

## Phase

[Initial Written Assessment](#)[Definition Procedure](#)[Assessment Procedure](#)[Report Phase](#)[Implementation](#)

## P416 'Introducing a route of appeal for the Annual Budget in line with the proposals for the Retail Energy Code'

This Modification seeks to amend the BSC to include an appeals mechanism that BSC Parties could use to challenge items in the Annual Budget.

This Assessment Procedure Consultation for P416 closes:

**5pm on Thursday 22 April 2021**

The Workgroup may not be able to consider late responses.



The P416 Workgroup initially recommends **approval** of P416



The P416 Workgroup **does not** believe P416 impacts the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC

This Modification is expected to impact:

- All BSC Parties
- Elexon
- Ofgem

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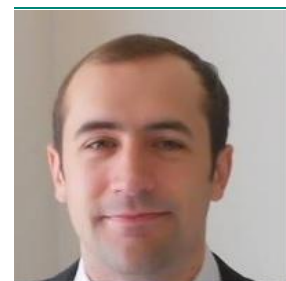
### Contact

**Chris Arnold**

020 7380 4221

[BSC.change@elexon.co.uk](mailto:BSC.change@elexon.co.uk)

[Chris.arnold@elexon.co.uk](mailto:Chris.arnold@elexon.co.uk)



## About This Document



Not sure where to start? We suggest reading the following sections:

- Have 5 mins? Read the summary section
- Have 15 mins? Read sections 1 and 7
- Have 30 mins? Read all except section 6
- Have longer? Read all sections and the annexes and attachments

The purpose of this P416 Assessment Procedure Consultation is to invite BSC Parties and other interested parties to provide their views on the merits of P416. The P416 Workgroup will then discuss the consultation responses, before making a recommendation to the BSC Panel at its meeting on 13 May 2021 on whether or not to approve P416.

There are four parts to this document:

- This is the main document. It provides details of the solution, impacts, costs, benefits/drawbacks and proposed implementation approach. It also summarises the Workgroup's key views on the areas set by the Panel in its Terms of Reference, and contains details of the Workgroup's membership and full Terms of Reference.
- Attachment A contains the P416 Proposal Form.
- Attachment B contains the draft redlined changes to the BSC for P416.
- Attachment C contains the specific questions on which the Workgroup seeks your views. Please use this form to provide your response to these questions, and to record any further views or comments you wish the Workgroup to consider.

P416  
Assessment Procedure  
Consultation

7 April 2021

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### Why Change?

If Parties' concerns over the Balancing and Settlement Code Company (BSCCo) Annual Budget are not being satisfactorily addressed by the BSCCo Board, the mechanism for further contesting them would be by raising a Resolution to the BSCCo Board. If that Resolution does not reach a satisfactory conclusion, the Party could raise further Resolutions to remove Board members.

The Proposer contends that these are inefficient and disproportionate processes for Parties to address their concerns with the BSCCo budget.

### Solution

This Modification seeks to amend the BSC to include an additional appeal mechanism to Ofgem that BSC Parties could use to challenge items in the Annual Budget.

The Proposed Solution contains the following:

- A set of requirements that must be met for the appeal to be valid (As set out in Section 3 of this report).
- A 10 Working Day (WD) appeal window from the point at which the Board communicates their approval of the Annual Budget to BSC Parties to ensure that challenges are promptly raised.
- Provisions to allow the Authority to respond to appeals by referring individual items back to the Board for reconsideration, powers to change costings or remove individual items from the Annual Budget, and powers to dismiss appeals that are trivial or vexatious or has no reasonable prospect of success.
- Confirmation that the appeal mechanism cannot be used against spending related to the BSC Change process as detailed in Section F or spending directed by the Authority or the Secretary of State pursuant to powers conferred on them by a Legal Requirement.
- Any BSC Party can appeal an Annual Budget line item.
- To stop spend against an Annual Budget line item the following conditions must be met:
  - The aggregate Actual Voting Share of all Voting Party Groups supporting the appeal must be greater than or equal to 5% Voting Share; and
  - Either one other Voting Party Group or two other Voting Party Groups must support an appeal. This condition is subject to revision following the Assessment Procedure Consultation.
  - The appealing Party must explicitly request when raising an appeal that spending should be suspended against the whole or part of an Annual Budget line item.

If the above conditions are met then spending against that Annual Budget line item (or appealed proportion of it) is stopped until the Authority makes a determination on the appeal. If the above conditions are not met then spending

against that Annual Budget line item can continue until the Authority makes a determination on the appeal.

## Impacts & Costs

We expect P416 to potentially impact **all BSC Parties** as it will grant them an additional right under the BSC to raise appeals against the Annual Budget.

Please note that the Modification will only directly impact BSC Parties who choose to use the appeals process; all BSC Parties will also be impacted to the extent of any effect on Elexon's budget and operations.

If this Modification is implemented, BSC Parties will be eligible to contest items on the Annual Budget through a defined appeals procedure and Elexon may be required to adapt to changes to budget values or de-scope work as a result of a successful appeal. It will also impact Ofgem, as it will need to consider any appeals that are raised and respond to them in a timely fashion.

The costs for Elexon and industry to implement are expected to be **£300 - £500** as this is a document only change.

| Costs Estimates |                    |               |   |
|-----------------|--------------------|---------------|---|
| Organisation    | Implementation (£) | On-going (£k) | Impacts   |
| Elexon          | 300 - 500          | 0 or Variable | Costs associated with drafting and implementing changes to Sections C & H of the BSC<br><br>There may be on-going cost implications associated with the uncertainty of funding of projects associated with appealed Annual Budget cost items, the size and nature of these costs would be dependent on the budget line item appealed. |
| NGESO           | 0                  | 0             | No impacts identified   |
| Industry        | 0                  | 0 or Variable | Industry costs will be limited to the staff time involved in formulating an appeal and are expected to be relatively low.   |
| Ofgem           | 0                  | Variable      | Ofgem will be expected to make determinations on any appeals raised in a timely fashion. The costs associated with considering these changes would be highly variable depending on the nature of the appeal.  |
| <b>Total</b>    | 300 - 500          | 0 or Variable |   |

## Implementation

As this Modification Proposal is a document-only change, the Workgroup recommends that P416 should be implemented prior to the 2022/2023 Annual Budget approval process which is expected to begin around July 2021.

To ensure this deadline is met, the Workgroup recommends an Implementation Date of **five WDs** after Authority approval.

## Recommendation

The Workgroup initially agrees **by majority** that the P416 Proposed Modification would better facilitate the achievement of Applicable BSC Objective (d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements' and should therefore be **approved**.

The Workgroup recommends that P416 **should not** be a Self-Governance Modification on the basis that the proposed changes in P416 will likely have a material effect on the Code's Governance procedures.

The Workgroup agrees that P416 **does not** impact the EBGL Article 18 terms and conditions as the proposed legal text does not impact the existing EBGL/BSC mapping (in section F Annex F-2) and the Workgroup do not believe that it extends the EBGL provisions either.

## 2 Why Change?

### What is the issue?

The Proposer contends that Stakeholders expect code bodies to be cost-efficient and to actively manage their finances. This is to minimise their burden, while also ensuring the organisation has sufficient resources to meet their operational requirements. The Proposer believes that appeals are an important tool to ensure plans are cost-efficient and fully justified.

In 2016 [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#) introduced major changes to the governance of BSCCo which, amongst other things removed the involvement of BSC Panel in approving the Budget, and set out a general appeal processes for between Parties and the Board.

There is currently no formalised mechanism by which BSC Parties can contest specific items in the Annual Budget. The Proposer contends that circumstances could arise in the process of drafting the Annual Budget whereby a BSC Party believes that their comments or concerns have not been sufficiently considered or addressed by the Board prior to budget approval, examples include but are not limited to:

- Lack of consultation with Parties on the draft Annual Budget;
- An item is not considered a legitimate item of expenditure; and
- The item could cause one or more Parties to be in breach of the BSC, Licences or Legal Requirements.

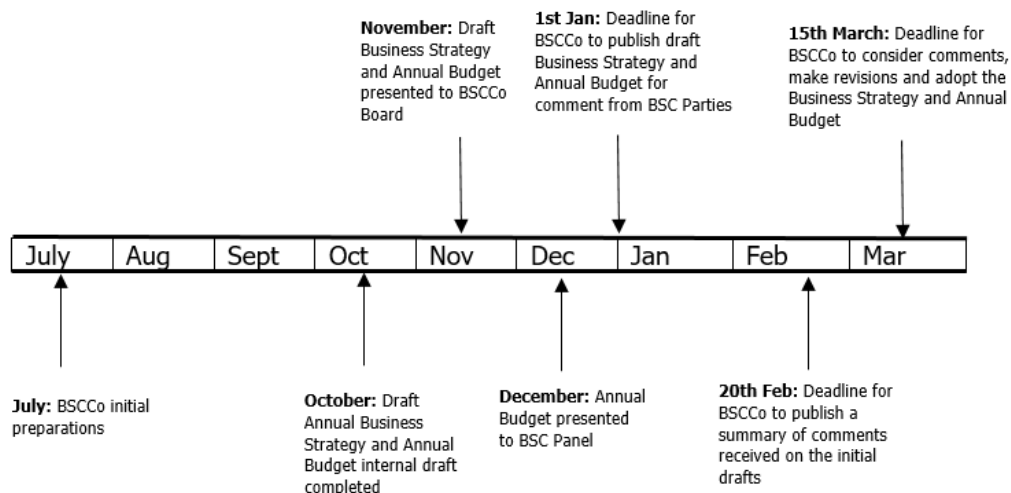
The full list of valid circumstances are detailed in Section 3 of this report. The Proposer believes that a suitable, limited and proportionate process should be developed to address this process gap for use as a last resort option to allow Parties to challenge the Annual Budget.

In the Modification Proposal Form (Attachment A), the Proposer recognises that there are currently means by which BSC Parties can contest items contained within the Annual Budget. This involves lobbying other BSC Parties and gaining sufficient support to raise a Special Resolution to the BSCCo Board. In the event of such a Resolution not achieving satisfactory outcomes, further Resolutions to appoint or remove BSCCo Board members could be envisaged. The Proposer believes that, in the majority of cases, this approach is disproportionate and inefficient, and an alternative mechanism is needed.

### Business Strategy and Annual Budget Process

Under BSC Section C '[BSCCo and its subsidiaries](#)' there is a requirement for BSCCo to have a Business Strategy which sets out amongst other requirements the principle activities to be undertaken by BSCCo for the upcoming year and the following two years, and an Annual Budget for the Plan Year which sets out the expenditure that BSCCo considers reasonably necessary to carry out the activities listed in the Business Strategy. For 2020/2021 both the Business Strategy and the Annual Budget are presented by Elexon in the Elexon Business Plan.

The timeline below details the current process that is used to develop the Business Strategy and Annual Budget.



*Figure 1: Business Strategy and Annual Budget Timeline*

The deadlines for 1st Jan, 20th Feb and 15th March in Figure 1 are the latest dates by which the detailed activities have to be carried out under the BSC. BSC Section C does allow Elexon to carry out these activities earlier than these specified deadlines (and Elexon usually does so). The activities detailed in September, October, November and December are internal deadlines developed by Elexon to ensure compliance with the BSC and to ensure that the Business Strategy and Annual Budget are both in place before the start of the next BSC Year that runs from 1<sup>st</sup> April to 31<sup>st</sup> March.

The above process ensures appropriate oversight by the BSCCo Board and Panel (which formally has only an advisory role in the formulation of the Budget rather than an authorising one) and that all BSC Parties can, but do not have the obligation to, comment on both the Business Strategy and the Annual Budget before they come into effect at the start of the relevant BSC Year on 1 April. These comments can be considered by the Board to help shape the relevant Business Strategy and Annual Budget.

Although not required by the BSC, Elexon also publish indicative budget figures for the two years beyond the Plan Year to accompany the BSCCo strategy.

As highlighted in the 'what is the issue' section, circumstances could arise in which BSC Parties would wish to appeal individual items in the Annual Budget. The electricity and gas codes have different approaches to allowing Annual Budget appeals to Ofgem, for example SEC and SPAA do include such appeals while the CUSC and DCUSA have no such arrangements whilst others do not. The Proposer has based this Modification Proposal on the drafting relating to budget appeals the Retail Energy Code (REC) v1.1.

## Desired outcomes

This Modification seeks to introduce a proportionate and efficient direct mechanism by which BSC Parties can appeal or contest items within the Annual Budget.

### Proposed solution

[P416 'Introducing a route of appeal for the Annual Budget in line with the proposals for the Retail Energy Code'](#) was raised by British Gas on 5 November 2020.

The P416 Proposed solution has the following key features:

- The Modification seeks to amend the BSC to include an appeals mechanism that BSC Parties could use to challenge items in the Annual Budget.
- The Modification includes a set of criteria for an appeal to be valid, if any single criterion is met then the appeal would be valid. The criteria are:
  - The budget item was not submitted to Parties for comment in the drafting process;
  - The Board has failed to take reasonable regard to the comments submitted;
  - It is not a legitimate item of expenditure for the BSCCo;
  - It is a manifestly inappropriate provision for the activity in question, and there are insufficient safeguards in place to ensure that the actual costs incurred will be efficient; and
  - The item will, or is likely to, prejudice unfairly the interests of one or more Parties, or cause them to be in breach of the BSC, the Licences and/or Legal Requirements.
- Any BSC Party may appeal an item directly to Ofgem within 10 WDs of Board approval of the Annual Budget being notified to Parties.
- The Modification allows Ofgem to respond to the appeals by:
  - Referring the item back to the Board for further consideration;
  - Revising the provision for that Annual Budget cost item to a figure which it reasonably considers to be a better forecast of the cost likely to be incurred, whether that is higher or lower than the originally budgeted figure; and
  - Directing the Board to remove that cost item entirely, and make suitable revision to its annual budget and strategy.

Ofgem also has powers under the Modification to reject appeals if they consider them to be frivolous and/or vexatious under Section H 8.1.1 of the Proposed Modification redlining.

- Additionally, the Modification includes requirements that any appeal must satisfy the following if the BSC Party wants the appeal to prevent expenditure on the relevant line item whilst the appeal is being considered:
  - The aggregate Actual Voting Share of all Parties supporting the appeal must be greater than or equal to 5%; and
  - Either one other Party Group or two other Party Groups must support an appeal. This condition is subject to revision following the Assessment Procedure Consultation.



- The appealing Party must explicitly request when raising an appeal that spending should be suspended against the whole or part of an Annual Budget line item.
- The Modification will not allow the appeal mechanism to be used against spending related to the BSC Change processes detailed in [Section F 'Modification Procedures'](#) or spending directed by the Authority or the Secretary of State pursuant to powers conferred on them by a Legal Requirement.

#### Assessment Consultation Question

Do you agree with the Workgroup that there are no potential Alternative Modifications within the scope of P416 which would better facilitate the Applicable BSC Objectives?

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

## Legal text

The P416 proposed draft redlined text is available in Attachment B. Further discussions had by the Workgroup on the proposed redlining can be found in section 6.

#### Assessment Consultation Question

Do you agree with the Workgroup that the draft legal text in Attachment B delivers the intention of P416?

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

## 4 Impacts & Costs

### Estimated implementation costs of P416

P416 is a document only change. We therefore anticipate the central implementation costs to be **between £300 - £500** for the proposed solution. Below is a detailed summary of the expected impacts and costs of the Modification for both the implementation phase and on-going.

| Implementation cost estimates |                     |                    |  |
|-------------------------------|---------------------|--------------------|--|
| Organisation                  | Item                | Implementation (£) | Comment  |
| Elexon                        | Systems             | 0                  | Document only change   |
|                               | Documents           | 300 - 500          | Costs associated with drafting and implementing changes to Sections C & H of the BSC |
|                               | Other               | 0                  | No impact identified   |
| NGESO                         | Systems             | 0                  | No impact identified   |
|                               | Other               | 0                  | No impact identified   |
| Industry                      | Systems & processes | 0                  | No impact identified   |
| Ofgem                         | Other               | 0                  | No impact identified   |
| <b>Total</b>                  |                     | 300 - 500          |  |

### Estimated on-going costs of P416

| On-going cost estimates |                    |   |
|-------------------------|--------------------|---|
| Organisation            | On-going costs (£) | Comment   |
| Elexon                  | 0 or Variable      | There may be on-going cost implications associated with the uncertainty of funding of projects associated with appealed Annual Budget cost items, the size and nature of these costs would be dependent on the budget line item appealed.   |
| NGESO                   | 0                  |   |
| Industry                | 0 or Variable      | We expect P416 to impact all BSC Parties as it will grant them an additional right under the BSC to raise appeals against the Annual Budget. We note that the Modification will only impact BSC Parties who choose the use the appeals process. BSC Parties that do not use the appeals process will not be impacted. |
| Ofgem                   | Variable           | Ofgem will be expected to make determinations on any appeals raised. The costs associated with considering these changes would be highly variable depending on the nature of the appeal.  |

| On-going cost estimates |                    |         |
|-------------------------|--------------------|---------|
| Organisation            | On-going costs (£) | Comment |
| <b>Total</b>            | 0 or Variable      |         |

## P416 impacts

| Impact on BSC Parties and Party Agents |  |                |
|--|--|----------------|
| Party/Party Agent                      | Impact   | Estimated cost |
| BSC Parties                            | <p>P416 will give BSC Parties a direct mechanism to formally raise a challenge to an item in the Annual Budget to Ofgem. Any change in the Annual Budget may have an impact on all Parties.</p> <p>If BSC Parties do not choose to use the appeals process then Parties will not be directly impacted.</p> <p>There will be some costs to BSC Parties that choose to appeal Annual Budget line items. These costs will be highly dependent on the nature and complexity of appeal.</p> | 0 or Variable  |

| Impact on the NETSO  |                |
|----------------------|----------------|
| Impact               | Estimated cost |
| No impact identified | None           |

| Impact on BSCCo |  |                |
|-----------------|--|----------------|
| Area of ELEXON  | Impact   | Estimated cost |
| BSCCo Board     | <p>This Modification potentially represents a significant change to the governance of Elexon in that under the current arrangements the BSCCo Board is responsible to the Parties directly (as introduced by P324 in 2016).</p> <p>P416 will introduce potential intervention by Ofgem (which currently has no direct involvement in the governance of BSCCo), and as such it could be perceived by the Board as constituting a material impediment to the Board being able to carry out its duties and responsibilities.</p> <p>If the Authority uses its powers to refer cost items back to the BSCCo board for further consideration. BSCCo Board and BSCCo staff time may be required to consider such referrals.</p> <p>The new governance arrangements in P416 may also adversely affect the ability of the BSCCo Board to attract appropriate candidates.</p> | Variable       |

| Impact on Ofgem   |                |
|---|----------------|
| Impact  | Estimated cost |
| Ofgem will be required to introduce new processes to first establish whether the appeal is valid, and then carry out a determination as to whether the appeal is upheld and the appropriate course of action (which could include referring it back to the BSCCo Board for further consideration, or making its own determination of the appropriate value for the budget item under appeal). Ofgem may choose to carry out its own consultation processes to seek wider views. | Variable       |

| Impact on BSC Settlement Risks |
|--------------------------------|
| No impacts identified          |

| Impact on BSC Systems and process |   |
|-----------------------------------|---|
| BSC System/Process                | Impact  |
| No impact                         | P416 is a document only change and so does not impact any BSC Systems or processes. |

| Impact on BSC Agent/service provider contractual arrangements |                       |
|---|-----------------------|
| BSC Agent/service provider contract                           | Impact                |
| No impact   | No impacts identified |

| Impact on Code |  |
|----------------|--|
| Code Section   | Impact   |
| Section C      | Changes are required to BSC Section C 'BSCCo and its Subsidiaries', which governs Elexon's required and permitted activities under the BSC. The proposed legal text details the valid appeal criteria, the Authority's powers with respect to any appeal and includes an explicit exemption for the appeals process to be used in relation to BSC Change procedures under Section F. |

| Impact on EBGL Article 18 terms and conditions |  |
|--|--|
| No impact identified                           |  |

| Impact on Code Subsidiary Documents |                      |
|-------------------------------------|----------------------|
| CSD                                 | Impact               |
| No impact                           | No impact identified |

| Impact on other Configurable Items |                      |
|------------------------------------|----------------------|
| Configurable Item                  | Impact               |
| No impact                          | No impact identified |

| Impact on Core Industry Documents and other documents |                       |
|---|-----------------------|
| Document  | Impact                |
| Ancillary Services Agreements                         | No impacts identified |
| Connection and Use of System Code                     |                       |
| Data Transfer Services Agreement                      |                       |
| Distribution Code                                     |                       |
| Distribution Connection and Use of System Agreement   |                       |
| Grid Code   |                       |

| Impact on Core Industry Documents and other documents |        |
|---|--------|
| Document  | Impact |
| Master Registration Agreement                         |        |
| Supplemental Agreements                               |        |
| System Operator-Transmission Owner Code               |        |
| Transmission Licence                                  |        |
| Use of Interconnector Agreement                       |        |

| Impact on a Significant Code Review (SCR) or other significant industry change projects  |
|--|
| No impacts identified. We requested that Ofgem treat this Modification as a SCR Exempt Modification Proposal on 5 November 2020. Ofgem confirmed that this Modification Proposal was SCR exempt on 10 November 2020. |

| 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<br>No direct impacts identified. Where an appeal is upheld, there could be nominal indirect cost reductions for consumers, or changes to the quality of service provided by the BSCCo. | Neutral           |
| 3) Reduced environmental damage  | Neutral           |
| 4) Improved quality of service   | Neutral           |
| 5) Benefits for society as a whole   | Neutral           |

| Assessment Consultation Question   |
|--|
| Do you agree with the Workgroup's assessment of the impact on the BSC Settlement Risks?  |
| Do you agree with the Workgroup's assessment that P416 <b>does not</b> impact the European Electricity Balancing Guideline (EBGL) Article 18 terms and conditions held within the BSC? |
| Will P416 impact your organisation?  |
| Will your organisation incur any costs in implementing P416?   |
| The Workgroup invites you to give your views using the response form in Attachment C   |



### 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.

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## 5 Implementation

### Recommended Implementation Date

The Workgroup recommends an Implementation Date for P416 of:

- **5 WDs** after the Authority's decision is received.

The Proposer intends for the Modification to be implemented in time for it to be applied to the 2022/2023 Annual Budget process (if required). This Implementation Date reduces the risk that the appeals process will not be in place in the required timeframe. The Workgroup noted that P416 is a document only Modification that will not require any lead time prior to implementation.

#### Assessment Consultation Question

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

How long (from the point of approval) would you need to implement P416?

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

### Business Strategy and Annual Budget

#### What is the current approval process?

Elexon presented a summary of the current Annual Budget approval process to the Workgroup. The key points presented are below:

- The BSC requires the BSCCo to prepare a Business Strategy that sets out the principal activities that the BSCCo expects to carry out in the coming financial year and the following two years.
- The BSC requires the BSCCo to prepare an Annual Budget setting out the expenditure reasonably necessary to carry out the Business Strategy in the coming financial year.
- Both the Business Strategy and Annual Budget are considered, consulted upon and approved via the same process and are included in a single document.
- The Annual Budget focuses on the on-going business as usual expenditure to deliver BSC obligations EMR obligations.
- The Annual Budget includes details of the funding requirements in support of the Business Strategy e.g. in the 2021/2022 financial year such supporting activities include:
  - BSC Change Assessment
  - Kinect Programme
  - Technology roadmap
  - Product innovations
  - Wider Market Development activities.
- The timeline associated with the development of the [2021/2022 Business Strategy and Annual Budget](#) was presented and Elexon highlighted that Board approval is expected prior to the BSC mandated deadline.

The BSCCo Finance Director commented that they welcomed all responses to the consultation, considered them carefully and believed it was important that BSCCo took action when responses had been received.

Workgroup Members discussed how multi-year expenditures were managed in the budget. Elexon informed Workgroup Members that each budget includes indicative cost projections for the next two years to align with the Business Strategy document. It was noted that whilst every effort is made to adhere to these cost projections these are only indicative and subject to change.

#### Could the current approval process timescales be amended?

Workgroup Members discussed whether the Annual Budget and Business Strategy could be developed earlier than is currently the case. Elexon expressed the view that there was a balance to be struck when developing the Business Strategy and Annual Budget between developing the documents earlier (to allow more time for increased stakeholder input),



and developing the documents as close to the financial year to which they relate as possible (which would allow greater certainty on assumptions used to develop the budget). Elexon expressed the view that due to the need to make sure that the Annual Budget reflects a good understanding of the budget year ahead, it would be difficult not be appropriate to develop the Annual Budget and Business Strategy any earlier than is currently the case.

## Binding and Non-Binding Resolutions

### General interaction with Parties and the BSCCo Board

Under the governance arrangements introduced in P324, the BSCCo Board is responsible to the Parties. As such it has a duty to consider respectfully any issue raised by any Party at any time. Such consideration also applies to the BSCCo Business Strategy and Annual Budget setting processes.

In order to manage situation where the Board did not respond to Parties raising issues, P324 set out more formal processes for further escalating them as described below.

### What are Binding and Non-Binding Resolutions?

Workgroup Members considered the Binding/Non-Binding Resolutions process when developing P416. [P324 'Review of BSCCo's governance: introducing improved accountability to BSC Parties'](#) introduced the Binding/Non-Binding resolutions process and sought to make a number of changes to ensure the BSC was in line with industry governance best practice.

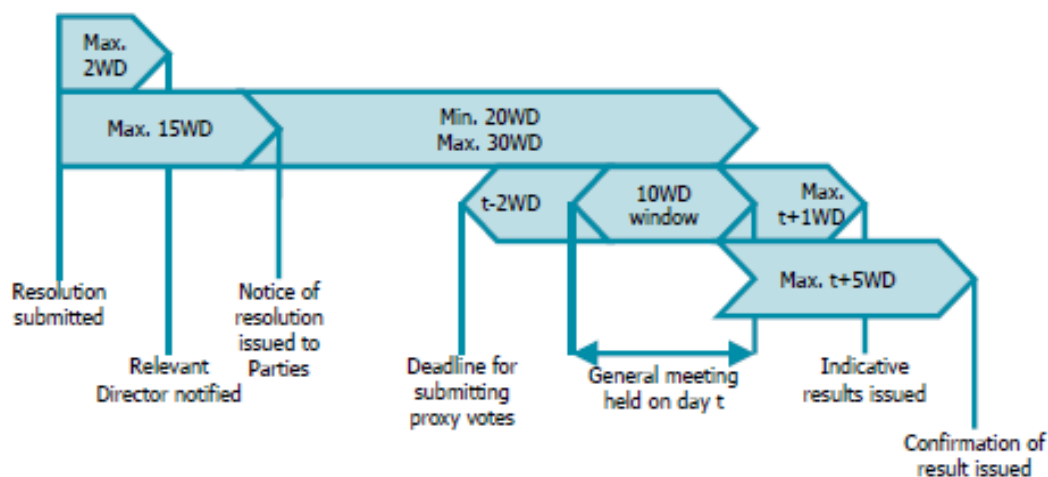
One key change included in the P324 solution was the introduction of greater BSCCo Board accountability to Voting Parties by giving them the following powers:

- **Binding Resolutions** - One or more Voting Parties may propose a vote on a Binding Resolution to remove one or more Directors from the Board.
- **Non-Binding Resolutions** - One or more Voting Parties may propose a vote on a Non-Binding Resolution in relation to any matter related to the activities of the Board.

P324 was implemented on 11 November 2016 and as at the time of publication, neither the Binding nor Non-Binding Resolution provisions have been utilised by any BSC Party.

### Process for Voting on Resolutions

P324 introduced the following process for the raising of Binding/Non-Binding Resolutions.



*Figure 2: Process for voting on binding or Non-Binding Resolutions*

The key process steps in the above are:

- **Submitting a resolution** - To raise either a Binding Resolution or a Non-Binding Resolution under the BSC, the Authorised Person for the relevant Voting Party requires support from Voting Parties with an aggregate Actual Voting Share greater than or equal to 5%.
- **Issuing notice of Resolution to Parties** - Within 15 Working Days of receipt of the resolution, BSCCo notifies all Voting Parties and the Authority. A voting form with a clear yes/no determination is included as part of the notice, along with any supporting material.
- **General Meeting** - The general meeting is open to all Voting Parties, Directors and the Board Secretariat only. A representative from the Transmission Company is required to attend. The meeting is chaired by the Board Chairman or his deputy. The quorum for the general meeting is 10 Voting Parties representing at least 30% of the total number of votes.
- **Vote Confirmation result** - Within one Working Day of the general meeting BSCCo will issue the indicative results of the meeting to the industry. Within five Working Days of the meeting BSCCo will publish the final confirmation of the result.

The above process can be started at any time provided the Actual Voting Share requirements above are met and that an appropriate Authorised Person contacts the BSCCo with their Resolution and supporting rationale. From the above, the shortest possible time from the Resolution submission to the confirmation of the result of the resolution is 20WDs (although this is very unlikely to be achieved in practice) and the maximum time for the process to conclude is 50WDs.

Further details of each process step can be found in the [P324 Final Modification Report \(FMR\)](#).

### **Binding/Non-Binding Resolution timescales in relation to an appeal process**

The Workgroup noted that the intention of P324 was that Parties would raise concerns directly with the BSCCo Board, and that the consultation process provided a convenient vehicle to do this.

The Workgroup then considered whether an appeals process was required in addition to the Binding/Non-Binding Resolution process or whether these provisions would be sufficient to appropriately appeal Annual Budget items. Elexon highlighted that the timescales between the BSC required deadline for the Annual Budget approval by the BSCCo (15 March) and the start of the associated financial year (1 April) are very tight and noted that if the process were to be triggered after the Annual Budget approval deadline, the Binding/Non-Binding Resolution process would not conclude until after the start of the financial year.

Elexon highlighted that whilst the BSC mandates BSCCo approval on the Annual Budget by 15 March, in practice this is usually approved at an earlier date (e.g. The 2021/2022 Annual Budget was approved on 3 March 2021). Elexon was of the opinion that even if the Annual Budget approval date was earlier than the 15 March deadline, the above process would very likely not conclude prior to the start of the next financial year.

With the Binding/Non-Binding resolution process Elexon notes that it does not require determination by the Authority for approval and once raised has a set timescale to conclude. This means that it is possible in some cases that the Binding/Non-Binding Resolution process could conclude relatively quickly after the start of the financial year.

Elexon also highlighted that Binding/Non-Binding Resolutions can be raised at any time and could be used prior to the BSCCo Board approving the Annual Budget if Parties had significant concerns on the contents of the Annual Budget. Elexon highlighted that the nature of the appeal was key to determining whether the Binding/Non-Binding Resolution provisions could conclude before the start of the financial year.

## Pre-appeals process

The Workgroup discussed whether there was a need for a pre-appeals process as required by the P416 Workgroup Terms of Reference. The Proposer noted that under the current Annual Budget review process there are a significant number of opportunities for appealing parties to highlight any issues that they have prior to the BSCCo Board decision on the Annual Budget (such as when the Annual Budget is issued for comment and the Elexon webinar). Therefore introducing additional BSC mandated steps via a pre-approval process would be unnecessary and inefficient. The Proposer believed that the onus should be on Elexon to ensure good governance to prevent appeals rather than including a prescriptive approach that may be cumbersome and may not add any additional value. For these reasons, the Workgroup agreed that a code mandated pre-appeals process should not be included in the draft redlining for P416.

Workgroup Members also discussed whether the drafting should be altered to include a 'duty to consult' provision instead of a prescriptive pre-appeals process. Workgroup Members did not agree with this approach for the same reasons that they did not agree with including a formal code mandated pre-appeals process.

## Authority Determination Timescales

The Workgroup discussed the possible length of time that appeals made under P416 could take to resolve. The Authority Representative stated that as appeals can be raised for a wide variety of reasons which, depending on their complexity, would take varying lengths

of time to determine, it would not be possible or reasonable for the Authority to give indicative timescales for determinations on any appeals.

The Workgroup noted this and concluded that any appeal process considered for P416 would need to assume that a determination may not be made in time for the start of the financial year, and that there was a distinct possibility that the determination could take several months or even longer.

## Who should be able to appeal?

Workgroup Members considered whether all BSC Parties should be able to appeal the Annual Budget or whether the appeal provisions should only apply to a more limited set of Parties. Under the proposed solution, all BSC Parties can appeal Annual Budget line items provided the appeal criteria are met.

The Proposer expressed the view that it was important that all BSC Parties have access to the appeals process under this Modification on the basis that specific spend included within the Annual Budget may disproportionately impact a small number of parties or individual organisations and they should not be locked out of any appeals process as a result of their size.

A Workgroup Member highlighted that not all BSC Parties have material exposure to the Elexon budget (e.g. distribution companies) and suggested that it might be appropriate to exclude these Parties from being able to launch appeals against Annual Budget line items under P416. Workgroup Members acknowledged that immaterial exposure to the Annual Budget only applies to a limited set of BSC Parties. However, they believed that the risk of appeals being raised by such parties was low due to the inclusion of a defined set of appeal criteria and the determination powers given to Ofgem. Overall the Workgroup concluded that all BSC Parties should be able to raise an appeal under P416.

## Appeal Criteria Discussions

### Interpretation of reasonable regard in clause 6.4.6 a)

The Workgroup considered the appeal criteria included in the Proposed Modification redlining. Workgroup Members considered the wording for the following appeal criterion:

*'the Authority may allow an appeal where the Authority is satisfied that the cost item in question:*

- a) was not submitted to Parties for comment as part of the draft Annual Budget in accordance with Clause 6.4.1 or the Board failed to have reasonable regard to the consultation responses comments submitted'*

The Workgroup discussed how the term 'reasonable regard' could be interpreted in the context of this appeal criteria. Members agreed that this should be interpreted as being satisfied if the minimum applicable process steps in the Annual Budget approval process were followed. Members also agreed that this should not, in any way, be contingent on the quality of the responses given by the BSCCo Board to any specific queries raised.

## Exemption for spend against BSC Change activities

Workgroup Members expressed the view that activities related to the BSC Change process should be exempt from appeals under this Modification. Elexon highlighted that impacts and costings are considered as part of the development of any Change Proposal or Modification and spending is monitored and controlled by the BSC Panel. Additionally, BSC Change activities have a fixed amount of money allocated each financial year, this prevents overspending on BSC Change activities without gaining further approval from BSC Parties for the extra spend.

Elexon presented two variants of the legal text to the Workgroup that would exempt the BSC Change process from the appeals provisions for consideration.

### Option 1

The option 1 variant of the legal text for section 6.4.9 below:

*No appeal to the Authority may be allowed in respect of any cost item that relates to BSCCo's role, powers, functions and responsibilities under Section F.*

Under this option, appeals against spend related to BSC Modifications and Change Proposals would not be allowed under P416. For the avoidance of doubt this includes all variants of the process such as Self-Governance, Urgent, EBGL etc.

### Option 2

The option 2 variant of the legal text for section 6.4.9 below:

*'No appeal to the Authority may be allowed pursuant to paragraphs 6.4.6(b) and/or 6.4.6(d) in respect of any cost item that relates to BSCCo's role, powers, functions and responsibilities under Section F.*

This option is a more limited BSC change exemption as it does allow appeals against BSC Change spending in the following cases:

- Elexon has not followed the correct process when approving a specified Annual Budget cost item; or
- The highlighted cost item is manifestly inappropriate

#### Assessment Consultation Question

Do you agree with the Workgroup that BSC Change activities should be exempt from the appeals process? If you agree that BSC Change activities should be exempt, which of option 1 or option 2 is do you believe is most appropriate and why?

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

## Appeals in other Electricity and Gas Codes

### Retail Energy Code (REC) v1.1 Consultation

The provisions contained within P416 are based on the Proposals detailed in the [REC v1.1](#). Ofgem issued a consultation on these proposed v1.1 changes between 19 October 2020 and 16 November 2020. The REC drafting mirrors the redlining detailed in the Proposal Form for this Modification in Attachment A. Question 2.6 of this consultation asked respondents:

*'Do you agree that future RECCo budgets should be decided upon by the RECCo Board, subject to appeal by REC Parties?'*

Respondents to the consultation supported the approach for budget approval detailed in this question. Many respondents highlighted the need for consultation as part of the approval process. V1.1 of the REC has now been designated and effective from 1 April 2021.

## Other Relevant Codes and budget appeal mechanisms

The Workgroup considered how the Ofgem appeals mechanism for Annual Budget line items featured in other comparable market codes. Table 1 summarises the arrangements in these codes.

| Budget appeals across relevant codes |  |
|--------------------------------------|--|
| Code                                 | Appeal Mechanism (Y/N)                       |
| BSC                                  | N  |
| REC                                  | Y  |
| SEC                                  | Y  |
| DCUSA                                | N  |
| Grid Code                            | N  |
| CUSC                                 | N  |
| SPAA (to be subsumed into the REC)   | Y  |
| DCode                                | N  |
| MRA (to be subsumed into the REC)    | N (but must be formally approved by parties) |
| UNC                                  | Y  |
| STC                                  | N  |

*Table 1: Budget appeals across relevant codes*

Exelon noted the mix of Ofgem appeal options in the various gas and electricity codes.

The Proposer believes that cross-code consistency in approach is a benefit of P416 and expressed their view that the REC is industry best practice.

## Annual Budget Discussions

### Annual Budget line items

Workgroup Members discussed the presentation of line items in the Annual Budget. Exelon highlighted to members that the current presentation (as detailed in the 2021/2022 Business Plan) of the Business Strategy and the format of the Annual Budget line items is a result of efforts by Exelon to ensure all parties can easily access key information without undue effort. A Workgroup Member highlighted that there is a great deal of detail available to support if Parties require it. Exelon commented to the Workgroup that the Annual

Budget has been presented in a wide variety of different ways with differing levels of detail over the years and that they continue to refine their approach based on Party feedback.

Members discussed whether any Annual Budget line items should be pre-defined within the P416 Solution. Elexon informed Workgroup Members that defining this or including further provisions that explicitly define a line item could inadvertently reduce the flexibility that Elexon currently has to present the Annual Budget in a level of detail that is both sufficiently detailed and easy to absorb.

Workgroup Members acknowledged that a consequence of the implementation of P416 could be to significantly increase the granularity of the Annual Budget line item data. The Workgroup highlighted that this was a potential benefit of the Modification as it increases the required transparency of spend in the Annual Budget, but also noted the possibility that the higher level of detail would require more effort for Parties to process and adversely affect the engagement of smaller Parties.

### How should spend associated with Annual Budget line items be treated?

Workgroup Members identified that a key consideration for the Modification was how spend associated with appealed Annual Budget line items was treated if the appeal was not determined by the Authority prior to the year to which the Annual Budget line item relates. Workgroup Members noted that in the drafting contained in the Proposal Form (Attachment A), Elexon would not be able to spend any money with respect to an appealed budget line item until an Authority determination was made.

Workgroup Members agreed that whilst it was important for all BSC Parties to be able to access the appeals process, there was a risk that without suitable controls the appeals process could be misused by BSC Parties to inappropriately prevent spend against Annual Budget line items. To address this, Workgroup Members agreed with the following approach:

- Any BSC Party should be able to launch an appeal regardless of their size; and
- A de minimis threshold should be included in P416 that:
  - **If reached**, spending against an appealed line item would be paused until the Authority determined the outcome of an appeal; or
  - **If not reached**, spending against an appealed line item could be undertaken whilst the Authority determines the outcome of an appeal.

### De minimis threshold criteria options

The Workgroup discussed what a suitable level for the de minimis threshold could be. The following options were considered by the Workgroup:

- **5% Voting Share threshold** – Under this option, any appealing BSC Party or BSC Parties would require an aggregate Actual Voting Share (as published on the [BSC Website](#)) of 5% or greater. This threshold would align to that required to raise a Binding/Non-Binding Resolution but Workgroup Members noted that this could mean that a single larger Party could meet the threshold without wider party support (Some BSC Parties have Voting Shares that marginally exceed c.6% due to the way in which voting shares are determined under the Code)
- **5% Voting Share threshold with at least one other Voting Party Group in support** – Under this option, a single larger BSC Party could not meet the



threshold without wider party support. The Workgroup noted that this could block a single BSC Party who is disproportionately impacted by a particular budget line item from preventing Annual Budget spend against an appealed line item.

- **10% Voting Share threshold** – Under this option, any appealing BSC Party or BSC Parties would require an aggregate Actual Voting Share (as published on the [BSC Website](#)) of 10% or greater. This approach would mean that at least two BSC Parties would need support and appeal before it can be raised. The Workgroup noted that this could block a single Party who is disproportionately impacted by a particular Annual Budget line item from preventing Annual Budget spend against that line item.

Workgroup Members discussed the options above and considered whether it could be appropriate to vary the Voting Share percentage or include a different number of required BSC Parties to support an appeal before it can be used to prevent spending under P416. The Workgroup expressed a preference for the 5% Voting Share with at least one other Party in support of an appeal option. Members believed that this approach would strike the right balance between ensuring that appropriate wider support was gathered prior to preventing spend against an Annual Budget line item but also ensuring that no undue barriers were in place that prevented legitimate Annual Budget appeals from smaller BSC Parties. Workgroup Members agreed to consult on whether one other Voting Party Group or two Voting Party Groups should be required as part of the de minimis threshold criteria.

Workgroup Members also agreed that controls should be included in the draft redlining that prevent BSC Parties that are part of the same corporate group from having multiple votes. This is to prevent some BSC Parties from having a disproportionate ability to stop spending against individual Annual Budget line items. The redlining achieves this by utilising the concept of Voting Party Groups that already existed through P324.

### **Option for appealing parties to not prevent budget spend if the de minimis threshold criteria was met**

A Workgroup Member highlighted the need for the provisions relating to the prevention of spend against appealed Annual Budget line items to be optional under the P416 legal text. Workgroup Members believed that it would be important to include further flexibility on the basis that the appealing BSC Party may not want to suspend all spending against a particular budget line item. For example, if a BSC Party agrees that some spend would be appropriate against the specific Annual Budget line item but does not agree with the amount of spend allocated to that specific line item.

Workgroup Members agreed to include these more flexible provisions in the P416 draft redlining.

#### **Assessment Consultation Question**

Do you agree with the Workgroup's proposed de minimis threshold criteria? If yes, please give your preference as to whether one or two other Voting Party Groups would be appropriate. If no, please provide your rationale.

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

### **Possible impacts of P416 on BSCCo Board**



Workgroup Members discussed the potential impacts that P416 could have on the BSCCo Board and noted that the [P324](#) Modification focused the Board's accountabilities to BSC Parties.

A Workgroup Member suggested that such a move could result in Ofgem being defined as a 'Shadow Director' of the company as it would have powers to override the Board's budget decisions. The member also expressed the view that there was a risk that if the P416 solution was implemented, the powers of the BSCCo Board could be significantly diluted due to having less control over the Annual Budget, thus prejudice individual directors' abilities to carry out their legal and fiduciary duties under the Companies Act 2006.

A Workgroup Member highlighted that there is also a risk that Board Members could be dissuaded from including worthwhile but possibly controversial items in the Business Strategy and/or Annual Budget due to the expectation of an appeal from BSC Parties.



## Proposer's views of P416 benefits

The Proposer contends that there is currently no direct route of appeal for any BSC Parties not in agreement with any items in the Annual Budget, and who feel their comments have not been addressed during the drafting and consultation phase of the Business Strategy/Annual Budget.

The Proposer acknowledges that any Party who is sufficiently motivated could lobby other BSC Parties to support the removal of Elexon Board Members but believes in most cases, this would be both disproportionate and inefficient. Introducing a route to challenge items in the Annual Budget in a limited and specific way is therefore an improvement in efficiency in the implementation of the Balancing and Settlement arrangements.

## Applicable BSC Objectives

Workgroup Members discussed Applicable BSC Objective (d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'. A minority (two out of five) voting Workgroup Members did not agree that the Modification would better facilitate Applicable BSC Objective (d) compared to the current baseline. Workgroup Members who held this view believed that the current arrangements provided suitable accountability to Parties in a mature code like the BSC and that P416 would be detrimental to the efficient governance of the BSC due to the introduction of additional process steps. Furthermore, there were potential conflicts with current governance that introducing Ofgem would entail. They also cited concerns relating to undermining the authority of the BSCCo Board (as detailed in the possible impact of P416 on BSCCo Board section in the Workgroup discussions). A majority (three out of five) voting Workgroup Members supported the view that P416 would better facilitate Applicable BSC Objective (d) for the reasons detailed by the Proposer.

Workgroup Members discussed whether any other Applicable BSC objectives would be impacted by P416. A Member highlighted that there could be a slight detrimental impact on Applicable BSC Objective (a) 'The efficient discharge by the Transmission Company of the obligations imposed upon it by the Transmission Licence'. The Member highlighted that this would be an indirect consequence of Elexon not being able to deliver its full set of duties imposed on them through the Transmission Licence, due to challenge it had received this could therefore introduce inefficiencies and reduce the efficient discharge of the Transmission Company obligations under the Transmission Licence. A minority of Workgroup Members (one out of five) agreed with this rationale.

### 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

### Does P416 better facilitate the Applicable BSC Objectives?

| Obj        | Proposer's Views | Other Workgroup Members' Views <sup>1</sup>      |
|------------|------------------|--|
| <b>(a)</b> | • Neutral        | • Majority neutral (one negative, three neutral) |
| <b>(b)</b> | • Neutral        | • Neutral  |
| <b>(c)</b> | • Neutral        | • Neutral  |

<sup>1</sup> Shows the different views expressed by the other Workgroup members – not all members necessarily agree with all of these views.

#### Does P416 better facilitate the Applicable BSC Objectives?

| Obj        | Proposer's Views   | Other Workgroup Members' Views <sup>1</sup>  |
|------------|--|--|
| <b>(d)</b> | <ul style="list-style-type: none"><li>• Positive</li></ul> | <ul style="list-style-type: none"><li>• Majority positive (two positive, two negative)</li></ul> |
| <b>(e)</b> | <ul style="list-style-type: none"><li>• Neutral</li></ul>  | <ul style="list-style-type: none"><li>• Neutral</li></ul>  |
| <b>(f)</b> | <ul style="list-style-type: none"><li>• Neutral</li></ul>  | <ul style="list-style-type: none"><li>• Neutral</li></ul>  |
| <b>(g)</b> | <ul style="list-style-type: none"><li>• Neutral</li></ul>  | <ul style="list-style-type: none"><li>• Neutral</li></ul>  |

#### Assessment Consultation Question

Do you agree with the Workgroup's initial majority view that P416 does better facilitate the Applicable BSC Objectives than the current baseline?

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

### Workgroup's Terms of Reference

| Specific areas set by the BSC Panel in the P416 Terms of Reference   | Conclusion   |
|--|--|
| What controls would need to be in place to prevent frivolous and vexatious appeals or appeals that would result in Elexon being unable to meet its obligations or duties?  | <p>The Proposed Modification contains the following provisions to prevent frivolous or appeals that would result in Elexon being unable to meet its obligations or duties?</p> <p><b>Section C 6.4.10</b> – This section gives the Authority the powers to dismiss an appeal on the grounds that an appeal is vexatious and/or frivolous</p> <p><b>Section C 6.4.12</b> – This section expressly prohibits appeals that would prevent BSC changes from being progressed or implemented.</p>  |
| Do the current BSCCo Annual Budget deadlines for draft publication, comment summary and BSCCo Board decision need to be changed to accommodate the appeals process? – Do current timescales allow General Meetings to be convened in a timely manner if BSC Parties wish to raise concerns on the BSCCo Annual Budget? | <p>The Workgroup believes that the nature and complexity of an appeal will have a significant impact on the timescales required for the Authority to make a determination on an appeal. Acknowledging this, the Proposed Modification does not assume that the Authority will make a determination on an appeal in any specified period of time and does not suggest amendments to any of the Annual Budget deadlines currently within the BSC.</p> <p>The timescales associated with the Binding/Non-Binding Resolutions process within the BSC may allow General Meetings to be convened in a timely manner (i.e. prior to the start of budget year) however this is dependent on when the specific appeal is raised and the nature of the appeal.</p> |
| What process (if any) is needed to resolve a disagreement before a formal appeal is raised?  | The Workgroup agreed that a formal pre-appeal process would not be suitable to include in the Proposed Modification and highlighted that there would be an expectation for appealing parties to use the opportunities in the current Annual Budget review process (Elexon webinar/respond to consultation/raising Resolutions) as appropriate, prior to appeal.  |
| How would the existing mechanisms handle such an appeal and are these sufficient?  | There is currently no specific formal appeal process within the BSC. BSC Parties can however raise Resolutions to discuss any issues with the BSCCo Board including the Annual Budget or ultimately remove Board Members.  |

| Specific areas set by the BSC Panel in the P416 Terms of Reference   | Conclusion   |
|--|--|
| What are the potential benefits/dis-benefits of this Modification?   | <p><b>Benefits</b></p> <p>Greater disclosure on line items in Annual Budget<br/>Increased stakeholder engagement.</p> <p><b>Dis-benefits</b></p> <p>Creates risk for Elexon in their organisation e.g. recruitment, contract negotiations.</p> <p>Changing freedom of operation for the Elexon Board could skew decisions which could provide a barrier for doing what is best for industry.</p> <p>Risk of Ofgem being deemed to be a shadow director of Elexon in the event it makes decisions on budget items</p> |
| How will P416 impact the BSC Settlement Risks?   | No impacts identified  |
| What changes are needed to BSC documents, systems and processes to support P416 and what are the related costs and lead times? When will any required changes to subsidiary documents be developed and consulted on? | The Proposed Modification makes amendments to BSC Sections C and H. P416 is a document only change that will not require any changes to BSC Central Systems.   |
| Are there any Alternative Modifications?   | No   |
| Should P416 be progressed as a Self-Governance Modification?   | The Workgroup <b>does not</b> believe that this Modification meets the Self-Governance criteria on the basis that P416 will likely have a material effect on the Code's Governance procedures.   |
| Does P416 better facilitate the Applicable BSC Objectives than the current baseline?   | The Workgroup agreed <b>by majority</b> that the Proposed Modification does better facilitate Applicable BSC Objective d) 'Promoting efficiency in the implementation and administration of the balancing and settlement arrangements'   |
| Does P416 impact the EBGL provisions held within the BSC, and if so, what is the impact on the EBGL Objectives?  | The Workgroup believe that the redlining <b>does not</b> impact the EBGL Article 18 Terms and Conditions.  |

## Assessment Procedure timetable

| P416 Assessment Timetable                     |                               |
|---|-------------------------------|
| Event   | Date                          |
| Panel submits P416 to Assessment Procedure    | 12 November 2020              |
| Workgroup Meeting 1                           | 14 December 2020              |
| Workgroup Meeting 2                           | 22 January 2021               |
| Workgroup Meeting 3                           | 15 March 2021                 |
| Assessment Procedure Consultation             | 7 April 2021 – 22 April 2021  |
| Workgroup Meeting 4                           | 26 April 2021 – 29 April 2021 |
| Panel considers Workgroup's Assessment Report | 13 May 2021                   |

## Workgroup membership and attendance

| P416 Workgroup Attendance |   |                 |                 |                   |
|---------------------------|---|-----------------|-----------------|-------------------|
| Name                      | Organisation                              | 14<br>Dec<br>21 | 22<br>Jan<br>21 | 15<br>March<br>21 |
| Members                   |   |                 |                 |                   |
| Claire Kerr               | ELEXON ( <i>Chair</i> )                   | ✓               | ✓               | ✓                 |
| Chris Arnold              | ELEXON ( <i>Lead Analyst</i> )            | ✓               | ✓               | ✓                 |
| Kevin Woollard            | Centrica ( <i>Proposer</i> )              | ✓               | ✓               | ✓                 |
| Phil Hare                 | Independent                               | ✓               | ✓               | ✓                 |
| Andy Colley               | SSE                                       | ✓               | ✓               | ✓                 |
| Urszula Thorpe            | Pozitive Energy                           | ✓               | ✓               | ✓                 |
| Michael Lain              | Eon                                       | ✗               | ✓               | ✓                 |
| Mark Bellman              | Scottish Power                            | ✗               | ✗               | ✗                 |
| Attendees                 |   |                 |                 |                   |
| Chris Welby               | ELEXON ( <i>Design Authority</i> )        | ✓               | ✓               | ✓                 |
| Nicholas Brown            | ELEXON ( <i>Lead Lawyer</i> )             | ✓               | ✓               | ✓                 |
| Nigel Smith               | ELEXON ( <i>Chief Financial Officer</i> ) | ✗               | ✓               | ✓                 |
| Amanda Rooney             | ELEXON ( <i>Head of Strategy</i> )        | ✗               | ✓               | ✗                 |
| Nicholas Brocklesby       | ELEXON ( <i>Change Analyst</i> )          | ✗               | ✓               | ✗                 |
| Jonathan Coe              | Ofgem                                     | ✓               | ✓               | ✓                 |
| Claire Louise Roberts     | Scottish Power                            | ✓               | ✓               | ✓                 |
| Rhys Kealley              | Centrica                                  | ✗               | ✓               | ✗                 |

## Appendix 2: Glossary & References

### Acronyms

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

| Acronyms |   |
|----------|---|
| Acronym  | Definition  |
| BSC      | Balancing and Settlement Code                       |
| CSD      | Code Subsidiary Document                            |
| CUSC     | Connection and Use of System Code                   |
| DCUSA    | Distribution Connection and Use of System Agreement |
| EBGL     | Electricity Balancing Guidelines                    |
| EMR      | Electricity Market Reform                           |
| FMR      | Final Modification Report                           |
| MRA      | Master Registration Agreement                       |
| NETSO    | National Electricity Transmission System Operator   |
| REC      | Retail Energy Code                                  |
| SCR      | Significant Code Review                             |
| SEC      | Smart Energy Code                                   |
| SPAA     | Supply Point Administration Agreement               |
| STC      | System Operator Transmission Owner Code             |
| UNC      | Uniform Network Code                                |
| 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   |
| 6              | BSC Section C 'BSCCo and its subsidiaries' | <a href="https://www.elexon.co.uk/the-bsc/bsc-section-c-bscco-subsidiaries/">https://www.elexon.co.uk/the-bsc/bsc-section-c-bscco-subsidiaries/</a>   |
| 7 & 21         | Retail Energy Code (REC) v1.1              | <a href="https://www.ofgem.gov.uk/system/files/docs/2020/10/proposed_changes_to_rec_main_body_red_lined_text_0.pdf">https://www.ofgem.gov.uk/system/files/docs/2020/10/proposed_changes_to_rec_main_body_red_lined_text_0.pdf</a> |
| 8              | P416 Webpage                               | <a href="https://www.elexon.co.uk/mod-proposal/p416/">https://www.elexon.co.uk/mod-proposal/p416/</a>   |



| External Links |   |   |
|----------------|---|---|
| Page(s)        | Description                             | URL   |
| 9              | BSC Section F 'Modification Procedures' | <a href="https://www.elexon.co.uk/documents/bsc-codes/bsc-sections/bsc-section-f-modification-procedures/">https://www.elexon.co.uk/documents/bsc-codes/bsc-sections/bsc-section-f-modification-procedures/</a> |
| 16             | Elexon 2021/2022 Business Plan          | <a href="https://www.elexon.co.uk/documents/about-elexon/business-plan/elexon-business-plan-2021-2022/">https://www.elexon.co.uk/documents/about-elexon/business-plan/elexon-business-plan-2021-2022/</a>       |
| 17, 18 & 24    | P324 Webpage                            | <a href="https://www.elexon.co.uk/mod-proposal/p324/">https://www.elexon.co.uk/mod-proposal/p324/</a>   |
| 23             | Voting Share Register                   | <a href="https://www.elexon.com/about-elexon/elexon-board/">https://www.elexon.com/about-elexon/elexon-board/</a>   |