

What stage is this document in the process?

- 01 Initial Written Assessment
- 02 Definition Procedure
- 03 Assessment Procedure
- ▶ 04 Report Phase

Stage 04: Final Modification Report

Self-Governance Modification: appeal deadline 2 August 2012

P287 'Allow the BSC Panel to conduct Modification Business via teleconference'

Under the current arrangements, BSC Panel cannot conduct Modification Business via teleconference. This Modification proposes to remove this restriction.

 The Panel:
Rejected P287

 Low Impact:
BSC Panel and ELEXON

P287
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Any questions?

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About this Document

This document is the P287 Self-Governance Modification Report. ELEXON has submitted this report to Ofgem and the Transmission Company, and copied it to all BSC Parties and BSC Panel Members.

P287 is a Self-Governance Modification, so it does not go to the Authority for decision. The Panel has rejected P287 for implementation on 3 August 2012. In accordance with Section F6.4 of the BSC, Parties have until 2 August 2012 to appeal the Panel's decision to the Authority.

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Why Change?

Under the current arrangements, the BSC Panel cannot make decisions on Modification Business via teleconference. Recent events have highlighted that in some circumstances this inflexibility can prove to be an issue.

Solution

The proposed solution would allow the BSC Panel to conduct Modification Business via teleconference, subject to the provision that at least one Panel Member is present at the venue specified for the meeting.

Impacts & Costs

P287 is a Code only change; it would have no effect on ELEXON's activities, BSC Parties and Party Agents, BSC Systems and process, Code Subsidiary Documents or contractual arrangements with service providers.

Implementation

P287 requires only minimal changes to the Code, and if approved will be implemented 1 Working Day after the 15 Working Day Self-Governance Appeal window closes. This window would close on 2 August 2012. Therefore this Modification would be implemented on 3 August 2012.

The Case for Change

The Panel believes that P287 **would not** better facilitate the Applicable BSC Objectives as placing additional controls and rules around teleconference meetings would not increase the efficiency of the BSC Arrangements and is therefore detrimental to objective (d).

Recommendations

The Panel's unanimously agreed that P287 should be progressed as a Self-Governance Modification Proposal, and Ofgem has confirmed it does not object to this.

The Panel unanimously **rejected** P287.

2 Why Change?

Summary of the Change

Under the current arrangements, the BSC Panel cannot make decisions on Modification Business via teleconference. Recent events have highlighted that in some circumstances this inflexibility can prove to be an issue.

What is the Issue?

If the Panel Chairman considers it to be appropriate, a meeting of the Panel can be held via teleconference. However, decisions relating to Modification Business cannot be made at such a meeting, as stated in Section B4.4.7(b) of the BSC. This means that Panel Members are unable to make decisions relating to Modification Business by way of teleconference.

Furthermore, if a situation came about where Modification Business needed to be discussed and too few Panel Members were able to attend the meeting in person, then a decision could not be taken on the Modification Business at that meeting as the Panel would not be deemed quorate. The Panel would therefore have to postpone any decision on the relevant Modification(s) until a later date when there were enough Panel Members present to make the decision. This could have an adverse impact on the progression of any affected Modifications.

3 Solution

Proposed Solution

This Modification proposes to amend Section B4.4.7(b) of the BSC to allow the BSC Panel to make decisions on Modification Business in meetings that are conducted via teleconference. In order for the BSC Panel meeting to conduct Modification Business via teleconference, at least one Member from the Panel must be present at the venue specified for that Panel meeting. This is required in order to keep the open and transparent environment where anyone can attend these meetings at the specified venue, along with the one required Member, to listen to the discussions.

The current provision where a Panel meeting can only be held by teleconference if it is deemed appropriate by the Panel Chairman will remain unchanged by this Modification. If the Panel Chairman does not deem it appropriate to hold the meeting by teleconference then Panel Members must still attend the meeting in person, as currently.

The proposed changes to the legal text can be found in Attachment A.

4 Impacts & Costs

Costs

Implementation costs	
ELEXON effort	1 man day, equating to approximately £240
Service Provider costs	None
Total costs	Approximately £240

Impacts

The Proposed Solution is a Code only change, and would amend the BSC as sent out in the draft legal text in Attachment A. Its implementation would have no effect on ELEXON's activities, BSC Parties and Party Agents, BSC Systems and processes, Code Subsidiary Documents or the contractual arrangements without service providers.

Impact on Code	
Code section	Potential impact
Section B	Change will be required to implement the solution. The proposed changes can be found in Attachment A.

Impact on BSC Parties and Party Agents	
None	

Impact on Transmission Company	
None	

Impact on ELEXON	
Low impact on ELEXON – ELEXON would manage the implementation project.	

5 Implementation

Implementation Approach

This Modification Proposal will only require changes to the Code. As such, the Panel recommends that it is implemented 1 Working Day after the 15 day Self-Governance Appeal window has closed. This window would close on 2 August 2012 and so this Modification would be implemented on 3 August 2012.

6 The Case for Change

Justification against the Applicable BSC Objectives

The Panel raised P287 as it believed that P287 better facilitates the achievement of BSC Objective (d), "Promoting efficiency in the implementation and administration of the balancing and settlement arrangements".

The Panel believed it self-evident that allowing the BSC Panel to conduct Modification Business via teleconference better facilitates efficiency, by allowing Panel Members to take a more efficient approach to making decisions on Modification Business where it is deemed appropriate. P287 was therefore issued straight into the Report Phase.

Panel's consideration of the Modification Proposal

One Panel Member had concerns about allowing Modification Business to be discussed via teleconference, and requested that there be guidance as to what circumstances Panel meetings would be conducted in this manner. It was noted that Panel can already discuss non-Modification Business via teleconference at the Chairman's discretion and that P287 would allow for consistency when dealing with Modification business. The Panel agreed that the changes to the Code should not be overly prescriptive, and that it should be left to the Chairman and the Panel to decide this between them.

The Panel also considered how frequently Panel meetings could be conducted via teleconference if P287 was approved. The Panel Chairman noted that Panel meetings would only be held via teleconference in extreme circumstances, like an ad-hoc meeting convened at shorter notice or the upcoming Olympics. The Panel agreed that meetings conducted face to face would continue to be normal practice.

The Panel noted that, under the current arrangements, Panel Members can dial into a Panel meeting to discuss Modification Business. However, these Panel Members would not be able to vote on this business. The Panel noted that Panel Members can send an Alternate if they were unable to attend a meeting, and that these Alternates would be able to vote in their place at the meeting.

The Panel agreed with the proposed Implementation Date and the legal text.

Direct to Report Phase

F2.2.4 of the Code states that the Panel may progress a Modification straight to the Report Phase if the Panel's recommendation on the Modification would generally be considered to be self-evident.

The Panel unanimously agreed that P287 should proceed directly to the Report Phase as it is self-evident that allowing the Panel to make decisions on Modification Business via teleconference, where appropriate, would allow for more flexibility in extreme circumstance and better facilitates the efficiency of the BSC arrangements.

Self-Governance

The Panel unanimously agreed that P287 meets the Self-Governance Criteria set out in Annex X-1 of the Code, and therefore agreed that it should progress as a Self-Governance Modification Proposal.

This Modification Proposal would only impact ELEXON and the BSC Panel, and has no impact on BSC Parties. There will be no material changes to BSC Panel meetings in allowing Modification Business to be discussed via teleconference in the manner proposed, as it would still be possible for other people to attend the meeting and listen to the discussions, thereby maintaining the current transparency of Panel meetings.

ELEXON submitted to the Authority, on the Panel's behalf, a Self-Governance Statement detailing why the Panel believes P287 satisfies the Self-Governance Criteria and that the Panel intended to decide whether to approve Proposed Modification P287 at its meeting on 12 July 2012.



Self-Governance Criteria

(a) it is unlikely to have a material effect on:

(i) existing or future consumers;

(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity;

(iii) the operation of the national electricity transmission system;

(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and

(v) the BSC's governance procedures or modification procedures; and

(b) it is unlikely to discriminate between different classes of BSC parties.

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8 Report Phase Consultation Responses

The full responses to the P287 Report Phase Consultation are available on the P287 page of the ELEXON website. We received 5 responses, as summarised in the table below.

Views on the Modification

All of the respondents agreed with the Panel's view that P287 should be made and should be implemented 1 Working Day after the 15 day Self-Governance Appeal window has closed.

One respondent commented that the Draft Modification Report refers to "recent events" and that the statement was lacking detail. We responded to say that the "recent events" refer to the upcoming Olympics which will affect transport links and the ability of Panel members being able to travel in/out of London. The "recent events" also refer to an upcoming ad-hoc Panel meeting for P284 which some Panel members may not be able to attend due to disruption caused by the Olympics.

Views on Legal Text

All of the respondents agreed that the Legal Text delivers the intent of P287. One respondent highlighted that the Draft Modification Report made a reference to BSC Section F4.4.7(b) instead of B4.4.7(b). We have now corrected the report to reference BSC Section B4.4.7(b).

Views on Self-Governance

All respondents agreed with the Panel's initial view that P287 should be progressed as a Self-Governance Modification. One of the respondents stated that they were unable to comment on Self-Governance as ELEXON had not published the Self-Governance statement that was to be issued to the Authority. We responded to advise that the Self-Governance Statement would be submitted to Ofgem shortly and that once this has been sent it would be published on the ELEXON website.

Summary of P287 Report Phase Consultation Responses			
Question	Yes	No	Neutral/Other
Do you agree with the Panel's views that the Proposed Modification should be approved?	5	0	0
Do you agree that the draft legal text, in Attachment A, delivers the intention of P287?	5	0	0
Do you agree with the Panel's suggested Implementation Date?	5	0	0
Do you agree with the Panel's view that P287 should be progressed as a Self-Governance Modification Proposal?	4	0	1
Do you have any further comments on P287?	3	2	0

The estimated consultation cost for this Modification is £7563. This cost is based on the industry responses to the Report Phase consultation and the approximate time and effort it is thought that Parties are likely to have spent on responses. We received 5 responses to the consultations and a standard rate of 2.5 man days of effort, at £605 per man day, per response is applied.

Open Meetings

As part of their initial discussions the Panel were keen to ensure that Panel meetings would remain open forums and that all interested parties could listen to the debate. The Panel noted a similar comment received in the Report Phase consultation responses and reiterated that meetings should be open to the public and that any teleconference details should be made available. ELEXON agreed that any Panel meetings would be publicised and any relevant teleconference details made available.

The Panel also commented on another response to the Report Phase Consultation regarding the use of video in the Panel meeting, and broadcasting the Panel meetings over the web. The Panel requested that there be analysis done regarding cost and feasibility in using these methods, the Panel Chairman advised that it could be looked into.

When should a teleconference be used?

A Panel Member raised concerns that teleconferences should not become a standard practice when holding a Panel meeting, and that some criteria and guidance should be set as to when meetings can be held via teleconference. They also requested that criteria be put in place to stop teleconference Panel meetings from being set up at the last minute.

It was noted that currently Panel meetings can be held via teleconference, and decisions can be made on non-Modification Business. P287 would not amend the provisions for Panel meetings to be held by teleconference, nor would it amend the procedures on how much notice is required before a Panel meeting. The only amendments to the arrangements would be to allow Modification Business to be also discussed via teleconference to make it consistent with non-Modifications Business.

To ensure that the use of teleconference for a Panel meeting was not excessive, a Panel Member suggested introducing a KPI of how many meetings had been held where Modification Business had been dealt with via teleconference.

A Panel Member noted that the solution called for a Panel Member to be present in a room (in order to ensure the meeting remained open to the public), but suggested the solution should be amended to state that there should be more than just one Panel Member, who would need to be eligible to vote on Modification Business, present at the specified venue for the Panel meeting. The Panel agreed and discussed whether there needed to be a quorate number of Panel Members present in the room.

The Panel also discussed whether or not voting via telephone should be allowed if it was a complex change, and perhaps there could be some criteria as to the type of Modification Business that could be conducted via a teleconference.

One Panel Member advised that it's better to attend a Panel meeting in person, but in extreme circumstances, you may not be able to make it. The same Panel Member also advised that they would want the ability to make a contribution to the vote if they were unable to attend the Panel meeting in person.

The Panel agreed that it was best practice to attend the Panel meeting in person, and only in exceptional circumstances should you dial in to discuss Modification Business. A real effort should be made to attend meetings and if the Panel Member cannot be present, they can always send their Alternate.

Panel's views on Self-Governance

The Panel continues to believe that P287 meets the Self-Governance Criteria for the reasons given in Section 7.

Panel's final views on the Modification

Overall the Panel unanimously agreed that the P287 Modification Proposal should be rejected. It was believed that the required criteria and governance surrounding if and when teleconference was appropriate to use for Modification Business would add additional complexity into the BSC. As such P287 was detrimental to Applicable BSC Objective (d).

Those Panel Members who were not present in person at the Panel and had dialled into the meeting had split views. Those against P287 agreed with the views of the Panel Members in the room. Those in favour of P287 advised that they believed it a sensible amendment which supported current practice of dealing with Panel Members, who in extreme circumstances could not physically attend a meeting. As these Panel Members were not present at the specified venue for the meeting, they did not have a vote, but their views have been captured in this report.

10 Panel Decisions

The Panel:

- **NOTED** the P287 Draft Modification Report and the Report Phase consultation responses;
- **AGREED** that P287 is a Self-Governance Modification Proposal;
- **REJECTED** P287;
- **NOTED** that the appeal window for P287 will close 15 Working Days after ELEXON's notification of the Panel's decision (i.e. 2 August 2012); and
- **NOTED** that, if an appeal is raised in accordance with F6.4.2 and F6.4.10, the Authority will consider the appeal in accordance with the process set out in Section F6.4.

11 Further Information

More information is available in:

Attachment **A**: Proposed Legal Text

Attachment **B**: Report Phase Consultation Responses

All P287 documentation can be found on the [P287](#) page of the ELEXON website.