

# EMR - PANEL UPDATE

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<b>MEETING NAME</b>	BSC Panel
<b>Date of meeting</b>	12 June 2014
<b>Paper number</b>	225/18
<b>Owner/author</b>	David Osborne
<b>Purpose of paper</b>	Information
<b>Classification</b>	Public
<b>Summary</b>	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).

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## 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 As reported at the last Panel, engagement with the Counterparty Body/DECC continues in the following areas:
- Development of the contract between our EMR subsidiary and the CPB and CMSB;
  - Governance – we continue to hold weekly catch-up meetings;
  - Draft Code, Licence and Code Subsidiary Documents (CSDs) changes;
  - Counterparty Body'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 including the Counterparty Body's CfD Launch event.

### Panel/Industry

- 2.2 **Code and Licence Changes:** the final draft of the versions of the BSC and Code Subsidiary Documents (CSDs) that will be given effect through a "direction" by the Secretary of State have been provided to DECC.
- 2.3 It had been expected that these documents would be "laid" before Parliament on 4 June 2014 along with the secondary legislation setting out the CfD and CM policy. We now understand that this date has been deferred by DECC until later in June.
- 2.4 DECC has requested that the BSC and CSD documents are not published ahead of them being laid.
- 2.5 **Panel/Panel Committees:** We continue to provide regular updates to the Panel committees. No further circulars have been issued since the last Panel meeting.
- 2.6 **CSD Consultation:** the consequential CSD changes that are necessary to give effect to EMR were published by DECC for consultation on 9 April and closed on 7 May 2014.

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2.7 DECC received 8 responses in total. No substantive changes to the CSDs have been necessary as a result of consultation responses. Our understanding is that DECC will publish a summary of the consultation responses later in June along with their response to the October 2013 consultation.

## 3. Governance

3.1 **2014/15 Grant:** the 2014/15 grant has been signed by DECC and ELEXON. Unlike 2013/14 this is a single Grant covering both CfD and CM.

3.2 **Establishing the EMR subsidiary (EMR Settlement Ltd or EMRS):** As previously reported EMR Settlement Ltd (the ELEXON subsidiary) has been incorporated and a website has been developed.

3.3 We have been considering when it would be appropriate to announce the new website and had anticipated doing this around the 4 June 2014 to coincide with the signing of the contracts between EMRS and CPB/CMSB and between EMRS and its service provider and the laying of the BSC changes. For the reasons discussed earlier this has been delayed but we still anticipate launching the website during June 2014.

## 4. Service provider procurement

4.1 An update on the service provider procurement is contained in Attachment A - 225/18 which is confidential.

## 5. Changes to BSC Systems and processes

5.1 Implementation of the BSC System changes is included within the scope of the June Release. The release is progressing according to plan.

## 6. Financial Regulations

6.1 There is no further update on when DECC propose to take this matter to the Financial Conduct Authority (FCA). As previously reported Counsel's legal opinion is that the activities of EMRS (and CPB and CMSB) are not subject to the regulations, but for extra reassurance we are seeking a view, with DECC, from the FCA.

## 7. Recommendations

7.1 We invite you to:

- a) NOTE the EMR update.

## Attachments

Attachment A – EMR Confidential update

### For more information, please contact:

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