

## BSC Modification Proposal Form

At what stage is this document in the process?

# P387

## Mod Title: Allowing email communications for the BSC Panel Elections process

01

Modification

02

Workgroup Report

03

Draft Modification Report

04

Final Modification Report

### Purpose of Modification:

The current Balancing and Settlement Code (BSC) [Panel Elections](#) process, as outlined in [BSC Section B 'The Panel'](#), is in need of improvement. ELEXON is required to issue nomination and voting letters as hard copies via post or fax and voting parties are required to submit nominations and votes in the same manner. This process is time-consuming, costly, environmentally wasteful and is out of date with modern technology. The necessity to correspond by post or fax places more burden that would otherwise be necessary on the BSCCo and on Trading Parties. This Modification Proposal proposes to amend [BSC Section H 'General'](#) 9.2.5 to allow BSC Panel Election notices, nomination and voting papers to be transmitted via email or such other methods of communication as determined by the BSC Panel from time to time.



The Proposer recommends that this Modification should:

- be raised by the Panel in accordance with the provisions of BSC Section F 2.1.1(d)(i)
- be treated as a Self-Governance Modification Proposal
- be sent directly into the Report Phase

This Modification Proposal will be presented by the Proposer to the BSC Panel on *9 May 2019*. The Panel will consider the Proposer's recommendation and determine how best to progress the Modification.



High Impact:

None



Medium Impact:

None



Low Impact:

Trading Parties and ELEXON as the Balancing and Settlement Code Company (BSCCo)

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<b>Timetable</b>		
<b>The Proposer recommends the following timetable:</b>		
Initial Written Assessment presented to Panel	9 May 2019	
Report Phase Consultation (15 Working Days)	13 May 2019 – 3 June 2019	
Draft Modification Report presented to Panel	13 June 2019	
Final Modification Report published	17 June 2019	
Self-Governance Appeal Window (15 Working Days)	13 June 2019 – 3 July 2019	
Implementation Date	7 November 2019 (November 2019 BSC Release)	

 Any questions?

Contact:  
*Adam Musgrave*

  
[adam.musgrave@elexon.co.uk](mailto:adam.musgrave@elexon.co.uk)

 020 7380 4107

Proposer:  
*BSC Panel*

  
[PanelSecretary@elexon.co.uk](mailto:PanelSecretary@elexon.co.uk)

 020 7380 4293

# 1 Summary

## Background

The BSC Panel plays an important role in helping to ensure that the provisions of the BSC are given effect. It must do so promptly, fairly, economically, efficiently, transparently and in such a manner as will promote effective competition in the generation, supply, sale and purchase of electricity. It assesses Modification Proposals against a defined set of criteria laid out in the Transmission Licence held by National Grid Electricity System Operator (NGESO), determines trading parameters and ensures that BSC Parties comply with the BSC rules.

The BSC Panel consists of:

- A Panel Chairman;
- Up to five persons (Industry Panel Members) appointed by BSC Trading Parties via an election;
- Up to two Panel Members appointed by the Citizens Advice / Citizens Advice Scotland;
- A Panel Member appointed by the National Electricity Transmission System Operator (NETSO);
- Two independent Panel Members appointed by the Panel Chairman; and
- A further Industry Panel Member (if necessary) appointed by the Panel Chairman.

With the exception of the Panel Chairman, Panel Members are appointed for a period of two years (the current Panel Members are serving a term from 1 October 2018 to 30 September 2020). It is the responsibility of ELEXON as the BSCCo to administer the election and appointment of members to the BSC Panel as stated in [BSC Section B 'The Panel'](#) Annex B-2.

The BSC Panel Election Process takes place between June and September every two years. Each BSC Trading Party / trading party group on 20 June of the year of the election may nominate one candidate to stand for election as a BSC Panel Member. Each voting Party may also submit a voting paper for each Energy Account (Production and Consumption) that it holds.

## Issue

As stated in [BSC Section H 'General'](#) 9.2.5, the provisions in relation to any notice or other communications to be sent by one party to another by email do not apply for the BSC Panel Elections process. Therefore, all nomination and voting papers and Panel Elections Notices must be sent as hard paper copies either in person or by post / fax, creating a very time-consuming process involving great paper wastage and unnecessary costs. There are multiple stages throughout the BSC Panel Elections process where both ELEXON and eligible voting parties must send numerous papers and documents in paper format. This extended and antiquated method should be updated to meet modern electronic communication methods, improving the efficiency of the process and making the process easier for BSC Parties to participate in.

## What is the proposed solution?

This Modification will amend the wording of BSC Section H 9.2.5 to allow both ELEXON and all eligible Trading Parties to submit nomination / voting papers, as well as other communications, via email in addition to the standard options of post or fax for the BSC Panel Elections process. Other efficient communication methods could be used if the BSC Panel decides to approve them.

## 2 Governance

### Justification for proposed progression

This proposed Modification will remove the current constraint to post and fax on the Panel election communications methods. Due to the straightforward nature of this Modification and as the proposed solution is self-evident, we believe that this Modification should be sent directly into the Report Phase. Any assessment by a Workgroup during the Assessment Phase would provide no further benefit in this case. The proposed solution is already fully developed and the proposed changes to the BSC can be found in Attachment B of the Initial Written Assessment.

### Justification for Self-Governance

We believe this proposed Modification should progress under Self-Governance arrangements as the solution does not materially impact the Self-Governance Criteria. It will provide efficiencies in the communication methods used for the Panel election process and is of a minor nature.

### Requested Next Steps

This Modification should be:

- a Self-Governance Modification Proposal
- sent directly into the Report Phase

It is desirable that this Modification is implemented in good time before the next BSC Panel Election process which will take place between June 2020 and September 2020. Therefore, we are recommending an Implementation Date of 7 November 2019 as part of the scheduled [November 2019 BSC Release](#).

## 3 Why Change?

### What is the issue?

The most pressing issue is the time-consuming nature of the Panel Elections process which requires numerous Working Days of effort for both voting Parties and ELEXON to complete and manage effectively. The effort and time ELEXON and Trading Parties spend using post / fax is not resource efficient which could be mitigated by the use of email. The current process of requiring communication via fax or post for the panel election process could be acting as a potential barrier for participation and is unnecessary in today's age where electronic communication is well established and trusted.

As both Trading Parties and ELEXON are obligated by the BSC to send papers and notices via post or fax, a very large amount of paper is used and unnecessary delays are caused throughout each stage of the Panel Elections process. This was seen last year where postage cost of around 800 letters was approximately £560 for both the nomination and voting stages. The paper cost on top of this was around £181.

## 4 Code Specific Matters

### Technical Skillsets

As we propose that this Modification progresses directly to the Report Phase, there will be no need to convene a Workgroup to develop a solution. However, if the Panel does determine that this Modification be sent to the Assessment Phase, we suggest the Workgroup has an appreciation and specific understanding of:

- The BSC Panel Elections process

### Reference Documents

- [BSC Section B 'The Panel'](#)
- [BSC Section H 'General'](#)
- [BSC Panel Elections Guidance](#)
- [Voting Share Register](#)

## 5 Solution

### Proposed Solution

This Modification proposes to allow the provisions relating to email in BSC Section H 9.2 to apply to the BSC Panel Elections process. This would allow all notices and papers sent during the BSC Panel Election process to be sent via email, as well as via the standard options of post or fax. A designated email address for Panel Elections already exists but all eligible Trading Parties would need to be made aware of this new email option.

Enabling email communications will benefit all Trading Parties involved in the BSC Panel Elections process due to its more efficient and cost-effective nature than bulk-posting of election materials. ELEXON will also benefit from the implementation of this Modification as the speed of communications and the receipt of nominations and votes will greatly increase. Voting Trading Parties will benefit from being able to more easily participate in the voting process (if they are not constrained to communicating with ELEXON by post or fax).

Electronic copies of all communications would automatically be saved on the ELEXON system, making the vote counting process more efficient and streamlined. This would greatly reduce the number of Working Days of effort required from ELEXON to administer the Panel Elections process.

We have also stated in the draft legal text that the BSC Panel may, at its discretion, approve the use of other forms of communication to allow for future innovation, which could further streamline the BSC Panel Elections process. At the time of writing, ELEXON's intention is to use email and there are no other plans for alternative electronic methods to be used.

## 6 Impacts & Other Considerations

### Impacts

Changes will be required to BSC Section H to deliver this Modification Proposal. When the BSC Panel Elections 2020 Guidance Note is written, it will need to conclude the changes detailed in this Modification Proposal if approved by the BSC Panel.

ELEXON will be required to implement the new legal text, but there will not be any impact on BSC Central Systems.

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This Modification is not linked to, or impacts any SCR, and we believe it should be treated as an SCR Exempt Modification.

### Consumer Impacts

The day to day operation of Balancing and Settlement would remain unaffected so there would be no direct impact to consumers.

### Environmental Impacts

The solution to this Modification should positively affect the environment as it provides both Trading Parties and ELEXON with the option of sending information electronically via email, greatly reducing the amount of Working Days of effort required and paper that is used during the Panel Election process.

## 7 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the NGEESO of the obligations imposed upon it by the Transmission Licence	Neutral
(b) The efficient, economic and co-ordinated operation of the National Electricity Transmission System	Neutral
(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	Neutral
(d) Promoting efficiency in the implementation of the balancing and settlement arrangements	<b>Positive</b>
(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]	Neutral
(f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral
(g) Compliance with the Transmission Losses Principle	Neutral

### Applicable BSC Objective (d)

By allowing effective communication electronically between ELEXON and all voting parties, greater cost and time-efficiency will be achieved.

## 8 Implementation Approach

It is recommended that this proposal is implemented on 7 November 2019 as part of the scheduled November 2019 BSC Release. This ensures that this Modification is implemented in good time before the next BSC Panel Election period which will take place from 20 June 2020 to mid-September 2020. It will also ensure that both ELEXON and all parties involved in the Panel Elections process are made aware and prepared in plenty of time for the changes that this Modification entails.

## 9 Legal Text

The legal text required to give effect to this Modification Proposal can be found in Attachment B to the Initial Written Assessment.

## 10 Recommendations

### Proposer's Recommendation to the BSC Panel

The BSC Panel is invited to:

- **RAISE** this proposal in accordance with Section F2.1.1(d)(i);
- **AGREE** an initial view that this proposal be progressed as a Self-Governance Modification; and
- **AGREE** that this Modification be sent directly into the Report Phase.