

Phase

Initial Written Assessment

[Definition Procedure](#)[Assessment Procedure](#)[Report Phase](#)[Implementation](#)

Introducing BSC arrangements to facilitate an electricity market sandbox

To enable the Balancing and Settlement Code (BSC) Panel the ability to grant derogation of BSC obligations to participants of ELEXON's electricity market sandbox.

ELEXON recommends:



- Raise the attached Modification Proposal
- Progress the Modification Proposal to the Assessment Procedure for an assessment by a Workgroup

This Modification is expected to impact:

- BSC Panel
- BSC Parties
- Party Agents
- Non-BSC Parties
- ELEXON

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About This Document

This document is a recommendation to the Panel, by ELEXON, to raise a Modification Proposal (Attachment A) in accordance with [Section F2.1.1\(d\)\(i\)](#). If the Panel agree to raise the Modification Proposal, this document will form its Initial Written Assessment (IWA) and the Proposal Form will be updated and published on the ELEXON Website.

ELEXON will present the Modification Proposal to the Panel on **9 November 2017** and ask the Panel to consider its recommendations and decide whether to raise the Modification Proposal and how to progress it.

There are two parts to this document:

- This is the main document. It provides details of the Modification Proposal, an assessment of the potential impacts and a recommendation of how the Modification should progress, including the Workgroup's proposed membership and Terms of Reference.
- Attachment A contains the Modification Proposal Form.

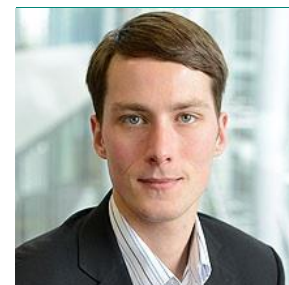


Contact

Lawrence Jones

020 7380 4118

Lawrence.jones@elexon.co.uk



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1 Why Change?

Background

The Panel at its meeting on 12 October 2017 noted that the BSC does not have an electricity market sandbox or derogation process ([Panel Paper 271/04](#)). ELEXON believes the absence of an electricity market sandbox and process hinders the development and trialling of innovations within the electricity market. The Panel noted that ELEXON would request the Panel raise a Modification Proposal to introduce a sandbox and derogation process into the BSC at its November 2017 meeting.

Existing sandboxes

Ofgem

Ofgem launched its [Innovation Link](#) in December 2016. It provides fast, frank feedback to help innovators understand the regulatory implications of their business propositions. As part of this initiative, Ofgem have established a [regulatory sandbox](#).

Ofgem's regulatory sandbox is designed to allow 'innovators to trial innovative business propositions that will benefit consumers without incurring all of the usual regulatory requirements. Business propositions that are deemed eligible for sandbox support will receive bespoke guidance to help address regulatory barriers; innovators will be able to rely on the guidance for a defined period of time.'

Ofgem's remit for its regulatory sandbox does not extend to the BSC. In its latest [sandbox application round](#) on 2 October 2017, Ofgem called for other industry bodies to adopt sandbox approaches to removing barriers.

Ofgem's regulatory sandbox has four eligibility criteria (innovation, consumer benefit, background research, and need for support). From its first sandbox round Ofgem is currently in discussions with four innovators to grant regulatory sandbox access. The ideas put forward include, peer-to-peer local energy trading platforms and trialling an innovative tariff supported by smart home technology.

Financial Conduct Authority (FCA)

Additionally, the FCA started operating a Regulatory sandbox in June 2016. The FCA have found after the first year of operating their sandbox that it has reduced time and cost of getting innovations to market and helped facilitate access to finance. The FCA's sandbox offers guarantees of non-enforcement in place of derogations, and restricted authorisation in place of reduced market access requirements (which could be a type of requested derogation).

BSC Panel Powers

The BSC requires the Panel to conduct its business under the Code with a view of achieving specific Panel objectives¹. These include ensuring the provisions of the BSC are given effect: fully, promptly, fairly, economically, efficiently, transparently and in such a



What is a sandbox?

A sandbox is a term most often used in software development or computer security management. For example, it may refer to a testing environment that isolates untested code changes and outright experimentation from the production environment or repository. In computer security, a sandbox is a security mechanism for separating running programs, usually in an effort to mitigate system failures or software vulnerabilities from spreading.

However, in a regulatory or code environment it means a time limited exemption or derogation from particular rules or obligations to achieve specific aims, subject to given criteria and process.

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¹ BSC section B 1.2.1

manner as will promote effective competition in the generation, supply, sale and purchase of electricity.

The Panel fulfils a number of functions to meet these objectives, which includes ensuring that the BSC is given effect, according to its terms, and ensuring that BSC Parties comply with the BSC provisions, acting as an appeals body in some instances and determining values for trading parameters to be applied in the BSC.

The Panel has also established Panel Committees, which carry out functions on its behalf. For example, the Imbalance Settlement Group (ISG) is responsible for overseeing the operation of the Imbalance Settlement processes and systems in the Central Volume Allocation (CVA) Market.

Whilst all BSC Parties must comply with the BSC, currently some obligations may be waived or met in a different way than that envisaged by the BSC. For example, the Metering Dispensation process, detailed in [Section L](#) of the BSC, allows Registrants of Metering Systems to apply for a Metering Dispensation if the associated Metering Equipment will not or does not comply with the applicable Code of Practice (a BSC Code Subsidiary Document). If granted, the Metering Dispensation allows the Registrant to deviate from the requirements in the relevant Code of Practice.

Similarly, where a Party wishes to register a Balancing Mechanism (BM) Unit that does not meet the conditions required by BSC Section K, the responsible Party can apply to the Panel (delegated to the ISG) for an exemption from these conditions. This type of BM Unit application is referred to as a non-standard BM Unit application. Where granted, it allows the Party to derogate from the Standard BM Unit requirements.

What is the issue?

Under the current BSC framework, provisions do not exist to enable pre-competitive or proof of concept testing for innovative products/business models in the live BSC Settlement environment.

The current BSC arrangements can pose a barrier to innovative business ideas. The BSC rules are necessary for the robust operation of balancing and Settlement across the Total System. In order for the BSC to be enforced fairly to all Parties, all Parties are required to comply with the rules. However, small projects with little or no impact on Settlement might find the full BSC uneconomic to comply with for a proof of concept trial.

Currently, the only option open to participants, looking to test new ways of doing things under the BSC, is to raise a BSC Modification (with the exception of the limited derogation options already facilitated within the BSC arrangements, such as the Metering Dispensations and non-standard BM Unit applications processes).

Progressing Modifications would likely be more resource intensive for both industry and ELEXON given the prescribed BSC Change process and associated governance. The BSC Change Process was not designed for the trialing of new products or business ideas. These governance constraints limit the ability to trial in the live environment and evaluate the benefits that innovative projects may deliver. For the avoidance of doubt, the issue is not the current BSC Change process, which should remain unchanged and unaffected by this Modification.

Increasingly, market participants that have not acceded to the BSC arrangements wish to have the ability to test new ways of working to allow them to establish whether it is economically viable and efficient for them to become a full part of the BSC framework.



What is derogation?

Derogation is an exemption from or relaxation of a rule or law. It does not replace the rule or law and is often time bound.



What is a pre-competitive?

Pre-competitive is a term used to describe the early stages of development of a commercial idea or product. It often results from or is research and has collaboration across different companies.

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ELEXON have already been approached by companies interested in electric vehicle charging solutions, peer to peer trading platforms and local community energy schemes who are finding barriers in the BSC.

The BSC should be able to accommodate the trialling of innovative concepts and technological advances that could subsequently be incorporated into the BSC framework. A new process is needed so that an individual BSC Party, class of Party, or non-BSC party can be exempted from specific BSC obligations to trial innovative products or ideas to test or prove the new product or idea for a fixed period of time.

Appendix 2 contains examples of areas where a sandbox approach could benefit product development. We note that the benefits realised from an electricity market sandbox are constrained by the ability of the applicant to comply with, or be granted derogation from, other relevant industry codes and regulations.

Proposed solution

The Modification Proposal suggests that industry participants should have the ability to request derogation from certain BSC obligations in order to test and develop innovative products/business models in the live Settlement environment. This derogation should be overseen by the BSC Panel and should be subject to a set of criteria that the applicant must meet for derogation to be granted.

The electricity market sandbox is not intended to replicate or replace the BSC Change process or any of the work conducted as part of that process. It is intended to facilitate the kind of small scale testing typical of pre-competitive product design and evaluation.

This Modification Proposal would add provisions for the Panel to grant temporary derogations from existing BSC obligations upon the successful application through the electricity market sandbox process (or otherwise if determined by the Workgroup). Derogations would only be granted where the BSC Panel has determined that:-

- the product is innovative and could deliver benefit to consumers/the electricity system, perhaps by reference to the Applicable BSC Objectives;
- the current BSC arrangements act as a barrier to testing the product by preventing it from being used in the live Settlement environment in order to prove industry benefits; and
- the derogation would have no material impact on operation of balancing or Settlement or on other Parties to the Code unless by prior agreement, e.g. in some commercial arrangement/partnership with another party.

ELEXON would facilitate the electricity market sandbox and associated governance processes. Before the application window, ELEXON would work with industry participants to provide bespoke advice on the BSC and determine whether derogation was necessary and appropriate.

The sandbox process would be instigated upon receipt of an application from an industry participant, as part of an application round. ELEXON would offer guidance and support to the applicant to specify which rules required derogation, for how long, and any other restrictions such as limitations on participant numbers and geographical area that may be relevant. Following the completion of the application, the derogation request would be submitted to the BSC Panel for decision. This process will likely require ELEXON to conduct a risk and impact assessment for each application.

Only BSC Parties are required to comply with the BSC and therefore only BSC Parties can be granted BSC derogation. The solution intends to allow non-BSC Parties to accede to the BSC to participate in the electricity market sandbox. In this sense non-BSC Parties can be thought of as prospective BSC Parties.

The solution is a document-only change. Appendix 3 includes a high-level strawman process for the sandbox.

Currently, businesses amend their working practices on a frequent basis to either remain compliant with the BSC obligations, or to accede to the BSC. This should continue to happen and is important in ensuring the BSC obligations are followed across the industry.

Applicable BSC Objectives

We believe this Modification would better facilitate Applicable BSC Objectives (c) and (d) compared with the existing baseline for the reasons set out below:

Proposer views against Objective (c)

This Modification would have a positive impact on competition in the generation and supply of electricity. By enabling innovative businesses to test their new products and ways of working, the Modification makes it possible to introduce more disruptions to the existing ways of doing business. Greater numbers of firms offering alternative solutions to providing consumers with electricity contributes to the competitive market.

Proposer views against Objective (d)

This Modification would have a positive impact on efficiency in the implementation of the balancing and Settlement arrangements. By negating the need for future Modifications to enable small scale product tests with no material impact on the rest of the industry, ELEXON and industry resource can be focussed elsewhere. Additionally, if enduring Modifications should become necessary following a successful trial, more information about the solution and any impacts will be known in advance, facilitating a more efficient Modification process.

Implementation approach

Industry participants are already finding barriers to their business models in the BSC. This Modification should be progressed and implemented as quickly as practical, with appropriate regard to the scope of the Modification.

Implementation requires a change to the BSC (document only change), and development of ELEXON processes to progress applications through the sandbox.

We suggest the Workgroup should recommend the implementation approach. ELEXON is open to this Modification being implemented as part of a scheduled BSC release or as an ad-hoc release.



What are the Applicable BSC Objectives?

(a) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System

(c) Promoting effective competition in the generation and supply of electricity and (so far as consistent therewith) promoting such competition in the sale and purchase of electricity

(d) Promoting efficiency in the implementation of the balancing and settlement arrangements

(e) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency [for the Co-operation of Energy Regulators]

(f) Implementing and administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

(g) Compliance with the Transmission Losses Principle

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3 Areas to Consider

In this section we highlight areas which we believe the Panel should consider when making its decision on how to progress this Modification Proposal, and which a Workgroup should consider as part of its assessment. We recommend that the areas below form the basis of a Workgroup's Terms of Reference, supplemented with any further areas specified by the Panel.

Criteria

The Workgroup should consider whether a pre-requisite for participating in the electricity market sandbox process is entry into the Ofgem regulatory sandbox. If a party is in Ofgem's sandbox it suggests that the idea is something Ofgem believe could be beneficial to industry. This approach could ensure effort is spent on projects that have wider support.

One of the Panel's objectives in Section B1.2.1(c) requires the Panel to ensure 'that the Code is given effect without undue discrimination between Parties or classes of Party'. When considering the application criteria, the Workgroup should consider how the process can ensure undue discrimination is not given.

At the moment the intention is that anyone could participate in the electricity market sandbox, including non-BSC Parties, National Grid and even ELEXON. However, the Workgroup should evaluate who should be able to participate.

Process

The application process will need to be developed. This should include how a participant should exit the electricity market sandbox and what the monitoring and reporting requirements of participants should be. For example, in order to provide benefits to the wider industry should participants be required to report publically on the project (e.g. at agreed milestones and on lessons learnt), and if so, at what frequency. We believe a register of successful applicants should be maintained on the ELEXON Website. The current solution envisages application rounds. These could be focused on a particular topic or open to all.

In developing the legal text, consideration should be given as to whether the Panel's existing powers to raise Modification Proposals will be sufficient, should they want to raise a Modification as a result of a sandbox project.

Implementation

Normally BSC changes are implemented as part of a BSC scheduled release. The relationship between the electricity market sandbox and Ofgem's sandbox process and principles should be established to ensure that they complement each other and work together efficiently as far as possible.

In addition to taking account of the points above we suggest that it would be appropriate for the Workgroup to consider the following in order to develop the solution:

- the conditions the Panel should consider when determining whether to grant derogation;

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- what should the scope of derogations and conditions in the BSC be?
- who can apply for derogation;
- what process, if any, applicants need to go through prior to formally requesting derogations;
- how to ensure the processes and derogated projects are transparent to industry;
- how to manage and limit risk to Settlement, the BSC and other industry participants of derogated projects;
- the role ELEXON has in supporting derogation requests; and
- the transitional process from tested/proved derogated projects to full BSC accession and compliance.

The table below summarises the areas we believe a Modification Workgroup should consider as part of its assessment of this Modification Proposal:

Areas to Consider
What conditions, principles or criteria should the Panel consider when determining whether to grant derogation?
What should the scope of derogations and conditions in the BSC be?
Who should be able to participate in the electricity market sandbox?
What process, if any, should applicants go through prior to formally requesting derogation?
How should the solution ensure the processes and derogated projects are transparent to industry?
How should the risk to Settlement, the BSC and other industry participants of derogated projects be managed and mitigated?
What role should ELEXON have in supporting derogation requests?
How should the transitional process from tested/proved derogated projects to a new permanent baseline be handled?
What changes are needed to BSC documents, systems and processes to support this Modification Proposal and what are the related costs and lead times?
Are there any Alternative Modifications?
Should this Modification Proposal be progressed as a Self-Governance Modification?
Does this Modification Proposal better facilitate the Applicable BSC Objectives than the current baseline?

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4 Proposed Progression

Next steps

We recommend that this Modification Proposal is progressed to a five month Assessment Procedure for consideration by a Workgroup. For rationale behind this recommendation, please see the timetable section below.

Self-Governance

We recommend that this Modification should **not** be considered to be suitable for Self-Governance on the basis it is likely to have a material impact on the Code's governance procedures (Self-Governance criterion (v)). Further, it will indirectly (by virtue of what it would enable) impact existing or future electricity consumers, competition and matters relating to sustainable development, safety or security of supply, or the management of the market (Self-Governance criteria (i), (ii) and (iv)).

Workgroup membership

We recommend that the Workgroup comprise of participants who have expertise or experience in the following areas:

- BSC governance; and
- Ofgem's sandbox and/or innovations to which the BSC rules currently present barriers.

Timetable

We recommend that this Modification Proposal undergoes a five month Assessment procedure, with the Assessment Report being presented to the Panel at its meeting on **12 April 2018**. However, the scope of derogation provisions, that the Workgroup should consider, will determine whether an extension to the Assessment Procedure will be needed, or if the Assessment Report can be brought sooner.

The proposed timetable provides for development of the solution and completion of any supporting analysis required. This includes:

- Consideration of derogation provisions;
- Consideration of other regulatory driven Modification Proposals; and
- The Christmas and New Year Period.

Currently the progression timetable assumes that a joint industry impact assessment and Assessment Procedure Consultation will be held.

The Report Phase Consultation period is currently planned for 10 Working Days, instead of the standard 15 Working Days. The consultation period has been reduced so that the Draft Modification Report can be brought to the Panel meeting after the presentation of the Assessment Report.



What is the Self-Governance Criteria?

A Modification that, if implemented:

(a) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity transmission system; and
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

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Proposed Progression Timetable for this Modification Proposal	
Event	Date
Present Initial Written Assessment to Panel	9 Nov 17
Workgroup Meeting 1	W/B 11 Dec 17
Workgroup Meeting 2	W/B 15 Jan 18
Assessment Procedure Consultation & Industry Impact Assessment	12 Feb 18 – 2 Mar 18
Workgroup Meeting 3	W/B 12 Mar 18
Present Assessment Report to Panel	12 Apr 18
Report Phase Consultation	17 Apr 18 – 30 Apr 18
Present Draft Modification Report to Panel	10 May 18
Issue Final Modification Report to Authority	17 May 18

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5 Likely Impacts

This is our initial view of the probable impacts of this Modification. The detailed impact of the Modification will be fully assessed as part of the Assessment Procedure.

Impact on BSC Parties and Party Agents

Party/Party Agent	Potential Impact
BSC Parties and Party Agents	No implementation impacts anticipated. This Modification would allow Parties and Agents to participate in the sandbox process.

Impact on Transmission Company

No implementation impacts anticipated. This Modification would allow National Grid to participate in the sandbox process.

Impact on BSCCo

Area of ELEXON	Potential Impact
ELEXON	Implement this Modification. Update internal processes to operate a sandbox service. ELEXON guidance documents and ELEXON Website will need to be updated.

Impact on BSC Systems and processes

BSC System/Process	Potential Impact
All	No implementation impacts anticipated. However, the Modification Proposal will allow participants to suggest ideas that could impact BSC systems and processes. These impacts would be considered as part of the sandbox process on a case by case basis.

Impact on BSC Agent/service provider contractual arrangements

BSC Agent/service provider contract	Potential Impact
All	No implementation impacts anticipated. However, the Modification Proposal will allow participants to suggest ideas that could impact BSC Agents. These impacts would be considered as part of the sandbox process on a case by case basis.

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Impact on Code	
Code Section	Potential Impact
Section B and / or Section H	The BSC will need to be updated to allow the Panel to grant derogations and for participants to partake in the sandbox process.

Impact on Code Subsidiary Documents	
CSD	Potential Impact
All	None identified.

Impact on other Configurable Items	
Configurable Item	Potential Impact
All	None identified.

Impact on Core Industry Documents and other documents	
Document	Potential Impact
Ancillary Services Agreements	None identified.
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Distribution Connection and Use of System Agreement	
Grid Code	
Master Registration Agreement	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

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Impact on a Significant Code Review (SCR) or other significant industry change projects

We do not believe this Modification will impact the two open SCRs:

- Electricity Settlement Reform
- Targeted Charging Review

We request that this Modification be exempt from the Significant Code Review process.

Ofgem was notified that this Modification was to be raised on 23 October 2017 and that it was ELEXON's view that this Modification should be a SCR Exempt Modification Proposal.

Impact on Consumers

Day to day operation of balancing and Settlement will be unaffected, so there will be no direct impact on consumers. However, consumers are expected to benefit from the development of the electricity system and the greater choice that will be provided to them by enabling new and innovative products and services.

Impact on the Environment

Day to day operation of balancing and Settlement will be unaffected, so there will be no direct impact on the environment. However, new technologies could be enabled which encourage more efficient usage of electricity systems, therefore the environment could indirectly benefit.

Other Impacts

Item impacted	Potential Impact
Non-BSC Parties	Non-BSC parties will be able to participate in ELEXON's sandbox (by becoming derogated BSC Parties).

6 Recommendations

We invite the Panel to:

- **RAISE** the Modification Proposal in Attachment A (in accordance with F2.1.1(d)(i));
- **APPOINT** the Proposer's representative for the Modification;
- **AGREE** that Modification Proposal progresses to the Assessment Procedure;
- **AGREE** the proposed Assessment Procedure timetable;
- **AGREE** the proposed membership for the Workgroup; and
- **AGREE** the Workgroup's Terms of Reference.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronym	
Acronym	Definition
BM	Balancing Mechanism
BSC	Balancing and Settlement Code
BSCCo	BSC Company
CSD	Code Subsidiary Document
CVA	Central Volume Allocation
DSO	Distribution System Operator
DSR	Demand Side Response
FCA	Financial Conduct Authority
HHDC	Half Hourly Data Collector
ISG	Imbalance Settlement Group
IWA	Initial Written Assessment
PV	Photovoltaics
SCR	Significant Code Review
SMETs	Smart Metering Equipment Technical Specifications
SVA	Supplier Volume Allocation

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2, 4	BSC Sections	https://www.elexon.co.uk/bsc-and-codes/balancing-settlement-code/bsc-sections/
3	Paper presented to Panel on an electricity market sandbox (Paper 271/04)	https://www.elexon.co.uk/meeting/bsc-panel-270/
3	Ofgem's Innovation Link	https://www.ofgem.gov.uk/about-us/how-we-engage/innovation-link
3	Ofgem's regulatory sandbox	https://www.ofgem.gov.uk/publications-and-updates/update-regulatory-sandbox

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External Links		
Page(s)	Description	URL
3	Ofgem's sandbox application round	https://www.ofgem.gov.uk/publications-and-updates/regulatory-sandbox-2-calling-expressions-interest

Appendix 2: Examples of areas that could benefit from a sandbox

ELEXON has identified a number of current issues with the BSC. Some of these are being addressed through the BSC Change process. The electricity market sandbox is not intended to replicate or replace the BSC Change process or any of the work conducted as part of that process. It is intended to facilitate the kind of small scale testing typical of pre-competitive product design and evaluation. The table below identifies a number of areas where a sandbox approach could benefit product development.

Potential BSC Constraints that could benefit from a sandbox	
BSC Constraint	Potential Adverse Impact on Innovators
All flows on and off the Total System must be metered and allocated to a BSC Party (even if they relate to exempt supplies not involving a BSC Party).	Peer to peer trading cannot be settled correctly. For example, suppose customer 1 wants to sell their excess PV generation to nearby customer 2 (making use of the Class A supply licence exemption), with customer 2 buying any additional 'top-up' supply from a licensed Supplier. This would require the privately supplied power to be netted off customer 2's meter readings (for purposes of settlement and supplier billing), but the BSC does not allow this.
BSC rules for metered and unmetered supply are sufficiently restrictive that certain measuring devices don't fall into either category, and cannot be settled.	Adverse impact on EV charging projects, with products having to be changed in potentially undesirable ways to ensure they can be settled.
The BSC allows Supplier imbalance positions to be adjusted for National Grid balancing actions, but not DSO balancing actions.	Adverse impact on DSO balancing markets, with balancing actions taken by a customer causing windfall profits or losses for their Supplier.
BSC does not support metering on private networks (except in limited situations e.g. difference metering).	May hinder access to balancing markets for battery storage and DSR aggregators.
BSC requires that complex sites have a single HHDC, which is not possible for combinations of SMETs and CVA metering	Community energy schemes wanting to use complex aggregation rules to facilitate local P2P trading can't, depending on the combination of metering points.
SVA system requirements for new market entrants	This can make product testing uneconomic without partnering with an existing supplier (with market entry requiring significant time and financial expense, even to test with only a few customers).

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Appendix 3: High-level strawman sandbox process

Potential electricity market sandbox Process	
Step 1	Application round opens, alongside published guidance on who should apply, what criteria are used to assess the applications and how to submit an application.
Step 2	Applicant applies, submits information.
Step 3	Application assessed based on criteria.
Step 4	Application rejected or accepted and applicant informed. For accepted projects, initial assessment made on potential changes to become BSC compliant without diluting product.
Step 5	Applicant provided with specialist advice, relevant to the product. Further determination on whether derogation is necessary and appropriate.
Step 6	Request made to BSC Panel for derogation.
Step 7	Derogation accepted or rejected. For accepted derogations, project proceeds according to derogation agreement.
Step 8	Project ends. If successful, determine arrangements for enduring solution (i.e. Change Proposal/Modification, or updated business model).

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