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ELEXON welcomes Ofgem's consultation on the potential expansion of the role of ELEXON

We welcome today's publication by Ofgem of its consultation on the potential expansion of the role of ELEXON. The consultation is a clear demonstration of Ofgem's recognition that ELEXON has the skills and capability to carry out a role wider than that specified by the BSC.

Our aspiration is to support the industry and government in meeting the challenges posed by the largest market transformation proposals in a generation. We want to do this in a way that maintains the integrity of the industry's regulatory framework, avoids cross-subsidy, safeguards our unique position of independence and allows for fair representation of the interests of all stakeholders.

There are many areas where our existing skills and resources could be harnessed to enable policy, delivering cost-effective solutions for the industry and ultimately benefitting end-consumers. Ofgem's consultation is the latest step in a process to relax the restrictions on our business activities, a process we initiated when we published our strategic priorities earlier this year.

This consultation identifies a number of principles that any proposed new governance arrangement must meet. We welcome debate on changes to our current business structure to accommodate activities beyond our existing role, but are keen to stress the importance of urgent action and proactive leadership from Ofgem to push forward the reforms at this crucial time of development and change for the industry.

The full consultation is available at:

http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/Elexon_Open_Letter.pdf

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About ELEXON

ELEXON delivers balancing and settlement services critical to the successful operation of Great Britain's electricity trading arrangements under the Balancing and Settlement Code (BSC). We manage processes and systems from meter to bank, handle over £1.5 billion of our customers' funds each year and interact with over 240 companies in the electricity industry. They, in turn, supply over 28 million customers.

As part of our role in ensuring that residential and business electricity settlement happens seamlessly, we are experts in procuring and managing contracts for the systems and processes we manage. We've implemented and developed one of Great Britain's largest energy industry codes, and continue to handle its day-to-day governance. We also enforce performance standards, targets and other obligations so our customers have confidence that the BSC works efficiently and fairly.

Over the past 10 years, we've managed extensive industry change: developing and introducing the NETA arrangements and rolling out the Balancing and Settlement Code into the Scottish market in 2005 (BETTA). We regularly review and re-procure our large contracts (worth over £226 million altogether), and constantly update the BSC. We are now perfectly placed to help the industry meet the challenges that it faces.

How is ELEXON looking to the future?

We're consulting widely on smart metering and smart grids, looking at how any proposed changes may affect settlement and our customers, and proactively proposing solutions. We're also considering the impact of the low carbon economy, and particularly the challenges that electrifying transport and relying more on renewable energy sources will bring.

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