










BSC Modification Proposal Form		At what stage is this document in the process?
<h1>Switching off Participant-Reported PARMS Serials</h1>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b></p> <p>This Modification would cease the operation of, and remove the obligations associated with, participant-reported Performance Assurance Reporting and Monitoring System (PARMS) Serials and associated Supplier Charges.</p>		
<p><b>Does this Modification impact any of the European Electricity Balancing Guideline (EBGL) Article 18 Terms and Conditions held within the BSC?</b></p> <p><input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>		
	<p>Elxon recommends that this Modification should:</p> <ul style="list-style-type: none"> <li>be raised by the Panel in accordance with provisions of Section F2.1.1(d)(vi)</li> <li>not be a Self-Governance Modification Proposal</li> <li>be sent directly into the Report Phase</li> </ul> <p>This Modification will be presented by the Proposer's representative to the BSC Panel on 11 November 2021. The Panel will consider whether to raise the Modification in accordance with BSC Section D2.1.1(d)(vi) and determine how best to progress the Modification.</p>	
	<p>High Impact:</p> <p>N/A</p>	
	<p>Medium Impact:</p> <p>Suppliers, Half Hourly Data Collectors (HHDCs), Non Half Hourly Data Collectors (NHHDCs), CVA Meter Operator Agents (MOAs), Elxon</p>	
	<p>Low Impact:</p> <p>N/A</p>	

Contents		 <b>Any questions?</b>
<b>1 Why Change?</b>	<b>3</b>	Contact: <i>Craig Murray</i>
<b>2 Solution</b>	<b>6</b>	 <i>craig.murray@elexon.co.uk</i>
<b>3 Relevant Objectives</b>	<b>7</b>	 020 7380 4201
<b>4 Potential Impacts</b>	<b>8</b>	
<b>5 Governance</b>	<b>10</b>	Proposer: <i>BSC Panel</i>
Timetable		Proposer's representative:
<b>The Proposer recommends the following timetable:</b>		  
Report Phase Consultation	16 November 2021 - 30 November 2021	
Draft Modification Report presented to Panel	09 December 2021	
Final Modification Report submitted to Authority	14 December 2021	

# 1 Why Change?

## What is the issue?

### Summary

The cost of reporting and processing participant-reported PARMS serials is thought to be disproportionate to the benefits provided. Evidence suggests the data that is reported is of limited value and has inherent weaknesses. Moreover, there are other Performance Assurance Techniques (PATs) that can be used to manage the associated Settlement Risks more effectively (e.g. the new Risk Dashboards). Therefore, the continued provision of PARMS data by industry participants may not be justified.

### Further information

Through collaboration with industry via the [Issue 69 'The Performance Assurance Framework Review'](#) workgroup and the Performance Assurance Board (PAB), it was concluded that some participant-reported aspects of the PARMS Serials are not adding sufficient value to justify their continued operation. The issue identified through this collaborative work with industry was that a number of the PARMS Serials currently in place are costly for Market Participants to support and these costs (approx. 10 Full-time equivalent (FTE) per annum) are disproportionate to the value of the assurance provided by these same PARMS Serials.

It was also noted that given the anticipated changes to our Assurance Framework and data driven by the transition to [Market-Wide Half Hourly Settlement](#) (MHHS) and the [Retail Energy Code](#) (REC), the Assurance framework is changing and thus removing these participant reported PARMS Serials is considered an incremental step towards the future Assurance state under the BSC.

One work stream of the PAF review focused on the provision and use of data under the PAF, proposed a recommended approach to future data provision under the PAF. One area identified for improvement was in the provision of data under the PARMS technique. The PAF review project delivered a recommendations report in respect of Data Provision ([PAB234/12](#)). The PAB approved Elexon's recommendation which was to cease participant reported PARMS Serials excluding SP04 (Installation of Half Hourly (HH) Metering).

### July 2021 PAB Meeting

A potential Change Proposal (CP) was presented to the PAB at its meeting in July 2021 ([PAB246/13](#)). The CP was seeking to deliver the recommendation described above (i.e. to cease participant-reported PARMS Serials excluding SP04). A member of the PAB highlighted that leaving SP04 in place would mandate Suppliers to submit Data Provider Information (DPI) files containing only the SP04 Serial, even if they did not have any mandatory HH metering. As such, they asked whether the solution could be amended to also cease SP04.

Another member disagreed with this, noting that they would be happy for it to be turned off once all current transformer (CT) metering had moved to HH Settlement. The PAB Member's rationale was that the original intent of leaving SP04 in place was on the basis that it could be repurposed to help monitor and provide assurance over the transition of Metering Systems to HH as part of MHHS. Given the differing viewpoints, the Chair put the inclusion of SP04 to a vote. The PAB subsequently voted by majority to include SP04 in the solution on the condition that this did not impact implementation

timescales for the change. Elexon agreed to investigate the impacts of including SP04 and to report this back to the PAB.

This analysis determined that also removing SP04 as part of the change would require the amendment of the following Sections of the BSC:

- [Section S 'Supplier Volume Allocation'](#);
- [Section S, Annex S-1 'Performance Levels and Supplier Charges'](#); and
- [Section X, Annex X-1 'General Glossary'](#).

As such, it would need to be progressed as a Modification rather than as a CP. Inclusion of SP04 in the solution would also require the inclusion of SP01 'Delivery of Routine Performance Monitoring Reports' as it would no longer serve any functional purpose.

## Supplier Charges

In Elexon's analysis of the removal of SP01 and SP04, it considered the impact this change would have on Supplier Charges. SP01 and SP04 are two of the three Serials that account for Supplier Charges, and if these are ceased the Supplier Charges associated with the Serials will also be ceased. The following analysis is based on the last six months before Supplier Charges were ceased as part of [P406 'Temporary Disapplication of Supplier Charge Serials SP08 and SP04 due to Covid-19'](#) – June to November 2019.

The impact of removing SP04 on Supplier Charges is expected to be negligible. On average, each month there was a total of £9.75m of total, uncapped Supplier Charges incurred. Of this total, ~£11,300 was a direct result of SP04 charges, or 0.11%.

While the SP01 charge is currently temporarily multiplied by £0 thanks to [P393 Disapplication of Supplier Charge SP01](#) there is no immediate impact of ceasing SP01 charges. However the longer term impact of removing SP01 is more significant. This is the charge incurred when participants are late in making their submissions. Of the approximately £9.75m of Supplier Charges historically incurred per month, roughly £9.3m is attributed to SP01 charges. SP01 is the charge incurred when participants are late in making their submissions, and its purpose is to encourage the submission of PARMS data. Through discussion with industry (via Issue 69), the majority of PAB members determined there is no clear evidence that the data provided via these Serials generates any tangible benefit in relation to incentivising industry performance.

Moreover, if SP04 and SP01 charges are removed, the only remaining Supplier Charges will be SP08 – that is charges coupled to actual Settlement performance (Non Half Hourly (SP08a), Half Hourly for 100kW Metering Systems (SP08b), and Half Hourly for non-mandatory 100kW Metering Systems (SP08c). For these Serials, a Party performing below the expected 97/99% standards get charged. Total charges for SP08 work out to be approximately £400k per month. Though historically there has been an average total of £9.75m in Supplier Charges per month, this is capped, and only £725k of charges are actually levied. Many supporters of Supplier Charges agree their effectiveness is restricted by this capping process. If only SP08 charges are used, two key benefits can be realised:

- Increased focus on improving performance
  - The only way for a Party to reduce their charges is to improve Settlement performance, meaning it will be easier to place further emphasis on this. Currently, the SP08 charges are 'lost' amongst the total charges, meaning actual Settlement Performance has very little impact on a Party's Supplier Charges

- Total Supplier Charges (after capping) will be reduced by around 40%. This is a significant amount, but it allows Supplier Charges to be fully transparent going forward.

## Desired outcomes

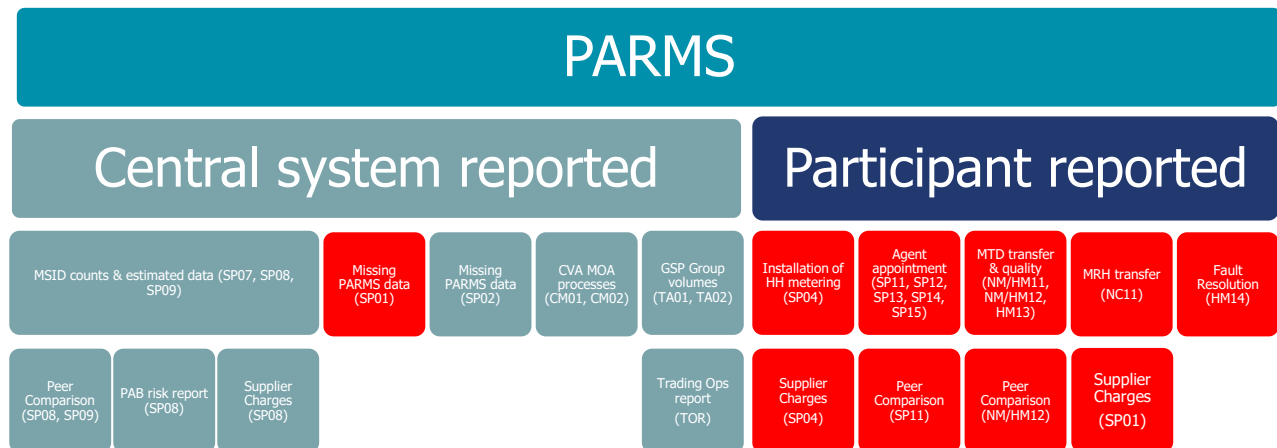
This Modification should amend the BSC and the relevant Code Subsidiary Documents (CSDs) to cease the operation of, and remove the obligations associated with, participant-reported PARMS Serials. The Modification should be implemented on 30 June 2022 as part of the standard June 2022 BSC Release.

## 2 Solution

### Proposed Solution

This Modification will remove the requirement for Data Collectors (DCs) and CVA Meter Operator Agents (MOAs) to submit the impacted PARMS Serials. Suppliers will no longer be required to ensure that their Agents submit this data. Suppliers will no longer be required to submit a DPI file.

The solution will remove all obligations relating to the Serials highlighted in red within this diagram.



The solution will also amend the PARMS system to ensure that it is able to continue to operate as intended once Market Participants cease providing data against those highlighted Serials. The PARMS system will need to continue to operate as centrally reported PARMS Serials will continue to operate as per the diagram above. Please note that if this Modification is approved and implemented, SP01 will also be ceased as it will no longer serve any function.

This will be achieved by amending the relevant Sections of the BSC and Code Subsidiary Documents to remove all references to the impacted Serials.

### Benefits

As part of the PAF Review project, industry and PAB engagement was undertaken and it was found that - across the various industry participants, the cost of reporting PARMS was found to cost industry approximately 10 FTE per year ([PAB234/12](#)). These costs fall directly on Market Participants, though Elexon also incurs costs by maintaining the Serials and processing the data albeit to a lesser extent.

As in the previous section, this Modification is also expected to provide benefits in relation to Supplier Charges, where the only Charges left are related to SP08:

As this Modification removes obligations on BSC Parties and Party Agents, it is anticipated it will result in a net benefit to Market Participants following the implementation in terms of cost saved.

### 3 Relevant Objectives

Impact of the Modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) The efficient discharge by the Transmission Company 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

This Modification will positively impact Applicable BSC Objective (d) as BSCCo will no longer be required to process data that, per the PAF Review's conclusions, does not generate benefits equivalent or greater than the associated costs. It will also reduce the reporting burden on Supplier and their Agents.

## 4 Potential Impacts

### Impacts on Core Industry Documents

Impacted Core Industry Documents			
<input type="checkbox"/> Ancillary Services Document	<input type="checkbox"/> Connection and Use of System Code	<input type="checkbox"/> Data Transfer Services Agreement	<input type="checkbox"/> Use of Interconnector Agreement
<input type="checkbox"/> Master Registration Agreement	<input type="checkbox"/> Distribution Connection and Use of System Agreement	<input type="checkbox"/> System Operator Transmission Owner Code	<input type="checkbox"/> Supplemental Agreements
<input type="checkbox"/> Distribution Code	<input type="checkbox"/> Grid Code	<input type="checkbox"/> Transmission License	<input type="checkbox"/> Other (please specify)

No impacts on Core Industry Documents identified.

### Impacts on BSC Systems

Impacted Systems				
<input type="checkbox"/> CRA	<input type="checkbox"/> CDCA	<input checked="" type="checkbox"/> PARMS	<input type="checkbox"/> SAA	<input type="checkbox"/> BMRS
<input type="checkbox"/> EAC/AA	<input type="checkbox"/> FAA	<input type="checkbox"/> TAAMT	<input type="checkbox"/> NHHDA	<input type="checkbox"/> SVAA
<input type="checkbox"/> ECVA	<input type="checkbox"/> ECVA Web Service	<input type="checkbox"/> Elexon Portal	<input type="checkbox"/> Other (Please specify)	

PARMS systems will require amendment to end date relevant Serials. This impact is expected to be between £20k - £30k.

### Impacts on BSC Parties

Impacted Parties			
<input checked="" type="checkbox"/> Supplier	<input type="checkbox"/> Interconnector User	<input type="checkbox"/> Non Physical Trader	<input type="checkbox"/> Generator
<input type="checkbox"/> Licensed Distribution System Operator	<input type="checkbox"/> National Electricity Transmission System Operator	<input type="checkbox"/> Virtual Lead Party	<input checked="" type="checkbox"/> Other (Supplier Agents: HHDCs, NHHDCs, MOAs)

Suppliers and their BSC Party Agents are expected to incur minor costs where they need to update systems, processes or resource allocation on the basis that the data previously provided to support the participant reported PARMS Serials will no longer be required. These implementation costs are anticipated to be offset by the cost saving of not having to support the delivery of these reports on an enduring basis.



## Impacts on consumers and the environment

Impact of the Modification on consumer benefit areas:	
Consumer benefit area	Identified impact
Improved safety and reliability	Neutral
No impact on safety and reliability is expected as a result of this Modification	
Lower bills than would otherwise be the case	<b>Positive</b>
As noted, this Modification is expected to reduce the reporting burden on Suppliers and their Agents by approximately 10 FTE per year. These savings may be passed through to consumers.	
Reduced environmental damage	Neutral
This Modification is not expected to significantly reduce environmental damage.	
Improved quality of service	Neutral
No impact on quality of service is expected as a result of this Modification	
Benefits for society as a whole	Neutral
Beyond the cost savings associated with this Modification, no impact on benefits for society as a whole are expected.	

## Legal Text Changes

This Modification requires amendments to be made to:

- [BSC Section S 'Supplier Volume Allocation'](#);
- [BSC Section S, Annex S-1 'Performance Levels and Supplier Charges'](#);
- [BSC Section X, Annex X-1 'General Glossary'](#);
- [BSCP533 'PARMS Data Provision, Reporting and Publication of Peer Comparison Data'](#);
- [BSCP533, Appendix A 'PARMS Data Provider File Formats'](#);
- [BSCP533, Appendix B 'PARMS Calculation Guidelines'](#);
- [Supplier Volume Allocation Data Catalogue 1](#)

Draft legal text can be found in Attachment A

## 5 Governance

### Self-Governance

<input checked="" type="checkbox"/> <b>Not Self-Governance</b> – A Modification that, if implemented:	
<input type="checkbox"/> materially impacts the Code's governance or modification procedures	<input type="checkbox"/> materially impacts sustainable development, safety or security of supply, or management of market or network emergencies
<input checked="" type="checkbox"/> materially impacts competition	<input type="checkbox"/> materially impacts existing or future electricity consumers
<input type="checkbox"/> materially impacts the operation of national electricity Transmission System	<input type="checkbox"/> is likely to discriminate between different classes of Parties
<input type="checkbox"/> involves any amendments to the EBGL Article 18 Terms and Conditions related to Balancing; except to the extent required to correct an error or as a result of a factual change	
<input type="checkbox"/> <b>Self-Governance</b> – A Modification that, if implemented:	
Does not materially impact on any of the Self-Governance criteria provided above	

This Modification should not be progressed as Self-Governance as it will make permanent those derogations related to SP04 introduced by [P406 'Temporary disapplication of Supplier Charge Serials SP08 and SP04 due to Covid-19', impacting the redistribution of funds](#) and thus will have impacts on competition.

### Progression route

<input type="checkbox"/> <b>Submit to assessment by a Workgroup</b> – A Modification Proposal which:	
does not meet any criteria to progress via any other route.	
<input checked="" type="checkbox"/> <b>Direct to Report Phase</b> – A Modification Proposal whose solution is typically:	
<input type="checkbox"/> of a minor or inconsequential nature	<input checked="" type="checkbox"/> deemed self-evident
<input type="checkbox"/> <b>Fast Track Self-Governance</b> – A Modification Proposal which meets the Self-Governance Criteria and:	
is required to correct an error in the Code as a result of a factual change including but not limited to:	
<input type="checkbox"/> updating names or addresses listed in the Code	<input type="checkbox"/> correcting minor typographical errors
<input type="checkbox"/> correcting formatting and consistency errors, such as paragraph numbering	<input type="checkbox"/> updating out of date references to other documents or paragraphs
<input type="checkbox"/> <b>Urgent</b> – A Modification Proposal which is linked to an imminent issue or current issue that if not urgently addressed may cause:	
<input type="checkbox"/> a significant commercial impact on Parties, Consumers or stakeholder(s)	<input type="checkbox"/> a Party to be in breach of any relevant legal requirements.

☐ a significant impact on the safety and security of the electricity and/or gas systems

This Modification should be progressed straight to the Report Phase as the solution has already been thoroughly assessed by industry participants. It is based on the recommendation of the PAF Review, and then endorsed by the PAB. The original recommendation was then amended to also remove SP04 per the PAB's recommendation at its meeting on 27 July 2021.

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

It is not believed that this Modification impacts an active SCR and so it is requested that it be treated as an SCR-exempt Modification Proposal.

### **Does this Modification impact any of the EBGL Article 18 Terms and Conditions held within the BSC?**

This Modification does not impact any of the EBGL Article 18 Terms and Conditions related to Balancing held within the BSC. It also does not introduce any new provisions that could be considered to constitute any of these Terms and Conditions.

### **Implementation approach**

We propose that the document and system changes are implemented on **30 June 2022** as part of the June 2022 standard BSC Release.

This is the earliest Release that this change can be implemented and therefore will realise its benefits for industry at the earliest possible time. We believe this allows sufficient time for Market Participants to amend systems and processes and will seek confirmation of this as part of the Report Phase Consultation.