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## P413 Digital Meeting Etiquette

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- Welcome to the P413 Workgroup meeting 3 – we'll start shortly
- No video please to conserve bandwidth
- Please stay on mute unless you need to talk – use IM if you can't break through
- Talk – pause – talk
- Lots of us are working remotely – be mindful of background noise and connection speeds

# ELEXON

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## **P413 Workgroup 3 Meeting**

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Enable Elexon to be the Programme  
Manager for the implementation of Market-  
wide Half Hourly Settlement

20<sup>th</sup> November 2020

# Meeting Outcomes & Agenda

## Meeting Outcomes

- Agree the Proposed Modification legal text delivers the Business Requirements
- Agree Assessment Consultation questions
- Assess solution against applicable objectives (Proposed Modification only any alternative to be agreed at January meeting after consultation & impact assessment).
- Review Terms of Reference questions.

Agenda Item	Lead
1. Welcome and meeting objectives	Claire Kerr ( <i>Chair</i> )
2. Legal text review	Nick Brown ( <i>Legal</i> )
3. Consultation questions	Workgroup Members
4. Initial views of Proposed Modification against Applicable BSC Objectives	Chris Arnold ( <i>Lead Analyst</i> )
5. Terms of Reference Review	Chris Arnold
6. Summary & next steps	Chris Arnold
7. Meeting Close	Claire Kerr



# P413:LEGAL TEXT REVIEW



# P413: CONSULTATION QUESTIONS

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## Assessment Consultation Questions

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- Do you agree with the Workgroup's initial view that P413 [**does/does not**] better facilitate the Applicable BSC Objectives than the current baseline?
- Do you believe the potential Alternative Modification better facilitates the Applicable BSC Objectives than the Proposed Modification:
  - a) Without adjustment to General Funding Shares (requirement 14a)?
  - b) With adjustment to General Funding Shares (requirement 14b)?

If yes to both, please state which of a) and b) you believe is best overall and why.

- Do you agree with the Workgroup that the draft legal text in Attachment delivers the intention of P413?
- Do you agree with the Workgroup's recommended Implementation Date?
- Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?
- Do you agree with the Workgroup's assessment that P413 does not impact the European Electricity Balancing Guideline (EGBL) Article 18 terms and conditions held within the BSC?
- Will P413 impact your organisation?
- Will your organisation incur any costs in implementing P413?
- How long (from the point of approval) would you need to implement P413?
- Do you have any further comments on P413?



P413: INITIAL  
VIEWS OF  
PROPOSED  
MODIFICATION  
AGAINST  
APPLICABLE BSC  
OBJECTIVES

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# Initial Views of Proposer Modification Against Applicable BSC Objectives

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## Applicable BSC Objectives

The Applicable BSC Objectives are:

- 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 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 and administration 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
- g) Compliance with the Transmission Losses Principle

## Proposer's View

This Modification Proposal will allow:

- The entity with the greatest subject-matter expertise to provide the PM function for Ofgem's MHHS delivery programme, and the programme is not relying on an entity who is trying to understand the in-depth electricity Settlement process and drivers;
- The function to be delivered on a not-for-profit basis;
- The function to be provided by an entity whose sole purpose is to provide services for the benefit of BSC Parties and the energy market; and
- Industry delivery costs and timescales to be minimised.

As the primary impacts of the MHHS programme are on the BSC, this will better facilitate the achievement of Applicable BSC Objective (d) 'Promoting efficiency in the implementation of the balancing and settlement arrangements'



# P413: TERMS OF REFERENCE

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## Terms of Reference Questions

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- a) ***The exact BSC cost-recovery mechanism (e.g. whether this is through the BSC's Main Funding Share and whether these costs are funded by BSC Trading Parties only)***
- Proposed Modification is currently Main Funding Share with costs of MHHS split out between generators and suppliers based on market share.
  - Alternative Modifications being explored are:
    - Supplier only charging with changes to Voting Share and Default Share Costs
    - Supplier only charging with no changes to Voting Share and Default Share Costs.
  - System changes are required for alternative modifications and Elexon are currently in the process of impact assessing these solutions. The Workgroup have not yet made a determination on whether to progress an Alternative Modification.
- b) ***Does the scope of the Modification Proposal allow the P413 cost-recovery mechanism to apply to any PM provider or only if Elexon provides the function?***
- Workgroup Members have agreed that it is outside the scope of P413 to introduce a BSC cost-recovery mechanism for a non-Elexon PM provider, noting that Ofgem could direct the necessary BSC changes in this scenario using its SCR/Smart Meters Act powers.

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## Terms of Reference Questions

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**c) *How the BSC provisions will ensure that Elexon is accountable to Ofgem for delivery of the PM function, including whether the BSC should give Ofgem the right to remove some or all of the function from Elexon in the event of poor performance***

- The Workgroup agreed that, under the 'enable' option, Ofgem can de-appoint Elexon outside of the BSC and that the P413 provisions only apply for the duration of Elexon's appointment by Ofgem. It therefore agreed that no BSC de-appointment process needed to be included in P413.

**d) *Whether the solution should include provisions for the appointment and governance of the Assurance provider***

- The Workgroup agreed to include provisions in P413 for Elexon to procure/appoint the Assurance provider at Ofgem's request. If Ofgem did not request this, then these BSC provisions would not be used. If Elexon did procure the provider then Ofgem would ratify/approve the procurement process and appointment.

**e) *Should P413 require, or enable, Elexon to be the MHHS PM?***

- The Workgroup agreed that P413 will 'enable' Elexon to be the MHHS PM. This solution involves two Ofgem decisions: one on whether to appoint Elexon and one on whether to approve P413. The P413 BSC requirements on Elexon to provide the MHHS PMO, SI and PPC function would only become effective ('switch on') if Ofgem separately appoints Elexon to this role outside of the BSC. P413 will contain provisions to enable Elexon to participate in any formal tender process and recover bid costs from BSC Parties.

**f) *How will P413 impact the BSC Settlement Risks?***

- Workgroup members do not expect there to be any impact to BSC Settlement Risks due to the nature of the Modification.

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## Terms of Reference Questions

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**g) *What changes are needed to BSC documents, systems and processes to support P413 and what are the related costs and lead times?***

- When will any required changes to subsidiary documents be developed and consulted on?
- The Proposed Modification requires changes to Section C and X-1, there will be small changes required to Elexon processes (impacts to be updated after the internal impact assessment) to support P413. The Workgroup will decide whether to progress an Alternative Solution in light of impact assessment and consultation responses.

**h) *Are there any Alternative Modifications?***

- Workgroup members to consider in light of impact assessment and consultation responses.

**i) *Should P413 be progressed as a Self-Governance Modification?***

- Workgroup members do not believe that this Modification meets the Self-Governance Criteria

**j) *Does P413 better facilitate the Applicable BSC Objectives than the current baseline?***

- To update after previous presentation section.

**k) *Does P413 impact the EGBL provisions held within the BSC***

- Workgroup Members agree that this Modification does not impact the EGBL provisions.



# NEXT STEPS

MEETING CLOSE

# ELEXON

THANK YOU

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**Chris Arnold**

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