

Leonardo Costa
Wholesale Markets
Ofgem
9 Millbank
London SW1P 3GE

25 January 2018

Dear Leonardo,

ELEXON's response to your 'minded to' assignment of TSO obligations under the European Electricity Balancing Guideline; and the European Network Code on Emergency and Restoration

We welcome the opportunity to respond to Philippa Pickford's open letter, dated 10 January 2018, on the above subject.

As you are aware, ELEXON (as 'BSCCo' and 'BSC Clearer') is the Code Manager for the Balancing and Settlement Code (BSC) and has been assigned some of the tasks and obligations set out in the European Electricity Balancing Guideline (EB GL) by the Department of Business, Energy and Industrial Strategy (BEIS) in its letter on 18 December 2017.

In this response, we are repeating some of the comments we made at the recent Ofgem workshop on 19 January 2018, in particular to clarify the scope of the respective assignments between BSCCo/BSC Clearer; and the System Operator (SO) when we are both assigned under the same EB GL Article.

The views expressed in this response are those of ELEXON Ltd alone, and do not seek to represent those of the BSC Panel or Parties to the BSC.

Detailed comments

We only have comments on your 'minded to' assignments under the EB GL. (We have no comments on the assignments you propose under the Network Code on Emergency and Restoration; or the change of assignment you propose under the European Guideline on System Operation.)

Our detailed comments are as follows.

- Article 3(2) – we suggest this Article should be assigned across all the TSOs given that it has an obligation on 'system operators'.
- Article 12 – as parts of this Article 12 have been assigned to BSCCo/BSC Clearer, the 'Article 12 row' in the Annex 2 spreadsheet ought to be coloured blue to signify this.
- Article 12(3) – parts of this paragraph 12(3) have been assigned to BSCCo/BSC Clearer, i.e. (a) to (e) inclusive as set out in the 18 December 2018 BEIS assignment letter. As these assigned paragraphs need to be read in conjunction with the initial phrase 'Each TSO shall publish the following information as soon as it becomes available:' we suggest that the 'Article 12(3) row' in the Annex 2 spreadsheet be coloured blue to signify this.

- Articles 45 to 49 inclusive include elements that have been assigned to BSCCo/BSC Clearer by BEIS. In addition, Ofgem proposes to assign these elements to the SO. We agree with this dual assignment on the basis that some elements of balancing energy and imbalance adjustments are calculated and settled by us, as required by the BSC; and other elements of balancing energy and imbalance adjustments are calculated and settled by the SO (National Grid) under its balancing services contracts.
- Article 52(1), as proposed, will also have a dual assignment. We agree on the basis that the assignment is interpreted to split as follows: the SO (National Grid) is required to have the BSC rules in place; and we are required to calculate position and imbalances according to those rules.
- Articles 54(3) and 54(6) – we agree with dual assignments to the SO and to BSCCo/BSC Clearer on the same basis as we have assumed for Article 52(1) above.
- Article 55(3) – if this Article only involves calculations, rather than any rule setting aspects, assignment to BSCCo/BSC Clearer alone is appropriate.
- Articles 62(2(c)), 62(4), 62(5), and 62(7) – to the extent that certain tasks and obligations have been assigned to BSCCo and BSC Clearer by BEIS, we assume that BSCCo/BSC Clearer is able to request derogations against those specific Articles and paragraphs pursuant to Article 62(2)(c). For this we rely on Article 13(5), which states that references to TSOs in this Regulation shall be understood as referring to the assigned entity. Indeed, as you know, we have already utilised this ability through our derogation request from elements of Article 55 relating to imbalance pricing.

If your rationale for the proposed dual assignments differs from ours above, can you let me know, as we need to be sure that we know where our respective obligations (ELEXON and National Grid) begin and cease so that there are no gaps or overlaps.

If you would like to discuss any aspects of our response, please don't hesitate to contact me at steve.wilkin@elexon.co.uk.

Yours sincerely,



Steve Wilkin
European Coordination Manager

cc. Rob Selbie, National Grid