

BSC Self-Governance Guidance

What is Self-Governance?

Where Modification Proposals are considered to have material impacts, the recommendation of the BSC Panel is considered by the Gas and Electricity Markets Authority (the 'Authority'), who makes the ultimate determination if (and when) the change should be implemented.

Modifications Proposals that will not have a material impact are considered only by the BSC Panel, who determines if (and when) the change should be implemented without reference to the Authority. This is the '[Self-Governance](#)' route.

What do I have to do?

When submitting a Modification Proposal form, you must confirm whether you believe the change should be considered under the Self-Governance process. You can do this by reference to the Self-Governance Criteria (see below).

If you have not identified any material impacts, please confirm this in the Modification form and that the Modification should therefore be considered under the Self-Governance process.

If you believe the change should not be considered as Self-Governance, you must provide rationale explaining your assessment. This rationale will be considered by the BSC Panel when it determines how the Modification Proposal should be progressed.

If no rationale is provided, ELEXON will assume that your intention is for the change to be considered under the Self-Governance route on the basis that no material impacts have been identified.

What does the BSC Panel do?

The BSC Panel will provide the Authority with a 'Self Governance Statement' where it has determined that a Modification should be progressed through the Self-Governance route. This statement will be published on the ELEXON Website.

The BSC Panel may amend the route by which a Modification is progressed based on analysis undertaken as the Modification is being assessed. In doing so, the BSC Panel will take account of views and analysis provided by ELEXON, the relevant Modification Workgroup and any representations made by respondents to consultations conducted in relation to the Modification.

What if I disagree with the route chosen by the BSC Panel?

Self-Governance Modifications can be appealed. You can raise an appeal against the Panel's Self-Governance determination if you believe:

- a) any party or parties would be unduly discrimination against by the implementation or non-implementation of the modification;
- b) an Approved Self-Governance Modification Proposal does not better facilitate the Applicable BSC Objectives; or

- c) a Rejected Self-Governance Modification Proposal does better facilitate the Applicable BSC Objectives.

Should you wish to appeal the Panel's Self-Governance recommendation, you must notify the Authority of your appeal within 15 working days of the Panel's determination. The Authority will then determine whether the appeal is valid and whether it should be upheld.

If the Authority upholds an appeal, it will either:

- a) determine itself whether the Modification Proposal should be implemented, in which case the Modification will progress as per the normal process; or
- b) refer the Modification Proposal back to the Panel for reconsideration, in which case the modification will continue to be considered a Self-Governance Modification Proposal and a new appeal window will begin following the Panel's subsequent determination.

In either case, the modification will not be implemented pending the outcome of the appeal and any subsequent redetermination.

Self-Governance Criteria

The Self-Governance route is set out in the Transmission licence and provided for in Section F of the BSC¹. A Modification Proposal may be considered by the Self-Governance route if, when implemented, it is:

- a) unlikely to have a material effect on:**
 - i) existing or future electricity consumers;
 - ii) competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution, or supply of electricity; and
 - iii) the operation of the national electricity transmission system; and
 - iv) matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and
 - v) the Code's governance procedures or modification procedures,
- b) is unlikely to discriminate between different classes of Parties.**

¹ The full Self Governance criteria set out in the licence are replicated in Annex X-1 of the BSC.

Additional Guidance

In general, unless a specific breach of the Self-Governance Criteria can be identified, the following types of Modification should be expected to be progressed via the Self-Governance route. That is Modifications that seek to:

- rectify internal inconsistencies;
- remove outdated (or redundant) information;
- correct typographical errors in the BSC; or
- further develop / detail existing processes or code arrangements (without introducing new requirements upon code parties which significantly impact business practices or systems).

To assist Proposers in determining whether their Modification is material, the table below offers guidance on those matters that might give rise to material impacts in relation to the Self-Governance Criteria.

Effect on	Likely to be material (and so require Authority approval) if your proposal...
Existing or future electricity customers	<ul style="list-style-type: none">● Changes any activity being considered by a Significant Code Review;● Changes any process / obligation required for the delivery Ofgem's Strategic Work Plan (or Strategic Direction);● Increases switching timescale; or● Materially increases costs that are passed on to consumers, or may be in future.
Competition in the generation, distribution, or supply of electricity; or any commercial activities connected with the generation, distribution, or supply of electricity	<ul style="list-style-type: none">● Reduces competition, or choice, in the marketplace;● Prevents parties competing on equal terms;● Significantly increases complexity of processes (where this potentially leads to confusion for consumers);● Entails one or more BSC Parties incurring significant additional cost (e.g. >£100k in any one year); or● Introduces different treatment according to class of parties.
The operation of the national electricity transmission system	<ul style="list-style-type: none">● Has the potential to create stranded assets;● Mandates increased investment in assets or systems; or● Creates, modifies, transfers obligations or rights, on or between the Transmission and Distribution System Operators.
Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies;	<ul style="list-style-type: none">● Changes to any activity connected with Electricity Transmission Standard Licence Condition (SLC) Condition B11 'Security arrangements' or Condition C17 'Transmission system security standard and quality service';● Changes responsibilities associated with the contingency provisions set out in the BSC (BSC Section G); or● Reduces the availability of electricity supply or generation.

Effect on	Likely to be material (and so require Authority approval) if your proposal...
The Code's governance procedures or modification procedures	<ul style="list-style-type: none"> ● Reduces the rights of industry parties to be engaged in proposed changes to the BSC; ● Changes provisions relating to the constitution or composition of the BSC Panel and the obligations placed on its members (collectively and individually); ● Changes the decision-making capacity of the BSC Panel in relation to BSC Modifications and Change Proposals; ● Changes any decision-making capacity of the Authority; ● Changes to the Board of Directors decision-making capacity; ● Changes provisions relating to the constitution of the Balancing and Settlement Code Company, including those relating to its vires, finances and liabilities; or ● Changes provisions relating to the constitution or composition of its Board of Directors, the powers that the BSC affords to Board members (collectively and individually), and the accountability of Board members.

Proposers should also remember that modifications likely to introduce any kind of discrimination between classes of parties across the industry normally require Authority direction.

Need more information?

For more information please contact the **BSC Service Desk** at bscservicedesk@cgi.com or call 0870 010 6950.

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