
P451 Digital Meeting Etiquette

- Welcome to the P451 Workgroup meeting 4 – 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

ELEEXON

**P451 'Updating BSC Black Start provisions
and compensation arrangements'**

Meeting 4

29 September 2023

Meeting Agenda

Objectives for this meeting:

- Consider responses to the Assessment Consultation; and
- Provide final views against the BSC Objectives.

Agenda Item	Lead
1. Welcome and meeting objectives	Ivar Macsween (Elexon) - Chair
2. Meeting 3 recap	Patrick Matthewson (Elexon) - Lead Analyst
3. Assessment Consultation Responses	Patrick Matthewson Lorna Lewin (Elexon) – Market Design
4. Draft legal text	Rosalind Archer (Elexon) – Lawyer
5. Final views against BSC Objectives	Patrick Matthewson
5. Next steps & AOB	Patrick Matthewson
6. Meeting close	Ivar Macsween



MEETING 3 RECAP

P451 Meeting 3 recap

The third P451 Workgroup meeting covered:

- Terms of Reference E to O
- Review of the draft legal text
- Agree on the Assessment Consultation Questions

No.	Raised	Action	Owner	Due by	Status	Update
1	WG3	Elexon will consider the scope of the Modification as captured in the P451 Proposal Form to see if this allows for this change in cost recovery mechanism.	Elexon	WG4	Actioned	To be agreed at P451 Meeting 4

Action Update: Elexon will consider the scope of the Modification as captured in the P451 Proposal Form to see if this allows for this change in cost recovery mechanism.

Elexon Legal view:

The Modification Proposal issues (identified in various places through the Proposal) appear two-fold and are:

- the change of terminology from Black Start to System Restoration; and
- extending the range of parties entitled to claim compensation to include non-BSC Parties

The Proposal is silent as to altering the basis of the compensation (and it appears and the Proposer has confirmed) that this was not contemplated at the time. The implication is that the extension of the compensation for non-BSC Parties would be to compensation calculate on the existing basis set out in the Code.

Whilst we understand that the issue is connected, it's our view that the suggested variation is not 'addressing the same issue or defect as originally identified by the Proposer in their Modification Proposal' as required by Section F2.1.12(b)(ii) and goes beyond the scope of this particular Modification.

P451 Specific ToR

Terms of Reference	Status
(a) – Who should be eligible to claim for BSC Black Start compensation?	The Workgroup agrees that non-BSC Parties who are System Restoration Contractors should be eligible to claim for BSC compensation.
(b)(i) – Which instruction(s) would trigger eligibility for a non-BSC Party to receive compensation?	Under GC0156, non-BSC Parties who are Restoration Contractors may receive instructions as part of a Distribution Restoration Zone Plan (DRZP). The P451 Proposed Solution is that these instructions would trigger eligibility for non-BSC Parties who are Restoration Contractors to receive BSC System Restoration compensation. The Workgroup agreed with the Proposed Solution for ToR (b)(i).
(b)(ii) – Are changes needed to the BSC’s definition of Avoidable Costs?	The Proposed Solution does not amend the definition of Avoidable Costs, but states that it would be a good idea for Elexon to produce a guidance document that details what Avoidable Costs might look like in practice. The Workgroup agreed with the Proposed Solution for ToR (b)(ii).
(b)(iii) – Will simply pointing to the relevant Grid Code (or other) instruction be sufficient to limit compensation to the intended non-BSC Party recipients, or do further restrictions need to be placed in the BSC?	The Proposer and Workgroup have considered the draft Legal Text and Code Subsidiary Documents and do not believe any further restrictions are necessary within the BSC for P451.
(c)(i) – Will the Lead Party submit the claim on behalf of the non-BSC Party, or will the non-BSC Party submit the claim direct?	Under the Proposed Solution for P451, the Lead Party will submit the claim on behalf of the non-BSC Party. Some concerns were raised by the Workgroup with the Proposed Solution for ToR (c)(i). It was agreed that these risks should be clearly articulated as part of the Assessment Procedure Consultation.
(c)(ii) – Is the period of 20 business days after the end of a Black Start Period or equivalent still an appropriate timescale for claims to be submitted?	Currently, Lead Parties have 20 Business Days following the end of a Black Start Period to submit a claim. The P451 Proposed Solution will keep this the same for System Restoration. Workgroup agreed with the Proposed Solution for ToR (c)(ii).
(d) – How will claims by non-BSC Parties be validated?	The P451 Proposed Solution will extend the role of the Claims Committee to include non-BSC Party claims. The Workgroup agreed with the proposed solution for ToR (d).

P451 Specific ToR

Terms of Reference	Status
<p>(d)(i) – How will the non-BSC Party evidence that (a) it received the eligible type of instruction, and (b) that the costs for which it is seeking compensation only occurred as a result of complying with that instruction?</p>	<p>Under the P451 Proposed Solution, the existing approach for Black Start would remain the same for System Restoration. The Workgroup agreed with the Proposed Solution for ToR (d)(i).</p>
<p>ToR (d)(ii) – How do we ensure that, if the relevant asset is part of a Supplier’s or Virtual Lead Party’s BM Unit, there is no double counting of costs for compensation purposes?</p>	<p>There is an internal, manual Elexon process that would involve keeping a log or register of claims made against each BM Unit and by whom. The Proposer expressed his view that it is proportionate given the rarity of a System Restoration event. The Proposed Solution would keep this as is. The Workgroup agreed with the Proposed Solution for ToR (d)(ii).</p>
<p>ToR (d)(iii) – Is it clear how the proposed BSC compensation arrangements interact with and differ from other available funding options related to System Restoration?</p>	<p>The Proposer’s view is that this is clear and no additional clarifications are required in the BSC. The Workgroup agreed with this view.</p>
<p>ToR (e) – How will claims be paid out by Elexon?</p>	<p>Elexon explained that under the existing approach the BSC Clearer pays Lead Parties the net sum for all relevant BM Units and relevant Settlement Periods as per BSC Section G3.6.6(a). The Proposed Solution keeps this the same. The Workgroup agreed with the Proposed Solution for ToR (e) on the basis that, under ToR (c), the Lead Party makes the claim on behalf of the non-BSC Party.</p>
<p>ToR (e)(i) - i) What is the likely volume of non-BSC Party claims and the associated impacts of this?</p>	<p>Elexon will use the speculative figures when impact assessing P451, noting that more accurate figures may become available in the future.</p>
<p>ToR (e)(ii) – Should BSC System Restoration compensation claims be prioritised?</p>	<p>The Workgroup agreed with the Proposed Solution for ToR (e)(ii).</p>

P451 Specific ToR

Terms of Reference	Status
ToR (f)(i) – How will the amounts paid out to non-Parties be recouped/recovered by Elexon? Should this come from BSC Parties as part of their Black Start Reallocation Proportion?	<p>The Workgroup will consult on 3 variants to the P451 Solution: the original proposal, a variant with gross demand (including final demand) and a variant with gross demand (including non-final demand) to help them come to an informed decision.</p> <p>Elexon has determined that a change to cost recovery mechanisms is beyond the scope of the original proposal and falls foul of Section F of the Code concerning varying modifications.</p>
ToR (f)(ii) – Should non-BSC Party claimants be charged a submission fee? Should a permitted claim level/amount be set?	<p>The P451 Proposed Solution does not require a submission fee. The Workgroup agreed with the Proposed Solution, noting that charging a submission fee could discriminate against smaller claimants.</p>
ToR (g) – How will the implementation of the Grid Code, CUSC and BSC changes be aligned? What are the risks if they do not align at the same time and can these risks be mitigated?	<p>P451 will target the Standard BSC June 2024 Release or 5 Working Days after the Authority approval.</p>
ToR (h) – Should the BSC Black Start compensation payment mechanism sit within the BSC?	<p>Several members noted that there may be advantages to a solution contained via the CUSC than the BSC, but were happy for this to be noted and captured in the report, with no further discussions proposed as part of this BSC Modification</p>

Standard ToR

Terms of Reference	Status
ToR (i): What impact will P451 have on the BSC Settlement Risks and what changes will be required to the Performance Assurance Arrangements?	Elxon anticipates no impact to BSC Settlement Risks as a result of P451
ToR (j): What changes are needed to BSC documents, systems and processes to support P451 and what are the related costs and lead times?	<p>Code and Subsidiary Documents</p> <p>BSC Section G: Contingencies BSC Section T: Settlement and Trading Charges BSC Section X-1: General Glossary BSCP18: Corrections to Bid-Offer Acceptance Related Data BSCP201: Black Start and Fuel Security Contingency Provisions and Claims Processes Central Registration Agent User Requirements Specification BSC Service Description for Energy Contract Volume Aggregation</p> <p>Document only change – Legal text and BSCPs to be drafted part of the Assessment phase Cost estimate to implement document changes = approx. £2k</p>
ToR (k): Are there any Alternative Modifications?	No alternative proposed.
ToR (m): Does P451 better facilitate the Applicable BSC Objectives than the current baseline?	For vote at working group 4
ToR (n): Does P451 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL objectives?	<p>The changes proposed to BSC Section G3 and T1.7 amend BSC provisions identified as constituting European Balancing Guideline (EBGL) Article 18 Terms and Conditions, as listed in BSC Section F, Annex F-2</p> <p>This means that the Report Phase Consultation is required to be of one calendar month's duration</p>

Estimated costs

Implementation:

Organisation	Item	Implementation costs (£)
Elexon	Systems	N/A
	Documents	<£2k
	Other	N/A
NGESO	Systems	N/A
	Other	N/A
Industry	Systems & processes	N/A

On-going:

Organisation	On-going costs (£)	Comment
Elexon	N/A	There will be a cost of approx. £1k to review each claim. However, this will be recouped via BSC Trading Parties Reallocation Proportions. This cost will only be incurred if a System Restoration event were to occur.
NGESO	N/A	N/A
Industry	Low	This cost will only be incurred if a System Restoration event were to occur resulting in compensation claims for Avoidable Costs. The amounts of compensation paid out are funded by all BSC Trading Parties (including the Lead Party claimant), according to their System Restoration Reallocation Proportions. These arrangements are already in place but will be extended to include the amounts paid to non-BSC Restoration Contractor



ASSESSMENT CONSULTATION RESPONSES

Assessment Consultation Responses (1 of 5)

01 Do you agree with the Workgroup's initial unanimous view that P451 does better facilitate the Applicable BSC Objectives than the current baseline?

Yes	1
No	0
Neutral	0
Other	0

02 Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P451?

Yes	1
No	0
Neutral	0
Other	0

03 Do you agree with the Workgroup that the draft amendments to the Code Subsidiary Documents in Attachment C delivers the intention of P451?

Yes	1
No	0
Neutral	0
Other	0

Assessment Consultation Responses (2 of 5)

04 Do you agree with the Workgroup's recommended Implementation Date?

Yes 1

No 0

Neutral 0

Other 0

05 Do you have a preference for implementing P451 in the Standard BSC June 2024 release, or 5 Working Days after Authority decision?

BSC June 24 0

5 WD 1

Neutral 0

06 Do you believe that cost recovery under P451 should be based on net or gross demand?

Net 0

Gross 1

Neutral 0

Other 0

Assessment Consultation Responses (3 of 5)

07

Do you believe that cost recovery under P451 should be based on final demand?

Yes

0

No

1

Neutral

0

Other

0

08

Do you agree that under P451 the Lead Party will submit the claim on behalf of the non-BSC Restoration Contractor?

Yes

1

No

0

Neutral

0

Other

0

09

Do you agree with the Workgroup that there are no other potential Alternative Modifications within the scope of P451 which would better facilitate the Applicable BSC Objectives?

Yes

1

No

0

Neutral

0

Other

0

Assessment Consultation Responses (4 of 5)

10 Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?

Yes 1

No 0

Neutral 0

Other 0

11 Do you agree with the Workgroup's assessment that P451 does impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

Yes 1

No 0

Neutral 0

Other 0

12 Will P451 impact your organisation?

Yes 1

No 0

Neutral 0

Other 0

Assessment Consultation Responses (5 of 5)

13 How much will it cost your organisation to implement P451?

High	0
Medium	0
Low	1
Other	0

14 What will the ongoing cost of P451 be to your organisation?

High	0
Medium	0
Low	1
Other	0

15 How long (from the point of approval) would you need to implement P451?

5 Working Days	1
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DRAFT LEGAL TEXT



FINAL VIEWS AGAINST BSC OBJECTIVES

Proposer views

Applicable BSC Objective (a) - The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence

- The Proposer believes that P451 will facilitate the implementation of NGENSO's new approach to System Restoration set out in GC0156. This new approach will enable NGENSO to meet their new Transmission Licence obligation to satisfy the ESRS that comes into full effect on 31 December 2026.
- A majority of Workgroup members initially agree, while a minority believe that P451 is actually neutral against this objective, noting that they believed in the absence of P451 that NGENSO would find another way to fulfil their Licence obligation.

Applicable BSC Objective (c) - Promoting effective competition in the generation and supply of electricity and (so far as consistent there with) promoting such competition in the sale and purchase of electricity

- The Proposer believes that the new System Restoration/Distributed ReStart approach that P451 facilitates will enable a wider range of potential Restoration Contractors to tender for System Restoration Services.

Applicable BSC Objective (d) - Promoting efficiency in the implementation of the balancing and settlement arrangements

- The Proposer believes that P451 promotes efficiency in the implementation of balancing and settlement arrangements because without it, the BSC's System Restoration processes and terminology will become outdated and misaligned with other industry codes such as the Grid Code and CUSC.

Initial Workgroup Views

Objective	Proposer views	Initial views
A) The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission License	Positive	Positive
B) The efficient, economic and coordinated operation of the National Electricity Transmission System	Neutral	Neutral
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	Positive	Positive
d) Promoting efficiency in the implementation of the balancing and settlement arrangements	Positive	Positive
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]	Neutral	Neutral
f) Implementing and administrating the arrangements for the operation of contracts for difference and arrangements that facilitate the operation of a capacity market pursuant to EMR legislation	Neutral	Neutral
g) Compliance with the Transmission Losses Principle	Neutral	Neutral



NEXT STEPS

Progression plan

- Summary of Workgroup meeting decisions and actions by 4 October
- Finalisation & review of Legal Text, CSDs & Assessment Report from 4 October – 9 October
- Panel to review Assessment Report by 12 October. Month long Report Phase Consultation due to EBGL impacts.

Event	Date
Present IWA to Panel	9 March 2023
Workgroup meeting 1	5 May 2023
Workgroup meeting 2	14 June 2023
Workgroup meeting 3	9 August 2023
Assessment Procedure Consultation	Monday 4 September – Thursday 28 September
Workgroup meeting 4	29 September 2023
Present Assessment Report to Panel	12 October 2023
Report Phase Consultation	18 October to 18 November
Workgroup meeting 5 (if required)	TBC
Present Draft Modification Report to Panel	14 December 2024
Issue Final Modification Report to Authority	January 2024 (dependent on workgroup)

AOB & MEETING CLOSE

ELEXON

THANK YOU

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29 September 2023

Are there any Alternative Modifications?

Alternative modifications are:

- Raised by a Workgroup member who believes an Alternative will better achieve the Applicable BSC Objectives than the original, Proposed solution
- Upon raising, voting members of the Workgroup will be decided by majority whether the Alternative is better than the Proposed
- If a majority agree: the Alternative is raised, Legal Text is drafted, impacts assessed and both Proposed and Alternative consulted on. Ofgem decide on which variant they approved (if they do approve the Modification)
- If a majority disagree: the Alternative is not raised and the Proposed solution remains as the sole solution
- **Do the Workgroup have a view on whether an Alternative Modification could better facilitate the BSC Objectives?**