

P471 ‘Amendment to BSC Section E to allow more flexibility in procurement of BSC Agents’

In order to support the transition to Market-Wide Half-Hourly Settlement (MHHS), Elexon must enter into BSC Agent contracts for operation of new services, including the Load Shaping Service (LSS), Market-Wide Data Service (MDS) and Volume Allocation Service (VAS).

This Modification seeks to allow more flexibility in the requirements for procurement of BSC Agents, to allow the option of having these systems operated by the service provider who developed them (at least for the duration of the transition period), while the currently-appointed Supplier Volume Allocation Agent (SVAA) continues to operate legacy processes.

This Report Phase Consultation for P471 closes:

5pm on Thursday 04 July 2024

The Panel may not be able to consider late responses.



The BSC Panel initially recommends **approval** of P471



The BSC Panel **does not** believe P471 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- Elexon
- BSC Agents



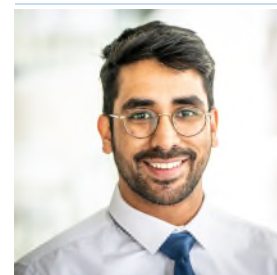
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Not sure where to start?

We suggest reading the following sections:

- Have 5 minutes? Read section 1
- Have 15 minutes? Read sections 1, 7 and 8
- Have 30 minutes? Read all except section 6
- Have longer? Read all sections and the annexes and attachments.

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About This Document

You can find the definitions of the terms and acronyms used in this document in the [BSC Glossary¹](#).

This is the P471 Draft Modification Report, which Elexon is issuing for industry consultation on the BSC Panel's behalf. It contains the Panel's provisional recommendations on P471. The Panel will consider all consultation responses at its meeting on 11 July 2024, when it will agree a final recommendation to the Authority on whether or not the change should be made.

There are 4 parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach.
- Attachment A contains the P471 Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for P471.
- Attachment C contains the specific questions on which the Panel seeks your views. Please use this form to provide your responses to these questions, and to record any further views/comments you wish the Panel to consider.

¹ <https://www.elexon.co.uk/glossary/?show=all>



Why Change?

Under the status quo, [BSC Section E: BSC Agents²](#) mandates Elexon to appoint a single company, known as a BSC Agent, for each BSC Service Description.

For instance, for the Supplier Volume Allocation Service, Elexon must appoint a Supplier Volume Allocation Agent (SVAA) and similarly for other services like Settlement Administration. This process is governed by specific conditions and competitive procurement requirements. However, the transition to Market-wide Half-Hourly Settlement (MHHS) presents unique challenges as it significantly enhances the complexity of the Supplier Volume Allocation service.

The development of MHHS involves implementing new SVAA processes and requirements, including operating entirely new systems for example, Load Shaping Service (LSS), Market-wide Data Service (MDS), and Volume Allocation Service (VAS). This represents a scope increase for an existing BSC Agent service. To mitigate the risk of delaying the MHHS transition, Elexon's preferred approach deviates from the current Section E provisions.

To address this issue, Elexon proposes leveraging the expertise and resources of already appointed service providers.

Solution

The proposed solution is to remove the requirement for BSC Agents to be competitively procured in all circumstances, providing Elexon with the flexibility to take other approaches where appropriate (e.g. in the context of MHHS transition); and provide Elexon with the flexibility to appoint multiple service providers to deliver a single BSC Agent service.

The proposed solution allows Elexon to reconfigure Service Descriptions to reflect the allocation of responsibilities between multiple service providers without having to go through the process currently described by Section E for the reconfiguration of BSC Service Descriptions and require Elexon to specify, in the relevant BSC Agent Contract, other Code or CSD obligations that may not be reflected in the Service Description. Allowing existing service providers to operate these systems during and after the MHHS transition period will reduce costs for parties as previously parties would have to undergo competitive procurements for system operators.

Also, for a limited time the MHHS transition coordination activities, like managing an online service desk and incident response, would fall under Elexon's responsibility.

The solution was initially developed to be discussed by the Workgroup, however due to quoracy issues the fully developed solution will be consulted on during this Report Phase Consultation to allow for industry comment.

Impacts & Costs

Elexon expect costs to implement this Modification to be low (<£1k) as a document only change. We also do not anticipate any material costs or impacts for BSC Parties. As the solution only amends Elexon obligations and processes there should not be any system or process updates for Parties. P471 will reduce costs for parties during and after the MHHS

Section F2.2.11

The Panel may decide at any time to stop a Definition Procedure and/or an Assessment Procedure and proceed, in either case, directly to the Report Phase, in which case the Proposer's right to withdraw or vary their Modification Proposal shall lapse.

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² <https://bscdocs.elexon.co.uk/bsc/bsc-section-e-bsc-agents>

transition period. Any possible further costs and impacts will be evaluated as part of this Report Phase Consultation.

Costs Estimates			
Organisation	Implementation (£)	On-going (£)	Impacts
Elxon	<1k	0k	BSC Section E ‘BSC Agents’
NGESO	0	0	N/A
Industry	0	0	We do not expect any costs for market participants but seek confirmation of this via the Report Phase Consultation.
Total	<1k	0	

Implementation

The BSC Panel initially recommends an Implementation Date of the **7 November 2024**, as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **9 September 2024**

This is a document-only change with no significant implementation costs. It should be implemented promptly following an Ofgem decision to avoid any delay to agreement of BSC Agent contracts required for MHHS transition.

Recommendation

The BSC Panel initially agreed unanimously that P471 will better facilitate better facilitate Applicable BSC Objective (d), as it will allow timely and efficient implementation of the new elements of the Supplier Volume Allocation service required for MHHS.

There has been no objection from industry on P471 moving to Report Phase, therefore, The BSC Panel agreed to submit P471 from the Assessment Phase to the Report Phase

[BSC Section F ‘Modification Procedures’ 2.2.11](#) allows the Panel to submit a Modification directly to the Report Phase at any time during the Assessment Phase. The BSC Panel agreed with all recommendations, and we will issue this Report Phase Consultation on 17 June 2024 for 14 Working Days (WDs).



What is Elexon Kinnect?

Elexon Kinnect is a digital customer-centric platform delivering a smart and flexible central solution for the industry, which will be delivered this year. The modular technology it uses will enable us to implement BSC rule changes more quickly, and provide speedier support for innovation by existing companies and new entrants.



What are greenfield developments?

Greenfield developments typically refer to the creation of new software applications, platforms, or systems from the ground up, without being constrained by existing legacy systems or infrastructure.

Background

At the New Electricity Trading Arrangements (NETA) go-live in 2001, [BSC Section E 'BSC Agents'³](#) established governance for service providers tasked with developing and operation of the NETA systems. These systems were greenfield developments (development of a new product/system) with minimal interfaces to legacy systems.

The BSC Agent contract covers various aspects including application maintenance, development, and hosting infrastructure. The service operated where the BSC Agent was committed to delivering specified business outcomes in Service Descriptions, with flexibility in choosing the method of delivery. The BSC Agent also held contractual responsibility for ensuring the delivery of Service Descriptions, serving the best interests of BSC Parties.

To date, the requirements of Section E and the reality of delivering BSC Services has not prevented Elexon from delivering [Elexon Kinnect⁴](#), which will allow for increased automation and customer self-service as well as data and calculations being migrated to a cloud infrastructure (facilitated by [P456 'Enable Elexon to procure ancillary Technology Services for use by BSC Agents'⁵](#)). Elexon Kinnect has reduced the responsibilities of the traditional BSC Agent role as it reduces the need for a manual process and allows for a BSC Parties to carry out tasks and manage accounts online, but contracts have not changed to reflect that, due to the Section E requirement that Elexon contract to deliver the Service Description.

What is the issue?

BSC Section E requires that Elexon appoint a single company (a "BSC Agent") to deliver each BSC Service Description.

For example, Elexon must appoint a Supplier Volume Allocation Agent (SVAA) to deliver the Supplier Volume Allocation Service, and a Settlement Administration Agent (SAA) to deliver the Settlement Administration Service. It also sets out the process that Elexon must follow when procuring BSC Agents, and specifies certain conditions that any contract with a BSC Agent must meet.

These requirements are not well suited to the specific circumstances of the transition to MHHS, which will significantly increase the complexity of the Supplier Volume Allocation service. The new SVAA processes and requirements are set out in the [BSC Service Description for BSC Central Services for Migrated Market-wide Half-Hourly Metering Systems⁶](#), and must be fully implemented prior to the start of MHHS transition in March 2025. There has never previously been such a large increase in the scope of an existing BSC Agent service (including requirements to operate several entirely new IT systems).

In order to reduce any risk of delay to the start of MHHS transition, Elexon's preferred approach to implementation of this Service Description (subject to the outcome of commercial negotiation with the service providers involved) would be to leverage the existing knowledge and resources of already appointed service providers, so that:

³ <https://bscdocs.elexon.co.uk/bsc/bsc-section-e-bsc-agents>

⁴ <https://www.elexon.co.uk/settlement/bsc-central-services/elexon-kinnect-platform/>

⁵ <https://www.elexon.co.uk/mod-proposal/p456/>

⁶ https://www.mhhsprogramme.co.uk/uploads/9eb43aaf-1d7a-4292-ac52-28c5f178c8a0/MHHS-DEL1343-BSC_Central_Services_MHHS_Service_Description_v0.6.pdf

- Existing 'legacy' elements of the SVAA service would continue to be operated by the existing BSC Agent, for the duration of the existing contracts (which run until 2026);
- New systems (such as LSS, MDS and VAS) would be operated by the parties who developed them (for a limited period of time, but at least for the duration of the MHHS transition period); and
- BSC Agents will be subject to a new re-procurement activity for these new services, with new contracts that come into force after MHHS transition completes; and
- Activities required to coordinate the effective delivery of the service (such as operating an online service desk for parties, and overall coordination of incident response services) would be carried out by Elexon.

This preferred model is inconsistent with the current provisions of Section E, which require that:

- Any appointment of a BSC Agent should be subject to competitive procurement. As explained above, Elexon's preferred approach to MHHS Transition is to negotiate changes to the existing contracts for development and testing of the new systems (such as LSS, MDS and VAS), which were themselves competitively procured, so that they also cover operation during the transition period (becoming BSC Agent contracts); and
- A single BSC Agent should be appointed to deliver each BSC Service Description. As explained above, Elexon's preferred approach is to split the delivery of the [BSC Service Description for BSC Central Services for Migrated Market-wide Half-Hourly Metering Systems⁷](#) between more than one existing service providers.

Desired outcomes

The desired outcome is that Elexon (with appropriate oversight from the BSC Panel) is empowered to:

- Appoint a BSC Agent without going through a competitive procurement, in cases where this offers value for money and the most appropriate outcomes for Parties (in this case, a reduced risk of delay to MHHS);
- Appoint more than one BSC Agent to deliver a BSC Service Description; and
- Perform necessary activities (e.g. management of service desk and incident response) to ensure effective coordination of service providers delivering a BSC Service Description.

Although the specific issues requiring this Modification Proposal to be raised relate to MHHS transition and the Supplier Volume Allocation service, Elexon believe these outcomes could provide value elsewhere as well (e.g. opening up the option of splitting the data retrieval and data processing elements of the Central Data Collection Service when it is next re-procured).

Elexon also note that significant changes to the role of Elexon and the BSC Panel in the procurement of BSC Agents are likely to be required due to energy code reform (see the

⁷ [BSC Service Description for BSC Central Services for Migrated Market-wide Half-Hourly Metering Systems](#)

Ofgem consultation on [implementation of energy code reform⁸](#)). The changes proposed by this Modification Proposal should therefore be seen as relatively tactical and short-term in nature, pending the outcome of the code reform process.

⁸ <https://www.ofgem.gov.uk/publications/energy-code-reform-implementation-consultation>

Proposed solution

As described above, the proposed solution is to:

- Remove the requirement for BSC Agents to be competitively procured in all circumstances, providing Elexon with the flexibility to take other approaches where appropriate (e.g. in the context of MHHS transition); and
- Provide Elexon with the flexibility to appoint multiple service providers to deliver a single BSC Service Description, without necessarily having to go through the process of reconfiguring the Service Description and consulting parties on the proposed reconfiguration (as currently described by Section E).

Legal text

P471 impacts Section E of the BSC. This draft legal text allows but does not require Elexon to split a BSC Service Description into different documents (one per BSC Agent). In the context of MHHS transition, it would therefore be consistent with either of the following approaches to the [BSC Service Description for BSC Central Services for Migrated Market-wide Half-Hourly Metering Systems⁹](#):

- The Service Description is kept as a single document, with the details of which BSC Agent delivers which parts of it document elsewhere; or
- The Service Description is split into multiple documents, one per BSC Agent (subject to discussion with the MHHS Programme on when and how to implement this change).

The proposed changes in the draft legal are as follows:

- Amend Section E1.2.1 to allow multiple BSC Agents to be appointed to deliver a single BSC Service Description;
- Remove BSC Service Description names from the table in Section E1.2.5 (to allow for the option of having multiple BSC Service Descriptions with different names describing a single BSC Agent Service);
- Amend Section E1.2.6 (which currently has very specific legacy provisions allowing two different BSC Agents to perform the Technical Assurance Agent role) to allow multiple persons to perform a BSC Agent role, and require Elexon to reconfigure or divide the associated BSC Service Descriptions so that Parties have visibility of how obligations have been allocated between different BSC Agents;
- Amend Section E1.3.1 to recognise that multiple BSC Agents may deliver a BSC Service Description, and be less prescriptive about the required content of a BSC Service Description;
- Amend Section E1.5 to empower Elexon to reconfigure or divide BSC Service Descriptions without requiring industry consultation or Panel approval. This will allow Elexon to agree an appropriate split of responsibilities between the service providers delivering MHHS transition in an agile and timely way;

⁹ https://www.mhhsprogramme.co.uk/uploads/9eb43aaf-1d7a-4292-ac52-28c5f178c8a0/MHHS-DEL1343-BSC_Central_Services_MHHS_Service_Description_v0.6.pdf

- Delete E2.1.7 (which relates to the initial contracts in place when the BSC was implemented, and is therefore no longer used); and
- Amend E2.7 to remove the requirement for BSC Agent contracts to be competitively procured in all cases.

The full legal text proposed can be found in Attachment B.

BSC Section E2.7.1 will provide independent assurance by requiring the BSC Panel to agree an Appointment Approach Statement which will set out Elexon's approach to procuring or appointing a new BSC Agent.

Where Elexon has appointed a new BSC Agent, they will report to the Panel how value for money will be delivered

Benefits

The preparation for MHHS transition is already a complex and high-risk activity. Being required to undergo competitive procurements for the operation of new systems (e.g. MDS, LSS and VAS) prior to the start of transition would very likely cause delay to the MHHS Programme, increasing costs and uncertainty for Suppliers and other parties. Allowing existing service providers to operate these systems during and after the transition period (subject to satisfactory conclusion of commercial negotiations) will reduce costs for parties (and ultimately consumers), and reduce any risk of delay to the benefits that the MHHS Programme will bring.

There may also be secondary benefits to subsequent BSC Agent procurements (e.g. opening up the possibility of separately procuring the data retrieval and data processing elements of the Central Data Collection service).

Report Phase Consultation Questions

Do you agree with the Panel that the redlined changes to the BSC deliver the intention of P471?

Please provide your rationale.

The Panel invites you to give your views using the response form in Attachment C

Other Related Modifications

BSC Modification P456 ('Enable Elexon to procure ancillary Technology Services for use by BSC Agents') was implemented on 9 November 2023, and allows Elexon to procure Technology Services Providers required to deliver BSC Services (but, unlike this Modification Proposal, would not allow multiple providers to deliver the BSC Service itself).

Elexon are also progressing [P472 'Amendment to provisions for Parties to bring claims against BSC Agents in BSC Section E'](#)¹⁰ to remove or amend the Section E requirement that BSC Parties should be able to take action directly against BSC Agents. We believe those issues are only loosely related to this Modification Proposal, and best considered as a separate proposal.

Applicable BSC Objectives

This Modification Proposal is expected to have a positive impact on BSC Objective (d), in that it will allow timely and efficient implementation of the new elements of the Supplier



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

(g) Compliance with the Transmission Losses Principle

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¹⁰ <https://www.elexon.co.uk/mod-proposal/p472/>

Volume Allocation service required for MHHS. Furthermore it will overall improve efficiency by allowing the flexibility to appoint multiple service providers to deliver one BSC Service Description. Elexon will not have to go through the process of reconfiguring the Service Description and consulting parties on the proposed reconfiguration.

A more indirect benefit is against objective (c), as this Modification Proposal safeguards timely delivery of MHHS, which will increase effective competition in the electricity supply market.

Alternative Solution

Elexon do not believe there to be any alternative solutions that would better meet the desired outcomes and the Applicable BSC Objectives.

Estimated costs of P471

Elxon believe that the costs to implement and ongoing operational costs are very low and would cost <1k overall, although we will seek to confirm this via the Report Phase Consultation. Elxon have broken down the costs below:

Implementation costs estimates			
Organisation	Item	Implementation costs (£)	Comment
Elxon	Systems	-	P471 will not impact any Elxon systems
	Documents	<1K	P471 will be a document only change
	Other	-	
NGESO	Systems	-	
	Other	-	
Industry	Systems & processes	-	No costs to industry expected, though we seek confirmation of this via the Report Phase Consultation
Total		<1K	

On-going costs estimates		
Organisation	On-going costs (£)	Comment
Elxon	0	
NGESO	0	
Industry	0	
Total	0	There are no anticipated ongoing costs after P471 is implemented.

P471 impacts

Impact on BSC Parties and Party Agents		
Party/Party Agent	Impact	Estimated cost
Supplier	P471 does not directly impact Suppliers, but there is an indirect impact, because in the absence of this Modification Proposal there would be a high risk of delay to MHHS (which would significantly impact Suppliers).	N/A

Impact on the NETSO	
Impact	Estimated cost
No impacts anticipated	N/A

Impact on BSCCo		
Area of Elexon	Impact	Estimated cost
Elexon	Allow Elexon (with appropriate oversight from the BSC Panel) to appoint a BSC Agent without going through a competitive procurement. Elexon are empowered to appoint more than one BSC Agent to deliver a BSC Service Description. Also, Elexon to perform necessary activities to ensure effective coordination of service providers delivering a BSC Service Description	M

Impact on BSC Settlement Risks
No impacts on Settlement Risks are anticipated.

Impact on BSC Systems and process	
BSC System/Process	Impact
None	N/A

Impact on BSC Agent/service provider contractual arrangements	
BSC Agent/service provider contract	Impact
BSC Agents	BSC Agents not to be competitively procured in all circumstances, providing Elexon the flexibility to take other approaches where suitable (with appropriate oversight from the BSC Panel). Allowing existing service providers to operate new systems during the MHHS transition period (subject to satisfactory conclusion of commercial negotiations).

Impact on Code	
Code Section	Impact
BSC Section E	The legal text allows but does not require Elexon to split a BSC Service Description into different documents (one per BSC Agent) and to provide more flexibility over when to competitively procure BSC Agents.

Impact on MHHS

P471 does not impact the code drafting or system development for MHHS, although it will impact the contractual provisions with new BSC Agents required to put MHHS systems into live operation. These contractual arrangements are the responsibility of Elexon (as a market participant), not the MHHS Programme.

Impact on EBGL Article 18 terms and conditions

We do not believe P471 will impact EBGL as there are no references of Section E within the [EBGL article 18 terms and conditions¹¹](#), nor does the new Section E drafting extend the EBGL provisions within the BSC.

Impact on Code Subsidiary Documents

CSD	Impact
None	N/A

Impact on other Configurable Items

Configurable Item	Impact
None	N/A

Impact on Core Industry Documents and other documents

Document	Impact
Ancillary Services Agreements	No Impact
Connection and Use of System Code	
Data Transfer Services Agreement	
Distribution Code	
Grid Code	
Retail Energy Code	
Supplemental Agreements	
System Operator-Transmission Owner Code	
Transmission Licence	
Use of Interconnector Agreement	

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¹¹ <https://bscdocs.elexon.co.uk/bsc/bsc-section-f-modification-procedures#annex-f-2>

Impact on a Significant Code Review (SCR) or other significant industry change projects

Elxon believes there is **no impact** on any SCRs or industry change projects. This has been confirmed by Ofgem on 11 April 2024. Ofgem held discussions with MHHS and DUoS SCRs to ensure that there was no impact.



What are the consumer benefit areas?

- 1) Will this change mean that the energy system can operate more safely and reliably now and in the future in a way that benefits end consumers?
- 2) Will this change lower consumers' bills by controlling, reducing, and optimising spend, for example on balancing and operating the system?
- 3) Will this proposal support:
 - i) new providers and technologies?
 - ii) a move to hydrogen or lower greenhouse gases?
 - iii) the journey toward statutory net-zero targets?
 - iv) decarbonisation?
- 4) Will this change improve the quality of service for some or all end consumers. Improved service quality ultimately benefits the end consumer due to interactions in the value chains across the industry being more seamless, efficient and effective.
- 5) Are there any other identified changes to society, such as jobs or the economy.

Report Phase Consultation Questions

Will P471 impact your organisation?

If it will impact, please provide a description of the impact(s) and any activities which you will need to undertake between approval and implementation (including any necessary changes to your systems, documents and processes) and any on-going operational impacts. Where applicable, please state any difference in impacts between the proposed solutions.

How much will it cost your organisation to implement P471?

If any, please provide details of these costs, how they arise. Please also state whether it makes any difference to these costs whether implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in costs between the proposed solutions and if applicable, between the different roles.

What will the ongoing cost of P471 be to your organisation?

If any, please provide details of these costs, how they arise. Please also state whether it makes any difference to these costs whether P471 is implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in costs between the proposed solutions and if applicable, between the different roles.

How long (from the point of approval) would you need to implement P471?

Please provide an explanation of your required lead time, and which activities are the key drivers behind the timescale. Please also state whether it makes any difference to this lead time whether implemented as part of or outside of a normal BSC Systems Release. Where applicable, please state any difference in lead times between the proposed solutions.

The Panel invites you to give your views using the response form in Attachment C

Impact of the Modification on the environment and consumer benefit areas:

Consumer benefit area	Identified impact
1) Improved safety and reliability	Neutral
2) Lower bills than would otherwise be the case	Positive
3) Reduced environmental damage	Neutral
4) Improved quality of service	Neutral
5) Benefits for society as a whole	Neutral

P471 does not directly impact consumers, but there is an indirect impact, because in the absence of this Modification Proposal there would be a high risk of delay to MHHS (which would increase costs for consumers).

Report Phase Consultation Questions

Do you agree with the identified consumer benefits?

Please provide your rationale.

The Panel invites you to give your views using the response form in Attachment C

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Recommended Implementation Date

The BSC Panel recommends an Implementation Date for P471 of:

- **7 November 2024**, as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **7 October 2024**.

Implementing within the November 2024 Standard Release allows for a timely release before the MHHS transition at the start of 2025. Implementing within the November Release will realise the benefits as soon as possible whilst following a standardised process for the release of changes to the BSC. Previously Elexon had communicated the need for an Authority decision by 9 September 2024. The BSC Panel queried why the Implementation Phase is 2 months, as the Modification Implementation Phase will not draft any CSD's or have any system changes so the timescales for the Authority Decision can be at a later date. As a result, Elexon confirmed with the internal team and have amended the approach to push back the Authority decision date.

Report Phase Consultation Question

Do you agree with the Panel's recommended Implementation Date?

Please provide your rationale.

The Panel invites you to give your views using the response form in Attachment C

Proposed progression plan

Proposed Progression Timetable

Event	Date
Present Initial Written Assessment to Panel	11 April 2024
Present Interim Report to Panel	13 June 2024
Report Phase Consultation (14 WD)	17 June 2024 – 04 July 2024
Present Draft Modification Report to Panel	11 July 2024
Issue Final Modification Report to Authority	17 July 2024

Self-Governance

The BSC Panel believe that this Modification **should not** be treated as Self-Governance Modification Proposal as it does materially impact the Code's governance procedures relating to procurement of BSC Agents.



As P471 did not form a Workgroup, this document outlines Elexon's views against the P471 Terms of Reference (ToR).

Term of Reference	Elexon's view
a) What are the risks of the proposed solution and how could they be mitigated?	<p>Risk 1: Value for money</p> <p>There is a risk that removing the requirement for a competitive procurement for appointing BSC Agents could lead to not delivering value for money.</p> <p><u>Mitigations:</u></p> <p>Elexon has procurement policies (overseen by the Elexon Board) and will regularly undertake competitive procurements. A decision to appoint a BSC Agent without undertaking a competitive procurement would only be taken when necessary, due to unusual circumstances. For example, for MHHS Transition allowing the developer of the new systems (LSS, MDS and VAS) to operate them (acting as a BSC Agent) during transition, is necessary to maintain continuity and prevent delays.</p> <p>BSC Section E2.7.1 will provide independent assurance by requiring the BSC Panel to agree an Appointment Approach Statement which will set out Elexon's approach to procuring or appointing a new BSC Agent.</p> <p>Where Elexon has appointed a new BSC Agent, they will report to the Panel how value for money will be delivered</p> <p>Risk 2: Service delivery</p> <p>There is also a risk that requiring multiple service providers to collaborate in providing a BSC Service could create difficulties delivering the service due to the additional potential complexities.</p> <p><u>Mitigations:</u></p> <p>BSC Section E1.5 requires Elexon to document and publish details of which parts of the service each BSC Agent is responsible for. This will mitigate any risks of this becoming unclear.</p> <p>If necessary, Elexon can include in the reconfigured Service Descriptions specific requirements for how service providers interact with each other (under E1.5.1(a) provisions for minor consequential amendments).</p>

What is the Self-Governance Criteria?

A Modification that, if implemented:

(a) does not involve any amendments whether in whole or in part to the EBGL Article 18 terms and conditions; except to the extent required to correct an error in the EBGL Article 18 terms and conditions or as a result of a factual change, including but not limited to:

- (i) correcting minor typographical errors;
- (ii) correcting formatting and consistency errors, such as paragraph numbering; or
- (iii) updating out of date references to other documents or paragraphs;

(b) 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.

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	<p>Elexon will perform in-house activities (e.g. management of service desk and incident reporting) to ensure coordination of service providers delivering a BSC Service which will strengthen their capabilities.</p>
<p>b) What criteria or checks and balances are needed, if any?</p>	<p>BSC Section E2.7.1 will provide independent assurance by requiring the BSC Panel to agree an Appointment Approach Statement which will set out Elexon's approach to procuring or appointing a new BSC Agent.</p> <p>Where Elexon has appointed a new BSC Agent, they will report to the Panel how value for money will be delivered.</p> <p>The BSC Panel can establish a committee or an observer to advise Elexon with the appointment or procurement of a new BSC Agent.</p> <p>BSC Section E1.5 requires Elexon to document and publish details of which parts of the service each BSC Agent is responsible for.</p>
<p>c) How will this modification impact the BSC Settlement Risks?</p>	<p>This solution will not impact BSC Settlement as it is specifically targeted at the procurement of BSC Agents. Allowing there to be existing providers to operate new systems for MHHS will not impact Settlement and will reduce the risk of delay to the MHHS Programme</p>
<p>d) What changes are needed to BSC documents, systems and processes to support this modification and what are the related costs and lead times? When will any required changes to subsidiary documents be developed and consulted on?</p>	<p>P471 is a document only change to Section E which will cost <£1k.</p> <p>P471 should be implemented during the November 2024 Standard BSC release after Ofgem decision, Elexon are looking to implement this Modification before March 2025 as this will indirectly impact the MHHS transition.</p> <p>The suggested amendments to Section E changes will be consulted on during the Report Phase Consultation. There will be a further update to Guidance Notes and Simple Guides during the implementation phase.</p>
<p>e) Are there any Alternative Modifications?</p>	<p>Elexon believes this to be a well confined change to Section E and there are no better Alternative Modifications that would better facilitate the Applicable BSC Objectives.</p>
<p>f) Should this modification be progressed as a Self-Governance Modification?</p>	<p>Elexon do believe the amendments are material and should not be progressed as Self-Governance.</p>

	The Solution materially impacts the Code's governance procedures relating to procurement of BSC Agents.
g) Does this modification better facilitate the Applicable BSC Objectives than the current baseline?	Elexon believes P471 will better facilitate Applicable BSC objective (d) as it will allow timely and efficient implementation of the new elements of the Supplier Volume Allocation service required for MHHS. It will enhance efficiency by enabling the appointment of multiple service providers to deliver a single BSC Service Description. This approach eliminates the need for Elexon to reconfigure the Service Description and consult with parties about the proposed changes.
h) Does this modification impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?	As P471 only impacts Section E, which is not an EBGL related Section as per BSC Annex F-2, P471 does not impact on EBGL, nor does it extend them.

Elxon invited the Panel to raise P471 at its meeting on 11 April 2024 ([349/06¹²](#)). Elxon believed, and the Panel agreed, that it would better facilitate Applicable BSC Objective (d), in that it will allow timely and efficient implementation of the new elements of the Supplier Volume Allocation service required for MHHS. Elxon also believed that this Modification should progress to the Assessment Phase to allow for industry input via a Workgroup, allowing industry the opportunity to input on areas such as:

- The proposed solution and legal text;
- Implementation approach;
- The Terms of Reference; and
- Any further impacts or costs that Elxon has not identified beforehand

The Panel agreed with this approach, raising P471 in accordance with Section F2.1.1(d)(i) and submitting it to the Assessment Phase.

Submission to the Report Phase

The initial aim was to hold the first Workgroup in May 2024. However, despite numerous Newscast and BSC Change mailing list emails, posts on both LinkedIn and X (formerly Twitter), and leveraging Elxon Operation Support Mangers (OSMs) only two members have signed up as voting members. We highlighted, in the IWA, the risk that we may be unable to form a Workgroup and suggested a possible mitigation would be to submit P471 direct to the Report Phase. Following the April 2024 BSC Panel meeting, Elxon continued advertising the need for P471 Workgroup members, plus issued a more targeted email aimed at industry members who frequently engage with the BSC. In response to this NGESO signed up as an attendee and could become a voting Member. However, there would still only have three Members if this happened.

At its meeting on 11 June 2024 ([351/07¹³](#)) Elxon therefore recommended to the Panel that P471 go straight to the Report Phase as a quorate Workgroup had not been formed. This would allow P471 to be progressed in a timely manner, due to its need to be implemented before the MHHS transition in March 2025.

The Panel agreed with Elxon that as P471 had not been able to form a quorate Workgroup ([see interim Assessment Report found on the P471 Webpage¹⁴](#)) it should be submitted directly to the Report Phase (in accordance with [Section F 'Modification Procedures' 2.2.11¹⁵](#)) for the following reasons:

- There has been a lack of interest from industry and it has not been possible for form a quorate Workgroup;
- The solution has been fully worked up. The proposed legal text can be found in Attachment B;
- Elxon provided its views on the Terms of Reference set by the Panel (see section 6); and

¹² <https://www.elxon.co.uk/meeting/bsc-panel-349/>

¹³ <https://www.elxon.co.uk/meeting/bsc-panel-351/>

¹⁴ <https://www.elxon.co.uk/mod-proposal/p471/>

¹⁵ <https://bscdocs.elxon.co.uk/bsc/bsc-section-f-modification-procedures#section-f-2-2-2-2.2.11>

- Elexon will be able to consult on the Modification and Terms of Reference, to gather industry views on P456 in the Report Phase. This should help to inform the Panel views on whether the proposal should be approved or rejected.

The Panel questioned the Legal Text, specifically noting that section E2.7.4 (a) appeared incorrect. However, Elexon confirmed that the legal text was accurate. They explained that section (a) remains within the legal text as a sentence rather than a bullet point.

Furthermore, Elexon explained that 2.7.4 (b) and 2.7.5 stops Elexon from expanding the role of a BSC Agent contact without procurement therefore it was removed from Section E.

The BSC Panel also stated that to ensure P471 receives full industry exposure, a longer Report Phase Consultation period would be preferable. Elexon has extended the consultation window to 14 Working Days, up from the previous 10 Working Days.

Additionally, the BSC Panel questioned why the Implementation Phase is 2 months as the Modification's Implementation Phase does not require the drafting of any CSD's or incur any system changes, so suggested that the timescales for the Authority Decision could fall at a later date. As a result, Elexon has revised the approach to push back the deadline for receiving an Authority decision date.

Applicable BSC Objectives

The Panel agreed that P471 better facilitates Applicable BSC Objective (d) in that it will allow timely and efficient implementation of the new elements of the Supplier Volume Allocation service required for MHHS. Furthermore it will overall improve efficiency by allowing the flexibility to appoint multiple service providers to deliver one BSC Service Description. Elexon will not have to go through the process of reconfiguring the Service Description and consulting parties on the proposed reconfiguration.

Self-Governance

The Panel also agree that this Modification **should not** be treated as Self-Governance Modification Proposal as it does materially impact the Code's governance procedures relating to procurement of BSC Agents.

EBGL

The Panel also agree that P471 does not impact EBGL Article 18 terms and conditions as the proposal only impacts Section E, which is not an EBGL related section. Also, P471 does not amend any balancing arrangements.

The BSC Panel agreed with the all recommendations, this Modification will be issued for a 14 Working Day Report Phase Consultation where industry will be invited to comment.

Initial Recommendations

The Panel unanimously:

- AGREED** that P471 progresses directly to the Report Phase;
- AGREED** that P471 does better facilitate Applicable BSC Objective (d);
- AGREED** an initial recommendation that P471 should be **approved**;
- AGREED** an initial view that P471 **SHOULD NOT** be treated as a Self-Governance Modification;

- e) **AGREED** that P471 **DOES NOT** impact the EBGL Article 18 terms and conditions held within the BSC;
- f) **AGREED** an initial Implementation Date of:
 - a. **7 November 2024**, as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **7 October 2024**;
- g) **AGREED** the draft legal text; and
- h) **NOTED** that Elexon will issue the P471 Draft Modification Report (including the draft Legal Text) for a 14 Working Day consultation and will present the results to the Panel at its meeting on 11 July 2024.

Report Phase Consultation Questions

Do you agree with the Panel's initial unanimous recommendation that P471 should be approved?

Do you agree with the Panel's initial view that P471 should not be treated as a Self-Governance Modification?

Please provide your rationale.

Do you agree with the Panel's initial consideration that P471 does not impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC?

Please provide your rationale.

The Panel invites you to give your views using the response form in Attachment C

8 Recommendations

The BSC Panel initially recommends:

- That P471 should be **approved**
- That P471 **does not** impact the EBGL Article 18 terms and conditions held within the BSC;
- That P471 should not be treated as a Self-Governance Modification;
- An Implementation Date for P471 of:
 - **7 November 2024**, as part of the Standard November 2024 BSC Release if an Authority decision is received on or before **7 October 2024**;
- The draft Legal Text for P471