Making a positive difference
for energy consumers

Michael Gibbons
BSC Panel Chair
c/o Elexon
350 Euston Road, 4th Floor
London NW1 3AW

Email: Michael.Walls@ofgem.gov.uk

Date: 14 December 2021

Dear Michael,

Authority decision to 'send back' Balancing and Settlement Code (BSC) Modification Proposal P332 'Revisions to the Supplier Hub Principle'

On 17 November 2021, the BSC Panel submitted a Final Modification Report (FMR) for BSC P332[1] to the Authority.

We consider that we have not been provided with a sufficient level of evidence regarding the costs and benefits of this modification and are unable to form an opinion on BSC P332 as submitted to us. We are therefore sending the modification back to industry for further work.

In October 2019, we wrote to the BSC Panel stating our view that based on the documentation in the P332 Interim Report, there was a lack of quantitative evidence in support of BSC Modification P332 to demonstrate that the issues identified by the Proposer could not be addressed under the current BSC arrangements.[2] It is our view that these concerns have not been fully addressed or evidenced within the FMR submitted to us for decision.

We therefore direct that additional steps are undertaken to address these concerns, and a revised FMR should include:

1. Quantitative evidence or further analysis which fully explains and demonstrates the scale of the issue that BSC Modification P332 is attempting to resolve, the impacts upon industry of remaining with the status quo, and what positive differences the implementation of this modification would have on the applicable BSC Objectives.

    a. We note that in the FMR there was concern regarding the high costs of undertaking or continuing further work on this modification. If the Panel and/or Working Group feels that these costs are prohibitive or outweighs the

[1] https://www.elexon.co.uk/mod-proposal/p332/
[2] RE: Ofgem's Provisional thinking on BSC Modification P332 (Revisions to the Supplier Hub Principle) (elexon-bsc-production-cdn.s3.eu-west-2.amazonaws.com)

benefits, then this should also be fully explained within the FMR in the context of the BSC Objectives.

2. A clear, succinct summary of the BSC Panel's rationale for making their recommendation in the FMR. We would additionally welcome BSC Panel views on the P332 Workgroup recommendation that BSC Modification P332 be rejected.

3. A clear, succinct summary of how P332 has been amended in order to reflect Ofgem's considerations from our 2019 letter outlining provisional thinking on BSC Modification P332.[2]

After addressing the issues above and revising the FMR accordingly, it should be resubmitted to us for decision as soon as practicable.

Yours sincerely,

Michael Walls
Senior Policy Manager
Metering and Market Operations

Signed on behalf of the Authority and authorised for that purpose.