

Phase

Initial Written Assessment

Definition Procedure

Assessment Procedure

Report Phase

Implementation

P353 'Align Section B with the intent of P324'

This Modification proposes to make consequential changes to the approved legal text for P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties' to insert redlining missed in Section B 3.1.2 (h)

The Fast Track Self-Governance Appeal Window for P353 closes:

5pm on 3 January 2017

If no appeals are notified by this time, the Panel's decision is final.



The BSC Panel has **approved** P353 as a Fast Track Self-Governance Modification

- This Modification is not expected to impact any participants.

P353
Fast Track Self-Gov.
Modification Report

9 December 2016

Version 1.0

Page 1 of 11

© ELEXON Limited 2016

Contents

1	Summary	3
2	Why Change?	4
3	Solution	5
4	Impacts & Costs	6
5	Implementation	7
6	Panel's Discussions	8
7	Panel's Decisions	9
	Appendix 1: Glossary & References	10
	Appendix 2: Estimated Progression Effort	11

About This Document

This is the P353 Fast Track Self-Governance Modification Report, which ELEXON has submitted to the Authority, the Transmission Company and all BSC Parties.

P353 is a Fast Track Self-Governance Modification, so it does not go to the Authority for decision. The BSC Panel has approved P353 for implementation on 6 January 2017 / 3 Working Days following the end of the Fast Track Self-Governance objection window.

In accordance with BSC Section F7.3, Parties have until 2 January 2017 to object to the Panel's decision, stating why they do not believe P353 meets the Fast-Track Self-Governance criteria. If no objection is notified by this time, the Panel's decision is final.

There are two parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and implementation approach. It also summarises the Panel's key views on the Modification.
- Attachment A contains the approved redlined changes to the BSC for P353.



Contact

Royston Black

020 7380 4203

royston.black@elexon.co.uk



P353
Fast Track Self-Gov.
Modification Report

9 December 2016

Version 1.0

Page 2 of 11

© ELEXON Limited 2016

Why Change?

Following the approval of P324 an error in the implemented Legal Text was identified. One of the approved redlined changes in Section B 3.1.2 (h) was missed off and therefore not implemented.

A Modification is therefore required to ensure the full set of approved legal text changes for P324 are implemented.

Solution

This Modification proposes to make the following changes to the approved P324 legal text, which will be inserted into Section B 3.1.2 (h) :

- approving the Business Strategy prepared by BSCCo for each BSC Year, and revisions to that plan; (This sentence is no longer applicable and needs to be removed)

The full changes proposed under this Modification can be found in Attachment B.

Impacts & Costs

This Modification is a document-only change to update BSC Section B. There are no system impacts and no impact on BSC Agents.

The central Implementation costs will be approximately £240 (one ELEXON working day) to implement the relevant document changes.

This Modification is a Code-only change to ensure the P324 legal text changes are fully implemented. It will not have any impacts on any industry participants.

Implementation

The Panel has approved an Implementation Date for P353 of **6 January 2017** after the Fast Track Self-Governance objection window closes, if no objections are notified.

Decision

The Panel **AGREED** to raise Modification P353 as Fast Track Self-Governance;

The Panel unanimously **AGREED** that this Modification DOES better facilitate Applicable BSC Objective (d);

The Panel AGREED that P353 should be **APPROVED**.

2 Why Change?

Background

The [Knight Report 2013](#) identified a number of weaknesses in the current governance arrangements for the Balancing and Settlement Code Company (BSCCo), in particular, the relationship between BSCCo, the BSCCo Board and the Balancing and Settlement Code (BSC) Panel. Changes were therefore required to the current provisions to align them with the UK Corporate Governance Code and bring them into line with best practice.

The Authority approved the P324 Alternative Modification which was implemented on 11 November 2016.

The [P324](#) Alternative Modification amended the BSCCo governance arrangements to:

- make the BSCCo Board accountable to Voting Parties by allowing them to vote to approve the appointment of Directors and to remove Directors;
- allow Voting Parties to vote on non-binding resolutions on other matters;
- allow for up to two members of the BSCCo executive team to be appointed as Directors;
- allow the Board to remunerate any of its non-executive Directors;
- allow the Board to set BSCCo's Business Strategy;
- allow the Board Chairman and the Panel Chairman to be separate people; and
- remove the need for the Authority to approve the remuneration given to the Panel Chairman.

What is the issue?

Following the approval of P324 an error in the implemented Legal Text was identified. One of the approved redlined changes in Section B 3.1.2 (h) was missed off and therefore not implemented.

A Modification is therefore required to ensure the full set of approved legal text changes for P324 are implemented.



Proposed Solution

This Modification proposes to make the following changes to the approved P324 legal text, which will be inserted into Section B 3.1.2 (h) :

- approving the Business Strategy prepared by BSCCo for each BSC Year, and revisions to that plan; (This sentence is no longer applicable and needs to be removed)

The full changes proposed under this Modification can be found in Attachment B.

Applicable BSC Objectives

We consider that this Modification will better facilitate Applicable BSC **Objective (d)** as:

1. it addresses the conflicts and unintended consequences of the approved legal text for P324 not being implemented in its entirety; and
2. ensures that the BSC is delivered in the most effective and efficient manner.

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 administering the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation

4 Impacts & Costs

Central impacts and costs

This Modification is a document-only change to update BSC Section B. There are no system impacts and no impact on BSC Agents.

The central Implementation costs will be approximately £240 (one ELEXON working day) to implement the relevant document changes.

Impact on Code

Code Section	Potential Impact
Section B	Changes will be required to deliver this Modification. <i>The proposed changes can be found in Attachment B</i>

Participant impacts and costs

This Modification is a Code-only change to ensure the P324 legal text changes are fully implemented. It will not have any impacts on any industry participants.

5 Implementation

Implementation Date

The Panel has approved an Implementation Date for P353 of **6 January 2017** after the Fast Track Self-Governance objection window closes, if no objections are notified.

When would P353 be implemented?

Following the Panel's unanimous agreement to progress P353 as a Fast Track Self Governance Modification and that it should be approved, the Panel's decision along with this Fast Track Self-Governance Modification report was published within 1WD and issued to the Authority, Transmission Company and each Party in accordance with BSC Section F7.2.2.

The 15 Working Day objection window will commence from this notification, closing on 2 January 2017. If no objections are raised, P353 would then be implemented on **6 January 2017**.



Panel's views on the Modification

The Panel asked to clarify what the issue was. ELEXON confirmed that the redlining for P324 had not removed a section of text that describes a duty of the Panel in Section B 3.1.2 (h) that is no longer required. This modification would correct the error and remove the line of text;

- approving the Business Strategy prepared by BSCCo for each BSC Year, and revisions to that plan; (This sentence is no longer applicable and needs to be removed)

The Panel agreed unanimously to **raise Proposed Modification p353**.

Panel's views on Fast Track

The Panel unanimously **AGREED** to progress P353 as a Fast Track Self-Governance Modification

Panel's views on the Applicable BSC Objectives

The Panel unanimously **AGREED** that this Modification DOES better facilitate Applicable BSC Objective (d);

What is the Fast Track Self-Governance Criteria?

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 paragraph numbering; or
- (d) updating out of date references to other documents or paragraphs.

P353

Fast Track Self-Gov.
Modification Report

9 December 2016

Version 1.0

Page 8 of 11

© ELEXON Limited 2016



What is the Self-Governance Criteria?

A Modification that, if implemented:

(a) is unlikely to have a material effect on:
(i) existing or future electricity consumers; and
(ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
(iii) the operation of the national electricity transmission system; and
(iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
(v) the Code's governance procedures or modification procedures; and

(b) is unlikely to discriminate between different classes of Parties.

The BSC Panel has unanimously agreed:

- That P353 should be progressed as a Fast Track Self-Governance Modification;
- That P353 should be **approved**;
- An Implementation Date for P353 of **6 January** after the Fast Track Self-Governance objection window closes, if no objections are notified; and
- The BSC legal text for P353.

Appendix 1: Glossary & References

Acronyms

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

Acronym	
Acronym	Definition
BSC	Balancing and Settlement Code
BSCCo	Balancing and Settlement Code Company
IWA	Initial Written Assessment

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	Modification P324 webpage	https://www.elexon.co.uk/mod-proposal/p324/
3	Bill Knight's ELEXON Governance Review Published page on the ELEXON website	https://www.elexon.co.uk/news/bill-knights-elexon-governance-review-published/

Appendix 2: Estimated Progression Effort

The following tables contain the estimated effort in progressing P353:

Assessment Effort	
Participant	Effort (man days)
ELEXON	8
Total	8