Consultation on creation of a new BSC Agent Service Description

18 June 2012

Modification Proposal P284 will enable, but not require, the Balancing and Settlement Code Company (BSCCo) to outsource some or all BSC services to a new BSC Agent (the BSC Services Manager). The P284 proposed solution sets out a requirement for the BSC Panel to agree a new Service Description (a Code Subsidiary Document) to define the services to be provided by the new BSC Agent.

The scope of the Service Description will cover all of the services that are provided by ELEXON Ltd (BSCCo) as of today, and to the existing service standards.

In anticipation of any outsourcing decision and subject to Authority approval of Modification P284 the BSC Panel is seeking views as to whether the proposed Service Description appropriately captures all of the services that are currently provided by ELEXON Ltd (BSCCo).

1.0 Executive Summary

1.1 Following the publication of Ofgem's conclusions letter concerning the potential expansion of ELEXON's Role on 30 April 2012, National Grid submitted a Modification Proposal P284 on 17 May 2012 – Expansion of ELEXON's role via the "contract model" which seeks to give effect to the recommendations set out in Ofgem's conclusions letter.

1.2 P284 will enable, but not require, BSCCo to outsource some or all BSC services to a new BSC Agent (the BSC Services Manager) via a contract between BSCCo and the new BSC Agent. The P284 Workgroup amended the Proposed Legal Text to make it clear that a Service Description should be produced and approved in advance of any outsource agreement being put in place. The Workgroup is currently consulting the industry on its proposed solution. More information on the nature of the BSC Services Manager Role can be found in the Workgroup's Assessment Consultation document.

1.3 In accordance with the provision of Section F of the BSC the BSC Panel is seeking to define the services which may be delivered by the new BSC Services Manager and to give Parties an opportunity to comment on the definition and service standards associated with these services ahead of (and as an enabler to) the conclusion of P284. The Service Description has been drafted to capture all of the current services provided by ELEXON, however, the decision on which of these services will be included in the new BSC Services Manager's contract will be taken at a later stage as part of any contractual negotiation and subject to Authority approval of Modification P284. At the time of this decision it may be necessary to amend the initial Services Description to reflect the actual services to be provided and seek further Panel

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approval. The new BSC Service Manager's Service Description V1.1 dated 18 June 2012 accompanies this consultation document.

1.4 The consultation time line is as follows:

- 18 June 2012 – issue consultation
- 29 June 2012 – closing date for receipt of consultation responses
- 12 July 2012 – presentation of consultation responses and finalized Service Description for Panel Approval

1.5 At the Panel meeting on 14 June 2012, the Panel noted:

- The creation of a new BSC Services Manager – Service Description;
- The consultation time line
- Nominated 2 Panel members, Stuart Cotton & Barbara Vest, to provide input into the consultation (note: initial feedback received & incorporated Friday 15 May 2012)
- Noted that the consultation responses and finalized Service Description will be presented to the Panel for approval on 12 July 2012

2. Scope of the Service Description

2.1 The scope of the Service Description will cover today's "as is" service. That is, all of the services that are currently provided by ELEXON and to the existing service standards.

2.2 As the definition and standards of the majority of the services provided by ELEXON are contained as obligations in the BSC or in Code Subsidiary Documents (CSDs) it is not the intention to replicate the contents of those documents in the Service Description, merely to capture the services to be provided at a high, but appropriate, level and make reference to the BSC or CSD where practicable to do so (in accordance with the provisions of BSC section E1.3.2).

3. Consultation Question and Responses

3.1 This consultation seeks views on whether the Service Description appropriately captures all of the services that are currently provided by ELEXON Ltd.

3.2 Please use the pro-forma (Attachment B) and provide your response to elexon.change@elexon.co.uk by **5.00pm on Friday 29 June 2012**.

3.3 If you have any questions or clarifications relating to this document please don't hesitate to contact Adam Lattimore, Change Management (adam.lattimore@elexon.co.uk) - 020 7380 4363.

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