P409 'Aligning BMRS Reporting Requirements with the Clean Energy Package'

P409 will amend the BSC legal text to align with the working practice of publishing certain balancing information within 30 minutes after the end of the Settlement Period and consequently ensure we remain compliant with the Clean Energy Package'

This Report Phase Consultation for P409 closes:

5pm on **Monday 29 June**

The Panel may not be able to consider late responses.

The BSC Panel initially recommends **approval** of P409

This Modification is expected to impact:

- ELEXON as the Balancing and Settlement Company (BSCCo)

ELEXON

Phase

- Initial Written Assessment
- Definition Procedure
- Assessment Procedure
- Report Phase
- Implementation

© ELEXON Limited 2020

Contents

1 Summary 3
2 Why Change? 4
3 Solution 6
4 Impacts & Costs 7
5 Implementation 9
6 Panel's Initial Discussions 10
7 Recommendations 11
Appendix 1: Glossary & References 12

About This Document

This is the P409 Draft Modification Report, which ELEXON is issuing for industry consultation on the BSC Panel's behalf. It contains the Panel's provisional recommendations on P409. The Panel will consider all consultation responses at its meeting on 09 July 2020, when it will agree a final recommendation to the Authority on whether or not the change should be made.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. Attachment A contains the P409 Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for P409.
- Attachment C contains the specific questions on which the Panel seeks your views. Please use this form to provide your responses to these questions, and to record any further views/comments you wish the Panel to consider.

Contact

Insert name

020 7380 4201

BSC.change@elexon.co.uk

Craig.murray@elexon.co.uk

© ELEXON Limited 2020

1 Summary

What is the issue?

The Clean Energy Package requires the current system balance, estimated imbalance prices and the estimated balancing energy prices to be published no later than 30 minutes after delivery. ELEXON is currently operationally compliant with this requirement, however Section V requires it to be published within 45 minutes. This has the potential to create ambiguity for industry, therefore Section V should be updated to ensure the BSC is aligned with the regulation and current working practice.

What is the proposed solution?

Update Section V 2.3.3(b) to align with the Regulation, changing the publication deadline for indicative data for a Settlement Period from 45 minutes to 30 minutes from the end of the Settlement Period.

There will be no practical impact on the Balancing Mechanism Reporting Agent (BMRA) systems or service provider contract, as they are currently working within a 30 minute deadline according to Service Level Agreements (SLA) in the BMRA Service Description (SD) and User Requirement Specifications (URS).

Impacts

This Modification is not expected to have any impact on BSC Systems or Parties as indicative data is already published within the 30 minute timescale being introduced to BSC Section V. Data publication requirements will remain the same in practice due to requirements in the BMRA URS and SD.

Implementation

As this is a document only update to the BSC, the Proposer believes this should be implemented on 5 November 2020 as part of the November 2020 BSC Release to ensure alignment with the Regulation as soon as possible.

Recommendation

As this Modification is of a minor nature, self-evident and with no operational impacts, the Panel agreed with the Proposer that P409 should progresses straight to Report Phase as a **Self-Governance Modification**. The Panel also initially agreed with the Proposer that P409 better facilitates Applicable BSC Objective (e) and should therefore be **approved**.

© ELEXON Limited 2020

2 Why Change?

What is the issue?

As part of the Clean Energy Package, Article 6(13) of REGULATION (EU) 2019/943 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 5 June 2019 on the internal market for electricity ('the Regulation') requires that 'Transmission system operators or their delegated operators shall publish, as close to real time as possible but with a delay after delivery of no more than 30 minutes, the current system balance of their scheduling areas, the estimated imbalance prices and the estimated balancing energy prices'.

The relevant BSC requirement to publish this data is found in BSC Section V 2.3.3(b). The current BSC Section V 2.3.3(b) text requires that 'indicative data', which includes the information listed in Article 6(13) of the Regulation is published within 45 minutes of the end of the Settlement Period.

ELEXON's systems are currently compliant with the requirement in the Regulation in practice, however BSC Section V is not aligned and therefore introduces a lack of clarity for market participants. Section V 'Reporting' (2.3.3(b)) of the BSC is misaligned to both the Regulation and ELEXON's system functionality, requiring that these items are published within 45 minutes. Therefore Section V should be updated to ensure the BSC is aligned with the Regulation.

Background

Balancing Mechanism Reporting Service

The Balancing Mechanism Reporting Service (BMRS) is the main open source of operational data for electricity balancing and Settlement arrangements. It is used by traders, regulators, industry forecasting teams and academics to make trading decisions, and understand market dynamics (among other things).

The operational data published on BMRS includes:

- System Prices;
- Current System Balancing;
- Imbalance Prices;
- Balancing Energy Prices;
- System warnings; and
- Bid/Offer data.

This data is published within 30 minutes of the end of the Imbalance Settlement Period to ensure anyone using the service has access to data as close to real time as possible.

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 administrating 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

© ELEXON Limited 2020

Clean Energy Package

The EU Clean Energy for all Europeans Package (Clean Energy Package) was completed in May 2019. This is a comprehensive update of the EU's energy policy framework to facilitate the transition away from fossil fuels towards cleaner energy and to deliver on the EU's Paris Agreement commitments for reducing greenhouse gas emissions. The Clean Energy Package seeks to increase the stability, competitiveness and sustainability of energy networks throughout Europe. The Package consists of numerous communications, preparatory documents, reports and non-legislative initiatives. The eight main legislative files are:

- Energy Performance of Buildings Directive (EU) 2018/844;
- Renewable Energy Directive (EU) 2018/2001;
- Energy Efficiency Directive (EU) 2018/2002;
- Governance of the Energy Union and Climate Action Regulation (EU) 2018/1999;
- Electricity Regulation (EU) 2019/943;
- Electricity Directive (EU) 2019/944;
- Regulation on Risk-Preparedness in the Electricity Sector (EU) 2019/941; and
- Regulation on the European Union Agency for the Cooperation of Energy Regulators (EU) 2019/942

The legislation relevant to P409, Electricity Regulation (EU) 2019/943, became effective on 1 January 2020 and BSCCo is working with the Department for Business, Energy and Industrial Strategy, Ofgem and National Grid ESO to ensure full compliance against the Regulation.

What are bids and offers?

The Balancing Mechanism allows BSC Parties (if they wish) to submit offers to sell energy (by increasing generation or decreasing consumption) to the system and bids to buy energy (by decreasing generation or increasing consumption) from the system, at prices of the BSC Party's choosing. National Grid ESO accepts bids and offers as required to balance the electricity on the transmission system.

© ELEXON Limited 2020

3 Solution

Proposed solution

Update Section V 2.3.3(b) to align with the Regulation, changing the publication deadline for indicative data for a Settlement Period to 30 minutes from the end of the Settlement Period.

BSCCo have already established that there will be no practical impact on the BMRA systems or service provider contract, as they are currently working within a 30 minute deadline according to SLAs in the BMRA SD and URS.

The deadline in the BMRA URS and SD is variable and depends on the length of the Continuous Acceptance Duration Limit (CADL), specified as CADL plus 15 minutes. This means that if CADL were to become longer than 15 minutes the system requirements would no longer require publication within 30 minutes. Updating the BSC will ensure publication is required within 30 minutes, even if CADL were extended (as it is an amendable parameter which can be updated via consultation).

Report Phase Consultation Question
Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P409?
The Panel invites you to give your views using the response form in Attachment C

.

What is the Continuous Acceptance Duration Limit (CADL)?

CADL is the minimum length of time an acceptance of a bid/offer must have been made for in order for it to count towards the imbalance price. It is published on the ELEXON Portal and is currently defined as 10 minutes.

© ELEXON Limited 2020

4 Impacts & Costs

This is a document-only Modification and we have not identified any impacts on Parties or Market Participants, but seek confirmation of this via this consultation.

There are no central system impacts as they already operate in compliance with the requirements in the Regulation.

We estimate the costs of implementing P409 as a document-only change to be approximately £360.

Impact on BSCCo	
Area of ELEXON	Potential Impact
Market Analysis	Minor changes required to internal documents to effect alignment.

Impact on BSC Settlement Risks
No impacts on BSC Settlement Risks are expected.

Impact on BSC Systems and processes	
BSC System/Process	Potential Impact
Balancing Mechanism Reporting Service	No impact as this data is already being reported as per the Clean Energy Package requirements.

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Potential Impact
Balancing Mechanism Reporting Agent	No impact as the BMRA is already operating to a 30 minute contractual arrangement.

Impact on Code	
Code Section	Potential Impact
BSC Section V 'Reporting'	Changes required to implement the solution to this Modification.

Impact on a Significant Code Review (SCR) or other significant industry change projects
No impacts on SCRs identified – ELEXON requested Ofgem treat this Modification as an SCR Exempt Modification on 7 May 2020. Ofgem confirmed P409 is exempt on 1 June 2020.

Impact on Consumers
We do not expect this Modification to directly impact Consumers

© ELEXON Limited 2020

Impact on the Environment
We do not expect this Modification to directly impact the environment.

Report Phase Consultation Questions
Will P409 impact your organisation?
Will your organisation incur any costs in implementing P409?
How long (from the point of approval) would you need to implement P409?
The Panel invites you to give your views using the response form in Attachment C

© ELEXON Limited 2020

5 Implementation

Recommended Implementation Date

The Panel agreed with the Proposer and recommends an Implementation Date for P409 of 05 November 2020 as part of the November 2020 BSC Release. This is the next available scheduled release.

Report Phase Consultation Question
Do you agree with the Panel's recommended Implementation Date?
The Panel invites you to give your views using the response form in Attachment C

© ELEXON Limited 2020

6 Panel's Initial Discussions

Summary

The P409 Initial Written Assessment was presented to the Panel at its meeting on 11 June 2020, having been deferred from the Panel meeting on 14 May 2020 due to the late running of the Panel.

The Panel submitted P409 straight to the Report Phase because it believed the solution is self-evident.

The Panel initially agrees with the Proposer that this Modification better facilitates Applicable BSC Objective (e), as it maintains BSC alignment with the Regulation, and is neutral against any other Applicable BSC Objectives

The Panel initially believes P409 should be treated as a Self-Governance Modification Proposal because it does not impact the Self-Governance criteria as there will be no change in the data published.

The Panel agreed with all recommendations presented.

The Panel made no other comments on P409.

Report Phase Consultation Questions
Do you agree with the Panel's initial unanimous recommendation that P409 should be approved?
Do you agree with the Panel's initial view that P409 should be treated as a Self-Governance Modification?
The Panel invites you to give your views using the response form in Attachment C

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 administrating 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

© ELEXON Limited 2020

7 Recommendations

The BSC Panel initially recommends:

- That P409 does better facilitate BSC Objective (e);
- That P409 should be **approved;**
- That P409 should be treated as a **Self-Governance** Modification;
- An Implementation Date for P409 of **05 November 20**20 as part of the November 2020 BSC Release; and
- The draft BSC legal text for P409.

© ELEXON Limited 2020

Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BSCCo	Balancing and Settlement Company (ELEXON)
BMRA	Balancing Mechanism Reporting Agent
BMRS	Balancing Mechanism Reporting Service
IWA	Initial Written Assessment
SCR	Significant Code Review
SD	Service Description
SLA	Service Level Agreement
URS	User Requirement Specification

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
3	BSC Section V 'Reporting'	https://www.elexon.co.uk/the-bsc/bsc-section-v-reporting/
3	Clean Energy Package	https://ec.europa.eu/energy/topics/energy-strategy/clean-energy-all-europeans_en
3	REGULATION (EU) 2019/943 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 5 June 2019 on the internal market for electricity	https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R0943&from=EN
5	Balancing Mechanism Reporting Service	https://www.bmreports.com/bmrs/
6	Paris Climate Agreement	https://ec.europa.eu/clima/policies/international/negotiations/paris_en

© ELEXON Limited 2020