

E L E X O N

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**BSC Panel 334**

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Public Slides

12 January 2023



PART I:  
MODIFICATION  
AND CHANGE  
BUSINESS  
(OPEN SESSION)

# ELEEXON

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## **Change Report and Progress of Modification Proposals**

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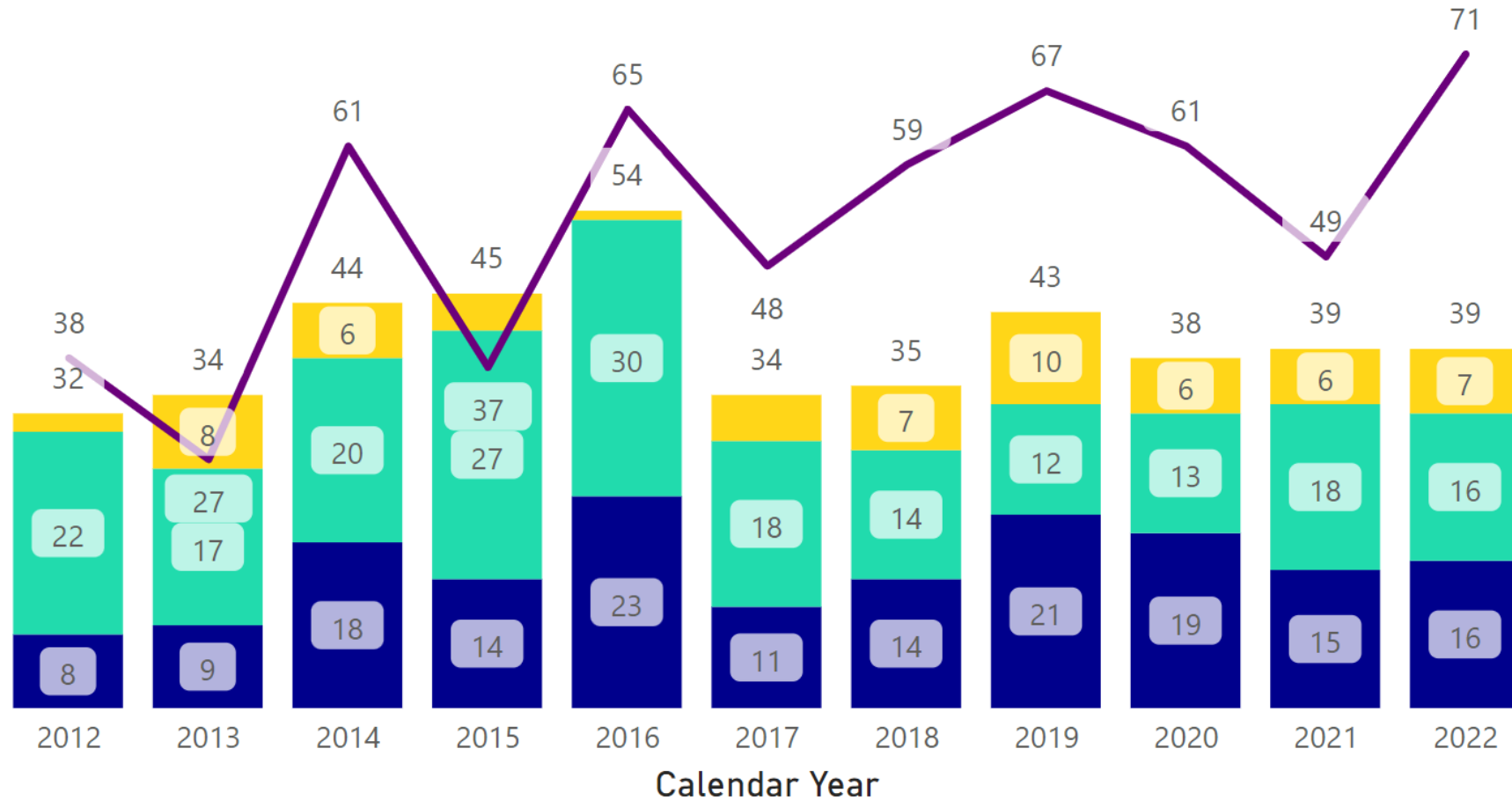
334/02 – Lawrence Jones

12 January 2023

## BSC Modifications raised by year and Workgroups held

How many changes are being raised and meetings held?

**Change Type** ● Mod ● CP ● Issue ● Mod & Issue meetings held



## BSC Modifications overview

Initial Written Assessment	-
Assessment Procedure	<b>P412, P415, P441, P442, P443, P444</b>
Report Phase	-
Urgent	-
With Authority (decision cut-off)	<b>P432 (29 Mar 23)</b>
Authority Determined (implementation date)	<b>P434 (14 Dec 22), P448 (7 Dec 22)</b>
Self-Gov. Determined	-
Fast Track Determined	-
Withdrawn	-
Open Issues	<b>Issue 95, Issue 96, Issue 99, Issue 100, Issue 101, Issue 102, Issue 103, Issue 104, Issue 105</b>

## BSC Modifications approved timelines

	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	Apr 23	May 23	Jun 23	Jul 23	Aug 23	Sep 23
<b>P412</b> 'Non-BM Balancing Providers pay for non-delivery imbalance'				AR		DMR					
<b>P415</b> 'VLP access to wholesale market'						AR		DMR			
<b>P441</b> 'Creation of complex site classes'				AR	DMR						
<b>P442</b> 'Reporting FCL for exempt and licenced supply'							AR				
<b>P443</b> 'Cap NGESO Interconnector Trades'					AR		DMR				
<b>P444</b> 'Compensation for VLP actions in the BM'				AR		DMR					



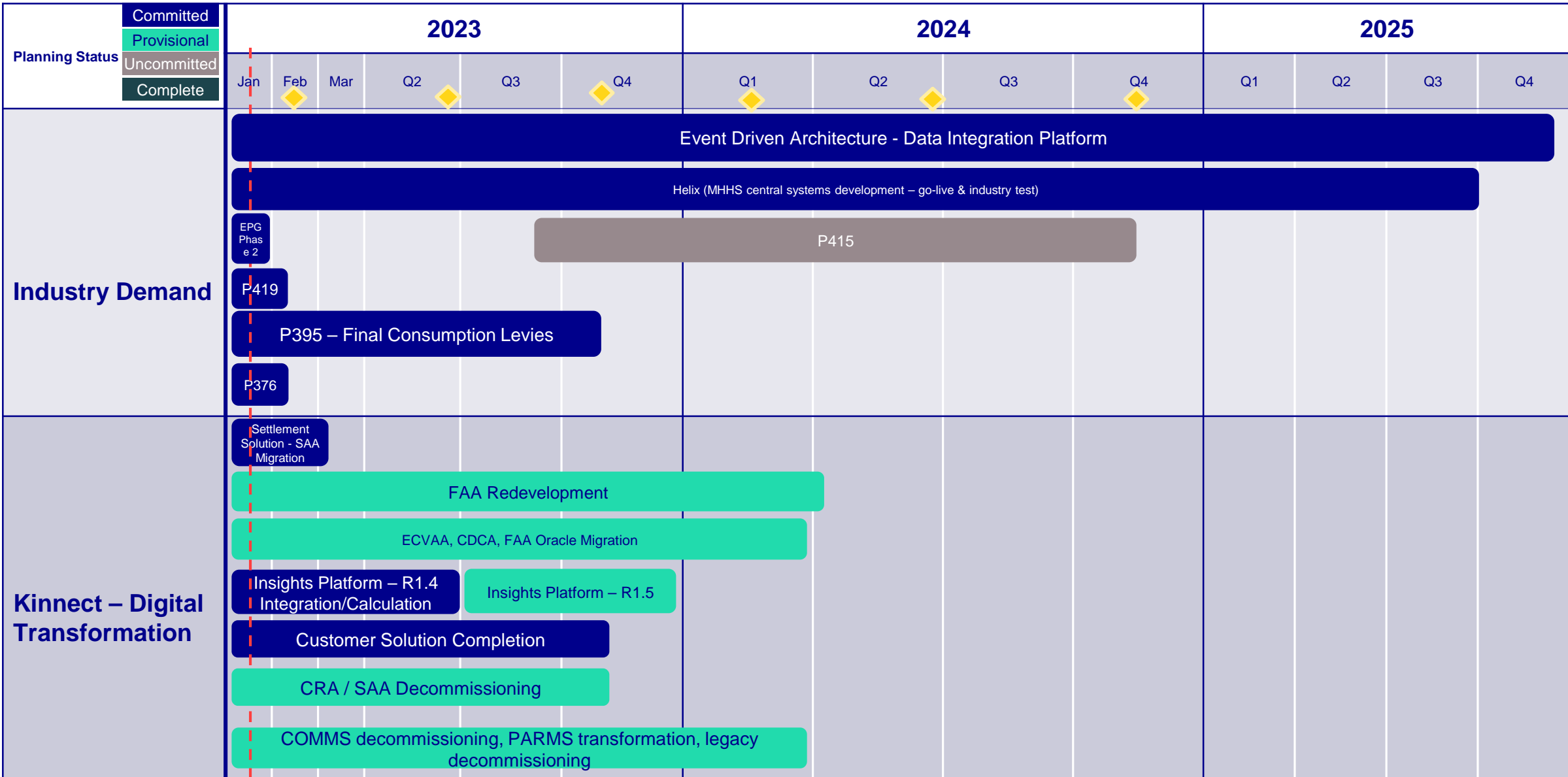
# BSC Change Release Roadmap

2023	2023			Un-allocated
Ad-hoc	Feb	Jun	Nov	
	P376 'Baselining Methodology'	CP1558 'New Registration data items to facilitate MHHS'	P395 'Final consumption levies'	P412 'Non-BM BS providers pay non-delivery'
	P419 'BSUoS data'	P441 'Creation of complex site classes'		P415 'VLP access to wholesale market' (Q4 2024)
	P428 'Correct P376 drafting error'	CP1568 'Inclusion of new LDSO-mastered SMRS data items'		P442 'Reporting FCL for exempt and licenced supply'
	P427 'Publish Parties impact on Settlement Risks'	CP1571 'Clarify the number of Meter measuring elements and measurement transformers'		P444 'Compensation for VLP actions in the BM' (Q4 2024)
	CP1569 'Amendments to the IDD documentation to align with SAA migration'	CP1572 'Specifying the requirements to provide SLDs for HV and EHV sites'		P443 'Cap NGESO Interconnector Trades' (+2WDs)
	CP1573 'Amendments to the IDD Pt 1 Spreadsheet, SVA DC and REC EMAR Data Specification for P376'	P432 'HH Settlement for CT Adv. Meters' (29 June 2023 or three months after the Authority's approval)		MHHS

<b>Key</b>
Approved
With Authority
Report Phase
Assessment Phase
Direction
Urgent

# Portfolio Pipeline and Plan (Systems impacting change excludes Doc only)

◆ Denotes Industry release



Current Position



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## Modification update: P426 withdrawn

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P426 'Combining related BSC Parties' Energy Indebtedness positions for the Credit Cover Percentage calculation'

- The P426 Proposer, Drax Energy Solutions, withdrew P426 on 12 December 2022
- P426 was subsequently closed on 20 December, following a 5WD adoption window
  
- P426 was raised to provide an option of combining the Energy Indebtedness for related BSC Parties and for the Credit Cover Calculation to be performed on the combined position
  - Desired outcome was that less Credit Cover would need to be lodged
  
- The Proposer was seeking a simple and straightforward solution, however, during the Assessment Procedure and development by the Workgroup it became apparent that it would be extremely complicated to develop the concept into a workable and cost effective solution. The Proposer therefore decided that P426 should be withdrawn

## Modification update: P412 extension request

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‘Ensuring non-BM Balancing Services providers pay for non-delivery imbalances at a price that reflects the real-time value of energy’

- NGESO are continuing to engage with BEIS on the possibility of a derogation against Article 6(5) of the Clean Energy Package
- We request a six month extension to the P412 Assessment Procedure so that:
  - NGESO can revise their impact assessment of one of the solution options considered by the Workgroup, implementing a change to Applicable Balancing Services Volume Data (ABSVD) to provide Elexon with instructed rather than delivered volumes
  - NGESO can finalise their recommendation report and submit it to Ofgem
  - We can engage with BEIS to better understand whether the P412 requirements will be removed from retained EU law

## Modification update: P441 extension request

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### 'P441 'Creation of Complex Site Classes'

- 2<sup>nd</sup> Workgroup meeting held in December 2022, to consider impact on Network Charges, possible solution options for the registration of metering systems for Complex Sites and the need for a central register and associated notification process
- The third P441 Workgroup meeting is scheduled for 17 January 2023. The intention is that the Workgroup will agree the requirements for Network Charges and discuss P441's interactions with the Market Wide Half Hourly Settlement (MHHS) Programme at this meeting
- We request a five month extension to the Assessment Procedure for P441, returning with the P441 Assessment Report to the Panel at its standard meeting in July 2023
  - Two month delay caused by urgent mod constraints
  - A further three months is required to address the Network Charging complexities, to ensure the appropriate level of engagement with LDSOs and to also ensure that the options for registration of metering systems reflect the different arrangements that are currently in use

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## Modification update: P444

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### P444 'Compensation for Virtual Lead Party actions in the Balancing Mechanism'

- The P444 Proposer and Workgroup wish for P444 to progress in tandem with P415, aiming to present both Modifications to Ofgem at the same time to allow for a joined-up decision from the Authority
- The P415 Assessment Report is due to be submitted to the Panel in April 2023. Both Modifications are being prepared for Assessment Consultation
- We therefore request a two month extension to the Assessment Procedure for P444, returning with the P444 Assessment Report to the Panel at its standard meeting in April 2023, in order to align progression with P415

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## Recommendations

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We invite the Panel to:

- a) **APPROVE** a six-month extension to the P412 Assessment Procedure;
- b) **APPROVE** a five-month extension to the P441 Assessment Procedure;
- c) **APPROVE** a two-month extension to the P444 Assessment Procedure; and
- d) **NOTE** the contents of the January Change Report.

# ELEEXON

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**‘Housekeeping and making the  
BSC gender neutral’**

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334/03 – Kayleigh Neal

12 January 2023

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## Issue and Proposed solution

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### Issue

- Elexon has identified 52 minor errors and inconsistencies across 31 Sections of the BSC (including 9 Annexes)
- The BSC uses gender specific (masculine) terminology which is recognised as being outdated practice

### Proposed solution

- To correct 52 minor errors and inconsistencies identified in the BSC
- To make the BSC gender neutral to bring it in line with modern best practice and other energy codes



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## Applicable BSC Objectives

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This Modification will better facilitate **BSC Applicable Objective (d)** ‘Promoting efficiency in the implementation of the balancing and settlement arrangements’ by:

- correcting minor errors and inconsistencies, which will make the reading and interpretation of the BSC easier
  - formatting, numbering, and other manifest errors are important enablers for the digitisation of the Code
- removing gender bias and inequality within the Code

# Impacts & Costs

- No material impacts on existing Core Industry Documents, BSC Systems, BSC Parties, consumers or the environment

Organisation	Implementation (£)	On-going (£)	Area
Elexon	<£5k	£0	Documents

- All Sections in use except for Section X and O

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## Proposed Progression

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Elexon recommends that this Modification should progress as a **Fast Track Self-Governance Modification**

i.e., a Modification Proposal which:

- (i) If implemented would satisfy the Self-Governance Criteria; and
- (ii) Falls within the scope of Section F2.1.1(d)(iv) (without limiting the right of any person specified in paragraph 2.1.1 to propose a Fast Track Self-Governance Modification Proposal) and which is required to correct an error in the Code or as a result of a factual change, including but not limited to:
  - (a) updating names or addresses listed in the Code;
  - (b) correcting minor typographical errors;
  - (c) correcting formatting and consistency errors, such as paragraphs or numbering; or
  - (d) updating out of date references to other documents or paragraphs

## Proposed Progression

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Event	Date
Present IWA to Panel	12 January 2023
Panel raise Modification	12 January 2023
Publish Final Fast-Track Self Governance Modification Report	13 January 2023
Appeal Window opens	13 January 2023
Appeal Window closes	03 February 2023
Implementation	23 February 2023

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## Recommendations

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We invite the Panel to:

- a) **RAISE** this Modification in accordance with BSC Section F2.1.1 (d) (iv);
- b) **AGREE** that this Modification should be progressed as a Fast Track Self-Governance Modification;
- c) **AGREE** that this Modification:
  - i. **DOES** better facilitate Applicable BSC Objective (d);
- d) **AGREE** that this Modification should be **approved**;
- e) **AGREE** that this Modification **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- f) **AGREE** an Implementation Date of:
  - i. **23 February 2023** if no objections are notified;
- g) **APPROVE** the draft legal text; and
- h) **NOTE** that Elexon will issue the Fast Track Modification Report (including the BSC legal text), which will be subject to a 15 Working Day objection period.



# PART II: NON-MODIFICATION BUSINESS (OPEN SESSION)

# ELEXON

**Issue 95 'Assessing the continued use  
of TIBCO service as a source of data  
for market participants'**

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Ivar Macsween – Tabled Report

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# ELELEXION

**Issue 104 'Extending RTS Cost Recovery Arrangements Under the BSC'**

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Cecilia Portabales – Tabled Report

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# ELEEXON

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**Minutes of previous meetings  
and Actions arising**

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Elliot Harper

# ELELEXON

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**Chair's Report**

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Sara Vaughan

# ELEXON

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**Elexon Report**

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334/01 – Simon McCalla

# ELELEXON

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**Distribution Report**

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Fungai Madzivadondo

# ELELEXION

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**National Grid Report**

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Jon Wisdom

# ELELEXION

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**Ofgem Report**

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Colin Down



# ELEEXON

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## **Unmetered Supplies User Group (UMSUG) update to the BSC Panel**

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Verbal Update – Adam Jessop

12 January 2023

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## Agenda

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- What challenges does the UMSUG face?
- What's gone well?
- What is coming in the future?

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## What challenges does the UMSUG face?

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- Emerging technology types and upcoming industry change
  - New types of equipment seeking to use Unmetered Supplies that the current BSC arrangements do not support
  - Increase in 'Smart' UMS apparatus
  - MHHS
- UMSUG membership
  - Knowledge gaps due to lack of representation (Supplier Agents, electrical engineering, software/system providers)
  - Loss of strong contributing UMSUG member earlier this year
  - MHHS has internally impacted Elexon resources and SME knowledge
- Group engagement in queries and duties
  - Lack of engagement by UMSUG members on queries raised by Elexon
  - Majority of UMSUG members do not provide responses to MDD review cycles (reviewing Charge Codes, Switch Regimes)
  - Review of UMSUG membership and Terms of Reference to combat this

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## What's gone well?

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- Reacting to emerging industry & operational issues and engaging with industry change
  - Establishment and progression of UMSUG sub groups
  - Discussing current industry change and proposals for new Modifications and Change Proposals
  - Agenda items dedicated to discussing new types of UMS equipment
  - Continual improvements to our Operational Information Document (OID) and Guidance Notes
- Implementation of new regular agenda items:
  - Material Error Monitoring (MEM) Dashboards
  - Queries Log
  - MHHS Updates
- Improvements to UMSUG membership and engagement
  - UMSUG membership review
  - Changes to Terms of Reference
  - Actions raised to improve knowledge sharing
- Raising improvements to Elexon UMS processes and resources
  - Webpages and online resources and data
  - Internal upskilling and knowledge sharing
  - Internal review of processes to make MDD review cycles easier for UMSUG members

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## What is coming in the future?

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- **MHHS**
  - P434 (Half Hourly Settlement for UMS Metering Systems)
  - Future of PECU Arrays
  - Establishing new data sources and dashboards for monitoring HH UMS performance
  
- **Building upon changes made to Terms of Reference**
  - Improvements to: membership, resources that Elexon provides, BAU processes (MDD)
  
- **Continued assessment of and reaction to emerging technology types**

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## Recommendation

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We invite the Panel to:

- a) **NOTE and COMMENT** on the Unmetered Supplies User Group update.

# ELEXON

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**334/06 - Dissolution of  
dormant Elexon subsidiaries**

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Claire Kerr



# Proposal

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- Elexon currently has three dormant subsidiaries:
  - Poolit Limited
  - Poolserco Limited
  - BSC Co Limited
- Maintaining dormant companies constitutes an administrative burden, albeit not particularly onerous
- Given the historic rationale for Poolit and Poolserco (and noting that some BSC Panel Members may have been involved in the Pool arrangements), we are informing the BSC Panel of the Board's intention to transfer Poolit IPR (and any residual Poolserco IPR) to Elexon and to dissolve both companies
- Board also recommends that ownership of BSC Co Ltd be retained in order to protect and control 'BSCCo' as a company name (this is the term used to refer to Elexon in the BSC)
- We have notified National Grid and Ofgem of our intentions
  - **Does the BSC Panel may feel it necessary to issue an Elexon Circular to notify industry of our intentions?**

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## Next Steps

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- Assuming no issues emerge from the Panel (or Circular if this is issued), we recommend that all Poolit and Poolserco IPR be transferred to Elexon for a nominal consideration (e.g. £1)
- Make an application to the Registrar of Companies (Companies House) to remove the companies from the register of companies and for them to be dissolved using the voluntary strike off procedure (as per sections 1003 to 1011 of the Companies Act 2006)
  - this is an administrative process for dissolving a company where that company is no longer needed
  - none of the companies has any creditors so this would be a straightforward process that would take approximately three-four months to take effect
- Would then no longer have to:
  - prepare annual (unaudited) accounts which are there subject to approval by the respective company boards; or
  - submit an annual Confirmation Statement (together with a fee of £13)

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## Recommendations

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We invite the Panel to:

- a) **NOTE** the Board's agreement to commence the dissolution of Poolit Limited and Poolserco Limited;
- b) **NOTE** the Board's agreement to retain ownership of BSC Co Limited; and
- c) **CONSIDER** whether to inform industry of our intention via an Elexon Circular.

# ELEEXON

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**Draft Business Plan 2023/24**  
**BSC Panel discussion**

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12 January 2023

# Proposed Elexon strategy for 2023 to 2025

We have structured our business plan around the five themes of the proposed Elexon strategy for 2023 to 2025.

The new proposed strategy:

- builds on everything that we do well, as an independent, reliable market expert
- gives the organisation a sharper focus on delivering value as a high-performing code manager



Delivering service excellence and customer value



Delivering strategic programmes



Transforming BSC code management



Strengthening industry engagement and relationships



Developing our people

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## Keeping our costs as low as possible

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### Our budget for 2023/24

Proposing a total budget of **£107.7m** for 2023/24 compared with a budget of **£98.2m** for 2022/23 – and increase of **£9.5m** (9.7%)



## Managing our costs efficiently

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- We have reduced current year controllable costs by £1m (against the 2022/23 budget)
- We have absorbed a proportion of the £9.5m cost rise by making efficiency savings across the business of £1.3m
- Any unused budget is returned to Parties as always



## Priorities for Rules Management:

BSC changes that support a smooth transition to MHHS.

P432

P1558

Development of Modifications to support Net Zero

P415

P444





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## Delivering service excellence and customer value (continued)

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### Managing requests for open data:

- Continue to serve open data requests to support innovation, greater transparency,
- Support industry-wide open data initiatives by Ofgem, and Icebreaker One

### Managing new services:

We have expanded our service provision to support Ofgem, and delivery of Government policy

- Energy Price Guarantee
- Energy Bill Relief Scheme
- Capacity Market Advisory Group secretariat
- Regulated Asset Base approach to financing new nuclear plant

Focus is on streamlining processes, operations and overall efficiency for these services



ELEXON  

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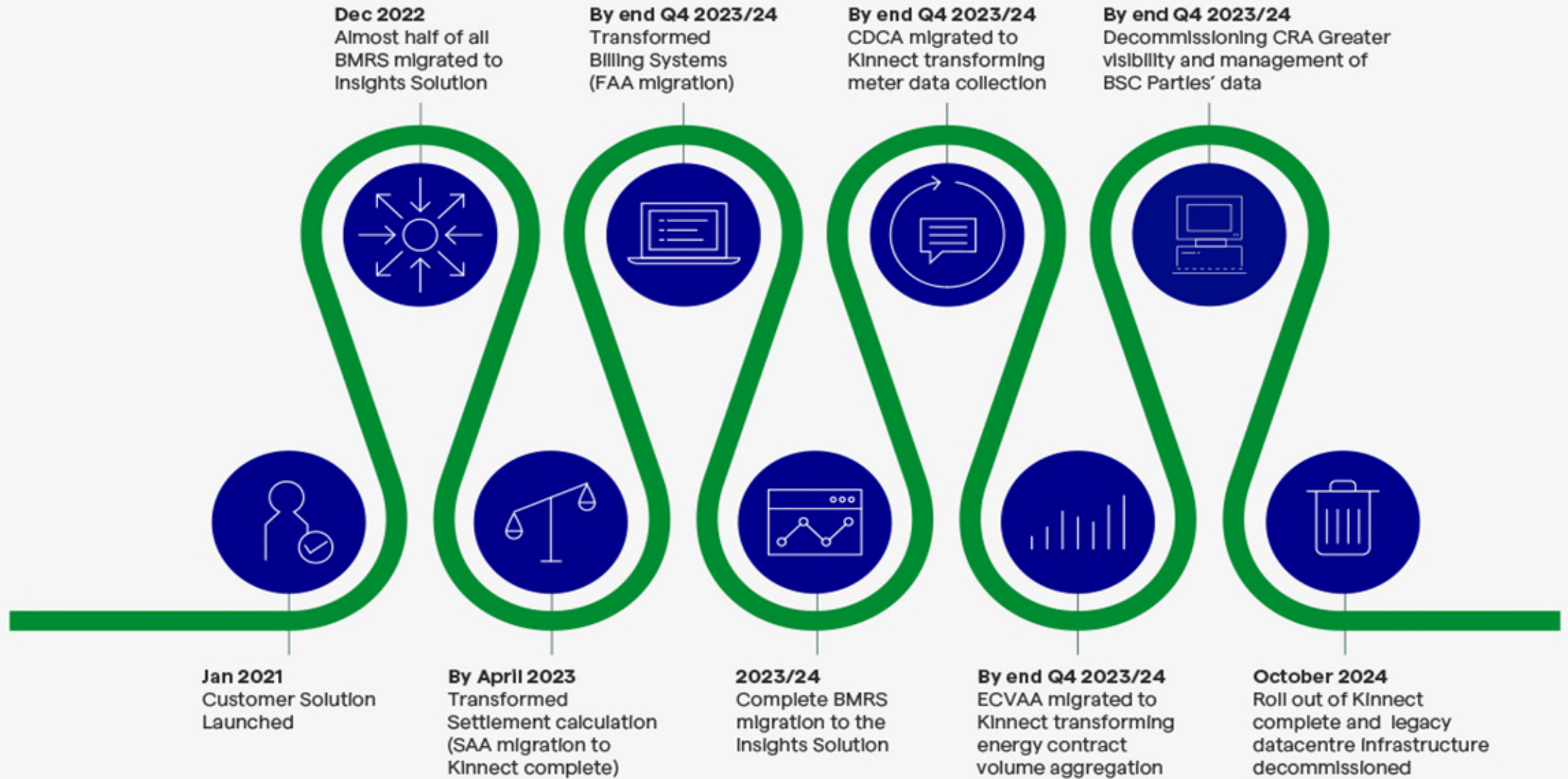
KINNECT



**MHHS  
PROGRAMME**

Industry-led, Elexon facilitated

## Key steps for completing the roll out of Kinnect (option 2)



# The Helix Programme

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## Re-work:

Re-working to continue in 2023/24 as the MHHS Programme re-baselines the implementation plan in line with industry's ability to deliver

The combination of new and revised requirements will result in Helix taking longer to complete than originally estimated

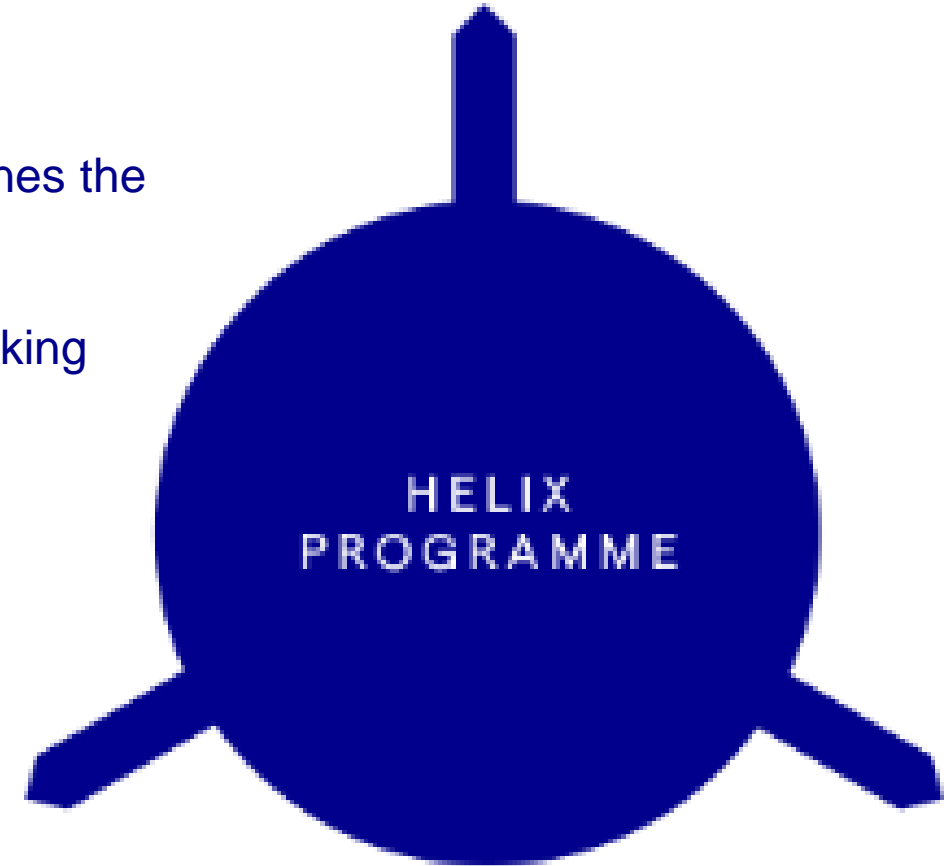
Therefore we have budgeted for additional funding for Helix in 2023/24

## Additional priorities:

Supporting our Assurance team to re-write the existing Performance

Assurance Framework so that it is in line with MHHS

Supporting our Rules Management team with the changes to BSC documentation that are needed to account for the MHHS solutions



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# The MHHS Programme

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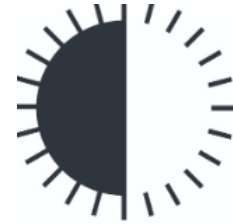
**Re-plan:** will be concluded in **Q1 2023**.

The re-plan is considering when participants expect to complete their DBT, and be ready for participation in systems integration testing from **Q3/Q4 2023**

The re-plan will put the programme on a **secure and industry-supported footing** and ensure that there is **high confidence in delivery**

**Data Integration Platform (DIP):** will deliver **next-generation event messaging architecture** needed so that Suppliers can share half hourly data with Elexon

**Implementation:** phased migration approach with the first tranches of meters transferring onto new MHHS systems in spring 2025 (subject to industry agreement)



**MHHS  
PROGRAMME**

Industry-led, Elexon facilitated

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# Transforming BSC code management

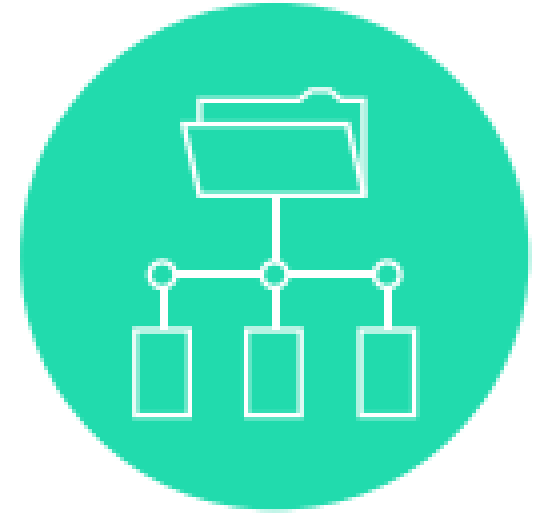
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## Expectations of licensed code managers:

Ofgem is expected to announce next steps for licensing code managers in 2023

New ways of working with the industry will be needed

Code bodies will need to help industry navigate fundamental reforms which may result from the Review of Electricity Market Arrangements (REMA)



## Streamlining processes to support Net Zero:

We need to pick up the pace on code market reforms to support Net Zero

We will launch initiatives to streamline and enhance the BSC change process creating opportunities for efficiency and innovation

We will bring industry together to consider new ways of working, reinforcing the BSC's position as one of the leading codes

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## Strengthening industry engagement and relationships

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### **Preparing for a change of ownership:**

We expect BEIS to make a decision in 2023 regarding our future ownership following the establishment of the Future System Operator

We will work with BEIS, Ofgem and NGENSO on transition to the new ownership arrangements to ensure this happens seamlessly for Parties



### **Supporting reform of the energy markets:**

We will continue to engage Government and Ofgem on the REMA, code reforms and Net Zero initiatives to develop these reforms

Our Settlement expertise could assist with new developments such as locally balanced markets and the Distribution System Operator role

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## Developing our people

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### **Our People Strategy:**

Our People Strategy ensures that we attract, retain and motivate our colleagues

### **Specific activities for 2023/24 include:**

A programme to create the industry experts of the future through training, hiring and mentorship

Upgrading our processes and technology capabilities to support sharing of knowledge, skills and expertise across the business

Developing a resilient and performance-focused culture that delivers exceptional value to customers

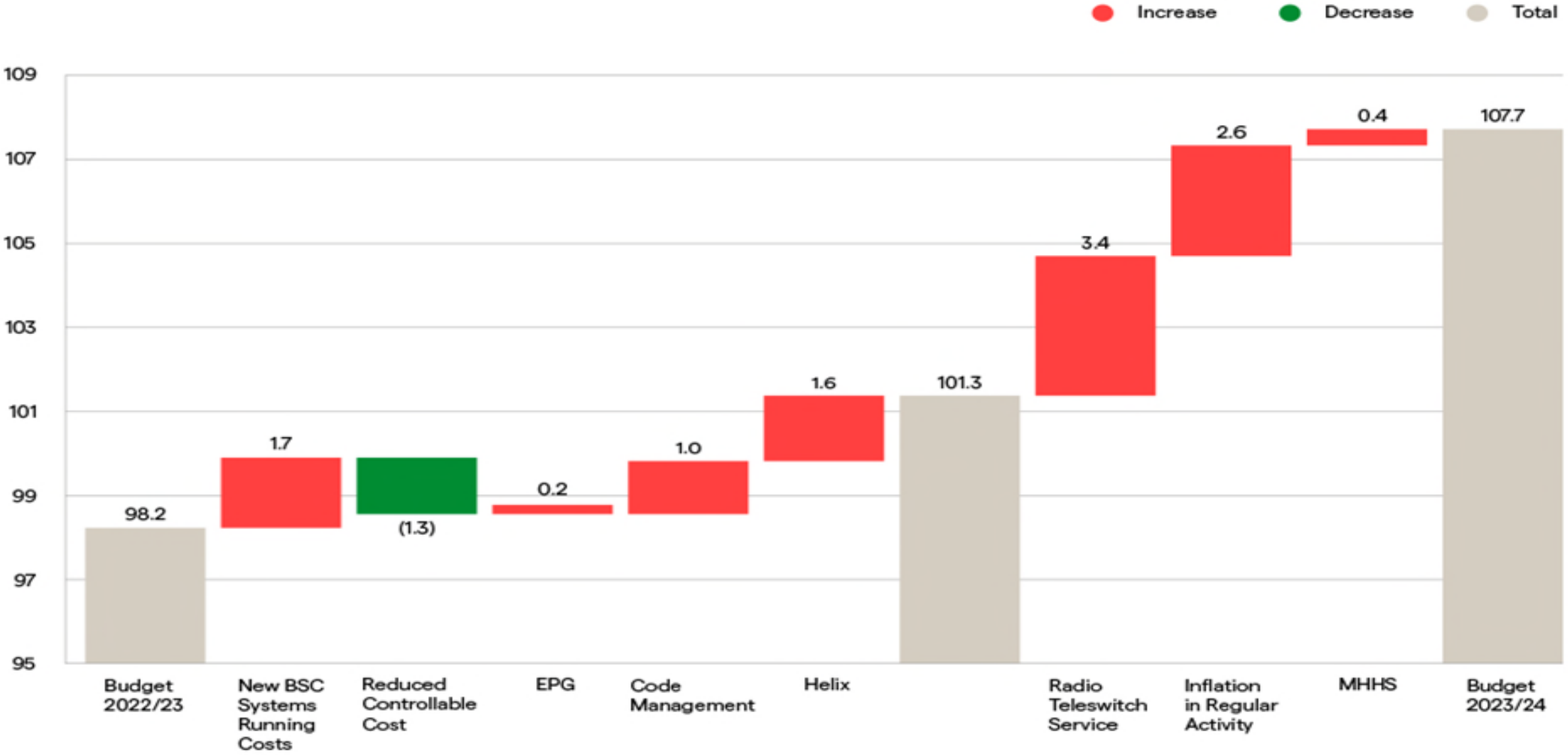




# Budget for 2023/24

Item	Year to March 2022/23 Budget £m	Year to March 2022/23 Forecast £m	Year to March 2023/24 Budget £m	2023/24 Budget vs 2022/23 Budget £m	2023/24 Budget vs 2022/23 Budget %	2023/24 Budget vs 2022/23 Forecast £m	2023/24 Budget vs 2022/23 Forecast %	Year to March 2023/24 Published Projection £m	2023/24 Budget vs Published Projection £m	2023/24 Budget vs Published Projection %	Year to March 2024/25 Budget £m	Year to March 2025/26 Budget £m
Elxon BAU Operational incl EMR Income	21.4	20.8	22.1	(0.7)	(3.1)	(1.3)	(5.9)	21.4	(0.6)	(3.0)	21.8	22.3
Contracted	18.9	18.8	21.2	(2.3)	(12.4)	(2.4)	(13.1)	18.8	(2.5)	(13.1)	21.6	22.4
<b>Total BSC Regular Activity</b>	<b>40.3</b>	<b>39.6</b>	<b>43.3</b>	<b>(3.0)</b>	<b>(7.5)</b>	<b>(3.7)</b>	<b>(9.3)</b>	<b>40.2</b>	<b>(3.1)</b>	<b>(7.7)</b>	<b>43.4</b>	<b>44.7</b>
Teleswitch (pass through from DNO's)	1.5	1.2	4.9	(3.4)	(217.2)	(3.7)	(303.5)	1.5	(3.4)	(217.2)	-	-
EPG	-	0.3	0.2	(0.2)	-	0.1	45.4	-	(0.2)	-	0.2	0.1
Demand Led and Digitalisation	20.7	19.1	21.7	(1.0)	(5.1)	(2.6)	(13.8)	25.1	3.4	13.4	12.5	7.0
<b>Total excl. MHHS &amp; Helix</b>	<b>62.5</b>	<b>60.2</b>	<b>70.1</b>	<b>(7.6)</b>	<b>(12.1)</b>	<b>(9.9)</b>	<b>(16.4)</b>	<b>68.8</b>	<b>(3.3)</b>	<b>(4.9)</b>	<b>56.1</b>	<b>51.8</b>
Helix	16.2	17.5	17.8	(1.6)	(9.6)	(0.3)	(1.4)	6.2	(11.6)	(184.8)	6.8	3.0
MHHS	19.5	19.5	19.8	(0.3)	(1.9)	(0.3)	(1.9)	19.9	0.1	0.2	17.4	13.4
<b>Total Elxon</b>	<b>98.2</b>	<b>97.2</b>	<b>107.7</b>	<b>(9.5)</b>	<b>(9.7)</b>	<b>(10.5)</b>	<b>(10.8)</b>	<b>92.9</b>	<b>(14.8)</b>	<b>(15.9)</b>	<b>80.3</b>	<b>68.2</b>

# Drivers for the changes from our 2022/23 budget



QUESTIONS?

# ELEXION

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## **Code Reform Consultation Response**

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Phil Hare

12 January 2023

# ELELEXION

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## **Contingency Imbalance Price Creation Methodology**

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Richard Baker

12 January 2023

MEETING CLOSE

ELEXON

THANK YOU

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