

EMR - PANEL UPDATE

MEETING NAME BSC Panel

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Purpose of paper Information

Classification Public

Summary This paper is the Panel's monthly update on ELEXON's appointment as the Settlement Services Provider for both Contracts for Difference (CfD) and for the Capacity Market (CM).

1. Introduction

1.1 In this paper the terms BSCCo and ELEXON Ltd have the same meaning. The terms EMRCo, EMR subsidiary, EMR Settlement Ltd and EMRS have the same meaning. CPB or Counterparty Body is the CFD Counterparty Body and CMSB is the Capacity Market Settlement Body, both being subsidiaries of DECC.

2. Engagement

DECC/Counterparty

2.1 Engagement with the Counterparty/DECC continues in the following areas:

- Governance – we continue to hold weekly catch-up meetings. We have established the structures and composition of the programme boards as required under the terms of the Grant. We continue to work with the Counterparty to develop a standardised reporting pack;
- Counterparty's IT systems and interface with the Settlement Service Provider's systems;
- Attending CM and CfD Business Design Authority forums (change management);
- Participation in other public forums.

2.2 Since the last Panel meeting the ELEXON CEO has met with Dr Martin Read CBE, the Chairman of the Electricity Settlement Ltd (Settlement Body for the Capacity Market) and the Low Carbon Contracts Co Ltd (the Counterparty Body for the Contract for Difference). A verbal update on the meeting will be given at the Panel meeting. We understand that the LCCC/ESL will shortly announce the CEO's appointment.

2.3 On Friday 19 June 2014 DECC issued a stakeholder bulletin advising that the EMR Regulations along with the Code and Licence changes (including to the Transmission Licence and BSC) were being laid before Parliament either on the 19 June or Monday 23 June 2014. Subject to Parliamentary committee debates (to approve, not to change) the Regulations will come into force on 1 August 2014.

2.4 The Government response to the October 2013 consultation was also published on 23 June along with a number of associated documents.

2.5 The draft BSC and Code Subsidiary Documents (CSD) have been published on the ELEXON website and can be viewed by going to www.elexon.co.uk/ord/ord005-electricity-market-reform/ (see EMR Circular 11). The BSC document changes have also now been published on DECC's website and can be viewed at: <https://www.gov.uk/government/publications/draft-consequential-modifications-to-industry-codes-and-licenses>

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- 2.6 **EMR Stakeholders:** We have two stakeholder events planned during July. The first event is on 2 July and will provide an opportunity for Suppliers to learn more about ELEXON's role and how the role will be delivered in particular the billing, payments and reconciliation processes.
- 2.7 At the second event on 8 July the aim is to discuss and agree what data should be included in reports sent to Suppliers, CfD Generators and Capacity Providers over the Data Transfer Service network.
- 2.8 A verbal update on the outcome and feedback from these events will be provided at the Panel meeting.

3. Contracts between EMR Settlement Ltd and Steria Ltd

- 3.1 On 17 June 2014 we announced the award of the contract to Steria Ltd as our chosen EMR service provider. A circular (see EMR Circular 8) and other communications have been issued internally and externally, including a letter from the Chairman to the BSC Panel, and an external press release.

4. Website launch

- 4.1 We launched the new EMRS website www.emrsettlement.co.uk on 24 June 2014 (see EMR Circular 9).
- 4.2 All EMR specific communications will now be issued from the EMRS website and use the EMRS document templates. We will continue using Newscast as a mechanism to raise EMR awareness and to publicise events and for other important communications. Visiting the EMR webpage on the ELEXON website will automatically transfer to the EMRS website.

5. Requirements' certainty

- 5.1 DECC's publication of their consultation response and the laying of Regulations before Parliament will create a more stable requirements baseline. However, we are aware that there are some differences between what was eventually published in the Regulations and our system requirements which were previously agreed with DECC. We are working through the Regulations to identify the differences and these will be handled through our change management procedures.

6. Changes to BSC Systems and processes

- 6.1 The bulk of the BSC System changes required for EMR (provision of meter data) were deployed to live on 25 June as part of the June 2014 BSC Systems release. From a legislative perspective the changes cannot become effective until 1 August 2014 when the BSC changes are expected to be "directed" by the Secretary of State; from a practical perspective the meter data flows will be suppressed until they are required.
- 6.2 As previously communicated there are a number of additional CfD requirements to be progressed that impact the CRA (Central Registration) systems. These changes are being assessed and are expected to be included within the scope of the February 2015 release. As with the EMR changes included in the scope of the June 2014 release, these additional changes will be funded through the contractual arrangements with the Counterparty and not by BSC Parties.

7. Financial Regulations

- 7.1 The positive external legal advice previously received regarding the non-applicability of Financial Conduct Authority (FCA) regulations to EMR activities being undertaken by EMRS as the Settlement Services Provider, recommended that for additional protection, DECC seek the view of the FCA. Since the last Panel meeting this has now been obtained and the FCA has stated that on balance, they agree that there is a reasonable case to say that the Agent and its sub-contractors are not carrying on regulated activities.

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8. Recommendations

8.1 We invite you to:

- a) **NOTE** the EMR update.

Attachments

Attachment A – EMR Confidential update

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