

CP1460 'Timely inclusion of SBR Actions into imbalance cashout'



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About This Document

This document is the Final Change Proposal (CP) Report for CP1460, which ELEXON has published following the final decision from the Panel to approve CP1460.

There are three parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, and proposed implementation approach. It also summarises the Panel's views on the proposed changes and the views of respondents to the CP Consultation, along with the final decision on whether to approve this change.
- Attachment A contains the approved redlined changes to deliver the CP1460 solution.
- Attachment B contains the full responses received to the CP Consultation.

1 Why Change?

What are Balancing Services?

Balancing services are used by the Transmission Company in its role as System Operator (SO) to balance supply and demand in real time. These are also used in the calculation of imbalance prices (also known as cash-out prices).

In December 2013, Ofgem published its decision to accept an application by the Transmission Company to introduce two new balancing services:

- Supplemental Balancing Reserve (SBR); and
- Demand Side Balancing Reserve (DSBR).

What is the SBR service?

The SBR makes available generation that would otherwise be unavailable in the market. This generation is held in reserve and only be used in the unlikely event that there is insufficient generation capacity available in the market to meet demand.

What is the DBSR service?

The DSBR service is a simple, low cost solution to stimulate rapid growth in the provision of demand-side services to the SO. The service is aimed at non-domestic consumers with the ability to reduce demand/load shift or run small embedded/on-site generation for at least an hour during the winter evening peak. This enables the SO to ask large energy users to reduce their demand in exceptional circumstances and remunerates them for doing so.

What is the current process to include SBR in cashout?

The Balancing and Settlement Code (BSC), as amended by [P323 'Enabling inclusion and treatment of SBR in the Imbalance Price'](#), enables the Transmission Company to identify and re-price System Actions related to the provision of SBR.

Prior to P323, any SBR related System Action would have been priced according to the SBR provider's contracted Offer Price with the Transmission Company and then SO-flagged. However, P323 replaced the Offer Price with the Value of Lost Load (VoLL) for output instructed for SBR purposes. This is because the VoLL better reflects the prevailing market value of the SBR output than the Offer Price, which is agreed between the Transmission Company and SBR provider ahead of any SBR delivery.

P323 enabled the calculation of imbalance prices to include the value of SBR whilst not affecting the calculation of Balancing Mechanism (BM) cashflows. P323 achieved this by enabling the Transmission Company to identify specific Bid-Offer Acceptances (BOAs) taken for SBR purposes¹ and for resulting System Actions to be priced at VoLL for use in the imbalance price calculations only.

¹ 'Taken for SBR purposes' in the context of the BSC means to accept an action offered by an SBR provider where the provider's generation output would exceed its Stable Export Limit (SEL) for a period of time. For the avoidance of doubt, any accepted action offered by an SBR provider where its output is below, at, or is 'ramped



What is the Value of Lost Load?

The VoLL price is an assessment of the average value that electricity consumers attribute to the security of supply.

The Transmission Company raised P323 with the intention of ensuring imbalance prices reflected the value of SBR using a manual process, rather than an automated one that relies on changes to central systems. A manual process was proposed as an interim measure to allow the calculation of imbalance prices to reflect SBR if it was dispatched in winter 2015/16.

Manual solution

ELEXON implemented a manual solution for P323 such that no changes to central systems were necessary. This was to ensure that a solution could be put in place as close to the start of the winter 2015/16 period as possible. As part of this change, an enduring solution that will rely on changes to central systems was clearly defined in the BSC. However, in the absence of these system changes, an obligation was put on ELEXON to ensure that the imbalance prices calculated for any relevant Settlement Periods reflect the value of SBR Actions where they are taken. The full details of this solution can be found in the [P323 Final Modification Report](#).

What were the considerations for an enduring solution?

In practice the Balancing Mechanism Reporting Agent (BMRA) and Settlement Administration Agent (SAA) deliver the BSC requirements for calculating and publishing imbalance prices by using automated processes. Ideally, any change to the calculation of imbalance prices should be incorporated with the existing systems and processes. This ensures integrity and simplicity.

Under P323, it was proposed that any enduring solution should be similar to the approach taken to re-pricing System Actions from Short Term Operating Reserve (STOR) Providers under [P305 'Electricity Balancing Significant Code Review Developments'](#). Under P305, System Actions determined to be STOR Actions are priced at the greater of the Reserve Scarcity Price (RSP) or the original Offer Price when calculating the imbalance price. However, the original Offer Price(s) are retained in either case for BM cashflow calculations.

The P323 Workgroup noted that:

- The expected frequency of use of the SBR balancing service is very low, if ever used. However, whilst the probability may be very low, the impact is very high if there is no process in place for dealing with this when the Transmission Company takes an SBR Action.
- A solution may only be required until the Capacity Mechanism becomes effective in 2019, so is therefore likely to be an interim one.
- Making the changes to BSC System for P323 as part of the November 2015 Release would likely have exposed that release to a very high level of risk due to an already busy programme of work, the very short timescales to develop system changes and the limited availability of resources.
- Considering these factors, to ensure that a solution was implemented in time for winter 2015/16, a manual solution was considered a pragmatic way forward. However, it was noted that even if a manual solution was implemented initially,

any change should be implemented in such a way to enable an enduring, automated solution that would produce timely imbalance prices to be activated at some point in the future.

- Any enduring solution involving BSC System changes would need to be progressed through a separate CP if P323 is approved. This would be targeted at a later BSC Release, preferably in time for the winter 2016/17, if the Panel deemed it necessary.

The BSC was amended such that should the Panel deem it necessary to automate the process for including SBR Actions within the imbalance price, then the Panel would consider any CP to enact this, i.e. the decision would not be delegated to a Panel Committee(s) as normal.

What is the issue?

SBR Actions currently feed into the imbalance price using a manual process. The delay caused by this manual process means that the imbalance prices do not incorporate the pricing of SBR Actions at the prevailing VoLL until the Interim Information (II) Settlement Run. This is five Working Days (WDs) later.

Ofgem has now granted an [extension of the cost recovery arrangements for SBR and DSBR](#) for these next two winters, and the Transmission Company has entered into contracts for 3.5GW of SBR for winter 2016/17. The Proposer contends that the certainty that these services will be in place for two more winters, the increased procurement and the anticipated increase in their use now warrants an automated solution. They therefore believe that this needs to be in place for November 2016.

Proposed solution

[CP1460 'Timely inclusion of SBR Actions into imbalance cashout'](#) was raised by Engie on 28 March 2016 following preliminary consideration of potential solutions and ways of progression at the Panels meeting in March 2016 ([Panel 250/11](#)).

SBR Actions will be included in the imbalance price, priced at VoLL when they are first published 15 minutes after the end of the Settlement Period. This includes the following requirements:

- The Transmission Company will provide standing data to central systems identifying those BM Units that it can dispatch for SBR purposes.
- The Transmission Company will provide the standing data in a version and date controlled delimited format (e.g. a csv file); any amendments to the data shall be managed by resubmitting the file to central systems as necessary.
- The BMRA and the SAA will load the SBR BM Unit standing data into their systems, and any subsequent versions will overwrite the previous version.
- For validation purposes, the BMRA and the SAA will load the SBR Period (1 November to 28/29 February) of any given year, the relevant Settlement Periods and the time that SBR Actions are relevant.
- The BMRA and the SAA will treat an SBR BOA as any BOAs from BM Units that:
 - are identified in the standing data
 - are not SO-Flagged, and which
 - fall within the SBR period described in the previous paragraph which take the BM Unit's agreed output above its Stable Export Limit (SEL).

This will be for the purposes of calculating imbalance prices only, with any derived System Actions considered as SBR Actions and will have an SBR Action Price, which is set equal to VoLL.

- SBR Actions will be treated like any other System Action for the purpose of flagging in the existing imbalance price calculation; however these will be priced at VoLL.
- Irrespective of whether the Transmission Company takes a BOA for SBR purposes, the SAA will continue to use the original Offer Price for SBR BOAs when calculating BM cashflows.

This will result in changes to the SAA-I014 'Settlement Report' data flow, namely a new SBR Flag to identify those BOAs taken by the Transmission Company for SBR purposes.

Proposer's rationale

The Proposer notes that imbalance prices are meant to provide the principle incentive for demand and supply to be balanced in the short term. To provide this incentive, imbalance prices need to be accurate in the short term so as to form appropriate and timely market signals. With the introduction of potentially 'explosive' prices due to P305, and with SBR Actions priced at VoLL (£3,000/MWh), the delay in including this volume could lead to a

very large positive change in the imbalance price reported at the II Settlement Run compared to the indicative price reported immediately after the Settlement Period has ended.

The use of SBR could also create an expectation that prices will rise to £3,000/MWh but because of Net Imbalance Volume (NIV) tagging this may not happen. Either way, the Proposer believes that the five day delay in including SBR Actions in the imbalance prices may lead to incorrect real-time signals being made to market participants. This could lead to sub-optimal trading decisions being made on days when scarcity is apparent.

A manual approach and the resultant delay in publishing imbalance prices that incorporate SBR Actions were considered appropriate for winter 2015/16. This was partly due to a low probability that SBR would be used (in its July 2015 [open letter](#) on extending the use of SBR, the Transmission Company determined a Loss of Load Expectation (LoLE) for winter 2015/16 of 1.1 hours), but mainly because of the lack of time to implement an automated solution in time.

Within the open letter, the Transmission Company has determined a range for the LoLE for winter 2016/17 of between five and 14.5 hours. The SO has also seen a need for these services to be used in winter 2017/18.

Ofgem has now granted an extension of the cost recovery arrangements for SBR and DSBP until winter 2017/18, and the Transmission Company has entered into contracts for 3.5GW of SBR for winter 2016/17. The Proposer believes that an automated solution is now warranted and needs to be in place for November 2016. This is based on their view that:

- there is certainty that these services will be in place for two more winters
- there is increased procurement of SBR services
- there is an anticipated increase in use of SBR services.

Finally, the Proposer notes that SBR is a 'last resort' service prior to Demand Disconnection. Under P305, Demand Disconnection is now included in the imbalance price calculation in a timely fashion (15 minutes after the Settlement Period has ended). Since Demand Disconnection must be used less often than SBR, it is logical to include SBR Actions in the imbalance price calculation in the same timely fashion.

ELEXON's view

We agree that there is a benefit to participants in the CP1460 solution. However, the Panel will need to assess whether there is an overall benefit when considering the costs of implementing the solution and the length of time the solution will be in place.

We note that Ofgem has issued an [open letter](#) relating to the Department for Energy and Climate Change's (DECC) consultation on bringing forward the Capacity Market auction to give a first delivery year of 2017/18. Ofgem note that it expects the 2017/18 Capacity Mechanism auction to procure enough capacity to meet the government's reliability standard. Therefore, SBR and DSBP services would not be needed for that year. As such, it expects to amend the direction issued on 23 November 2015 ahead of winter 2017/18 so as to ensure that the cost recovery arrangements no longer apply for that winter. It also advises that it intends to bring forward [C16 licence](#) changes to remove the provision for SBR and DSBP. As such, the benefit of this change would be limited to either one winter, if implemented in November 2016; or redundant, if implemented any time after winter 2016/17.



Net Imbalance Volume (NIV) Tagging

This mechanism is based on the principle that certain system balancing actions have an equal and opposite compensatory action, and therefore seeks to identify and remove such system balancing actions with an equal and opposite action.

We do note that more timely information will support the [European Transparency Regulation \(ETR\)](#), which requires that imbalance prices are published as soon as possible. While not specifying the accuracy of those imbalance prices, anything that improves the accuracy of the first draft publication of prices would be helpful.

We also note that more accurate information would be helpful in reporting of [Regulation on Wholesale Energy Markets Integrity and Transparency \(REMIT\)](#) Insider Information.

Proposed redlining

Attachment A contains the approved changes to [BSC Procedure \(BSCP\) 18 'Corrections to Bid-Offer Acceptance Related Data'](#) to deliver CP1460.

Drafting approach

The approach to drafting BSCP18 for this change is to remove the manual processes introduced by P323, while making the changes necessary to deliver the CP.

Other changes to relevant Code Subsidiary Documents (CSDs) will be needed to reflect the detailed system changes. Changes to the CSDs will be drafted as part of implementation of the CP, if approved, as is usually done for system changes. The CSD changes will reflect the CP solution as they will be set out in the final CP documentation (i.e. including the agreed requirements).

The process of producing the CSDs will include industry consultation. The systems and documentation that will be impacted are summarised in Section 3.

Potential alternative solution

An alternative solution was considered by ELEXON, the Transmission Company and the Proposer, whereby whenever the Transmission Company dispatches a BM Unit for SBR purposes, it would identify those SBR BOAs with an SBR Flag in a similar way to how it SO-Flags and STOR-Flags BOAs. However, as this solution would have required the Transmission Company to make changes in time for November 2016 and it immediately confirmed it was unable to achieve this, the Proposer accepted this solution was not feasible and decided to progress the CP1460 solution.

3 Impacts and Costs

Central impacts and costs

Central impacts

CP1460 will require changes to BSCP18 (set out in Attachment A). It will also require changes to the [BMRA Service Description \(SD\)](#), [SAA SD](#), [BMRA User Requirement Specification \(URS\)](#), [SAA URS](#) and the [NETA Interface Definition and Design \(IDD\)](#) to implement the proposed solution (to be developed as part of implementation if CP1460 is approved).

In addition, changes to the Balancing Mechanism Reporting Service (BMRS) system, the SAA system and ELEXON internal systems will also be required for this CP.

There will also be impacts on the BMRA and SAA.

Central Impacts	
Document Impacts	System Impacts
<ul style="list-style-type: none">• BSCP18• BMRA SD• SAA SD• BMRA URS• SAA URS• NETA IDD	<ul style="list-style-type: none">• BMRS system• SAA system• ELEXON internal systems

Central costs

The central implementation costs for CP1460 are currently estimated to be approximately **£227,000**. However, this is not a final assessment; as the AMD provider is changing, a further assessment will be needed. Both the incumbent and the new AMD provider agreed to impact assess this change jointly so we can have the estimated cost and lead times in time for the May 2016 Panel (Section 4 'Implementation Approach' explains what will be presented to the Panel for consideration in May).

The estimated costs include changes to the BSC Systems, ELEXON's internal systems and for ELEXON to implement the relevant document changes. Based on the assessment by our existing Application Management & Development (AMD) and Business Process Operations (BPO) providers, the estimated lead time is 31 weeks from when the new BMRS system is baselined and handed over to the new AMD provider.

BSC Party & Party Agent impacts and costs

Participant impacts & costs

CP1460 will impact BSC Parties that receive the SAA-I014 data flow, though indications from the CP Consultation are that these will be minimal. We do not anticipate any impact on Party Agents. The costs for participants to implement changes to their systems to receive the updated SAA-I014 data flow are expected to be minimal.

Transmission Company impacts & costs

The Transmission Company will require system changes to receive the updated SAA-I014 data flow.

It will also need to send to central systems the SBR BM Unit standing data for the relevant winter. This requires minimal changes to procedures and the resource requirements should be absorbed into day-to-day workload. However, there is a complication around ensuring that any complexities associated with BM Units that might offer SBR capacity on top of commercial capacity is managed. The Transmission Company is confident that this risk is well understood and can be successfully mitigated.

Following [P217 'Revised Tagging Process and Calculation of Cash Out Prices'](#) there remains a very small risk that BOAs may not receive the correct SO Flagging treatment – especially at a time of significant system stress. Under CP1460, the impact of such a mis-flag in relation to an SBR unit is increased compared to non-SBR BOAs as it could result in a VoLL price entering cash-out erroneously. The introduction of CP1460 could potentially introduce this small risk, which is not currently present under the P323 solution (i.e. VoLL prices due to SBR dispatch would only enter cash-out in the II Run under P323 so, in the unlikely event of a mis-flag in real time, there is more scope for a subsequent correction).

The Transmission Company expects the costs to be in the range between £30,000 and £60,000. However, following initial testing with a dummy file it may be possible to revise these estimates downwards.

EMR impacts

Changes to the SAA-I014 data flow will have an impact on the Electricity Market Reform (EMR) settlement systems unless it can continue to receive the data flow in the existing format (i.e. not the updated flow).

EMR Settlement Limited (EMRS), who provide the EMR settlement service on behalf of the Low Carbon Contracts company (LCCC) and Electricity Settlements Company (ESC), have reported that it requires a minimum of six months' notice from approval to amend its system to accommodate the new SAA-I014.

Subject to confirmation from our new AMD provider, we believe that it will be possible for EMRS to continue to receive the existing version of the data flow.

4 Implementation Approach

Implementation Date

The Panel has approved CP1460 for implementation on **22 December 2016** as part of a Standalone BSC Systems Release.

Implementation Date considerations

The Proposer sought for this change to be implemented on **3 November 2016** as part of the November 2016 BSC Systems Release.

If, as expected, SBR is removed from the C16 statements for the winter 2017/18 period and beyond, then this CP will be redundant beyond the end of February 2017.

It is not possible for ELEXON to implement on 3 November 2016. This is mainly due to the delivery of the new BMRS, which will need to undergo Operational Acceptance Testing and handover to the new AMD provider before any work can commence. This is currently expected to complete mid-June 2016. Removal of approved Modifications [P297 'Receipt and Publication of New and Revised Dynamic Data Items'](#) and [P321 'Publication of Trading Unit Delivery Mode'](#) from the November 2016 BSC Systems Release will not resolve this issue.

We consulted on an Implementation Date of **30 December 2016**. However, we now believe that, based on the mid-June BMRS handover date and the timelines from the current AMD and BPO providers' impact assessment response, the earliest Implementation Date for CP1460 will be **22 December 2016**. This excludes the four week contingency normally added to the lead times. This date also includes a risk that as it is the Thursday before the Christmas-New Year holiday period, that there will not be the appropriate and sufficient staff around to address any issues should they occur (this equally applies to BSC Parties as it does to ELEXON, BSC Agents, the AMD provider).

The feasibility of this earlier date will need to be confirmed through an assessment by our new AMD provider. However, we believe that (given the benefits considered to be associated with CP1460, the industry support for it, and the short period for which it will be in use) implementation of CP1460 should be target for the slightly earlier date of 22 December 2016 unless it is shown not to be possible.

Given this uncertainty, but noting that the Panel need to approve an Implementation Date for CP1460 as part of approving this change, we recommended that CP1460 is implemented on **22 December 2016** as part of a Standalone Release.

Further information for subsequent Panel consideration

However, we will present to the Panel at its May 2016 meeting to either:

- confirm the Implementation Date of 22 December 2016; or
- request an amendment to the Implementation Date.

ELEXON presented a paper to the BSC Panel at its meeting on 10 March 2016 ([Panel 250/11](#)), setting out three options for how this CP could be progressed.

Panel's initial views on solution

The two original solution options as detailed in the paper were presented to the Panel. The Panel believed that as solution option 2 (the CP1460 proposal) was at least achievable for the Transmission Company, this was the most feasible option to progress so as to save time and enable a faster progression. The Proposer agreed with this view and subsequently raised CP1460.

Other alternative solutions

A Panel Member queried why Parties couldn't have the price of the VoLL as their bid prices. The Proposer explained that this would create a cash flow issue; the Parties would be paid £3,000/MWh for their offer which would then have to be recovered. The Panel Member felt that a quicker and easier solution would be for the Transmission Company to resolve this issue directly with the Parties. ELEXON noted that the P323 Workgroup had considered this and ruled it out as an option. The Transmission Company Representative stated that the suggested approach wasn't possible contractually as allowing the money to flow through the BM process would have had wider implications to the system and process of money collections.

The Proposer asked the Transmission Company if there was anything that it could do to speed up the publication of the cashout price so than it appeared sooner that it did currently. The Transmission Company Representative noted that the information is usually available. However, it could not guarantee that it could issue the results of the calculation sooner.

Panel's initial views on implementation approach

The Panel noted that ELEXON's initial assessment determined that implementing the change as part of the November 2016 Release was not achievable. Noting that there were clear risks around the timescale of delivery of the solution, the Panel observed that this should be a part of the assessment of the solution.

A Panel Member noted that the CP was designed to cover SBR actions and would only be effective if it was in place by November 2016. He further observed that if the Capacity Market Auction was brought forward to cover winter 2017/18 as had been proposed by Ofgem, the CP was effectively useless if implemented after winter 2016/17. We advised that if at the point that the Panel needed to approve the CP, the Capacity Market Auction had been brought forward and if it was certain that the CP could not be implemented for a November 2016 Implementation Date, then it could reject the CP.

Panel's views on progression of the CP

A Panel Member observed that the timescale issues indicated that the third progression option in the paper (a CP under ad hoc timescales) was the only one that could possibly

deliver the benefits contended by the CP. ELEXON noted that under the third option it could look at shortening the timetables but could not offer any definite timescales.

ELEXON noted that the Panel was keen to make a decision on this and noted that it could conduct a shorter consultation on solution option two only as this option had minimal systems impact on the Transmission Company. If the Proposer was happy for that course of action and if instructed to do so by the Panel, the intention was to bring this back to the Panel for decision at the 14 April 2016 Panel meeting, if possible.

A Panel Member noted that the Panel could not make a decision until it had the results of the impact assessment and industry views. He noted that the Panel also needed to understand the impacts of not meeting the various Implementation Dates suggested by the Proposer and ELEXON.

A Panel Member asked for the evidence that P323 is causing Parties to lose money. The Panel Member noted that confidential consultation responses had been given to Ofgem stating that incorrect cashout prices are leading to inefficient Party actions and cashout prices not being correctly flagged to the market are causing Parties to lose money.

The Chairman summarised that the Panel's view was that timeliness is of significant importance and that it wished to progress the second solution under an ad hoc process that was more accelerated than the third progression option set out in the paper.

ELEXON requested that the Panel specify how the CP should be progressed. The Panel determined that ELEXON should:

- progress a single CP comprising option 2 only
- establish the central impacts, costs and implementation timescales for the solution as soon as reasonably practicable
- issue an industry consultation on the CP as soon as reasonably practicable (outside the usual CPC batching process) for a period of five WDs that must include the results of the central impact assessment
- present ELEXON's CP Assessment Report (which will include the results of the central impact assessment and subsequent industry consultation) to the Panel at its 14 April 2016 meeting if possible and, if not, as soon as reasonably practicable following the April meeting, facilitated by a teleconference meeting of the Panel if necessary.

6 Industry Views

This section summarises the responses received to the CP Consultation. You can find the full responses in Attachment B.

Summary of CP1460 CP Consultation Responses				
Question	Yes	No	Neutral/ No Comment	Other
Do you agree with the CP1460 proposed solution?	8	0	0	0
Do you agree that the draft redlining delivers the intent of CP1460?	6	0	1	1
Will CP1460 impact your organisation?	5	1	1	1
Will your organisation incur any costs in implementing CP1460?	2	4	1	1
Do you agree with the proposed implementation approach for CP1460?	0	8	0	0
Do you have any further comments on CP1460?	5	3	-	-

Comments on the CP

All eight respondents to the CP Consultation agreed with the proposed changes for CP1460. This is because it delivers more accurate, timely and transparent imbalance price signals.

In considering that we will not be able to implement at the start of the winter 2016/17 period, we sought clarification from respondents that they would still be supportive of CP1460 even if it was only available for a maximum of two months. The respondents agreed that the benefits outweighed the costs, even if SBR was unlikely to be called upon during that period.

We note that the Proposer responded that the use of SBR could create expectations that prices will rise to £3,000/MWh. They go on to say that the £227k implementation cost equates to 79MWh of imbalance at £3000/MWh. As this level of imbalance (and more) can and does happen for a single BM Unit and with a £3000/MWh cashout price, imbalance costs could rapidly exceed the implementation cost. Therefore, they believe that the implementation cost is therefore relatively low compared to the potential losses that could be incurred by a participant trading on the basis of an incorrect market signal.

Comments on the proposed redlining

We received one comment on the proposed redlining, but no suggestion to amend. The respondent was unsure whether they agreed with the redlining as in the main it removes the manual process introduced by P323. They note that there may be a risk of omission or error under the CP1460 that the manual process could address. The changes introduced in to BSCP18 Section 3.1 'Identification and Agreement of Changes to Data (excluding

changes arising from Emergency Instructions and SBR Actions)’ explicitly allow for any omissions or errors to be corrected by this process. As such, it does not need the existing manual process to be used for SBR Actions.

The respondent also noted that the CP will require a process to execute the data processing. We do not believe that it is necessary to capture this in BSCP18 but note that it is likely that this will be captured in the other CSD changes that will be developed and consulted upon during the implementation stage.

Comments on impacts and costs

Five respondents indicated impacts on their organisations. These confirmed the positive impact on receiving more timely information and the changes required to systems for the amended SAA-I014 data flow.

The Proposer suggested that the impacts on participants of the amended data flow could be mitigated by placing the additional data items at the end of the data flow, something that will be assessed in the forthcoming impact assessment by the new service provider.

Those respondents that indicated that there would be costs noted that these would be minimal.

Comments on the Implementation Date

Respondents were unanimous in disagreeing with the Implementation Date of 30 December 2016 and agreeing with the Proposer that delivery of the solution should be at the start of the winter 2016/17 when SBR could first be called upon.

One respondent said that it should be no later than 30 November 2016. They also said that the Christmas-New Year holiday period should be avoided, suggesting a postponement to 4 January 2017 if necessary to avoid this period.

The Proposer noted that implementation at the end of December 2016 will mean that for half of the contract period the timely cashout signal will be absent. They asked that a shortened timetable be developed such that the CP can be introduced at the start of November 2016, noting that a delay would drastically reduce the benefit of the change.

Panel's final views

The Panel considered CP1460 at its meeting on 14 April 2016 ([Panel 251/10](#)).

The Panel noted that ELEXON will be obtaining an impact assessment from the new AMD provider, which will be delivered jointly with the existing provider. This will enable ELEXON to make a final determination of an achievable Implementation Date. The determined date could be earlier than 22 December 2016 date, but equally could either confirm the 22 December Date date or even potentially be later. It also noted that the 22 December 2016 date does not include the usual four week contingency and is the Thursday before Christmas, which means that there are risks should there be issues with the delivery. ELEXON will consider this in its recommendations to the Panel in May.

A Panel Member asked if the Panel could approve CP1460 for implementation on '22 December 2016 or earlier'. ELEXON advised that if the Panel wanted to approve CP1460, then it had to do this for a set Implementation Date. The Panel Chair suggested that the Panel could specify that if ELEXON was able to implement earlier, then this would be its preference. The Panel agreed this; ELEXON will take this into account as much as possible in the considerations around the CP1460 Implementation Date, which will be discussed by the Panel in May.

Final decision

The Panel has:

- a) **APPROVED** the proposed changes to BSCP18 for CP1460;
- b) **APPROVED** CP1460 for implementation on 22 December 2016 as part of a Standalone Release;
- c) **NOTED** the ELEXON will confirm or seek amendment to the CP1460 Implementation Date at the Panel meeting on 12 May 2016; and
- d) **CONFIRMED** its preference to have CP1460 implemented as soon as possible.

Appendix 1: Glossary & References

Acronyms

Acronyms used in this document are listed in the table below.

Acronyms	
Acronym	Definition
AMD	Application Management & Development (<i>ELEXON's service provider</i>)
BM	Balancing Mechanism
BMRA	Balancing Mechanism Reporting Agent (<i>BSC Agent</i>)
BMRS	Balancing Mechanism Reporting Service (<i>BSC System</i>)
BMU	Balancing Mechanism Unit
BOA	Bid-Offer Acceptance
BPA	Buy Price Adjuster
BPO	Business Process Operations (<i>ELEXON's service provider</i>)
BSAD	Balancing Service Adjustment Data
BSC	Balancing and Settlement Code (<i>Industry Code</i>)
BSCP	Balancing and Settlement Code Procedure (<i>Code Subsidiary Document</i>)
CP	Change Proposal
CPC	Change Proposal Circular
CSD	Code Subsidiary Document
DBSR	Demand Side Balancing Reserve
DCP	Draft Change Proposal
EMR	Electricity Market Reform
EMRS	EMR Settlement Limited
ESC	Electricity Settlements Company
ETR	European Transparency Regulation (<i>European Regulation</i>)
II	Interim Information (<i>Settlement Run</i>)
LCCC	Low Carbon Contracts Company
LoLE	Loss of Load Expectation
NIV	Net Imbalance Volume
REMIT	Regulation on Wholesale Energy Markets Integrity and Transparency (<i>European Regulation</i>)
SAA	Settlement Administration Agent (<i>BSC Agent</i>)
SBR	Supplemental Balancing Reserve
SD	Service Description
SEL	Stable Export Limit
SO	System Operator

Acronyms	
Acronym	Definition
STOR	Short Term Operating Reserve
URS	User Requirements Specification
VoLL	Value of Lost of Load
WD	Working Day

External links

A summary of all hyperlinks used in this document are listed in the table below.

All external documents and URL links listed are correct as of the date of this document.

External Links		
Page(s)	Description	URL
2, 3	P323 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p323/
3	P305 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p305/
4, 6	National Grid's Contingency Balancing Reserve Operational Information webpage	http://www2.nationalgrid.com/UK/Services/Balancing-services/System-security/Contingency-balancing-reserve/Contingency-Balancing-Reserve-Consultation/
5	CP1460 page on the ELEXON website	https://www.elexon.co.uk/change-proposal/cp1460/
5, 11	BSC Panel Meeting 250 page on the ELEXON website.	https://www.elexon.co.uk/meeting/bsc-panel-250/
6	Ofgem's open letter on future SBR and DSBR for 2017/18	https://www.ofgem.gov.uk/system/files/docs/2016/02/ofgem_open_letter_on_future_sbr_and_dsbr_given_proposal_to_run_a_ca_auction_for_2017_18_2.pdf
6	Transmission Licence: Standard Licence Conditions on the Ofgem website	https://www.ofgem.gov.uk/licences-codes-and-standards/licences/licence-conditions
7	EU legislation page on the ACER website	http://www.acer.europa.eu/the_eu_energy_market/legislation/Pages/default.aspx
7	BSCP Sections on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/related-documents/bscps/
8	Service Descriptions Sections on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/related-documents/service-descriptions/
8	URS Sections on the ELEXON website	https://www.elexon.co.uk/bsc-related-documents/related-documents/user-requirement-specifications/

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9	P217 page on the ELEXON website	https://www.elexon.co.uk/mod-proposal/p217-revised-tagging-process-and-calculation-of-cash-out-prices/
10	P297	https://www.elexon.co.uk/mod-proposal/p297/
10	P321	https://www.elexon.co.uk/mod-proposal/p321/
15	BSC Panel Meeting 251 page on the ELEXON website.	https://www.elexon.co.uk/meeting/bsc-panel-251/