy**

(Sponsor – Michael Gibbons; ELEXON Lead – Victoria Moxham)

The BSC Strategy is approved for circulation by the Panel in December and finalised by the Panel, in view of industry comments received, in February/March each year.

- **Annual BSC Meeting**
(Sponsor – Michael Gibbons; ELEXON Lead – Victoria Moxham)
The Annual BSC Meeting is held in July each year. The Annual BSC Report (and associated

documents) looking back on the last financial year is tabled at the meeting. Questions may be put to the BSC Panel and the ELEXON Board. BSC Parties may request that the Panel vote to remove ELEXON Board members which they

believe have not been appointed in accordance with the BSC.